HAWAII PUBLIC HOUSING AUTHORITY
NOTICE OF
BOARD OF DIRECTORS MEETING
1002 North School Street, Building A
Honolulu, Hawaii 96817
Thursday, March 20, 2025
9:00 a.m.

AGENDA

THIS MEETING WILL BE HELD VIA ZOOM (INTERACTIVE AUDIO VISUAL CONFERENCE TECHNOLOGY) OR TELECONFERENCE CALL (AUDIO-ONLY COMMUNICATION) AND AT 1002 NORTH SCHOOL STREET, BUILDING A, HONOLULU, HI 96817

Viewing/Participating in the Meeting:

Zoom: The public may participate in the Board meeting as it happens via Zoom (a free video conferencing service to hold virtual meetings online) by clicking on this link: https://zoom.us/j/81665510246?pwd=NHIyWkVKYkw1Y3puRlFOZzFmYTNXUT09
When prompted, enter the Meeting ID: 816 6551 0246 and the Password: x71pPw

Alternatively, the public may also participate via telephone by calling: 1-669-900-6833. When prompted, callers should enter the Meeting ID: 816 6551 0246 and the Password: 771231. We request that meeting participants change the display on their device to show their first and last name to expedite rollcall. Please keep in mind that many devices will display your cellphone number if not changed.

If the Hawaii Public Housing Authority (HPHA) loses internet or Zoom connection during the meeting where audiovisual communication cannot be maintained with all participating Board members and quorum is lost, the meeting will automatically be recessed for 30 minutes to restore audiovisual communication. **Audio-Only Communication:** If the attempt to restore audiovisual communication is unsuccessful, all Board members, staff, the public may continue to participate in the Board meeting via teleconference call by calling 1-862-799-9759, whereby audio-only communication will be established for all participants and the meeting will continue. When prompted, callers outside of the United States should enter the Access Code: 8232649.

Physical Meeting Location:

The public may also attend the meeting at 1002 North School Street, Building A, Honolulu, HI 96817, which will be connected via Zoom to the remote meeting. At this time, no Board members are scheduled to be physically present at this location.

Providing/Submitting Testimony – Written, Oral, Audiovisual:

Interested persons can submit written testimony in advance of each meeting that will be distributed to the Board members prior to the meeting. Submit written testimony via email to rochelle.k.kepaa@hawaii.gov or via postal mail to the Hawaii Public Housing Authority at P.O. Box 17907, Honolulu, HI 96817. We request written testimony be submitted no later than 48 hours prior to the scheduled meeting to ensure that the testimony may be distributed to the Board prior to the meeting. Late written testimony will be distributed to the Board at the meeting and retained as part of the record and distributed to the Board members as soon as practicable, but we cannot ensure they will receive it with sufficient time for review prior to decision-making on the agenda item in question.

The Board will also consider public testimony given at the meeting on any item relevant to this agenda. Pursuant to Section 92-3, Hawaii Revised Statutes, and Section 17-2000-18, Hawaii Administrative Rules, the Board may limit public testimony to three minutes per agenda item.

Individuals may submit oral testimony during the meeting by sending an email request to rochelle.k.kepaa@hawaii.gov no later than Tuesday, March 18, 2025, or by using the "Raise Hand" feature in Zoom, or by simply announcing/identifying themselves and the item they want to testify about during the public testimony portion of the meeting. Individuals may also provide audiovisual oral testimony by using the "Raise Hand" feature in Zoom, clicking the "Unmute" icon to talk, and clicking the "Start Video" icon to turn camera on.

Executive Session: If or when the Board of Directors enter executive session, all non-Board members will be moved to the virtual waiting room by the HPHA. Individuals are welcome to wait in the virtual waiting room and will be readmitted to the meeting at the end of the executive session.

I. CALL TO ORDER/ESTABLISHING QUORUM

II. PUBLIC TESTIMONY

Public testimony on any item relevant to this agenda may be taken at this time, or a testifier may wait to testify at the time the agenda item is called for discussion. Pursuant to Section 92-3, Hawaii Revised Statutes, and Section 17-2000-18, Hawaii Administrative Rules, the Board may limit public testimony to three minutes per agenda item.

III. APPROVAL OF MINUTES

Regular Meeting Minutes, February 20, 2025

IV. DISCUSSION AND/OR DECISION MAKING

A. To **(1)** Accept the Hawaii Public Housing Authority's Single Audit Report for Fiscal Year July 1, 2023, through June 30, 2024, Conducted by Plante Moran, PLLC; **(2)** Authorize the Executive Director to Submit the Audit Reports to the Federal Audit Clearinghouse, the U.S. Department of Housing and Urban Development, and Other Interested Parties As Required; and **(3)** Authorize the Executive Director to Take Any Necessary Steps to Ensure Compliance and Address Single Audit Finding(s), if any

B. To **(1)** Approve the Hawaii Public Housing Authority's Annual Public Housing Agency (PHA) Plan for Fiscal Year 2025 - 2026 (July 1, 2025 – June 30, 2026); and **(2)** Authorize the Executive Director to Take the Required Actions Needed to Submit the Approved Annual PHA Plan for Fiscal Year 2025 - 2026 to the U.S. Department of Housing and Urban Development

C. To **(1)** Approve the Hawaii Public Housing Authority's Moving to Work Supplement for Fiscal Year 2025-2026 (July 1, 2025 – June 30, 2026); **(2)** Approve Board Resolution No. 25-01 Approving the Hawaii Public Housing Authority's Annual Public Housing Agency Plan for Fiscal Year 2025-2026 and Moving To Work Supplement for Fiscal Year 2025-2026 and **(3)** Authorize the Executive Director to Take the Required Actions to Submit the Moving to Work Supplement for Fiscal Year 2025-2026 and Board Resolution No. 25-01 to the U.S. Department of Housing and Urban Development

D. To **(1)** Approve the Agreement Regarding Transfer and Assignment of the Master Development Agreement ("MDA") for the Kuhio Park Terrace Low-Rise Project ("Project") Located at 1474 Linapuni Street, Honolulu, Hawaii, 98619, ("Property") Tax Map Key Nos. (1) 1-3-039-006 por. and (1) 1-3-039-008; and **(2)** Authorize the Executive Director to Consent to and Enter into the Assignment of the Master Development Agreement and Release to Transfer the Master Development of the Project from The Michaels Development Company I, L.P ("MDC"), a New Jersey Limited Partnership, to HCDC Kuhio Park 1 LLC, a Hawaii Limited Liability Company ("HCDC"), Subject to Review of the Department of the Attorney General

(The Board may go into Executive Session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(3) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities related to this motion.)

E. To **(1)** Approve the Proposed Disposition and Development Agreement (DDA) for the Revitalization and Redevelopment of Kuhio Park Terrace Low-Rise Phase I Located at Tax Map Key Nos. (1) 1-3-039:006 por. and (1) 1-3-039:008; **(2)** Authorize the Executive Director to Enter into the DDA with KPLR Phase 1, LP, a Hawaiʻi Limited Partnership and Affiliate of Highridge Costa Development Company (HCDC); and **(3)** Authorize the Executive Director to Make Minimal or Ministerial Changes to the DDA with KPLR Phase 1, LP in Consultation with HPHA's Legal Counsel and Consultants

(The Board may go into Executive Session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(3) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities related to this motion.)

V. REPORTS

A. Executive Director's Report:

Monthly reports are included in the Board packet. Meeting updates will include the following:

- Public Housing Occupancy Rates, NSPIRE Inspections, Tenant Account Receivables, and Relocation updates
- Section 8 Subsidy Programs Lease-up Rates, Late Recertifications

The Board may go into Executive Session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities.

The Board agenda and packet materials, which include, meeting minutes listed under item III, a written description and narrative discussion of each item and supporting documents listed under item IV, and the monthly Executive Director's report listed under item V, for this meeting are available for inspection on the HPHA's website: https://hpha.hawaii.gov/meeting-packets and are available for in person review at the Board's office located at 1002 North School Street, Building E, Honolulu, HI 96817.

If you need an auxiliary aid/service or other accommodation due to a disability, contact Ms. Kanoe Kepaa by telephone at (808) 832-4694 or by email at rochelle.k.kepaa@hawaii.gov as soon as possible, preferably by close of business three days prior to the meeting date. Requests should be made as early as possible to have a greater likelihood of being fulfilled. If a response is received after Tuesday, March 18, 2025, we will try to obtain the auxiliary aid/service or accommodation, but we cannot guarantee that the request will be fulfilled. Upon request, this notice is available in alternate/accessible formats.

HAWAII PUBLIC HOUSING AUTHORITY
MINUTES OF THE REGULAR MEETING
HELD AT 1002 NORTH SCHOOL STREET, BUILDING A
HONOLULU, HAWAII 96817
ON THURSDAY, FEBRUARY 20, 2025
IN THE CITY AND COUNTY OF HONOLULU, STATE OF HAWAII

The Board of Directors of the Hawaii Public Housing Authority held their Regular Board Meeting at 1002 North School Street, on Thursday, February 20, 2025. The Board meeting was conducted by video conference via Zoom.

The public was able to participate in the meeting via Zoom or telephone by calling in. The meeting was also open to the public for in person participation at 1002 N. School Street, Building A, Honolulu, HI 96817. No Board members were physically present at this location. It was announced that if the HPHA lost internet or Zoom connection during the meeting, the meeting would be recessed and reconvened pursuant to instructions in the posted agenda.

Chairperson Hall stated that the Board would accept public testimony on any item relevant to the agenda during the public testimony portion of the meeting and at the time the agenda item is called for discussion.

At approximately 9:10 a.m., Chairperson Hall called the meeting to order, held a roll call, and declared a quorum present. Those present were as follows and no one else was with them at their location:

PRESENT:	Director Robert Hall, Chairperson
(Via Zoom)	Director Betty Lou Larson, Vice Chairperson
	Director Susan Kunz, Secretary
	Designee Joseph H. Campos, II
	Director Scott Glenn (Joined at 9:31 a.m.)
	Director Lisa Anne Darcy
	Director Roy Katsuda
	Deputy Attorney General Linda Chow
	Deputy Attorney General Klemen Urbanc
	Deputy Attorney General Chase Suzumoto
EXCUSED:	Director Christyl Nagao
	Director Todd Taniguchi
STAFF PRESENT:	Hakim Ouansafi, Executive Director
(Via Zoom)	Barbara Arashiro, Executive Assistant
	Ryan Akamine, Chief Compliance Officer
	Leigh-Ann Iha, Assistant Chief Financial Officer
	Rick Sogawa, Contracts and Procurement Officer

Becky Choi, State Housing Development Administrator
Dale Fujimoto, Property Mgt & Maint Services Branch Chief
Benjamin Park, Chief Planner
Nicolas Ayabe, Housing Planner
Jennifer Weber, Section 8 Chief (via telephone)
Amanda Suyat, Hearings Officer
Dallis Ontiveros, Housing Information Officer
Angela Nabua, Secretary
Kanoe Kepaa, Secretary

OTHERS PRESENT (via Zoom/teleconference):
Chico Figueiredo, Office of the Governor
Tami Whitney, Office of the Governor
Lindsay Apperson, Office of the Governor
Scott Jepsen, EJP Consulting Group
Anna Matsunaga
Laurie Thorson, Section 8 Participant
Shareen Kaheaku, Kamehameha Homes Resident
Fetu Kolio, Mayor Wright Homes Resident

Public Testimony

Individuals were allowed to submit written testimony no later than 48 hours prior to the scheduled meeting, which would be distributed to the Board members. The public was instructed to submit written testimony via email to rochelle.k.kepaa@hawaii.gov or by U.S. mail to P.O. Box 17907, Honolulu, HI 96817. The public was also allowed to participate via Zoom or teleconference by using the “Raise Hand” feature in Zoom, or by simply announcing/identifying themselves and the item they want to testify about during the public testimony portion of the meeting. Individuals were also allowed to provide audiovisual oral testimony by using the “Raise Hand” feature in Zoom, clicking the “Unmute” icon to talk, and clicking the “Start Video” icon to turn the camera on.

Chairperson Hall stated that the Board would accept public testimony on any item relevant to the agenda at this time or at the time the agenda item is called for discussion. Pursuant to section 92-3, Hawaii Revised Statutes, and section 17-2000-18, Hawaii Administrative Rules, the Board may limit public testimony to three minutes per agenda item.

Chairperson Hall called for public testimony from any individual online or in the conference room.

Laurie Thorson asked the Board if they received her request to have the Board Meeting recorded.

Director Campos stated that at the last Board meeting, Ms. Thorson directly threatened to sue the Board, and a decision was made that the Board would no longer entertain testimony from her. He asked if the Board would allow testimony from Ms. Thorson. Director Campos asked for a ruling on his point of order.

Chairperson Hall stated that the Board would allow Ms. Thorson to present her oral testimony in the allotted time. He continued to state that during the last meeting there were other people in attendance, and it was not appropriate to discuss litigation as part of that meeting.

Laurie Thorson read her written testimony previously submitted to the Board on February 19, 2025. Attached is Ms. Thorson's written testimony.

Fetu Kolio, Mayor Wright Homes resident, reported on the issue of aerial fireworks and people shooting guns where he resides. Mr. Kolio feels there is no accountability or any type of safety measures to address the use of aerial fireworks on the property. Mr. Kolio asked the Board if these issues could be put on the agenda this year. He requested a written statement that these issues are a violation of the rental lease agreement. He requested a restriction on guests and visitors during Thanksgiving, Christmas, and New Years' holidays.

Chairperson Hall acknowledged that there was no other public testimony.

Approval of Minutes

Director Campos moved,

To Approve the Regular Meeting Minutes of January 16, 2025

Chairperson Hall stated that the Board would accept public testimony on this item. No public testimony was given.

Director Larson thanked the Board secretary for the detailed information about the ownership and complex agreements that were discussed. This is a valuable resource for the Board to refer to as we move forward.

Chairperson Hall thanked all the staff for putting together the information for the Board's decision-making.

The minutes were approved as presented.

Discussion and Decision Making

Director Katsuda moved,

To (1) Approve the Hawaii Public Housing Authority's Amended Moving to Work Supplement for the Current Fiscal Year 2025; and (2) Authorize the Executive Director to Take the Required Actions to Submit the Amended Moving to Work Supplement for Fiscal Year 2025 to the U.S. Department of Housing and Urban Development

Chairperson Hall stated that the Board would accept public testimony on this item. No public testimony was given.

Executive Director Ouansafi presented facts and discussion points as presented in the Board packet. The Board previously approved the current MTW Supplement, which HUD accepted in July 2024. HPHA is now seeking Board approval to submit the Amended MTW Supplement. These proposed changes that the board approved on November 21, 2024 include:

1. Increasing the Project-Based Voucher (PBV) Cap: Allowing HPHA to project-base up to 50% of its Housing Choice Voucher (HCV) units, instead of the current 20% limit. While HPHA does not plan to reach this new limit, this flexibility will help preserve affordable housing and incentivize new construction.

2. Raising the PBV Limit Per Project: Allowing up to 100% of units in a single project to receive project-based rental assistance, instead of the current 25% cap. This change will support the financial viability of development projects without conflicting with HPHA's goal of deconcentrating poverty.

3. Adjusting Rent Calculation Methods: Allowing HPHA to set contract rents based on 120% of Small Area Fair Market Rents (SAFMR), instead of the current 110% limit. This will help HPHA respond to rapid changes in local rental market conditions.

Director Larson requested that an annual report be added to show how many vouchers are in a particular project to show that we are on track with our goal of deconcentrating poverty.

Director Campos stated that he has known Executive Director Ouansafi for the last five years. He continued to say that Executive Director Ouansafi has always been transparent and working to ensure HPHA is responsive to the needs of the community. Director Campos thanked Executive Director Ouansafi for always being proactive and thinking of ways that HPHA can help those who are in most need.

Director Katsuda commented that this does add flexibility and thanked Executive Director Ouansafi and the staff.

Director Darcy asked Executive Director Ouansafi for his opinion on what the Board should pay attention to with the current administration and impacts on vouchers.

Executive Director Ouansafi reported that their decisions are affecting staffing levels at the U.S. Department of Housing and Urban Development (HUD). The entire Office of Fair Housing and Equal Opportunity (FHEO) department was abolished.

Executive Director Ouansafi stated that HPHA anticipates delays with our development. Inflation is at a high and that will affect interest rates. The tariffs placed on steel and aluminum will affect the cost of construction. There is no anticipated impact on our staffing levels or Section 8 vouchers. If there are any changes the Board will be updated.

Chairperson Hall added to Director Larson's comment. He stated that in the past he requested that the agency keep track of all the policies and changes the Board approved. An annual report could indicate if these policies and changes have missed, met, or exceeded the expectations and bring closure to the decision-making process.

The motion was unanimously approved.

For Information,

Status on Legislative Bills and Report on Testimony by the Executive Director for the 2025 Legislative Session

Executive Director Ouansafi reported that the Legislature is progressing through committee hearings, with February 28, 2025, marking the deadline for bills to pass their originating chamber before crossover to the opposite chamber. HPHA has submitted testimony for 12 Senate Bills and 7 House Bills. HPHA also submitted testimony that affects other agencies and the bond cap.

Chairperson Hall allowed public testimony on this For Information item.

Laurie Thorson stated that on February 13, 2025, she requested copies of the testimony Hakim Ouansafi provided for the Senate Bills and House Bills before today's Board meeting and she was told that they were not available to her. Ms. Thorson reported that the list of Senate Bills and House Bills Executive Director Ouansafi reported on was not on the HPHA website. She is requesting copies of Executive Director Ouansafi's testimony before he is allowed to go forward with these bills.

Fetu Kolio asked if there were any bills in this legislative session by HPHA concerning fireworks. He is concerned with safety and security issues.

Chairperson Hall asked Executive Director Ouansafi to keep the Board updated. He is aware that with the uncertainty of the federal government and the impact of federal funding to the legislature, there may be legislative matters that require the Board's immediate attention. Chairperson Hall also added that there are specific legislative bills on fireworks. He urged members, directors, and the public to keep track of these bills because they will indicate what happens in our public housing community.

Executive Director's Report

Chairperson Hall asked Executive Director Ouansafi to provide highlights from the Executive Director's Report.

Executive Director Ouansafi reported that the HPHA continues to serve people that need our services with integrity and respect. The HPHA continues to follow all laws, rules, and regulations. Executive Director Ouansafi provided highlights from the Board packet:

- The Section 8 office distributed about $5 million in housing assistance payments (HAP) which included about $441,000 for Veterans Affairs Supportive Housing (VASH). Tenant certifications continue to progress despite staffing challenges. HPHA currently has 97 vacant positions.

- Development is moving forward. Building permits for Kuhio Park Terrace (KPT) were approved. The tower crane for School Street was installed in early January and the vertical construction is underway with no construction delays or cost overruns anticipated at this time.

- Ka Lei Momi Redevelopment – An application was submitted to reapply for Low-Income Housing Tax Credits (LIHTC) for Tower 1A at Mayor Wright Homes. HPHA was the first agency in the nation to receive a high-rise waiver from HUD. The Design Development drawings for Tower 1A is expected in the second quarter. HPHA is awaiting financing from Hawaii Housing Finance and Development Corporation (HHFDC) for Kapaa Homes. Schematic drawings were submitted to HUD for architectural review back in December. Kaahumanu Homes 201H application was approved by HHFDC and DPP. Lanakila Homes 201H application comment period ended in December and HHFDC approval is anticipated.

- There is a State program initiated by the Governor's Office to quickly hire the federal employees that were fired or resigned with the new administration rules.

Director Larson requested information regarding the two (2) projects on Maui that were burned.

Executive Director Ouansafi reported that FEMA approved several millions of dollars to rebuild the Maui properties. HPHA is also meeting regularly with our insurance carrier to see what other funds are available. The California wildfires will have some effect on us, but the extent is unknown.

HPHA also worked with Maui County to identify vacant land. The Attorney General's Office and the Corporation Council are working on an agreement to allow HPHA to build additional units on that land.

Executive Director Ouansafi continued to report that the demolition disposition process is being done on the two (2) properties. HPHA will be coming to the Board for approval to rebuild. The combination of FEMA funds and insurance proceeds should be enough to rebuild. Executive Director Ouansafi does not anticipate that the issues in Washington, D.C. will affect these projects because the funding has already been approved. He also informed the Board that all the tenants affected by the fires have been permanently relocated.

Chairperson Hall stated that his concern was the Maui tenants that were relocate are still properly housed.

Director Darcy thanked Director Larson and the Board for their support for the people of Maui. She reported that many people have been displaced because of the fires and don't have stable housing. Director Darcy appreciates any support that keeps this situation in the forefront.

Director Larson commented that in these special disaster situations it may be appropriate to increase vouchers for low-income people who need help.

Executive Director Ouansafi stated that supportive housing would also be helpful.

Chairperson Hall asked if there is an opportunity to increase density on Maui.

Executive Director Ouansafi confirmed. He reported that Maui has a height restriction and that was the reason HPHA contacted Maui County to identify vacant land to develop additional units.

Chairperson Hall stated that Piilani Homes could be rebuilt to a two-story building with an elevator to double the population.

Executive Director Ouansafi agreed.

Chairperson Hall acknowledged that there was a hand raised in the conference room. However, the Board was not accepting any further public testimony.

Director Campos moved,

To Adjourn the Meeting

The motion was unanimously approved.

The meeting adjourned at 9:53 a.m.

MINUTES CERTIFICATION FOR FEBRUARY 20, 2025

Minutes Prepared by:

____

Rochelle Kanoe Kepaa Date
Secretary

Approved by the Hawaii Public Housing Authority Board of Directors at their Regular Meeting on March 20, 2025 [ ] As Presented [ ] As Amended

____

Director Susan Kunz Date
Board Secretary

Attachment

WRITTEN TESTIMONY

by Laurie Thorson

02.20.25 BOARD MEETING

TO: Board of Directors
Hawaii Public Housing Authority

FROM: Laurie Thorson
· Section 8 recipient
· Plaintiff in case titled:
Laurie Thorson v. Hawaii Public Housing Authority,
Hakim Ouansafi, Ryan Akamine, and Lyle Matsuura
Hawaii U.S. District Court Case No. 23-CV-00412-MWJS-WRP

PLEASE READ THE ATTACHED LETTER DATED FEBRUARY 19, 2025, AND ITS ATTACHMENT TITLED: 'DECLARATION' BY HAKIM OUASAFI, SIGNED AND DATED FEBRUARY 14, 2025, WHICH READS IN PART:

> **"...It is the HPHA Board, not me as Executive Director, that is responsible for adopting policies such as the "one low comparable" policy referenced by Plaintiff..."**

February 19, 2025

Board of Directors
Hawaii Public Housing Authority
1002 School Street
Honolulu, HI 96817

TO: ROBERT HALL (chairperson)
Representing: City & County of Honolulu

BETTY LOU LARSON (vice chairperson)
Representing: Persons with Disabilities

SUSAN KUNZ (secretary)
Representing: County of Hawaii

RYAN YAMANE
Representing: DHS / tied to directorship

JOSEPH H. CAMPOS II
Representing: DHS/designee

SCOTT GLENN
Representing: Office of the Governor

LISA ANNE DARCY
Representing: County of Maui

ROY KATSUDA
Representing: Low-income families, and persons experiencing homelessness

CHRISTYL NAGAO
Representing: County of Kauai

TODD TANIGUCHI
Representing: At-Large

Dear Board of Directors:

Attached to this letter is a copy of a Declaration by Hakim Ouansafi signed on February 14, 2025. I recently received this document as part of a recent filing at the court in the defendants attempt to get the court to dismiss my case.

In the Declaration signed by Hakim Ouansafi, he writes:

> **"...It is the HPHA Board, not me as Executive Director, that is responsible for adopting policies such as the "one low comparable" policy referenced by Plaintiff..."**

Because Hakim Ouansafi inputs liability to the board members, I am writing to all the board members to confirm if this statement by Hakim Ouansafi is accurate and true. If this statement is indeed true, then I am left with no other option but to add each of the board members as defendants to my lawsuit against the Hawaii Public Housing Authority.

Please respond by Monday, February 24, 2025 to confirm that Hakim Ouansafi's declaration is true or false. Please be aware that failure to respond is an admission that his declaration is indeed accurate and true.

I would argue that Hakim Ouansafi is lying, because if his statement is true, he would not have surpassed the board's decision when it decided that he was not permitted to increase the salaries of his management staff ("…to exceed the governor's salary…"), which thereafter Hakim Ouansafi ignored this boards instructions and pursued to petition the legislature to pass SB 3120 so that he alone would have authority over the Board of Directors and authority over the Hawaii Revised Statutes to increase the salaries of his management staff to exceed the governor’s salary. No state employee should be allowed to have authority over the State of Hawaii, or authority over the Hawaii Revised Statutes, or authority over the Board of Directors of the Hawaii Public Housing Authority.

If you need more information about SB 3120, you are welcome to visit my website (https://governmentcorruptioninhawaii.wordpress.com), which also describes in great detail the illegal policies that are currently being enforced and implemented by the Hawaii Public Housing Authority.

The Hawaii Revised Statutes confirm that it is the responsibility and authority of the Board of Directors to supervise the Executive Director of the Hawaii Public Housing Authority, and that it is the Executive Director who is to supervise his staff accordingly.

Please know that it is my intent to add all of the Board of Directors to my lawsuit if you do not terminate Hakim Ouansafi by Monday, February 24, 2025; thereby condoning Hakim Ouansafo to continue to implement the illegal policies I have made known on multiple occasions to the Board of Directors.

The Board of Directors is at a crossroads in deciding if they want to allow Hakim Ouansafi to continue as the Executive Director, or if he should be terminated for stealing millions from the Section 8 Housing Choice Voucher Program by implementing illegal policies that do not comply with federal laws and HUD regulations.

I will pray the board members unanimously choose to terminate Hakim Ouansafi and his management staff who have played key roles in diverting and misappropriating federal funds, notably Bennett Liu (Chief Financial Officer), and Ryan Akamine (Chief Compliance Officer).

The Board of Directors has several options, but here’s another option. Settle my lawsuit. The Board of Directors have until Monday, February 24, 2025 to decide to terminate Hakim Ouansafi and to decide to settle my lawsuit.

As much as I want to help Hawaii, I am a 65 year old disabled woman and I need to make every effort to continue to take care of myself so that I can live another ten years. I've asked myself several times why God chose me to discover and dispute the illegal policies, and why God chose me to discover fraud within the Hawaii Public Housing Authority; but the fact is, I did. But it was only after I decided to prove myself wrong and began reviewing all the financial records and the HUD records to put together my FRAUD CHARTS, that I unfortunately am now able to definitively conclude that my claims against the Hawaii Public Housing Authority and its employees are valid and true.

The Board of Directors have until Monday, February 24, 2025 to confirm that Hakim Ouansafi's Declaration is true or not true, to confirm the decision to terminate or not terminate Hakim Ouansafi as the Executive Director; and to decide to settle or not settle my lawsuit.

Most important before the Board of Directors is to declare that Hakim Ouansafi's Declaration is true or not true. Please be aware that failure to respond is an admission that Hakim Ouansafi's declaration is indeed accurate and true when he wrote:

> **"...It is the HPHA Board, not me as Executive Director, that is responsible for adopting policies such as the "one low comparable" policy referenced by Plaintiff..."**

Please do not hesitate to contact me if you have any questions or need additional information.

Sincerely,

Laurie Thorson
Lthorson7@gmail.com
(808) 222-5885

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF HAWAII

LAURIE THORSON Pro Se Plaintiff vs. HAWAII PUBLIC HOUSING AUTHORITY aka HPHA, HAKIM OUANSAFI, HPHA EXECUTIVE DIRECTOR; RYAN AKAMINE, HPHA CHIEF COMPLIANCE OFR, and LYLE MATSUURA, HPHA SUPERVISOR IV Defendants.	Civil No. CV23-00412 MWJS-WRP DECLARATION OF HAKIM OUANSAFI

DECLARATION OF HAKIM OUANSAFI

I, HAKIM OUANSAFI, pursuant to 28 U.S.C. § 1746, declare as follows:

1. I am the Executive Director of the Hawaii Public Housing Authority ("HPHA"), a position that I have held since January 2012.

2. I have personal knowledge of the matters set forth herein and am competent to testify to them.

3. I have reviewed the Complaint filed by Plaintiff Laurie Thorson on October 4, 2023, particularly, the allegations that I am "solely responsible for adopting the illegal policy to use one low comparable in all rent reasonableness determinations" and that my instruction for HPHA Chief Compliance Officer Ryan

Akamine to review Plaintiff's file was an order "to go on the attack against [her]." ECF No. 1 at PageID.37-38.

4. I categorically deny both of these allegations.

5. On April 4, 2022, I received an email from Plaintiff's attorney at the Legal Aid Society of Hawaii ("LASH"). Attached as Exhibit "A" is a true and correct copy of the email I received from Plaintiff's attorney Nicholas Severson on that date.

6. The following day, April 5, 2022, I instructed HPHA staff to conduct a thorough review of Thorson's files to appropriately address and respond to Plaintiff's complaints.

7. On the same day, I notified Plaintiff's attorney at LASH that I had instructed HPHA staff to conduct a complete review of Plaintiff's file and informed him that Mr. Akamine would take the lead on this matter. Attached as Exhibit "B" is a true and correct copy of the email I sent to Plaintiff's attorney on April 5, 2022.

8. While I receive updates on critical issues, HPHA staff are responsible for managing the day-to-day operations related to Section 8 recipients and tenants at HPHA properties, including conducting rent reasonableness tests to determine whether the rent requested by a landlord is reasonable.

9. The governing body of HPHA is the Board of Directors ("Board"), as established under Hawaii Revised Statues § 356D-3. The Board is responsible for adopting HPHA's policies, including administrative rules and the HPHA Administrative Plan (among others).

10. It is the HPHA Board, not me as Executive Director, that is responsible for adopting policies such as the "one low comparable" policy referenced by Plaintiff.

I declare under penalty of perjury that the foregoing is true and correct.

DATED: Honolulu, Hawaii, February 14, 2025.

HAKIM OUANSAFI

FOR ACTION

MOTION: To **(1)** Accept the Hawaii Public Housing Authority's Single Audit Report for Fiscal Year July 1, 2023, through June 30, 2024, Conducted by Plante Moran, PLLC; **(2)** Authorize the Executive Director to Submit the Audit Reports to the Federal Audit Clearinghouse, the U.S. Department of Housing and Urban Development, and Other Interested Parties As Required; and **(3)** Authorize the Executive Director to Take Any Necessary Steps to Ensure Compliance and Address Single Audit Finding(s), if any

I. FACTS

A. During the audited period of July 1, 2023, to June 30, 2024, the Hawaii Public Housing Authority (HPHA) administered the following programs:

- **Federal public housing programs.** The HPHA administered 4,731 federal public housing units in Hawaii with funds received from the United States Department of Housing and Urban Development (HUD).

- **State public housing programs.** The HPHA administered 864 state public housing family units and elderly housing developed with State funds.

- **Federal and State rent subsidy programs.** The HPHA administered federally funded rental assistance programs and the State funded rental assistance program. The federally funded rental assistance programs include Section 8 Housing Choice Voucher Program, Veterans Affairs Supportive Housing Program, Non-Elderly Disabled Voucher Program, Foster Youth to Independence Program, Mainstream Voucher Program, and Emergency Housing Voucher Program. Both the federally and the State funded rental assistance programs subsidizes monthly rental payments to qualified households.

- **Federal rental assistance program.** The HPHA managed a Special Allocation Program which administers a project-based program under a contract with the federal government.

B. The financial and single audit of the HPHA's financial statements and program activities for the fiscal year ending June 30, 2024, was performed by the independent auditor, Plante Moran, PLLC. Plante Moran, PLLC was procured and contracted by the State Office of the Auditor to perform the audit and report on its findings. Plante Moran, PLLC is auditing the HPHA for the first time.

C. For the fiscal year July 1, 2023, through June 30, 2024, Plante Moran, PLLC conducted financial and single audits during the period from the beginning of September 2024 to early March 2024.

D. Financial Statements

1. For the fiscal year July 1, 2023 through June 30, 2024, Plante Moran, PLLC, the independent auditor, conducted the financial audit during the months from September to November. On its audited financial statements issued on December 10, 2024, Plante Moran, PLLC expressed a "clean" opinion that the financial statements are fairly presented.

2. The HPHA's financial statements were approved and accepted by the Board of Directors on December 10, 2024.

E. Single Audit/Report on Compliance

1. Plante Moran, PLLC has conducted the audit of compliance in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance").*

2. Plante Moran, PLLC performed tests on HPHA's compliance with certain provisions of laws, regulations, contracts, and federal grant agreements.

II. DISCUSSION

A. During the Board meeting on December 13, 2024, the Board approved the audited financial statements for the fiscal year from July 1, 2023, to June 30, 2024, and authorized the Executive Director to submit the audited financial statements to the applicable state and federal offices.

B. Part I, the basic final financial statements, related notes and auditor's opinion are identical with the version accepted by the Board on December 10, 2024. The attached Single Audit Reports expands to include Part II, report on internal control, Part III, report on compliance, Part IV, schedule of findings, Part V, prior audit findings, and financial data schedules.

C. The HPHA provided all files and records per the auditor's request, and the auditor examined and tested the files and records. The HPHA staff answered the auditor's inquiries and questions via emails or telephone conversations.

D. The HPHA has steadily improved in compliance with Generally Accepted Accounting Principles and federal and state requirements, resulting in no financial audit findings in ten (10) consecutive years and zero single audit findings in eight (8) consecutive fiscal years. The HPHA has been qualified as low-risk auditee since the Fiscal Year 2019. The auditor did not identify any deficiencies in internal control.

E. The HPHA will continue to improve through staff training, strengthening quality control, and consistently implementing operational procedures.

F. The HPHA and Plante Moran, PLLC may make non-substantive formatting changes (e.g., reordering tables, updating page numbering) to the audit in order to comply with submission requirements.

III. RECOMMENDATION

That the Board of Directors **(1)** Accept the Hawaii Public Housing Authority's Single Audit Report for Fiscal Year July 1, 2023, through June 30, 2024, Conducted by Plante Moran, PLLC; **(2)** Authorize the Executive Director to Submit the Audit Reports to the Federal Audit Clearinghouse, the U.S. Department of Housing and Urban Development, and Other Interested Parties As Required; and **(3)** Authorize the Executive Director to Take Any Necessary Steps to Ensure Compliance and Address Single Audit Finding(s), if any

Attachment A: Final Financial (Reissued) and Single Audit Reports for Fiscal Year July 1, 2023 through June 30, 2024 (Draft)

Prepared by: Bennett Liu, Chief Financial Officer ________

Approved by the Board of Directors
on the date set forth above
[ ] As Presented [ ] As Amended

____

Robert J. Hall
Chairperson

Hawaii Public Housing Authority

(a Component Unit of the State of Hawaii)

Financial Report
with Supplemental Information
June 30, 2024

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Plante & Moran, PLLC
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Independent Auditor's Report

To the Auditor
State of Hawaii

To the Board of Directors
Hawaii Public Housing Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hawaii Public Housing Authority (the "Authority"), a component unit of the State of Hawaii, as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise Hawaii Public Housing Authority's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hawaii Public Housing Authority as of June 30, 2024 and the changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 1 to the financial statements, the financial statements present only the Hawaii Public Housing Authority and do not purport to, and do not, present fairly the financial position of the State of Hawaii as of June 30, 2024 and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, schedule of the Authority's proportionate share of the net pension liability, schedule of the Authority's pension contributions, schedule of the Authority's proportionate share of the changes in net OPEB liability and related ratios, and schedule of the Authority's OPEB contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Board of Directors
Hawaii Public Housing Authority

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hawaii Public Housing Authority's basic financial statements. The supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2024 on our consideration of Hawaii Public Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Hawaii Public Housing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hawaii Public Housing Authority's internal control over financial reporting and compliance.

Plante & Moran, PLLC

December 10, 2024

The Management Discussion and Analysis (MD&A) highlights the Hawaii Public Housing Authority's (HPHA) financial performance for the fiscal year ended June 30, 2024. This section aims to:

1. Focus on significant financial issues,
2. Review the HPHA's financial activities,
3. Highlight changes in the HPHA's financial position, including its capacity to address challenges in the coming years, and
4. Identify any issues or concerns related to individual funds.

The MD&A is intended to provide a focused overview of HPHA's financial activities for the fiscal year ended June 30, 2024. Readers are encouraged to review it alongside the accompanying financial statements.

INTRODUCTION

The Hawaii Public Housing Authority (HPHA) is a full-service agency attached to the State's Department of Human Services for "administrative purposes only". Its Board of Directors consists of eleven members: nine public members appointed by the Governor and two ex officio voting members—the Director of the Department of Human Services and the Governor's designee.

Public members represent the counties of Honolulu, Hawaii, Maui, and Kauai. One public member must advocate for low-income or homeless persons, and another must either have a disability or advocate for persons with disabilities. In compliance with federal statutes, at least one Board Director must be a recipient of federal low-rent public housing or federal Housing Choice Voucher (Section 8) assistance during their service on the board. HPHA board actions require an affirmative vote from at least six members.

During the audited period from July 1, 2023, to June 30, 2024, the HPHA administered the following programs:

- **Federal Public Housing Programs**
  HPHA managed 4,731 federal public housing units across Hawaii, funded by the U.S. Department of Housing and Urban Development (HUD). These units are organized into 16 Asset Management Projects (AMPs) under HUD and 72 housing projects overseen by HPHA.

- **State Public Housing Programs**
  HPHA administered 864 state-funded public housing units, including six family housing projects and four elderly housing projects.

- **Federal and State Rent Subsidy Programs**
  HPHA provided rental assistance through various federally funded programs, such as the Section 8 Housing Choice Voucher Program, Veterans Affairs Supportive Housing (VASH) Program, Non-Elderly Disabled (NED) Voucher Program, Foster Youth to Independence Program, Mainstream Voucher Program, and Emergency Housing Voucher Program. Additionally, HPHA administered a state-funded rental assistance program, offering monthly rent subsidies to qualified households.

- **Federal Rental Assistance Program**
  HPHA managed a Special Allocation Program, including a Performance-Based Contract Administration program, under a federal government contract facilitated by a subcontractor, Du & Associates.

FINANCIAL HIGHLIGHTS

- At the end of the fiscal year, the Hawaii Public Housing Authority's (HPHA) total assets and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources by $482.02 million. Of this amount, $352.03 million was invested in capital assets, as detailed in the Government-Wide Statement of Net Position.

- The HPHA's government-wide net position increased by $9.37 million due to the following activities:

  a. Governmental Activities
     The net position increased by $15.26 million, driven by State appropriations totaling $38.63 million (net of $0.15 million in lapsed funds) and $22.23 million in net transfers out. This is detailed in the Government-Wide Statement of Activities.

  b. Business-Type Activities
     The net position decreased by $5.89 million, primarily due to a loss before transfers of $28.12 million, partially offset by $22.23 million in net transfers from Governmental Activities. This is also detailed in the Government-Wide Statement of Activities.

OVERVIEW OF FINANCIAL STATEMENTS

The HPHA's financial statements consist of three main components:

1. Government-wide Financial Statements
2. Governmental Fund Financial Statements
3. Proprietary Fund Financial Statements

In addition to the financial statements, supplemental information is provided to offer a comprehensive overview of the HPHA's financial activities for FY 2024.

Government-wide Financial Statements

The government-wide financial statements provide a broad overview of the HPHA's finances, similar to reports prepared by private-sector businesses. These include:

- **Statement of Net Position**:
  This statement presents HPHA's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, reflecting its financial position. Changes in net position over time can indicate whether the HPHA's financial health is improving or deteriorating.

- **Statement of Activities**:
  This statement details how the HPHA's net position changed due to financial activities during the year. It is prepared using the accrual basis of accounting, meaning transactions are recorded when they occur, not when payments are received or made.

The government-wide statements include two categories of activities:

1. **Governmental Activities**:
   These activities are primarily funded by state appropriations and HUD contributions. They focus on the flow of funds and year-end balances. The governmental fund financial statements include:

   - Balance Sheet
   - Statement of Revenues, Expenditures, and Changes in Fund Balances

   These statements use the current financial resources measurement focus and the modified accrual basis of accounting, offering a short-term perspective on available financial resources. Additional information is provided to reconcile these with the long-term focus of the government-wide statements.
2. **Business-Type Activities** (Proprietary Funds):
   These activities are financed and operated similarly to private enterprises, with costs recovered through user charges. The proprietary fund statements include:

   - Statement of Net Position
   - Statement of Revenues, Expenses, and Changes in Net Position

   These statements are prepared using the accrual basis of accounting and the economic resources measurement focus.

Fund Financial Statements

HPHA uses fund accounting to segregate financial transactions related to specific government functions and ensure legal compliance. Each fund operates as a separate accounting entity with a self-balancing set of accounts.

Funds are classified as major or non-major, as defined by the Governmental Accounting Standards Board (GASB) Statement 34. Major funds are presented individually in the financial statements, while non-major funds are aggregated. Details of non-major funds are provided in the Supplementary Information section.

Notes to the Financial Statements

The notes provide essential details to support the information in the government-wide and fund financial statements, offering additional context and clarity for a complete understanding of HPHA's financial data.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table is derived from the government-wide statement of net position.

HAWAII PUBLIC HOUSING AUTHORITY
Condensed Statements of Net Position
June 30, 2024 and June 30, 2023
(In thousands of dollars)

	Governmental Activities		Business Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Current and other assets	103,104	86,079	116,363	108,241	219,467	194,320
Capital assets	3,608	3,786	348,585	358,752	352,193	362,538
Other assets	-	-	9,662	7,178	9,662	7,178
Total Assets	106,712	89,864	474,610	474,172	581,322	564,036
Deferred Outflows of Resources	617	467	8,273	6,532	8,890	6,999
Total Assets & Deferred Outflows of Resources	107,329	90,331	482,883	480,704	590,212	571,036
Liabilities						
Current and other liabilities	8,067	6,217	17,468	8,774	25,535	14,990
Long-term liabilities	5,236	5,094	70,719	68,312	75,955	73,406
Total Liabilities	13,303	11,310	88,186	77,086	101,489	88,396
Deferred Inflows of Resources	452	708	6,247	9,276	6,699	9,984
Net position						
Investment in capital assets	3,608	3,786	348,421	358,752	352,028	362,538
Restricted	248	1,537	-	-	248	1,537
Unrestricted	89,719	72,990	40,030	35,590	129,748	108,579
Total Net Position	93,574	78,313	388,450	394,342	482,024	472,655
Total Liabilities, Deferred Inflows of Resources and Net Position	107,329	90,331	482,883	480,704	590,212	571,036

Statement of Net Position

Net position is a key indicator of the HPHA's financial health. At the end of the fiscal year, the HPHA's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $482.02 million, with $352.03 million of this amount invested in capital assets. As noted in the financial highlights, the net position increased by $9.37 million during the fiscal year (refer to the Government-Wide Statement of Net Position and Statement of Activities).

Of the HPHA's total assets:

- $352.03 million (60%) represents capital assets.
- $215.67 million (36%) is in cash and amounts due from the State of Hawaii.
- $22.51 million (4%) consists of receivables and deferred outflows of resources.

Within the $88.39 million categorized as Due from the State of Hawaii:

- $78.31 million is allocated for state-allotted appropriations designated for capital improvement projects.
- The remaining amount is for the state rental supplement program and the maintenance of public housing projects.

This composition is consistent with the previous fiscal year, where capital assets also constituted the majority of total assets.

Accounts payable and accrued current liabilities totaled $19.08 million, comprising 75% of the HPHA's total current liabilities (detailed in the Government-Wide Statement of Net Position).

Long-term liabilities increased by $2.55 million compared to the prior year, primarily due to higher pension and Other Post-Employment Benefits (OPEB) obligations. Total long-term liabilities and deferred inflows of resources amounted to $82.65 million (76%) of total liabilities and deferred inflows, compared to $83.39 million (85%) in FY 2023.

Hawaii Public Housing Authority

Management Discussion and Analysis
June 30, 2024

The following financial information is derived from the government-wide statement of activities.

HAWAII PUBLIC HOUSING AUTHORITY
Government-Wide Statements of Activities
June 30, 2024 and June 30, 2023
(In thousands of dollars)

	Governmental Activities		Business Activities		Elimination		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Revenues								
Program Revenues:								
Charges for services	113	154	31,320	28,838	(1,630)	(1,545)	29,803	27,447
Operating grants and contributions	116,297	110,717	37,287	37,556			153,584	148,273
Capital grants and contributions	-	-	4,963	7,335			4,963	7,335
Other income	2	1	885	492			887	493
General Revenues:								
State allotted appropriations, net of lapsed funds	38,635	19,403	-	-			38,635	19,403
Total revenues	155,047	130,275	74,455	74,221	(1,630)	(1,545)	227,871	202,951
Expenses								
Governmental Activities								
Rental housing assistance program	117,560	107,960			(1,630)	(1,545)	115,930	106,415
Business-type activities								
Federal low rent housing program			84,950	73,310			84,950	73,310
State and other housing program			11,921	11,504			11,921	11,504
Other program			5,701	2,380			5,701	2,380
Total government-wide expenses	117,560	107,960	102,573	87,194	(1,630)	(1,545)	218,503	193,609
Excess (deficiency) of revenues over (under) expenses	37,487	22,315	(28,118)	(12,973)	-	-	9,369	9,342
Net transfers	(22,226)	(18,764)	22,226	18,764			-	-
Changes in net position	15,261	3,551	(5,892)	5,791	-	-	9,369	9,342
Net position, beginning of year	78,313	74,762	394,342	388,551			472,655	463,313
Total net position, end of year	93,574	78,313	388,450	394,342	-	-	482,024	472,655

Statement of Activities

Government-wide expenses increased by $24.98 million, rising from $195.15 million in FY 2023 to $220.13 million in the current fiscal year. This includes a $9.60 million increase in governmental activities expenses, primarily due to higher housing assistance payments, and a $15.38 million increase in business-type activities expenses, driven by higher costs for repairs and maintenance, and personnel services.

Government-wide charges for services and other revenues rose by $2.44 million, from $28.99 million in the previous fiscal year to $31.43 million in the current year. Federal operating grants and contributions grew by $5.31 million, increasing from $148.27 million to $153.58 million. However, HUD capital grants decreased by $2.37 million, dropping from $7.33 million to $4.96 million.

The loss from business-type activities rose significantly by $15.54 million, from $13.46 million in the prior year to $29.00 million in the current year. This loss was partially offset by $22.23 million in transfers from governmental activities and $0.88 million in interest and investment revenue. As a result, the net position decreased by $5.89 million (see the Government-Wide Statement of Activities for details).

The net position for governmental activities increased by $15.26 million, rising from $78.31 million in the prior year to $93.57 million in the current year. This increase is attributed to:

- $38.63 million in state-allocated appropriations, net of lapsed funds,
- Offset by $22.23 million in net transfers out to business-type activities,
- A $1.15 million deficit of revenue under expenditures, and
- $0.01 million in interest and investment revenue.

(Refer to the Government-Wide Statement of Activities for further details.)

FINANCIAL ANALYSIS OF THE HPHA'S FUNDS

Governmental funds

The focus of the HPHA's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. This information is valuable for assessing the HPHA's ability to meet its financing requirements. Unreserved fund balances can serve as a useful measure of the HPHA's net resources available for spending at the end of the fiscal year (as detailed in the *Governmental Funds, Statement of Revenues, Expenditures, and Changes in Fund Balances*).

- **Governmental Fund Balance**: At the end of the fiscal year, the fund balance of governmental funds was $95.04 million, an increase of $15.18 million from $79.86 million at the end of FY 2023. Of the $95.04 million fund balance, $73.51 million (77%) consisted of capital funds (as detailed in the *Governmental Funds, Balance Sheet* and the *Statement of Revenues, Expenditures, and Changes in Fund Balances*).

- **General Fund**: The General Fund reported an excess of revenues over expenses of $12.71 million at the end of the fiscal year. During the year, $8.12 million from the General Fund was transferred out to support the HPHA's business-type activities (as detailed in the *Governmental Funds, Statement of Revenues, Expenditures, and Changes in Fund Balances*).

- **Capital Fund**: The Capital Fund balance increased by $10.59 million, rising from $62.92 million in the prior year to $73.51 million. This increase is attributable to the receipt of $24.70 million in allotted appropriations (net of $0.10 million in lapsed funds) and a net transfer out of $14.11 million (as detailed in the *Governmental Funds, Statement of Revenues, Expenditures, and Changes in Fund Balances*).

- **Housing Assistance Voucher Programs**: The fund balance for Housing Assistance Voucher Programs decreased by $0.44 million to $7.25 million due to an excess of revenues over expenditures.

- **Section 8 Contract Administration**: The fund balance for the Section 8 Contract Administration program increased by $0.43 million to $4.97 million, driven by an excess of revenues over expenditures.

Proprietary funds

The HPHA's proprietary funds provide detailed information similar to that presented in the government-wide financial statements.

- **Central Office Cost Center (COCC)**: With the implementation of HUD's Asset Management and Project-Based Budgeting, the HPHA established the HUD-mandated COCC fund to account for costs related to general oversight of the programs and projects administered by the HPHA, as well as other indirect and administrative costs. The COCC fund charges fees to the HPHA's various housing programs for administrative services and general oversight.

- **Overall Proprietary Funds:** The loss before transfers (fund transfers from Governmental Funds) for Proprietary Funds totaled $28.12 million, as detailed in the Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position.

This represents a $15.15 million increase compared to the previous year's loss of $12.97 million. The main factors contributing to this increase were:

- A $10.18 million higher operating loss, driven by increased costs for repairs and maintenance, and personnel services.
- A $5.78 million decrease in HUD operating subsidies and capital grants.
- A $2.32 million increase in other expenses.

These losses were partially offset by $3.13 million in additional federal grant revenues.

- **COCC Financial Performance**: The COCC's loss before transfers was $2.54 million (*Proprietary Funds, Statement of Revenues, Expenses, and Changes in Net Position*), compared to income of $0.12 million in the previous year. This increased loss resulted from:

  - $2.61 million higher operating expenses.
  - $0.20 million lower operating revenue.

  These were slightly offset by $0.15 million in additional other revenue. The COCC received a net transfer of $0.65 million during the year. Its net position decreased by $1.89 million to -$7.72 million from the prior year's -$5.83 million.

- **Federal Low Rent Program**: The program reported a loss before transfers of $18.74 million, an increase of $12.40 million from the prior year's loss of $6.34 million. This increase was due to higher operating expenses for repairs and maintenance, and personnel services, along with reduced federal grant revenue (*Proprietary Funds, Statement of Revenues, Expenses, and Changes in Net Position*).

- **State Family Housing Program**: The program incurred a loss before transfers of $3.14 million, $0.49 million higher than the previous year's loss of $2.65 million, primarily due to increased operational expenditures. The program received a net transfer of $1.61 million from Governmental activities, reducing its net position by $1.53 million to $16.24 million (*Proprietary Funds, Statement of Revenues, Expenses, and Changes in Net Position*).

- **State Elderly Housing Program**: The program reported a loss before transfers of $3.17 million, an improvement from the prior year's loss of $3.47 million. The loss was due to rental income being insufficient to cover operational expenditures. However, due to net transfers from Governmental activities, the program's net position increased by $1.94 million to $40.30 million (*Proprietary Funds, Statement of Revenues, Expenses, and Changes in Net Position*).

- **Other Enterprise Funds**: These funds reported a loss before transfers of $0.58 million (*Proprietary Funds, Statement of Revenues, Expenses, and Changes in Net Position*), a slight improvement compared to the previous fiscal year's loss of $0.65 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The HPHA's investment in capital assets as of June 30, 2024 is $352.03 million *(net of related debt)*. This investment includes land, buildings and improvements, equipment, furniture and fixtures, construction in progress, and right of use assets (as detailed in *Notes to the Financial Statements, Note 5*).

Hawaii Public Housing Authority Capital Assets
June 30, 2024 and June 30, 2023
(In thousand of dollars)

	Governmental Activities		Business Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	$ 2,373	$ 2,373	$ 22,966	$ 22,966	$ 25,339	$ 25,339
Buildings and improvements	15,614	15,614	792,064	789,871	807,678	805,484
Equipment	1,492	1,492	12,771	12,765	14,263	14,257
Construction in progress	-	-	62,344	56,711	62,344	56,711
Right of use assets	-	-	14	9	14	9
Total	19,478	19,478	890,159	882,491	909,637	901,969
Accumulated depreciation	(15,870)	(15,692)	(541,739)	(523,739)	(557,609)	(539,431)
Total Capital Assets, Net	3,608	$ 3,786	$ 348,421	$ 358,752	$ 352,028	$ 362,538

<u>Major project outstanding balances in construction in progress at the end of FY2024</u>

- AMP 30 Puuwai Momi, Waipahu I and Waipahu II, Design for Spall Repair and Security Improvements, 0.12 million
- AMP 32 Mayor Wright Homes, MWH Redevelopment, $2.92 million
- AMP 32 Mayor Wright Homes, Design for Redevelopment of Mayor Wrights, $0.29 million
- AMP 33 Kaahumanu Homes and Kamehameha Homes, Construction for Water Heating Systems upgrade, $2.29 million
- AMP 33 Kaahumanu Homes and Kamehameha Homes, Design for Water Heating Systems upgrade, $0.10 million
- AMP 34 Kalakaua Homes, Makua Alii and Paoakalani, Design for Modernization of Elevators, $0.11 million

- AMP 34 Kalakaua Homes, Makua Alii and Paoakalani, Design for Upgrade of Emergency Generators, $0.17 million
- AMP 34 Makua Alii, Design for Burnt Unit Repairs and Security Improvements, $0.14 million
- AMP 35 Kalanihuia, Punchbowl Homes, Pumehana and Makamae, Design for Modernization of Elevators, $0.15 million
- AMP 35 Kalanihuia, Punchbowl Homes and Pumehana, Design for Upgrade of Emergency Generators, $0.13 million
- AMP 35 Punchbowl Homes, Design and Engineering for Exterior repair, Re-roofing, Site and ADA Improvements, $0.90 million
- AMP 35 Kalanihuia and Makamae, Design for Re-roofing and Repairs, $0.21 million
- AMP 35 Punchbowl Homes, Construction for Exterior repairs, Re-roofing, Site and ADA Improvements, $12 million
- AMP 35 Kalanihuia and Makamae, Construction for Re-roofing and Repairs, $3.22 million
- AMP 35 Kalanihuia and Pumehana, Design for Security Upgrades, $0.23 million
- AMP 35 Kalanihuia and Pumehana, Construction for Security Upgrades, $2.01 million
- AMP 35 Punchbowl Homes, Design for Exterior Repairs, Reroofing, Site and ADA Improvements, $0.12 million
- AMP 35 Punchbowl Homes, Design for Upgrade to Fire Alarm Systems, $.11 million
- AMP 37 Hale Aloha O' Puna, Construction for Site and Building Improvements, $0.85 million
- AMP 37 Pomaikai, Hale Aloha O'Puna, Pahala Elderly, Design for Site and Building Improvements, $0.67 million
- AMP 37 Lanakila Homes, Design for Planning Service for the Hawaii Multi-Model Transportation, $0.38 million
- AMP 37 Pahala, Construction for Utility Improvements, $0.30 million
- AMP 37 Hale Aloha O' Puna, Design for Site and Building Improvements, $0.13 million
- AMP 38 Kapaa Homes and Hui O'Hanamaulu, Design for Lead-Based Paint Abatement, $0.99 million
- AMP 39 Piilani Homes, Design for Site and Dwelling Improvements, $0.67 million
- AMP 39 Piilani Homes, Construction for Site and Dwelling Improvements, $6.78 million
- AMP 39 Makani Kai Hale, Construction for Burnt Unit and Gas Line Repair, $0.45 million
- AMP 39 David Malo Circle, Lead-Based Paint Abatement, $0.35 million
- AMP 42 Hale Po'ai, Lai'ola, Kamalu Hoolulu, Halia Hale, Design for Upgrade of Emergency Generators, $0.15 million
- AMP 42 Hale Po'ai, Design for Site and Building Improvements, $0.65 million
- AMP 42 Lai'ola, Design for Roof Replacement and Exterior Concrete Spall Repairs, $0.25 million

- AMP 42 Hale Po'ai, Construction for Site and Building Improvements, $12.8 million
- AMP 43 Kaimana, Design for Site and Building Improvements, $0.38 million
- AMP 44 Waimaha Sunflower, Construction for Reroof, $2.5 million
- AMP 45 Hookipa Kahaluu, Construction for ADA and Site Improvements, $2.53 million
- AMP 45 Hookipa Kahaluu, Design for ADA and Site Improvements, $0.28 million
- AMP 49 Wahiawa Terrace, Design for New Sewage Pump Station, $0.17 million
- AMP 50 Palolo Valley Homes, Construction for Modernization Phase 4, $2.14 million
- AMP 50 Palolo Valley Homes, Design for Modernization Phase 4, $0.57 million
- AMP 50 Palolo Valley Homes, Design for Modernization Phase 5, $.10 million
- State low rent housing project (Fund 318) Puahala Homes, Design for Site and Building Improvements, $0.96 million

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

HPHA continues to hold title of the State-owned shelter facilities of the homeless program. During 2009 legislative session, S.B. bill No. 910 was enacted and required the transfer of the functions and duties of the homeless program to the Department of Human Services effective July 1, 2010. Approximately $22,000,000 of the net assets was transferred at that time.

Pending Cases Re: Hawaii Public Housing Authority

Edwin K. Kalamau, Sr. v. State of Hawaii
Civil Case No. 1CCV 22-0000701, First Circuit Court

This alleged State law slip and fall case occurred in May 2021. Plaintiff alleges that he was walking on the ramp in the parking garage of Pumehana when he slipped and fell in a puddle of water. He fractured his cervical spine and received approximately $165,000 in medical care, including surgery.

The arbitration award was entered as final judgment in favor of Plaintiff in the amount of $102,702.62. Plaintiff was also awarded costs in the amount of $610.88.

Sophia Karsom, et al. v. State of Hawaii, et al.
Civil Case No. 17-1-0843, First Circuit Court

Plaintiffs allege that an employee of the Hawaii Public Housing Authority ("HPHA"), driving an HPHA maintenance vehicle, struck a four (4) year-old boy who was playing on the sidewalk in front of his home at 1555 Haka Drive, on or about August 26, 2016. The complaint alleges that the boy suffered a fractured pelvis, broken bones and internal injuries.

Following service in October 2017, the State, the HPHA, and the employee answered the Amended Complaint. The State filed a third-party complaint against the minor's grandmother, Cynthia Kaminaga. In January 2019, the court granted the employee's Motion for Summary Judgment. On October 8, 2020, the Court filed its Order Granting the State of Hawaii and the Hawaii Public Housing Authority's Motion for Summary Judgment, Filed January 10, 2020. The final judgment in this case was filed on February 17, 2021, and Plaintiffs filed their Notice of Appeal. This case is currently pending in the Intermediate Court of Appeals.

Aaron Lewis v. State of Hawaii, et al.
Civil Case No. 3CCV 22-0000311, Third Circuit Court

Plaintiff alleges State law negligence claims. Plaintiff claims that he was struck by an HPHA truck driven by HPHA employee Andrade in the parking lot of Home Depot in August 2019 and sustained an injury to his leg.

The arbitration award was entered as final judgment in favor of Plaintiff in the amount of $15,700. Plaintiff was also awarded costs in the amount of $1,482.76.

Adeline Liftee v. HPHA, et al.
Civil Case No. 1CCV 22-0000756; First Circuit Court

Plaintiff Adeline A. Liftee alleges that she was walking her dog on a leash on the grounds of Kuhio Homes when she was attacked by two dogs, one of which was a white pit bull. The dogs rushed out from the open door of a neighboring unit and attacked Plaintiff in the common area hallway. Plaintiff suffered serious and permanent bite wounds to her left thigh/leg, which required surgery, skin grafting, hospitalization, and extensive medical treatment.

The Complaint further alleges that the State and/or HPHA had a "Pets and Assistance Animals Policy" which was applicable to all tenants living at Kuhio Homes. The pet policy prohibited full or mixed pit bull dogs, or other dangerous dogs, from being kept on the property.

Nevertheless, the Complaint alleges that the dog owner was allowed to harbor a full or mixed pit bull in his housing unit for several months prior to March 5, 2022. The Complaint further alleges that the State and HPHA knew or should have known that was keeping a full or mixed pit bull in his unit because the owner often walked the dog in the common areas of the complex. Despite having actual or "constructive knowledge" that the dog owner was harboring a full or mixed pit bull in his unit, the State and HPHA "failed to take appropriate measures to have the dog removed from the premises.

Hawaii Affordable Properties, Inc. ("HAPI") provided property management services at Kuhio Homes. Under its contract with HPHA, HAPI agreed to provide, in strict accordance with the contract, basic property management functions such as enforcing all covenants and conditions of the Rental Agreement. HAPI's "minimum" property management services included implementation and compliance with HPHA's Pet Ownership Policy. Based on available information, it appears that HAPI had received previous complaints about the unauthorized dogs being kept at Kuhio Homes, but took no action to have the dogs removed.

HAPI accepted a tender of the case. The case was settled and HAPI has agreed to pay the entire settlement amount.

Debbie Pregil v. Hawaii Affordable Properties and HPHA
Civil Case No. 1CCV 23-13255; First Circuit Court

The Plaintiff is a resident in HPHA property located at 1050 Queen Street. It is managed by Hawaii Affordable Properties. Plaintiff allegedly made multiple complaints about conditions in her bathroom. In March 2021, after work started in her bathroom but before it was completed, plaintiff fell in her shower. She claims that it was due to the broken bathroom light. She also claims that she was exposed to toxic paint thinner from repairs to bathroom tiles.

An answer was filed and the case was tendered to Hawaii Affordable Properties, Inc. to defend. We are waiting for them to assign counsel. An arbitration is to be scheduled, pending resolution of the insurance issue.

Nancy Schroeder v. Sapigao Construction, Inc., et al.
Civil Case No. 1CCV 21-0001178; First Circuit Court

Plaintiff asserts State law negligence claims arising out of injuries she sustained when her wheelchair got trapped during construction in a common area. HPHA filed a cross-claim against its contractor, Sapigao Construction, which was supposed to do exterior repairs, re-roofing, and site and ADA improvements to the project.

Sapigao accepted a tender of the case. The case was settled and Sapigao has agreed to pay the entire settlement amount.

Tangee R. Lazarus v. Hakim Ouansafi, et al.
Civil No. 1:21-CV-00247-HG-RT, U.S. District Court

Plaintiff Tangee R. Lazarus is a tenant at Kalakaua Homes, AMP 34. Plaintiff names three HPHA employees in her Complaint and alleges discrimination by the HPHA employees on the basis of race and disability, and negligence due to the alleged discrimination. Plaintiff claims that she has been subjected to various acts of harassment and assault by her neighbors at Kalakaua Homes and claims that the HPHA employees have not taken any action following the incidents involving her neighbors, that the HPHA employees have improperly disclosed her confidential information and spread false rumors about her, and that the HPHA employees have retaliated against her following the incidents involving her neighbors. Plaintiff seeks $214,100 from two of the HPHA employees, compensatory and punitive damages, and injunctive relief.

In October 2021, the parties placed settlement terms on the record in the U.S. District Court. Plaintiff subsequently repudiated the settlement. The HPHA filed a motion to compel the settlement. US District Court Judge denied the HPHA's motion to enforce the settlement. The case went to trial, and after trial, the jury found in favor of the HPHA on all claims.

Sinisio Sarafin, et al. v. Hawaii Public Housing Authority, et al.
Civil No. 1:24-00066-LEK-WRP, U.S. District Court

In this lawsuit, Plaintiffs Sinisio Sarafin and Legal Aid Society of Hawaii ("Plaintiffs") bring federal and state law claims against the Hawaii Public Housing Authority ("HPHA"), HPHA Director Hakim Ouansafi, and HPHA Chief Compliance Officer Ryan Akamine (collectively, "Defendants") alleging discrimination based on disability and national origin. The First Amended Complaint ("FAC") asserts the following five claims: violations of the FHA against Ouansafi and Akamine in their official and personal capacities (*i.e.* First Claim); the ADA, Title VI, and Rehabilitation Act against HPHA, and Ouansafi and Akamine in their personal capacities (*i.e.* Second, Third, and Fourth Claims); and the Hawaii Fair Housing Act against HPHA and Ouansafi and Akamine (*i.e.* Fifth Claim). Plaintiffs seek declaratory and injunctive relief, compensatory and punitive damages as to Sarafin only, and attorney's fees and costs. The State is self-insured and the potential exposure is not anticipated to exceed the State's self-insured-retention.

The court's decision on the Defendants' motion to dismiss the FAC is pending.

Laurie Thorson v. Hawaii Public Housing Authority, et al.
(Civil No. 1:23-CV-00412-LEK-WRP, U.S. District Court)

Plaintiff Laurie Thorson is a holder of an HPHA Section 8 voucher, which she uses to rent a two-bedroom dwelling unit. Plaintiff has been approved for a live-in-aide and the extra bedroom is intended to be used by her live-in-aide. Plaintiff's son was approved by the HPHA to be her live-in-aide. Plaintiff names three HPHA employees in her Complaint and alleges discrimination, intimidation, harassment, defamation, and retaliation against her alleging intentional interference with her housing and interference with her approved reasonable accommodation. Plaintiff alleges that HPHA adopted an illegal policy for rent reasonableness determination in its Section 8 voucher program, which resulted in her receiving an approval of inadequate rent amount and in the HPHA accumulating improper surplus grant funds. Plaintiff further alleges that because she complained to the HPHA about the improper rent reasonableness policy, the HPHA retaliated against her by approving an improper rent amount, by interfering with her live-in aide, and by defaming her. Plaintiff seeks $350,000 in general damages and $5,000,000 in punitive damages.

The HPHA intends to file a motion to dismiss Plaintiff's complaint.

HPHA's Redevelopment Efforts

School Street Elderly Affordable Housing

In 2015 the HPHA selected Retirement Housing Foundation (RHF), a non-profit affordable housing developer, to plan and implement the mixed-income, mixed-use redevelopment of its administrative campus located at 1002 N. School Street. The redevelopment is intended to deliver 800 affordable housing units for our kapuna over the course of three phases. In late 2023, RHF and HPHA decided to separate for mutual reasons and to transfer the School Street master plan and development rights created by RHF to Highridge Costa Development Company (HCDC). RHF transferred the development and associated agreements over to HCDC on January 11, 2024.

On January 11, 2024, HHFDC awarded Phase I (250 senior units) additional Hula Mae Multi-Family Tax Exempt Revenue Bonds, increasing from $71,500,000 to $85,152,621, additional Federal LIHTC over a 10-year period to $6,131,601 from $5,257,493 and annual State LIHTC over a 5-year period to $6,131,601 from $5,257,493 from the non-volume pool (4% LIHTC) as well as increasing the RHRF project award from $40,000,000 to $67,860,277. HPHA then held a groundbreaking for Phase I on January 12. Building M was relocated in February with staff starting to move into the building on February 29. Buildings D and H were demolished in April.

The HPHA Board approved the Disposition and Development Agreement, Ground Lease, Memorandum of Ground Lease, Purchase Option and Right of First Refusal, Subdevelopment Fee Agreement, Asset Management Fee Agreement, HPHA Property Management Fee Agreement and Performance and Completion Guarantee for Phase I closing on April 4, 2024. On May 15, the HHFDC Board authorized the closing of the School Street project and Phase I closed on June 6 and recorded on June 7 with RBC Capital Markets as the LIHTC investor, First Hawaiian Bank as the construction lender, Citi Community Capital as the perm lender, HCDC as the General Partner and HPHA as Co-General Partner. Construction is currently under way with grading and foundation work scheduled through the end of the year (as of September 30 the work is 8.5% complete) and lease-up scheduled to start in mid-2026.

Kuhio Park Low-Rises and Homes

The HPHA is partnering with the Michaels Development Corporation (MDC), an affordable housing developer, to redevelop Kuhio Park Low-Rise and Homes (KPLR) located between Linapuni and Ahonui Streets in the Kalihi neighborhood of Honolulu. The three-phase redevelopment will provide approximately 650 affordable housing units within eight new buildings. The first phase of development will provide 304 affordable housing units in four mid-rise buildings.

On January 11, HHFDC approved an allocation of up to $8,384,158 in annual Federal Low Income Housing Tax Credits (LIHTC) over a 10-year period and $8,384,158 in annual State LIHTC over a 5-year period from the non-volume pool (4% LIHTC) as well as a loan of $48,556,752 in RHRF for Phase I.

On January 23, the Governor's Office published the Notice of Intent to Request Release of Funds/Finding of No Significant Impact in the Star Advertiser with the public comment period expiring on February 14. No comments were received and the Governor's Office submitted the Request for Release of Funds to HUD on February 20. On March 12, HUD approved the Authorization to Use Grant Funds. On March 7, HPHA submitted the Section 18 Disposition application for Phase I to HUD for approval.

The relocation planning process also began in earnest in May with 58 of the 60 affected households completing relocation preference surveys. At the same time, the Resident Relocation Plan was shared with the HUD Special Applications Center in support of HPHA's Section 18 Disposition application. On July 11, HPHA and MDC held two community update meetings for all residents of Kuhio Park Low-Rises and Homes.

In August, the team received Letters of Intent from Redstone for federal LIHTC, Berkadia for state LIHTC and Bank of Hawaii for construction and perm debt. Also in August, Albert C. Kobayashi, Inc., the selected general contractor, provided updated pricing on the 100% construction set and the team began work on value engineering.

MDC held an additional community information meeting to answer questions from residents about relocation on August 16. The Notice of Eligibility and 90-Day Notices were issued to residents affected by Phase I on September 20. The Relocation Plan has been finalized in addition to a Relocation Frequently Asked Questions (FAQ) with both posted on the project website. Residents out of compliance with their lease have been notified to resolve outstanding issues via repayment plans or will begin eviction. HUD issued the first set of 41 Tenant Protection Vouchers in mid-November with the final 19 expected to be received on December 1. Seneca Relocation Services, relocation consultant under contract to TMO, has started on-site relocation activities with all families.

As of November 2024, the Civil drawing vellums have been approved and signed, the 201H agreement recorded, and building permits are in their final review with the expectation they will be issued by DPP by the end of the month. The Issued for Construction set of drawings was finalized on September 6 and final pricing is expected by the end of November.

A supplemental funding application was submitted to HHFDC on October 15. With the anticipation of an $8 million Affordable Housing Fund grant from the City and County of Honolulu along with an increase in bonds and LIHTC, there is no need for additional RHRF from HHFDC. TMO and HPHA continue to work on finalizing the DDA, Ground Lease, Use Agreement and Condo Regime documents. Once the $8 million award letter is received, the parties will have to work on the terms for HPHA to lend the funds to the partnership. Closing is currently projected to occur in late 1st quarter 2025.

Ka Lei Momi Redevelopment

The HPHA continued to work with its development partner (HCDC) for Ka Lei Momi to refine master plans for each of the 9 preferred sites and to achieve the goal of replacing one-for-one all existing public housing units while also creating 10,000 new affordable units.

The Mayor Wright Homes entitlement application (201H/EP) was accepted by HHFDC on January 11 and for Kapaa on February 8. HCDC held a town hall meeting for Mayor Wright Homes in coordination with DPP as part of the 201H/EP application on January 22 and presented the Kapaa Homes redevelopment to the Kauai County Council in January with all six members in attendance approving a Resolution in support. The Kauai County Planning Director then approved the 201H application on February 12. Consolidated funding applications were then submitted to HHFDC on February 16 for both sites. We are still awaiting notification from HHFDC for both Mayor Wrigth Homes and Kapaa funding awards.

Design teams for both Mayor Wright Homes and Kapaa were selected in June with schematic drawings moving forward over the summer. The Mayor Wright Homes set was sent for review by the HUD architect on October 2 with a follow up call with her and the team to discuss accessibility and other HUD comments on November 26.

HPHA and HCDC met with Mayor Mitch Roth and his cabinet on March 13 to update them on the Lanakila plans for redevelopment with the goal of applying for 201H/EP for both Lanakila Homes and Kaahumanu Homes in time to receive approval prior to HHFDC funding applications in February 2025. Technical studies related to NEPA, Historic Preservation and Section 18 were also pursued over the summer. On July 23, HPHA and HCDC hosted a resident meeting on site at Kaahumanu Homes to update residents on the relocation process and redevelopment plans as well as a Town Hall meeting for Kaahumanu Homes on August 15 at Palama Settlement. A Town Hall meeting for Lanakila Homes was held on September 25.

In May, HCDC provided a presentation to the HPHA Board on the status of the Ka Lei Momi effort. At the same meeting, the Board authorized the Executive Director to undertake all actions necessary to create Special Purpose Legal Entities for HPHA to participate as a partner in its redevelopment efforts. The Board also approved the Predevelopment Budget and additional redevelopment funding related to Kuhio Park Low-Rises and Homes Phase I as well as the Predevelopment Budget and additional redevelopment funding related to Mayor Wright Homes Phase I.

At its June meeting, the HPHA Board approved the Predevelopment Budget and redevelopment funding related to Kapaa Homes.

Additional master planning refinements for Puuwai Momi, Hale Laulima and Kahekili Terrace were pursued over the summer in conjunction with OPSD TOD grants.

HCDC provided another presentation on the status of Ka Lei Momi to the HPHA Board at its August meeting with additional details specifically related to Kaahumanu Homes and in October details on Lanakila Homes were presented to the Board. Both 201H/EP applications have been accepted by HHFDC and are moving forward for approval in time to submit funding applications for Phase I of each site in February 2025.

CONTACT INFORMATION

This financial report is designed to provide a general overview of the HPHA's finances for all those with an interest in the HPHA's finances. If you have any questions about this report or need additional financial information, contact the Office of the Executive Director, Hawaii Public Housing Authority 1002 North School Street, Honolulu, HI 96817.

Hawaii Public Housing Authority

GOVERNMENT-WIDE
STATEMENT OF NET POSITION
June 30, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS			
Current Assets			
Cash	$ 12,808,006	$ 109,701,759	$ 122,509,765
Restricted cash	1,352,592	3,423,108	4,775,700
Due from State of Hawaii	88,390,494	-	88,390,494
Receivables:			
Interest recivable	-	203,689	203,689
Tenant receivables, less allowance for doubtful receivables of $5,964,630	-	1,768,834	1,768,834
Other receivable	45,519	43,666	89,185
	102,596,611	115,141,055	217,737,666
Due from other state agencies	-	-	-
Due from HUD	556,425	420,242	976,666
Internal balance	(48,717)	48,717	-
Inventories	-	750,326	750,326
Prepaid expenses and other assets	-	2,620	2,620
Total current assets	103,104,319	116,362,960	219,467,278
Noncurrent Assets			
Notes Receivable	-	9,661,988	9,661,988
Capital assets:			
Capital assets not being depreciated	2,373,410	85,310,600	87,684,010
Capital assets being depreciated	17,105,544	805,013,414	822,118,958
Less: accumulated depreciation	(15,871,393)	(541,738,819)	(557,610,211)
Total noncurrent assets	3,607,562	358,247,183	361,854,744
Total assets	106,711,880	474,610,142	581,322,023
Deferred outflows of resources	616,740	8,273,142	8,889,882
Total Assets & deferred outflows of resources	$ 107,328,620	$ 482,883,285	$ 590,211,905

Hawaii Public Housing Authority

GOVERNMENT-WIDE
STATEMENT OF NET POSITION
June 30, 2024

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities			
Accounts payable	$ 4,861,428	$ 4,531,724	$ 9,393,153
Accrued liabilities	2,863,278	6,820,304	9,683,582
Security deposits	-	1,625,796	1,625,796
Unearned revenue	342,162	4,489,826	4,831,988
Total current liabilities	8,066,868	17,467,649	25,534,518
Noncurrent Liabilities			
Net OPEB Liability	2,182,406	30,999,814	33,182,220
Net pension liability	2,880,177	37,779,742	40,659,919
Accrued other liabilities	173,271	1,939,197	2,112,468
Total noncurrent liabilities	5,235,854	70,718,753	75,954,607
Total Liabilities	13,302,722	88,186,403	101,489,125
Deferred inflows of resources	451,798	6,246,792	6,698,590
Net position:			
Net investment in capital assets	3,607,562	348,420,515	352,028,077
Restricted by legislation and contractual agreements	247,664	-	247,664
Unrestricted net position	89,718,874	40,029,574	129,748,449
Total net position	93,574,100	388,450,090	482,024,190
Total Liabilities, deferred inflows of resources and net position	$ 107,328,620	$ 482,883,285	$ 590,211,905

Hawaii Public Housing Authority

GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES
Fiscal Year ended June 30, 2024

		Program Revenues			Net (Expense) Revenues and Changes in Net Position			
	Expenses	Charges for services and other revenues	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Elimination	Total
Functions/Programs:								
Governmental activities								
Rental Housing and Assistance Program	$ 117,560,022	$ 113,205	$ 116,297,568	$ -	$ (1,149,249)	$ -	$ 1,630,416	$ 481,167
Total governmental activities	117,560,022	113,205	116,297,568	-	(1,149,249)	-	1,630,416	481,167
Business-type activities								
Federal low rent housing program	84,950,465	23,921,565	37,286,771	4,963,032	-	(18,779,096)	-	(18,779,096)
State and other housing program	11,921,376	4,840,074	-	-	-	(7,081,301)	-	(7,081,301)
Other program	5,701,416	2,558,254	-	-	-	(3,143,162)	(1,630,416)	(4,773,578)
Total business-type activities	102,573,256	31,319,893	37,286,771	4,963,032	-	(29,003,560)	(1,630,416)	(30,633,976)
Total government-wide	$ 220,133,279	$ 31,433,098	$ 153,584,339	$ 4,963,032	$ (1,149,249)	$ (29,003,560)	$ -	$ (30,152,808)
State Allotted Appropriations, net of lapsed funds of $149,863					38,635,329	-	-	38,635,329
Interest and investment revenue					1,613	885,079	-	886,692
Net Transfers					(22,226,482)	22,226,482	-	-
Total general revenues and transfers					16,410,460	23,111,561	-	39,522,021
Changes in net position					15,261,211	(5,891,999)	-	9,369,212
Net Position at beginning					78,312,889	394,342,089	-	472,654,978
Net Position at end					$ 93,574,100	$ 388,450,090	$ -	$ 482,024,190

Hawaii Public Housing Authority

GOVERNMENTAL FUNDS
BALANCE SHEET

June 30, 2024

	General	Capital Funds	Housing Assistance Vouchers - MTW	Section 8 Contract Administration	Total Governmental Funds
ASSETS					
Cash	$ 74,216	$ -	$ 7,832,754	$ 4,901,036	$ 12,808,006
Restricted cash	-	-	1,351,627	965	1,352,592
Due from State of Hawaii	10,077,033	78,313,461	-	-	88,390,494
Due from HUD	-	-	298,145	258,280	556,425
Other receivable (net of allowance)	-	-	45,519	-	45,519
Total assets	10,151,249	78,313,461	9,528,045	5,160,281	103,153,036
LIABILITIES					
Accounts payable	699,408	2,968,533	1,105,705	87,783	4,861,428
Accrued liabilities	72,364	1,836,614	853,299	101,001	2,863,278
Due to other funds	379	-	48,262	76	48,717
Unearned revenue	74,216	-	267,946	-	342,162
Total liabilities	846,367	4,805,147	2,275,212	188,860	8,115,586
FUND BALANCE					
Restricted by legislation and contractual agreements	-	-	247,664	-	247,664
Committed - obligations of contracts/agreements	7,430,947	62,658,413	-	-	70,089,359
Assigned - appropriation less encumbrance	-	10,849,901	-	-	10,849,901
Assigned - program administrative fees	-	-	7,005,169	4,971,421	11,976,590
Unassigned	1,873,935	-	-	-	1,873,935
Total fund balances	9,304,882	73,508,314	7,252,833	4,971,421	95,037,449
Total liabilities and fund balance	$ 10,151,249	$ 78,313,461	$ 9,528,045	$ 5,160,281	$ 103,153,036

Hawaii Public Housing Authority

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

June 30, 2024

Total fund balance - governmental funds		$ 95,037,449
Amount reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	3,607,562	
Other long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(63,228)	
Long-term compensated absences are not due and payable in the current period and therefore are not reported in the funds	(110,042)	
Other post-employment employee benefit are not due and payable in the current period and therefore are not reported in the funds	(2,182,406)	
Pension benefits are not due and payable in the current period and therefore are not reported in the funds	(2,880,177)	
Deferred outflows of resources related to the pension liability are not financial resources and therefore are not reported in the funds	616,740	
Deferred inflows of resources related to the pension liability are not due and payable in the current period and therefore are not reported in the funds	(451,798)	
Total		(1,463,349)
Net position of governmental activities		$ 93,574,100

The accompanying notes are an integral part of this statement

Hawaii Public Housing Authority

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES POSITION
Fiscal Year ended June 30, 2024

	General	Capital Fund	Housing Assistance Vouchers - MTW	Section 8 Contract Administration	Total Governmental Funds
Revenue					
HUD PHA Grants	$ -	$ -	$ 60,543,311	$ 47,987,105	$ 108,530,415
PHA Administrative Fees Earned	-	-	6,075,002	1,692,151	7,767,153
State allotted appropriations, net of lapsed funds of $149,863	13,936,264	24,699,065	-	-	38,635,329
Other revenue	181	-	114,152	485	114,818
Total revenue	13,936,445	24,699,065	66,732,465	49,679,740	155,047,715
Expenditure					
Housing assistance payments	1,014,677	-	61,866,933	47,987,105	110,868,715
Administration	89,357	-	1,763,471	1,197,261	3,050,090
Personnel services	98,176	-	2,843,441	-	2,941,617
Professional services	21,509	-	102,335	53,746	177,590
Tenant services	272	-	57,167	-	57,439
Utilities	1,462	-	39,431	-	40,893
Repairs and maintenance	766	-	20,690	-	21,457
Security	349	-	8,636	-	8,985
Insurance	648	-	17,248	12,448	30,344
Bad debt	-	-	7,508	-	7,508
Other expenses	-	-	441,246	-	441,246
Total expenditure	1,227,216	-	67,168,106	49,250,560	117,645,883
Excess (deficiency) of revenue over (under) expenditure	12,709,228	24,699,065	(435,641)	429,180	37,401,832
Other Financing Uses - Net Transfers	(8,119,505)	(14,106,977)	-	-	(22,226,482)
Net change in fund balances	4,589,723	10,592,088	(435,641)	429,180	15,175,350
Fund Balances - Beginning	4,715,158	62,916,226	7,688,475	4,542,241	79,862,099
Fund Balances - Ending	$ 9,304,882	$ 73,508,314	$ 7,252,833	$ 4,971,421	$ 95,037,449

The accompanying notes are an integral part of this statement

Hawaii Public Housing Authority

RECONCILIATION OF THE CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Fiscal Year ended June 30, 2024

Net change in fund balances - total governmental funds	$	15,175,350
Amount reported for governmental activities in the statement of activities are different because:		
Governmental funds report purchases of capital asses as expenditures. In the statement of activities, the cost of capital assets is depreciated over their estimated useful lives and reported as depreciation expense.		
Current year depreciation expense		(178,201)
Family Self-Sufficiency program expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds		37,935
Long-term compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds		3,106
Other post-employment employee benefit expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds		238,038
Pension expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds		(15,017)
Change in net position of governmental activities in Government-Wide Activities	$	15,261,211

The accompanying notes are an integral part of this statement

Hawaii Public Housing Authority

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2024

	Federal Low Rent Program	Housing Revolving Fund	Housing for Elders Revolving Fund	Central Office Cost Center Fund	Other Enterprise Funds	Elimination	Total Enterprise Funds	Internal Service Funds
ASSETS AND DEFERRED OUTFLOWS								
Current Assets								
Cash	$ 83,262,960	$ 1,082,812	$ 1,453,231	$ 17,380,026	$ 5,342,747	$ -	$ 108,521,775	$ 1,179,984
Restricted cash	1,384,085	-	-	2,007,069	31,954	-	3,423,108	-
Total cash and restricted cash	84,647,045	1,082,812	1,453,231	19,387,095	5,374,701	-	111,944,882	1,179,984
Receivables:								
Interest receivable	-	18,438	56,667	101,870	-	-	176,975	26,714
Tenant receivables, less allowance for doubtful							-	
accounts of $5,964,630	1,630,642	95,980	3,092	-	39,121	-	1,768,834	-
Other receivable	9,381	4,331	(95)	80	29,968	-	43,666	-
Total receivables	1,640,023	118,749	59,664	101,950	69,089	-	1,989,475	26,714
Due from HUD	420,242	-	-	-	-	-	420,242	-
Due from other funds	-	-	-	5,161,503	-	(5,112,786)	48,717	8,745
Inventories	668,048	29,677	44,965	7,635	-	-	750,326	-
Prepaid expenses and other assets	-	-	-	2,620	-	-	2,620	-
Total current assets	87,375,358	1,231,238	1,557,860	24,660,803	5,443,790	(5,112,786)	115,156,262	1,215,443
Noncurrent Assets								
Notes Receivable	6,585,173	-	-	3,076,815	-	-	9,661,988	-
Capital assets:								
Capital assets not being depreciated	60,240,179	3,311,457	20,244,091	-	1,514,873	-	85,310,600	-
Capital assets being depreciaited	681,172,278	39,252,655	63,752,707	3,041,541	14,970,008	-	802,189,189	2,824,225
Less: accumulated depreciation	(459,427,699)	(24,459,362)	(44,831,582)	(946,520)	(9,642,227)	-	(539,307,390)	(2,431,429)
Other asssets								
Total noncurrent assets	288,569,931	18,104,750	39,165,215	5,171,837	6,842,654	-	357,854,387	392,796
Total Assets	375,945,289	19,335,988	40,723,074	29,832,640	12,286,444	(5,112,786)	473,010,648	1,608,239
Deferred outflow of resources	3,651,020	286,480	-	4,335,642	-		8,273,142	-
Total Assets & Deferred outflows of resources	$ 379,596,309	$ 19,622,469	$ 40,723,074	$ 34,168,282	$ 12,286,444	$ (5,112,786)	$ 481,283,791	$ 1,608,239

The accompanying notes are an integral part of this statement

Hawaii Public Housing Authority

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2024

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	Federal Low Rent Program	Housing Revolving Fund	Housing for Elders Revolving Fund	Central Office Cost Center Fund	Other Enterprise Funds	Elimination	Total Enterprise Funds	Internal Service Funds
LIABILITIES								
Current Liabilities								
Accounts payable	$ 3,230,589	$ 105,320	$ 209,745	$ 420,982	$ 565,088	$ -	$ 4,531,724	$ -
Accrued liabilities	3,470,964	255,987	39,259	3,022,697	31,397	-	6,820,304	-
Due to other funds	974,073	57,086	6,678	-	4,083,694	(5,112,786)	8,745	-
Security deposits	1,361,610	51,374	169,783	-	43,029	-	1,625,796	-
Unearned revenue	4,480,113	5,915	1,294	-	2,504	-	4,489,826	-
Total current liabilities	13,517,349	475,681	426,760	3,443,679	4,725,712	(5,112,786)	17,476,394	-
Noncurrent Liabilities								
Net OPEB Liability	13,561,683	1,103,065	-	16,335,066	-	-	30,999,814	-
Net pension liability	18,114,916	1,520,896	-	18,143,930	-	-	37,779,742	-
Accrued other liabilities	1,024,642	62,889	-	851,666	-	-	1,939,197	-
Total Noncurrent liabilities	32,701,241	2,686,851	-	35,330,662	-	-	70,718,753	-
Total liabilities	46,218,590	3,162,532	426,760	38,774,341	4,725,712	(5,112,786)	88,195,148	-
Deferred inflows of resources	2,916,690	218,219	-	3,111,883	-	-	6,246,792	-
Net position:								
Net investment in capital assets	281,820,079	18,104,750	39,165,215	2,095,022	6,842,654	-	348,027,719	392,796
Unrestricted net position	48,640,950	(1,863,033)	1,131,100	(9,812,964)	718,078	-	38,814,132	1,215,443
Total net position (deficit)	330,461,029	16,241,717	40,296,315	(7,717,942)	7,560,732	-	386,841,851	1,608,239
Total Liabilities, deferred inflows, and net position (deficit)	$ 379,596,309	$ 19,622,469	$ 40,723,074	$ 34,168,282	$ 12,286,444	$ (5,112,786)	$ 481,283,791	$ 1,608,239

The accompanying notes are an integral part of this statement

Hawaii Public Housing Authority

RECONCILIATION OF THE PROPRIETARY FUNDS NET POSITION
TO THE STATEMENT OF NET POSITION

June 30, 2024

Total net position of enterprise funds	$	386,841,851
Amounts reported for business-type activities in the statement of net position are different because internal service fund assets and liabilities are included with business-type activities		1,608,239
Net position of business-type activities	$	388,450,090

The accompanying notes are an integral part of this statement

Hawaii Public Housing Authority

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Fiscal Year ended June 30, 2024

	Federal Low Rent Program	Housing Revolving Fund	Housing for Elders Revolving Fund	Central Office Cost Center Fund	Other Enterprise Funds	Elimination	Total Enterprise Funds	Internal Service Funds
Operating Revenue								
Rental income	$ 23,531,259	$ 1,439,031	$ 2,290,662	$ -	$ 1,037,973	$ -	$ 28,298,925	$ -
Fee-for-service	-	-	-	10,158,729	-	(8,528,313)	1,630,416	-
Other revenue	390,306	16,757	36,103	822,896	19,549	-	1,285,610	104,941
Total operating revenues	23,921,565	1,455,788	2,326,765	10,981,625	1,057,522	(8,528,313)	31,214,952	104,941
Operating Expenses							-	
Administration	10,803,338	410,356	972,183	482,082	477,881	(7,612,193)	5,533,647	-
Personnel services	13,535,897	1,099,023	-	12,227,660	24,991	-	26,887,571	-
Professional services	582,388	22,417	29,713	627,980	29,743	-	1,292,241	6,508
Tenant services	363,403	4,709	10,128	4,119	-	-	382,358	-
Utilities	11,665,508	791,514	1,436,833	138,781	298,421	-	14,331,056	-
Repairs and maintenance	18,908,521	703,742	1,261,730	411,924	213,997	(916,120)	20,583,794	-
Security	3,641,056	132,195	6,145	36,880	-	-	3,816,276	-
Insurance	912,786	52,716	90,903	14,668	25,416	-	1,096,488	1,681
Bad debt	2,379,625	158,316	7,815	-	6,999	-	2,552,756	-
Depreciation	19,065,690	1,276,008	1,817,159	174,954	560,322	-	22,894,133	101,786
Payments in lieu of taxes	370,943	-	-	-	-	-	370,943	-
Other expenses	7,594	-	-	706	-	-	8,299	-
Total operating expenses	82,236,747	4,650,996	5,632,609	14,119,753	1,637,771	(8,528,313)	99,749,563	109,976
Operating income (loss)	(58,315,182)	(3,195,209)	(3,305,844)	(3,138,127)	(580,249)	-	(68,534,611)	(5,035)
Nonoperating Revenues (Expenses):								
HUD operating subsidies	34,150,711	-	-	-	-	-	34,150,711	-
HUD capital fund grants	4,963,032	-	-	-	-	-	4,963,032	-
Other Federal grants	3,136,060	-	-	-	-	-	3,136,060	-
Other revenue (expenses)	(2,671,791)	50,508	138,807	598,628	78	-	(1,883,770)	55,131
Total nonoperating revenues (expenses)	39,578,013	50,508	138,807	598,628	78	-	40,366,034	55,131
Income (loss) before transfers	(18,737,169)	(3,144,701)	(3,167,037)	(2,539,500)	(580,171)	-	(28,168,577)	50,097
Net Transfers	14,852,378	1,611,983	5,107,271	654,850	-	-	22,226,482	-
Change in net position	(3,884,792)	(1,532,718)	1,940,234	(1,884,650)	(580,171)	-	(5,942,096)	50,097
Net position (deficit) - Beginning	334,345,821	17,774,435	38,356,081	(5,833,292)	8,140,903		392,783,947	1,558,142
Net position (deficit) - Ending	$ 330,461,029	$ 16,241,717	$ 40,296,315	$ (7,717,942)	$ 7,560,732	$ -	$ 386,841,851	$ 1,608,239

The accompanying notes are an integral part of this statement

RECONCILIATION OF THE CHANGE IN NET POSITION OF PROPRIETARY FUNDS TO THE STATEMENT OF ACTIVITIES

Fiscal Year ended June 30, 2024

Changes in net position - total enterprise funds	$	(5,942,096)
Changes in net position - internal service funds		50,097
Changes in net position of business-type activities	$	(5,891,999)

Hawaii Public Housing Authority

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

Fiscal Year ended June 30, 2024

	Federal Low Rent Program	Housing Revolving Fund	Housing for Elders Revolving Fund	Central Office Cost Center Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities							
Cash received from renters	$ 24,863,806	$ 1,254,616	$ 2,289,729	$ -	$ 1,019,228	$ 29,427,378	$ -
Cash payments to employees	(12,725,311)	(1,023,446)	-	(11,073,112)	(24,991)	(24,846,860)	-
Cash payments to suppliers	(47,188,906)	(2,048,642)	(3,777,637)	(1,524,073)	(891,909)	(55,431,167)	(8,190)
Cash due from (to) other funds	(264,899)	37,895	4,604	12,070,966	(1,181,132)	10,667,434	-
Other cash receipts (payments)	19,363	2,312	(8,873)	677,263	19,549	709,614	86,139
Net cash provided by (used in) operating activities	(35,295,947)	(1,777,265)	(1,492,177)	151,044	(1,059,256)	(39,473,601)	77,949
Cash Flows from Noncapital Financing Activities							
HUD operating subsidy received	34,250,711	-	-	-	-	34,250,711	-
State appropriation transfers in	9,173,792	1,536,075	307,101	395,408	-	11,412,377	-
Net cash provided by noncapital financing activities	43,424,503	1,536,075	307,101	395,408	-	45,663,088	-
Cash Flows from Capital and Related Financing Activities							
HUD capital subsidy received	6,940,717	-	-	-	-	6,940,717	-
State appropriation transfers in	8,714,646	75,908	4,800,170	259,441	-	13,850,165	-
Payments for acquisition of property and equipment	(13,677,678)	(75,908)	(4,800,170)	(278,446)	-	(18,832,201)	-
Reimbursement of capitalized predevelopment fees	-	-	-	3,289,752	-	3,289,752	-
Net cash provided by (used in) capital and related financing activities	1,977,685	-	-	3,270,748	-	5,248,433	-
Cash Flow from Investing Activities							
Development loans	-	-	-	(2,483,779)	-	(2,483,779)	-
Receipts of interest	41,927	50,508	138,807	598,628	78	829,948	55,131
Net cash provided by (used in) investing activities	41,927	50,508	138,807	(1,885,151)	78	(1,653,831)	55,131
Net increase (decrease) in cash	10,148,168	(190,682)	(1,046,269)	1,932,049	(1,059,177)	9,784,089	133,081
Cash and retricted cash at beginning	74,498,877	1,273,493	2,499,500	17,455,045	6,433,878	102,160,793	1,046,903
Cash and retricted cash at ending	$ 84,647,045	$ 1,082,812	$ 1,453,231	$ 19,387,095	$ 5,374,701	$ 111,944,882	$ 1,179,984

The accompanying notes are an integral part of this statement

Hawaii Public Housing Authority

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

Fiscal Year ended June 30, 2024

	Federal Low Rent Program	Housing Revolving Fund	Housing for Elders Revolving Fund	Central Office Cost Center Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash Flow from Operating Activities							
Reconciliation of operating loss to net cash provided by (used in) operating activities							
Operating loss	$ (58,315,182)	$ (3,195,209)	$ (3,305,844)	$ (3,138,127)	$ (580,249)	$ (68,534,611)	$ (5,035)
Adjustments to reconcile operating gain (loss) to net cash (used in) provided by operating activities							
Depreciation	19,065,691	1,276,008	1,817,159	174,954	560,322	22,894,134	101,786
Changes in assets and liabilities							
Tenant receivables	(439,610)	(24,318)	1,661	-	(9,679)	(471,947)	-
Other receivables	2,593	(11,118)	(44,881)	51,476	(9,319)	(11,250)	(18,802)
Due from other funds	(264,899)	34,556	4,604	1,715,127	(1,171,813)	317,575	-
Deferred outflow	(861,395)	(69,985)	-	(809,491)	-	(1,740,871)	-
Inventories	(11,250)	4,423	(3,843)	7,041	-	(3,629)	-
Prepaid expenses and other assets	-	-	-	5,895	-	5,895	-
Notes Receivable	-	-	-	-	-	-	-
Accounts payable	(364,592)	52,935	22,513	203,976	149,128	63,960	-
Accrued Liabilities	3,245,251	279,055	11,327	3,345,811	4,421	6,885,865	-
Due to other funds	-	-	-	-	-	-	-
Security deposits	62,492	(596)	5,593	-	(3,040)	64,449	-
Unearned revenue	4,086,697	(1,172)	(466)	-	973	4,086,033	-
Deferred inflow	(1,501,742)	(121,843)	-	(1,405,618)	-	(3,029,203)	-
Net cash (used in) provided by operating activities	$ (35,295,947)	$ (1,777,265)	$ (1,492,177)	$ 151,044	$ (1,059,256)	$ (39,473,601)	$ 77,949

Note 1 - Organization and Significant Accounting Policies

General

Act 196, SLH 2005, as amended by Act 180, SLH 2006, created the Hawaii Public Housing Authority (the Authority).

The Authority's mission is to provide safe, decent, and sanitary dwelling for low and moderate income residents of Hawaii and to operate its housing program in accordance with federal and state of Hawaii laws and regulations.

For financial reporting purposes, the Authority includes all funds that are controlled by or dependent on the Authority's Board of Directors. Control by or dependence on the Authority was determined on the basis of statutory authority and monies flowing through the Authority to each fund. The Authority is a component unit of the State of Hawaii.

The financial statements of the Authority are intended to present the financial position, changes in financial position, and cash flows where applicable, of only that portion of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the State of Hawaii that is attributable to the transactions of the Authority. They do not purport to, and do not, present fairly the financial position of the State of Hawaii as of June 30, 2024, and the changes in its financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America. The State Comptroller maintains the central accounts for all State funds and publishes financial statements for the State annually, which include the Authority's financial activities.

Government-Wide and Fund Financial Statements

The government-wide financial statements, the statement of net position, and the statement of activities report information of all activities of the Authority. Governmental activities, which normally are supported by State allotments and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Indirect expenses are allocated to a specific function in accordance with the U.S. Department of Housing and Urban Development requirements. Program revenues include charges to customers who purchase, use, or directly benefit from goods or services provided by a given function.

Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. State allotments and other items not properly included among program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenues rather than program revenues.

Net positions are restricted when constraints placed on them are either externally imposed or imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally it is the Authority's policy to use restricted resources first then unrestricted resources as they are needed.

The fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are summarized into a single column.

Note 1 - Organization and Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting

i. Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

ii. Governmental Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal year end. In applying the susceptible to accrual concept to intergovernmental revenues, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when applicable requirements, including timing requirements, are met.

Principal revenue sources considered susceptible to accrual include federal grants and rental income. Some revenue items that are considered measurable and available to finance operations during the year from an accounting perspective are not available for expenditure due to the State's present appropriation system. These revenues have been accrued in accordance with generally accepted accounting principles since they have been earned and are expected to be collected within 60 days of the end of the period. Other revenues are considered to be measurable and available only when cash is received by the Authority.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual basis of accounting include employees' long-term compensated absences, family self-sufficiency program costs, net other post employment benefits (OPEB) liability, net pension liability, and deferred inflows and outflows of resources, which are recorded as expenditures when utilized or paid. The amount of indebtedness related to long-term compensated absences, family self-sufficiency program costs, net other post employment benefits liability, net pension liability and deferred inflows and outflows of resources at June 30, 2024 has been reported in the government-wide financial statements.

iii. Proprietary Funds

The financial statements of proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements described above.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services or goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The principal operating revenues of the Authority's enterprise funds is rental income. Federal grants are reported as nonoperating income.

Fund Accounting

The financial activities of the Authority are recorded in individual funds, each of which is deemed to be a separate accounting entity. The Authority uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate the legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Note 1 - Organization and Significant Accounting Policies (Continued)

The financial activities of the Authority that are reported in the accompanying fund financial statements have been classified into the following major and nonmajor governmental and proprietary funds. The nonmajor funds are combined in a column in the fund financial statements and detailed in the combining section.

i. Governmental Funds

General Fund - The general fund is the general operating fund of the Authority. It is used to account for all financial activities except those required to be accounted for in another fund. This fund includes the Rent Housing and Assistance Program. The annual operating budget as authorized by the State Legislature provides the basic framework within which the resources and obligations of the general fund are accounted.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. These funds include Housing Assistance Vouchers Moving To Work (MTW) Program and Section 8 Contract Administration.

Capital Projects Fund - Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary fund type).

The Authority reports the following major governmental funds:

- General Fund
- Capital Projects Fund
- Housing Assistance Vouchers MTW Program - Accounts for federal contributions for housing assistance payments under the Housing Choice Voucher Program, Emergency Housing Voucher Program, Mainstream Voucher Program, and Family Self-Sufficiency Program.
- Section 8 Contract Administration - Accounts for federal contributions primarily for housing payments under the Project-Based Section 8 Program.

ii. Proprietary Funds

Enterprise Funds - These funds account for those activities for which the intent of management is to recover, primarily through user charges, the cost of providing goods or services to customers, or where sound financial management dictates that periodic determinations of results of operations are appropriate.

The enterprise funds include the Federal Low Rent Program, Housing Revolving Fund, Housing for Elders Revolving Fund, Central Office Cost Center Fund, and other funds. The other funds include the Wilikina Apartments Project, Kekumu at Waikoloa Project, Disbursing Fund, and Kuhio Park Terrace (KPT) Resource Center.

Internal Service Funds - These funds account for those activities which provide goods or services primarily to the Authority, rather than to external parties. In the government-wide statements, internal service funds are included with business-type activities. These funds include the Equipment Rental Fund and Vehicle Rental Fund.

The Authority reports the following as major proprietary funds:

Federal Low-Rent Program - Accounts for the proceeds from federal contributions for the development of rental property and rental income and federal operating subsidies from such properties.

Note 1 - Organization and Significant Accounting Policies (Continued)

Housing Revolving Fund - Accounts for various state multifamily housing projects located throughout the State of Hawaii.

Housing for Elders Revolving Fund - Accounts for various state elderly housing projects located throughout the State of Hawaii.

Central Office Cost Center Fund - Established to account for costs related to the general oversight of its housing projects and other indirect and administrative costs of the Authority. The fund charges fees to the Authority's various housing projects for such services. In addition to the fee income to operate the public housing programs, the Authority also earns fees from its other federal and state programs. The fee income earned by the fund is considered to be de-federalized.

Department of Housing and Urban Development (HUD) Subsidized Programs

The Federal Low-Rent Program Fund operates under HUD's Annual Contribution Contract and consists of the operations of low-rent housing properties. The purpose of the program is to provide decent and affordable housing to low-income families at reduced rents. The properties are owned, maintained, and managed by the Authority. The properties are acquired, developed, and modernized under HUD's comprehensive grant programs. Funding for the properties is provided by federal operating subsidies and tenant rentals (determined as a percentage of family income, adjusted for family composition).

In August 2022, the Authority became a Moving to Work (MTW) agency. MTW is a demonstration program through HUD for public housing authorities that provides them the opportunity to design and test innovative, locally designed strategies that use Federal dollars more efficiently and increases housing choices for low-income families among other things. MTW allows the Authority exemptions from many existing public housing and voucher rules and provides funding flexibility with how they use their Federal funds. The Authority is part of an expansion of MTW agencies referred to as the "Landlord Incentives Cohort". The MTW Demonstration Program does not provide any additional funding to the Authority. Funding originates from the Federal Low-Rent Program and Housing Assistance Vouchers MTW Program. MTW program activities are reported in the Federal Low-Rent Program Fund for operating subsidies and capital and reported in the Housing Assistance Voucher Program Fund for housing assistance vouchers.

The Section 8 Programs consists of the Housing Assistance Voucher Program Fund and the Section 8 Contract Administration Fund. The Housing Assistance Voucher Program Fund provides rental housing assistance subsidies to qualified participants. The purpose of the program is to assist low-income families, the elderly, and the disabled, to afford decent, safe and sanitary housing in the private market. Federal housing assistance is provided on behalf of the family or individuals and is paid directly to the landlord directly by the Authority. The family or individual is responsible for finding a suitable housing unit in which the landlord agrees to rent under the program. The Section 8 Contract Administration Fund administers non-Authority owned housing units used for low-income housing. HUD provides a contracted dollar amount to the Authority, which is used to provide rental payment assistance to landlords.

Capital Assets

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities in the government-wide financial statements and proprietary funds financial statements. Capital assets are defined by the Authority as land and those assets with estimated useful lives greater than one year and with an acquisition cost greater than:

Land improvements	$	100,000
Building and building improvements		100,000
Equipment		5,000

Purchased and constructed capital assets are valued at cost. Donated assets are recorded at their fair acquisition value at the date of donation.

Note 1 - Organization and Significant Accounting Policies (Continued)

Capital assets utilized in the governmental funds are recorded as expenditures in the governmental fund financial statements.

Depreciation expense is recorded in the government-wide financial statements, as well as the proprietary funds financial statements. The Authority utilizes the straight-line method over the assets' estimated useful life. No depreciation is recorded for land. Generally, the useful lives are as follows:

	Governmental Activities	Proprietary Fund and Business-type Activities
Building, building improvements, and land improvements	25 years	10 - 40 years
Equipment	7 years	7 - 10 years

Leases

The Authority has a policy to recognize a lease liability and a right-to-use lease asset (lease asset) in the government-wide financial statements. The Authority recognizes lease liabilities with an initial, individual value of $100,000 or more for land and building leases and $25,000 or more for equipment and others, with a lease term of greater than one year. Variable payments based on future performance of the lessee or usage of the underlying asset are not included in the measurement of the lease liability.

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service. Lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the Authority has determined is reasonably certain of being exercised. In this case, the lease asset is amortized over the useful life of the underlying asset.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a measurement of its lease and will remeasure any lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported as right to use along with other capital assets and lease liabilities are reported with long-term accrued expenses on the statement of net position.

Cash and Cash Equivalents

Cash and cash equivalents, if any, include all cash and investments with original purchased maturities of three months or less.

Note 1 - Organization and Significant Accounting Policies (Continued)

Inventories

Materials and supplies inventories are stated at the lower of cost or market, with cost being determined principally using the first-in, first-out method. The cost of inventories is recorded as an expenditure when consumed.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and service type transactions are classified as due to and from other funds. Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent consumptions of net position that apply to future periods and will not be recognized as an outflow of resources (expenditures) until then. The balances as of June 30, 2024 are as follows:

	Governmental Activities	Business-type Activities	Total
Deferred pension related costs	$ 231,718	$ 3,794,100	$ 4,025,818
Deferred OPEB related costs	385,022	4,479,042	4,864,064
Total	$ 616,740	$ 8,273,142	$ 8,889,882

Deferred inflows of resources represent acquisitions of net position that apply to future periods and will not be recognized as an inflow of resources (revenues) until then. The balances as of June 30, 2024 are as follows:

	Governmental Activities	Business-Type Activities	Total
Deferred pension related costs	$ 15,180	$ 1,054,770	$ 1,069,950
Deferred OPEB related costs	436,618	5,192,022	5,628,640
Total	$ 451,798	$ 6,246,792	$ 6,698,590

HUD Annual Contributions

The Authority receives annual contributions and subsidies from HUD for operating the Authority's housing assistance payment programs and the development and operation of low-income housing projects. The Authority also receives annual subsidies from HUD for housing assistance payments and operating deficits incurred in the operation of the programs. Annual subsidies recorded in the proprietary fund types are recognized as nonoperating revenue when realized and earned and are accounted for in the statement of revenues, expenses, and changes in fund net position – proprietary funds as HUD operating subsidy.

Vacation

Employees are credited with vacation at a rate of 168 hours per calendar year. Accumulation of such vacation credits is limited to 720 hours at calendar year end and is convertible to pay upon termination of employment. Liabilities for accumulated unpaid vacation are accrued at the end of each accounting period utilizing current salary rates. Such vacation credits are recorded as accrued wages and employee benefits payable in the government-wide and the enterprise funds financial statements at the balance sheet date. Accumulated unpaid vacation estimated to be used or paid during the next year is approximately $862,000.

Note 1 - Organization and Significant Accounting Policies (Continued)

The change in accumulated unpaid vacation during the year is approximately as follows:

Balance at July 1, 2023	Additions	Reductions	Balance at June 30, 2024
$ 2,549,000	$ 1,367,682	$ (1,165,595)	$ 2,751,087

As of June 30, 2024, approximately $160,000 and $2,591,000 of the unpaid vacation balance was for government-wide activities and business-type activities, respectively, and is included in accrued expenses in the accompanying statement of net position.

Classifications of Net Position and Fund Balance

Net positions are restricted when constraints placed on them are either externally imposed or imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, it is generally the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Net position of the Authority is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

The Authority classifies fund balances into specifically defined classifications for governmental fund types. Classifications include the following:

Restricted - Balances that are restricted for specific purposes by external parties such as creditors, grantors, or other governments.

Committed - Balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the state legislature. Committed fund balances also include contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Balances that are constrained by management to be used for specific purposes but are neither restricted nor committed. The general and capital projects fund balances are assigned for continuing appropriations, which are comprised of encumbrances and unencumbered allotment balances. Encumbrances represent outstanding commitments, which generally are liquidated in the subsequent fiscal year. Unencumbered allotment balances represent amounts that have been released and made available for encumbrance or expenditure and are legally segregated for a specific future use.

Unassigned - Residual balances that are not contained in the other classifications.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees' Retirement System of the State of Hawaii (ERS) and additions to/deductions from the ERS fiduciary net position have been determined on the same basis as they are reported by ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at their fair value.

Note 1 - Organization and Significant Accounting Policies (Continued)

Other Post Employment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) and additions to/deductions from the EUTF's fiduciary net position have been determined on the same basis as they are reported by the EUTF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at their fair value.

Temporary Hazard Pay

The State entered into multiple settlment agreements regarding the temporary hazard pay for unions with periods covering dates in March 2020 through March 2022, for those employees who performed essential functions during the COVID-19 pandemic, including employees of the Authority. Total accrued payroll for the fiscal year ended June 30, 2024 related to temporary hazard pay was approximately $2.34 million. Act 049, SLH 2024 provided emergency appropriations for public employment cost items and cost adjustments for employees of certain bargining units from the State. Effective July 1, 2024, the State appropriated additional dollars to the Authority as a result of a negotiated settlement for employees who met certain requirements during the COVID-19 pandemic.

As of December 10, 2024, the State continues to negotiate with the remaining unions, and it was not practical to estimate the total liability owed to eligible employees.

Risk Management

Liabilities related to certain types of losses (including torts, theft of, damage to, or destruction of assets, errors or omissions, natural disasters, and injuries to employees) are reported when it is probable that the losses have occurred and the amount of those losses can be reasonably estimated.

Management's Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Significant estimates and assumptions include the valuation for accounts receivable, the liabilities of other post employment benefits, and pension. Actual results could differ from those estimates.

Upcoming Accounting Pronouncements

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences,* which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2025.

In December 2023, the Governmental Accounting Standards Board issued Statement No. 102, *Certain Risk Disclosures*, which requires governments to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date of the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2025.

Note 1 - Organization and Significant Accounting Policies (Continued)

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements,* which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2026.

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets,* which requires certain types of capital assets, such as lease assets, intangible right-to-use assets, subscription assets, and other intangible assets to be disclosed separately by major class of underlying asset in the capital assets note. The Statement also requires additional disclosures for capital assets held for sale. The provisions of this Statement are effective for the Authority's financial statements for the year ending June 30, 2026

Note 2 - Budgeting and Budgetary Control

Budgetary Information

The budget of the Authority is a detailed operating plan identifying estimated costs and results in relation to estimated revenues. The budget includes (1) the programs, services, and activities to be provided during the fiscal year, (2) the estimated revenues available to finance the operating plan, and (3) the estimated spending requirements of the operating plan. The budget represents a process through which financial policy decisions are made, implemented, and controlled. Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the general fund and all special revenue funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund, function, (and object). The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function (object) level. Revenue estimates are provided to the State Legislature at the time of budget consideration and are revised and updated throughout the fiscal year. Amounts reflected as budgeted revenues in the accompanying required supplementary information - budgetary comparison schedule are estimates as compiled by the Authority and reviewed by the Department of Budget and Finance. Budgeted expenditures are derived primarily from acts of the State Legislature and from other authorizations contained in the State Constitution, the Hawaii Revised Statutes (HRS), and other specific appropriation acts in various Session Laws of Hawaii. State law requires the Authority to have its budget in place by July 1. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. There were no significant amendments during the year.

Expenditures of these appropriated funds are made pursuant to the appropriations in the biennial budget as amended by subsequent supplemental appropriations. Budgetary control is maintained at the departmental level. Budget revisions and interdepartmental transfers may be affected with certain executive and legislative branch approvals.

The general fund and certain special revenue funds have legally appropriated annual budgets. The final legally adopted budget in the accompanying required supplementary information - budgetary comparison schedules represent the original appropriations, transfers, and other legally authorized legislative and executive changes.

To the extent not expended or encumbered, general fund and special revenue funds appropriations generally lapse at the end of the fiscal year or grant period for which the appropriations were made. The State Legislature or federal government specifies the lapse dates and any other contingencies that may terminate the authorization for other appropriations. Known lapses occurring in the year of appropriation, if any, are included in the amended budgets, and are netted against revenues in the accompanying required supplementary information - budgetary comparison schedule.

Note 2 - Budgeting and Budgetary Control (Continued)

A comparison of both the original budget and the final budget to the actual revenues and expenditures of the general and certain special revenue funds are presented in the accompanying required supplementary information - budgetary comparison schedule. Differences between revenues and expenditures reported on the budgetary basis and those reported in accordance with GAAP are mainly due to revenues and expenditures of unbudgeted funds and the different methods used to recognize resource uses. For budgeting purposes, resource uses are recognized when cash disbursements are made or funds are encumbered.

For financial statements presented in accordance with GAAP, expenditures are recognized when incurred and encumbrances are not reported as resources used.

A summation of the differences between revenues and expenditures reported on the budgetary basis and those reported in accordance with GAAP for the general and certain special revenue funds for the year ended June 30, 2024 is set forth in the required supplementary information.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g. purchase orders, contracts) are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Note 3 - Cash

The State maintains a cash pool that is available to all funds. The Director of Finance is responsible for the safekeeping of all monies paid into the State Treasury. The Director of Finance may invest any monies of the State, which in the Director's judgment are in excess of the amounts necessary for meeting the immediate requirements of the State. Cash is pooled with funds from other State agencies and departments and deposited with approved financial institutions or invested in the State Treasury Investment Pool. Cash accounts that participate in the investment pool accrue interest based on the average weighted cash balances of each account.

The State requires that the depository banks pledge, as collateral, government securities held in the name of the State for deposits not covered by federal deposit insurance.

At June 30, 2024, total cash, including restricted cash, reported in the statement of net position is $127,285,465 which consisted of the following:

	Governmental Activities	Business-type Activities	Total
State pool and petty cash	$ -	$ 12,097,432	$ 12,097,432
Cash in bank (book balance)	14,160,598	101,027,435	115,188,033
Total	$ 14,160,598	$ 113,124,867	$ 127,285,465

Restricted cash under the Housing Assistance Vouchers MTW Program of approximately $1,353,000 consists of amounts restricted by HUD for housing assistance payments and the Family Self Sufficiency Program. Restricted cash under the Federal Low Rent Program and Kekumu at Waikoloa Project of approximately $1,384,000 and $32,000, respectively, consists primarily of tenant security deposits. Restricted cash under the Central Office Cost Center of approximately $2,007,000 consists of amounts held in an approved escrow account (see Note 6).

Bank balance of cash in bank was approximately $117,703,000 of which $1,000,000 was covered by federal depositary insurance and $116,703,000 by collateral held by the pledging financial institution's trust department or agent in the name of the Authority.

Note 4 - Kuhio Park Terrace Towers and Homes - Notes Receivable and Rental Assistance Demonstration

On May 1, 2011, the Authority entered into an Acquisitions Financing Agreement (Agreement) to sell, transfer, and convey unto a third party the buildings, structures, equipment, machinery, apparatus, fixtures and fittings (Improvements) of the two high rise buildings known as Kuhio Park Terrace Towers (Project), and for the execution of a ground lease for the land underlying the Improvements (Property), as defined in the Agreement. The ground lease annual rent is one dollar ($1) and expires on May 11, 2076, with an option for an additional ten (10) years. The buyer, as defined in the Agreement, is required to redevelop the Project to include 555 units, 347 of which will be operated as public housing. In order to assist the buyer in financing the rehabilitation of the Project, the State of Hawaii, Hawaii Housing and Finance Development Corporation issued revenue bonds in the amount of $66,000,000 for which the proceeds were used to make a mortgage loan to the buyer.

Pursuant to the Agreement, the buyer agreed to pay the Authority an acquisition fee of $4,665,000 in consideration for acquiring the leasehold interest in the Property and $45,000,000 for the Improvements, such that the total purchase price was $49,665,000. Of the total purchase price, $3,162,943 was paid in cash and the remaining balance of $46,502,057 was financed pursuant to the Agreement by a note. The note, which is secured by a leasehold mortgage and security agreement, matures in May 2051 and accrues interest at the greater of 4.19 percent per annum or the long-term annually compounding applicable federal rate. The note is payable from cash flows from the Property in the amounts and priority set forth in the note, provided that the payments due shall not exceed seventy-five percent (75%) of the borrower's surplus cash, as defined in the note. Additionally, the note is subordinate to the rights of certain financing agreements related to the issuance of revenue bonds for the redevelopment of the Project. Any remaining unpaid principal and accrued interest balance is due and payable on the maturity date of the note.

The sale of the Project is being accounted for under the cost recovery method. Under this method, the gain on sale is deferred until the total payments made by the buyer exceed the cost of the Project. However, a portion of the deferred gain is recognized as income to the extent that the deferred gain exceeds the note receivable from the buyer plus the maximum contingent liability to the Authority for other debt on the Project.

During 2024, the interest earned on the note receivable amounted to approximately $3,206,000 and has been recorded in deferred gain. The Authority did not receive any payments during the year ended June 30, 2024. As the total cash received from the buyer has not yet exceeded the cost of the Project, the cash payment received was recorded in deferred gain. As of June 30, 2024, the net note receivable, inclusive of all principal, accrued interest of approximately $33,213,000, and deferred gain related to the Project, is as follows and reflected under the Federal Low Rent Program statement of net position:

Principal and accrued interest	$ 79,715,259
Deferred gain	(77,030,088)
Net note receivable	$ 2,685,171

Additionally, prior to the execution of the ground lease and sale of the improvements, several planned capital improvements related to the Project had not been completed. As both the Authority and the buyer agreed that the work is necessary, the buyer agreed to complete the work and the Authority agreed to provide the financing. Accordingly, the Authority agreed to loan the buyer up to $3,900,000 from Public Housing Capital Funds and State of Hawaii Capital Improvement Projects Funds. Payment of principal is deferred until the maturity date, whereupon all principal is due, subject to the availability of surplus cash, as defined in the note agreement. The note does not bear interest unless the borrower defaults upon the maturity date of May 2051. The Authority loaned the full $3,900,000 to the buyer prior to the year ended June 30, 2024, which is included in the accompanying statement of net position under the Federal Low Rent Program.

Note 4 - Kuhio Park Terrace Towers and Homes - Notes Receivable and Rental Assistance Demonstration (Continued)

In June 2020, the Authority entered into a Restated and Amended Master Development Agreement (MDA) with a third party developer to redevelop Kuhio Park Terrace and Kuhio Homes. Pursuant to the MDA, the Authority intends to lend up to $1,750,000 to the developer to cover up to 50 percent of Multiphase Predevelopment Costs, as defined, incurred by the developer. Payment of principal will be repaid on a pro rata basis at the closing of each Development Phase, as defined. The note does not bear interest unless the borrower defaults upon the maturity date of July 8, 2030. As of June 30, 2024, the Authority had loaned approximately $3 million to the developer, which is included in the accompanying statement of net position under the Central Office Cost Center.

The Rental Assistance Demonstration (RAD) program is a federal housing program enacted as part of the Consolidated and Further Continuing Appropriations Act of 2012 and administered by HUD. To better serve the public housing residents of the Kuhio Park Terrace Towers, the Authority and the developer converted the public housing units funded under the Federal Low Rent Program to Project Based Voucher units funded under the Housing Assistance Vouchers MTW Program through the RAD program. HUD's Office of Multifamily Housing issued a RAD Conversion Commitment for the conversion of 347 public housing units on May 16, 2021. The RAD conversion subsequently closed on November 30, 2021, with a Housing Assistance Payment contract effective December 1, 2021.

Note 5 - Capital Assets

Capital asset activity, including lease assets, of the Authority's governmental and business-type activities for the year ended June 30, 2024 was as follows:

Governmental Activities

	Balance July 1, 2023	Reclassifications	Additions	Disposals	Balance June 30, 2024
Capital assets not being depreciated - Land	$ 2,373,410	$ -	$ -	$ -	$ 2,373,410
Capital assets being depreciated:					
Buildings and improvements	15,613,649	-	-	-	15,613,649
Equipment	1,491,895	1	-	-	1,491,896
Subtotal	17,105,544	1	-	-	17,105,545
Accumulated depreciation:					
Buildings and improvements	14,316,638	-	143,928	-	14,460,566
Equipment	1,376,555	-	34,272	-	1,410,827
Subtotal	15,693,193	-	178,200	-	15,871,393
Net capital assets being depreciated	1,412,351	1	(178,200)	-	1,234,152
Net governmental activities capital assets	$ 3,785,761	$ 1	$ (178,200)	$ -	$ 3,607,562

Note 5 - Capital Assets (Continued)

Proprietary Funds

	Balance July 1, 2023	Reclassifications	Additions	Disposals	Balance June 30, 2024
Capital assets not being depreciated:					
Land	$ 22,966,200	$ -	$ -	$ -	$ 22,966,200
Construction in progress	56,710,480	(9,889,588)	15,523,508	-	62,344,400
Subtotal	79,676,680	(9,889,588)	15,523,508	-	85,310,600
Capital assets being depreciated:					
Buildings and improvements	789,870,772	9,889,588	-	(7,696,226)	792,064,134
Equipment	12,765,111	-	18,775	(2,837,275)	9,946,611
Right-of-use asset	178,444	-	-	-	178,444
Subtotal	802,814,327	9,889,588	18,775	(10,533,501)	802,189,189
Accumulated depreciation:					
Buildings and improvements	514,659,849	-	22,504,010	(4,995,728)	532,168,131
Equipment	9,065,745	-	383,557	(2,329,641)	7,119,661
Right-of-use asset	13,032	-	6,566	-	19,598
Subtotal	523,738,626	-	22,894,133	(7,325,369)	539,307,390
Net capital assets being depreciated	279,075,701	9,889,588	(22,875,358)	(3,208,132)	262,881,799
Net proprietary funds capital assets	$ 358,752,381	$ -	$ (7,351,850)	$ (3,208,132)	$ 348,192,399

Current period depreciation expense was charged to programs as follows:

Governmental activities - Rental Housing and Assistance Program	$ 178,200
Proprietary funds:	
Federal Low Rent Program	$ 19,059,124
Housing Revolving Fund	1,276,008
Housing for Elders Revolving Fund	1,817,159
Central Office Cost Center Fund	174,954
Others	566,888
Total proprietary funds	$ 22,894,133

Note 5 - Capital Assets (Continued)

At June 30, 2024, capital assets for the business-type activities consisted of the following:

	Enterprise Funds							
	Federal Low Rent Program	Housing Revolving Fund	Housing for Elders Revolving Fund	Central Office Cost Center	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds	Total
Land	$ 13,093,629	$ 2,252,881	$ 6,104,817	$ -	$ 1,514,873	$ 22,966,200	$ -	$ 22,966,200
Buildings and improvements	674,019,283	38,171,625	62,716,310	2,186,908	14,970,008	792,064,134	-	792,064,134
Equipment, furniture, and fixtures	6,974,555	1,081,029	1,036,396	854,631	-	9,946,611	2,824,225	12,770,836
Construction in progress	47,146,551	1,058,576	14,139,273	-	-	62,344,400	-	62,344,400
Less accumulated depreciation	(459,408,103)	(24,459,362)	(44,831,582)	(946,520)	(9,642,227)	(539,287,792)	(2,431,429)	(541,719,221)
Right-of-use asset	178,444	-	-	-	-	178,444	-	178,444
Less accumulated amortization	(19,598)	-	-	-	-	(19,598)	-	(19,598)
Net property and equipment	$ 281,984,761	$ 18,104,749	$ 39,165,214	$ 2,095,019	$ 6,842,654	$ 348,192,399	$ 392,796	$ 348,585,195

Note 6 - Commitments and Contingencies

Construction Contracts

At June 30, 2024, the Authority had outstanding construction contract commitments to expend approximately $9,600,000 for the construction and renovation of housing projects.

Consulting Agreement

In conjunction with the sale of Kuhio Park Terrace Towers (see Note 4), the Authority entered into a consulting agreement with the developer to provide the developer with certain consulting services related to the rehabilitation of the Project. The consulting fee is 19.7 percent of the total development fee charged to the buyer by the developer, or $3,176,488. As part of the initial sale agreement, the buyer is to receive state tax credits upon payment or release. If the buyer, in accordance with terms defined in the sale agreement, determines that unpaid state tax credits should be released, the Authority would be obligated to pay the buyer for these state tax credits up to its portion of the consulting fees earned and received. The Authority would be able to recover amounts paid to the buyer upon payment/release of the previously unpaid tax credits by the State.

In accordance with the consulting agreement, the amount paid to the Authority shall be held in an interest bearing escrow account by an escrow agent mutually agreed upon by the Authority and the buyer until the state tax credit release date. Approximately $2,007,069 of restricted cash recorded under the Central Office Cost Center as of June 30, 2024 is held in an approved escrow account.

Master Planning and Predevelopment Agreement

In June 2023, the Authority entered into a Master Planning and Predevelopment Agreement (the Agreement) with a third-party master developer to play a lead role in transforming a portion of the Authority's public housing portfolio of properties to preserve or replace existing public housing units on a one-for-one basis and to add at least 10,000 additional housing units by redeveloping under-utilized Authority assets (the Ka Lei Momi Redevelopment). The Ka Lei Momi Redevelopment is expected to be completed in multiple phases estimated at roughly two years per phase over a total period of at least 10 years, although, this timeline is contingent upon permit approvals, market forces, funding, and the availability of financing. It is anticipated that a Master Plan for all the Targeted Portfolio Sites, as defined in the Agreement, will be created by the Master Developer and delivered to the Authority within two years of the Effective Date of entering into the Agreement.

Note 6 - Commitments and Contingencies (Continued)

In relation to the Ka Lei Momi Redevelopment, the Authority entered into a Master Development Agreement with a third-party developer for the revitalization and redevelopment of Mayor Wright Homes within a ten-year period, subject to extension, as defined.

Torts

The Authority is subject to various legal proceedings and claims that arise in the ordinary course of its business. The opinion of management and the Attorney General believes that the amount, if any, of ultimate liability with respect to legal actions will be covered by insurance or will be a liability against the State of Hawaii.

Workers' Compensation Policy

The State is self-insured for workers' compensation. Accordingly, the Authority is liable for workers' compensation claims filed by its employees. The basis for estimating the liabilities for unpaid claims include the effects of specific incremental claim adjustment expenses, salvage and subrogation, and other allocated or unallocated claim adjustment expenses. These liabilities include an amount for claims that have been incurred but not reported. As of June 30, 2024, the Authority has determined there is not a significant liability for workers' compensation claims.

Accumulated Sick Leave Pay

Sick leave accumulates at the rate of one and three-quarters working days for each month of service without limitation. It may be taken only in the event of illness and is not convertible to pay upon termination of employment; accordingly, sick leave is not accrued in the accompanying statement of net position. However, a State employee who retires or leaves government service in good standing with 60 days or more of unused sick leave is entitled to additional service credit in the Employees' Retirement System of the State of Hawaii. Accumulated sick leave at June 30, 2024 amounted to approximately $5,083,000.

Litigation

The Authority is subject to various legal proceedings and claims that arise in the ordinary course of its business. The opinion of management and the Attorney General believes that the amount, if any, of ultimate liability with respect to legal actions will be covered by insurance or will be a liability against the State of Hawaii.

Note 7 - Retirement Plan

Plan Description

Generally, all full-time employees of the State and counties are required to be members of the ERS, a cost-sharing multiple-employer defined benefit pension plan that administers the State's pension benefits program. Benefits, eligibility, and contribution requirements are governed by HRS Chapter 88 and can be amended through legislation. The ERS issues publicly available annual financial reports that can be obtained at the ERS website: http://ers.ehawaii.gov/resources/financials.

Note 7 - Retirement Plan (Continued)

Benefits Provided

The ERS Pension Trust is comprised of three pension classes for membership purposes and considered to be a single plan for accounting purposes since all assets of the ERS may legally be used to pay the benefits of any of the ERS members or beneficiaries. The ERS provides retirement, disability, and death benefits with three membership classes known as the noncontributory, contributory, and hybrid retirement plans. The three classes provide a monthly retirement allowance equal to the benefit multiplier (generally 1.25% to 2.25%) multiplied by the average final compensation multiplied by years of credited service. Average final compensation for members hired prior to July 1, 2012 is an average of the highest salaries during any three years of credited service, excluding any salary paid in lieu of vacation for members hired January 1, 1971 or later, and the average of the highest salaries during any five years of credited service including any salary paid in lieu of vacation for members hired prior to January 1, 1971. For members hired after June 30, 2012, average final compensation is an average of the highest salaries during any five years of credited service excluding any salary paid in lieu of vacation.

Each retiree's original retirement allowance is increased on each July 1 beginning the calendar year after retirement. Retirees first hired as members prior to July 1, 2012 receive a 2.5% increase each year of their original retirement allowance without a ceiling. Retirees first hired as members after June 30, 2012 receive a 1.5% increase each year of their original retirement allowance without a ceiling. The annual increase is not compounded.

The following summarizes the provisions relevant to the largest employee groups of the respective membership class. Retirement benefits for certain groups, such as police officers, firefighters, some investigators, sewer workers, judges, and elected officials, vary from general employees.

Noncontributory Class

Retirement Benefits - General employees' retirement benefits are determined as 1.25% of average final compensation multiplied by the years of credited service. Employees with ten years of credited service are eligible to retire at age 62. Employees with 30 years of credited service are eligible to retire at age 55.

Disability Benefits - Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 35% of their average final compensation. Ten years of credited service is required for ordinary disability. Ordinary disability benefits are determined in the same manner as retirement benefits but are payable immediately, without an actuarial reduction, and at a minimum of 12.5% of average final compensation.

Death Benefits - For service-connected deaths, the surviving spouse/reciprocal beneficiary receives a monthly benefit of 30% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. Additional benefits are payable to surviving dependent children up to age 18. If there is no spouse/reciprocal beneficiary or surviving dependent children, no benefit is payable.

Ordinary death benefits are available to employees who were active at time of death with at least ten years of credited service. The surviving spouse/reciprocal beneficiary (until remarriage/reentry into a new reciprocal beneficiary relationship) and surviving dependent children (up to age 18) receive a benefit equal to a percentage of the member's accrued maximum allowance unreduced for age or, if the member was eligible for retirement at the time of death, the surviving spouse/reciprocal beneficiary receives 100% joint and survivor lifetime pension and the surviving dependent children receive a percentage of the member's accrued maximum allowance unreduced for age.

Contributory Class for Members Hired prior to July 1, 2012

Retirement Benefits - General employees' retirement benefits are determined as 2% of average final compensation multiplied by the years of credited service. General employees with five years of credited service are eligible to retire at age 55.

Note 7 - Retirement Plan (Continued)

Disability Benefits - Members are eligible for service-related disability benefits regardless of length of service and receive a one-time payment of the member's contributions and accrued interest plus a lifetime pension of 50% of their average final compensation. Ten years of credited service is required for ordinary disability. Ordinary disability benefits are determined as 1.75% of average final compensation multiplied by the years of credited service but are payable immediately, without an actuarial reduction, and at a minimum of 30% of average final compensation.

Death Benefits - For service-connected deaths, the surviving spouse/reciprocal beneficiary receives a lump sum payment of the member's contributions and accrued interest plus a monthly benefit of 50% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. If there is no surviving spouse/reciprocal beneficiary, surviving dependent children (up to age 18) or dependent parents are eligible for the monthly benefit. If there is no spouse/reciprocal beneficiary or surviving dependent children/parents, the ordinary death benefit is payable to the designated beneficiary.

Ordinary death benefits are available to employees who were active at time of death with at least one year of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest plus a percentage of the salary earned in the 12 months preceding death, or 50% joint and survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least ten years of service and designated one beneficiary, or 100% joint and survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

Contributory Class for Members Hired After June 30, 2012

Retirement Benefits - General employees' retirement benefits are determined as 1.75% of average final compensation multiplied by the years of credited service. General employees with ten years of credited service are eligible to retire at age 60.

Disability and Death Benefits - Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 50% of their average final compensation plus refund of contributions and accrued interest. Ten years of credited service is required for ordinary disability.

Death benefits for contributory members hired after June 30, 2012 are generally the same as those for contributory members hired June 30, 2012 and prior.

Hybrid Class for Members Hired Prior to July 1, 2012

Retirement Benefits - General employees' retirement benefits are determined as 2% of average final compensation multiplied by the years of credited service. General employees with five years of credited service are eligible to retire at age 62. General employees with 30 years of credited service are eligible to retire at age 55.

Disability Benefits - Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 35% of their average final compensation plus refund of their contributions and accrued interest. Ten years of credited service is required for ordinary disability. Ordinary disability benefits are determined in the same manner as retirement benefits but are payable immediately, without an actuarial reduction, and at a minimum of 25% of average final compensation.

Death Benefits - For service-connected deaths, the designated surviving spouse/reciprocal beneficiary receives a lump sum payment of the member's contributions and accrued interest plus a monthly benefit of 50% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. If there is no surviving spouse/ reciprocal beneficiary, surviving dependent children (up to age 18) or dependent parents are eligible for the monthly benefit. If there is no spouse/reciprocal beneficiary or surviving dependent children/parents, the ordinary death benefit is payable to the designated beneficiary.

Note 7 - Retirement Plan (Continued)

Ordinary death benefits are available to employees who were active at time of death with at least five years of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest plus a percentage multiplied by 150%, or 50% joint and survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least ten years of service and designated one beneficiary, or 100% joint and survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

Hybrid Class for Members Hired After June 30, 2012

Retirement Benefits - General employees' retirement benefits are determined as 1.75% of average final compensation multiplied by the years of credited service. General employees with ten years of credited service are eligible to retire at age 65. Employees with 30 years of credited service are eligible to retire at age 60. Sewer workers, water safety officers, and emergency medical technicians may retire with 25 years of credited service at age 55.

Disability and Death Benefits - Provisions for disability and death benefits generally remain the same except for ordinary death benefits. Ordinary death benefits are available to employees who were active at time of death with at least ten years of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest, or 50% joint and survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least ten years of service and designated one beneficiary, or 100% joint and survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

Contributions

Contributions are governed by HRS Chapter 88 and may be amended through legislation. The employer rate is set by statute based on the recommendations of the ERS actuary resulting from an experience study conducted every five years. Since July 1, 2005, the employer contribution rate is a fixed percentage of compensation, including the normal cost plus amounts required to pay for the unfunded actuarial accrued liabilities. The contribution rates for fiscal year 2024 was 24% for Authority employees. Contributions to the pension plan from the Authority was $3,618,165 for the fiscal year ended June 30, 2024.

The employer is required to make all contributions for noncontributory members. Contributory members hired prior to July 1, 2012 are required to contribute 7.8% of their salary. Contributory members hired after June 30, 2012 are required to contribute 9.8% of their salary. Hybrid members hired prior to July 1, 2012 are required to contribute 6.0% of their salary. Hybrid members hired after June 30, 2012 are required to contribute 8.0% of their salary.

The payroll for all of the Authority's employees covered by the plan was approximately $15,076,000 for 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2024, the Authority reported a liability of $40,659,919 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to projected contributions of all participants, actuarially determined. At June 30, 2023, the Authority's proportion was 0.51 percent compared to the 0.29 percent proportion measured as of June 30, 2022.

There were no changes in actuarial assumptions as of June 30, 2022 to June 30, 2023. There were no changes between the measurement date, June 30, 2023, and the reporting date, June 30, 2024, that are expected to have a significant effect on the proportionate share of the net pension liability.

Note 7 - Retirement Plan (Continued)

For the year ended June 30, 2024, the Authority recognized pension expense of $3,848,832. At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Changes in Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 809,840	$ (490,238)
Changes in assumptions	(741,477)	(426,114)
Net difference between projected and actual earnings on pension plan investments	-	(63,286)
Changes in proportion and differences between Authority contributions and proportionate share of contributions	292,054	(90,312)
Authority contributions subsequent to the measurement date	3,665,401	-
Total	$ 4,025,818	$ (1,069,950)

At June 30, 2024, the $3,665,401 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2025	$ 191,716
2026	802,281
2027	(1,177,375)
2028	(509,675)
2029	(16,480)
Total	$ (709,533)

Actuarial Assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions adopted by the ERS's Board of Trustees on August 8, 2022, based on the 2021 Experience Study for the five-year period from July 1, 2016 through June 30, 2021:

Inflation	2.50 percent
Payroll growth rate	3.50 percent
Investment rate of return	7.00 percent per year, compounded annually, including inflation

There were no changes to ad hoc postemployment benefits including cost of living allowances.

Post-retirement mortality rates are based on the 2022 Public Retirees of Hawaii mortality table with full generational projections in future years. Pre-retirement mortality rates are based on multiples of the Pub-2010 mortality table based on the occupation of the member.

Note 7 - Retirement Plan (Continued)

The long-term expected rate of return on pension plan investments was determined using a ”top down approach” of the Client-Constrained Simulation-based Optimization Model (a statistical technique known as “re-sampling with a replacement” that directly keys in on specific plan-level risk factors as stipulated by the ERS Board of Trustees) in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future nominal rates of return (real returns and inflation) by the target asset allocation percentage. The rate of returns based on ERS’s investment consultant as of June 30, 2023 are summarized in the following table:

Classes	Strategic Class Weights	Long-term Expected Geometric Rate of Return
Broad growth:		
Private equity	13.50 %	10.00 %
Global equity	20.00	7.90
Low volatility equity	4.00	7.10
Global options	4.00	5.80
Credit	6.00	8.00
Core real estate	6.00	6.00
Noncore real estate	4.50	7.90
Timber/Agriculture/Infrastructure	5.00	7.20
Diversifying strategies:		
TIPS	2.00	3.20
Global macro	4.00	6.00
Reinsurance	4.00	7.00
Alternative risk premia	8.00	5.00
Long Treasuries	5.00	3.80
Intermediate government	4.00	3.20
Systematic trend following	10.00	4.70

Discount Rate

The discount rate used to measure the net pension liability was 7.00%, consistent with the rate used at the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the State will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 7 - Retirement Plan (Continued)

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net pension liability	$ 54,130,426	$ 40,659,919	$ 29,504,021

Pension Plan Fiduciary Net Position

The pension plan's fiduciary net position is determined on the same basis used by the pension plan. The ERS's financial statements are prepared using the accrual basis of accounting under which expenses are recorded when the liability is incurred, and revenues are recorded in the accounting period in which they are earned and become measurable. Employer and member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investment purchases and sales are recorded as of their trade date. Administrative expenses are financed exclusively with investment income.

There were no significant changes after the report measurement date. Detailed information about the pension plan's fiduciary net position is available in the separately issued ERS financial report. The ERS's complete financial statements are available at http://www.ers.ehawaii.gov/resources/financials.

Note 8 - Postemployment Health Care and Life Insurance Benefits

Plan Description

The State provides certain health care and life insurance benefits to all qualified employees. Pursuant to Act 88, SLH 2001, the State contributes to the EUTF, an agent multiple-employer defined benefit plan that replaced the Hawaii Public Employees Health Fund effective July 1, 2003. The EUTF was established to provide a single delivery system of health benefits for state and county workers, retirees, and their dependents. The EUTF issues an annual financial report that is available to the public at https://eutf.hawaii.gov/reports/. The report may also be obtained by writing to the EUTF at P.O. Box 2121, Honolulu, Hawaii 96805-2121.

For employees hired before July 1, 1996, the State pays the entire base monthly contribution for employees retiring with ten years or more of credited service, and 50% of the base monthly contribution for employees retiring with fewer than ten years of credited service. A retiree can elect a family plan to cover dependents.

For employees hired after June 30, 1996 but before July 1, 2001, and who retire with less than ten years of service, the State makes no contributions. For those retiring with at least ten years but fewer than 15 years of service, the State pays 50% of the base monthly contribution. For employees retiring with at least 15 years but fewer than 25 years of service, the State pays 75% of the base monthly contribution. For employees retiring with at least 25 years of service, the State pays 100% of the base monthly contribution. Retirees in this category can elect a family plan to cover dependents.

Note 8 - Postemployment Health Care and Life Insurance Benefits (Continued)

For employees hired on or after July 1, 2001, and who retire with less than ten years of service, the State makes no contributions. For those retiring with at least ten years but fewer than 15 years of service, the State pays 50% of the base monthly contribution. For those retiring with at least 15 years but fewer than 25 years of service, the State pays 75% of the base monthly contribution. For employees retiring with at least 25 years of service, the State pays 100% of the base monthly contribution. Only single plan coverage is provided for retirees in this category. Retirees can elect family coverage but must pay the difference.

Contributions

Contributions are governed by HRS Chapter 87A and may be amended through legislation. Contributions to the OPEB plan from the Authority was $3,468,579 for the year ended June 30, 2024. The employer is required to make all contributions for members.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2024, the Authority reported a liability of $33,182,220 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of July 1, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net OPEB liability was based on a projection of the Authority's long-term share of contributions to the OPEB plan relative to projected contributions of all participants, actuarially determined. At June 30, 2023, the Authority's proportion was 0.4932 percent compared to its proportion at June 30, 2022 of 0.4881 percent.

There were no changes between the measurement date, July 1, 2023, and the reporting date, June 30, 2024, that are expected to have a significant effect on the net OPEB liability.

For the year ended June 30, 2024, the Authority recognized OPEB expense of approximately $560,942. At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Outflows of Resources	Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	$ 1,178,334	$ -
Differences between expected and actual experience	-	(4,850,678)
Changes in assumptions	217,151	(777,962)
Authority contributions subsequent to the measurement date	3,468,579	-
Total	$ 4,864,064	$ (5,628,640)

At June 30, 2024, the $3,468,579 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2025	$ (1,340,426)
2026	(1,442,178)
2027	(697,306)
2028	(708,081)
2029	(45,164)
Total	$ (4,233,155)

Note 8 - Postemployment Health Care and Life Insurance Benefits (Continued)

Actuarial Assumptions

The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions adopted by the EUTF's Board of Trustees on January 9, 2023, based on the experience study covering the five-year period ended June 30, 2022 as conducted for the ERS:

Inflation	2.50%
Salary increases	3.75% to 6.75% including inflation
Investment rate of return	7.00%
Healthcare cost trend rates:	
PPO*	Initial rate of 6.30%; declining to a rate of 4.25% after 21 years
HMO*	Initial rate of 6.30%; declining to a rate of 4.25% after 21 years
Part B and Base Monthly Contribution	Initial rate of 5.00%; declining to a rate of 4.25% after 21 years
Dental	4.00%
Vision	2.50%
Life insurance	0.00%

* Blended rates for medical and prescription drugs

Mortality rates are based on system-specific mortality tables utilizing scale BB to project generational mortality improvement.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each asset class are summarized in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return
Private equity	15.0%	10.0%
U.S. microcap	3.0 %	8.7%
Global equity	27.5%	7.6%
Global options	0.0%	4.9%
Real assets	12.0%	4.3%
Private credit	10.0%	7.8%
TIPS	5.0%	2.0%
Long Treasuries	5.5%	2.4%
Reinsurance	5.0%	3.4%
Alternative risk premia	5.0%	3.3%
Trend following	10.0%	2.1%
Tail risk / Long volatility	2.0%	(1.1)%

Single Discount Rate

The discount rate used to measure the net OPEB liability was 7.00%, based on the expected rate of return on OPEB plan investments of 7.00%. Beginning with the fiscal year 2019 contribution, the State's funding policy is to pay the recommended actuarially determined contribution, which is based on layered, closed amortization periods. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on the EUTF's investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Note 8 - Postemployment Health Care and Life Insurance Benefits (Continued)

OPEB Plan Fiduciary Net Position

The OPEB plan's fiduciary net position has been determined on the same basis used by the OPEB plan. The EUTF's financial statements are prepared using the accrual basis of accounting under which revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the cash flows. Employer contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investment purchases and sales are recorded on a trade-date basis. Administrative expenses are financed exclusively with investment income.

There were no significant changes after the report measurement date. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued EUTF financial report. The EUTF's complete financial statements are available at https://eutf.hawaii.gov/reports/.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following table presents the Authority's net OPEB liability calculated using the discount rate of 7.00%, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current discount rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net OPEB liability	$ 41,493,781	$ 33,182,220	$ 26,548,182

The following table presents the Authority's net OPEB liability calculated using the assumed healthcare cost trend rate, as well as what the Authority's net OPEB liability would be if it were calculated using the trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Authority's proportionate share of the net OPEB liability	$ 25,762,624	$ 33,182,220	$ 42,679,045

Note 9 - Deferred Compensation Plan

The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all State employees, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. All plan assets are held in a trust fund to protect them from claims of general creditors. The State has no responsibility for loss due to the investment or failure of investment of funds and assets in the plan, but has the duty of due care that would be required of an ordinary prudent investor.

Note 10 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Central Office Cost Center Fund	General Fund	$ 379
	Housing Assistance Vouchers MTW Fund	48,262
	Section 8 Housing Assistance Payments	76
	Nonmajor Enterprise Funds	4,083,694
	Housing Revolving Fund	56,179
	Housing for Elders Revolving Fund	6,678
	Federal Low Rent Program Fund	966,235
	Total Central Office Cost Center Fund	5,161,503
Internal Service Funds	Federal Low Rent Program Fund	7,838
	Housing Revolving Fund	907
	Total Internal Service Funds	8,745
	Total	$ 5,170,248

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the fund financial statements are comprised of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Federal Low Rent Program	$ 5,902,839
	Housing Revolving Fund	1,528,769
	Housing for Elders Revolving Fund	292,489
	Central Office Cost Center Fund	395,408
	Total General Fund	8,119,505
Capital Projects Fund	Federal Low Rent Program	8,949,539
	Housing Revolving Fund	83,214
	Housing for Elders Revolving Fund	4,814,782
	Central Office Cost Center Fund	259,442
	Total Capital Projects Fund	14,106,977
	Total	$ 22,226,482

The transfers from the General Fund to the Enterprise Funds represent the current year annual State of Hawaii appropriations to pay for rental housing service shortfalls and administrative expenses.

The transfers from the Capital Projects Fund to the Enterprise Funds represent the annual State of Hawaii appropriations for capital improvement, administrative expenses, and rental housing service repairs and maintenance.

Note 11 - Risk Management

The State records a liability for risk financing and insurance-related losses if it is determined that a loss has been incurred and the amount can be reasonably estimated. The State retains various risks and insures certain excess layers with commercial insurance companies. The excess layers insured with commercial insurance companies are consistent with the prior fiscal year. Settled claims have not exceeded the coverage provided by commercial insurance companies in any of the past ten fiscal years. A summary of the State's underwriting risks is as follows:

Property Insurance

The State has an insurance policy with various insurers for property coverage. The limit of loss per occurrence is $200,000,000, except for terrorism losses, which has a $100,000,000 per occurrence limit. The deductible for losses such as windstorm, tsunamis, floods and earthquakes are 3% of the replacement costs to the property subject to a $1,000,000 per occurrence minimum. The deductible for all other losses, except terrorism, is $1,000,000 per occurrence. The deductible for terrorism is $10,000 per occurrence.

Crime Insurance

The State also has a crime insurance policy for various types of coverages with a limit of loss of $10,000,000 per occurrence with a $500,000 deductible per occurrence, except for social engineering fraud (with Official Authorization) which has a $100,000 limit per occurrence and a $25,000 deductible, social engineering fraud (without Official Authorization) which has a $25,000 limit per occurrence and a $25,000 deductible, claims and computer investigation expenses which has a $100,000 limit per occurrence and a $0 deductible, and corporate credit card fraud which has a $10,000,000 limit per occurrence and a $1,000 deductible. Losses under the deductible amount are paid by the Risk Management Office of the Department of Accounting and General Services, and losses not covered by insurance are paid from the State's General Fund.

Casualty and Professional Liability

iability claims up to $25,000 are handled by the Risk Management Office. All other claims are handled by the Department of the Attorney General. The State has various types of coverages with a $5,000,000 self-insured retention per occurrence, including $2,500,000 corridor. The annual aggregate limit for the various coverages is $5,000,000. Losses under the deductible amount but over the Risk Management Office authority or over the aggregate limit are paid from legislative appropriations of the State's General Fund.

Cyber Liability Insurance

The State is insured for various types of cyber-related activities with a loss limit up to $10,000,000 with self-insured retention of $1,000,000. This policy covers all departments and divisions except for UH and includes (with sub-limits) media content liability, PCI-DSS assessment coverage, reputational risk response, reputational loss coverage, E-discovery consultant services, data recovery amendatory system failure non-physical damage loss of use (bricking), system failure coverage, criminal reward expense, claim avoidance expense, crypto jacking coverage, fraudulent impersonation and telecommunication fraud coverage, court attendance cost coverage, company definition amendatory-scheduled entities with varying co-insurance (tier 1 & 2). The UH has a separate cyber policy with various limits and self-insured retention amounts.

Medical Professional Liability Insurance

The State's community hospitals (HHSC) are insured by a comprehensive medical professional liability policy. The policy provides coverage for professional and general liability claims with a private insurance carrier. This primary policy covers losses up to a limit of $1,000,000 per claim and $5,000,000 in annual aggregate. HHSC also purchased additional excess insurance with a $34,000,000 per claim and aggregate limit.

Note 11 - Risk Management (Continued)

Self-Insured Risks

The State generally self-insures its automobile no-fault and workers' compensation losses. Automobile losses up to $25,000 per claim are administered by the Risk Management Office. The State administers its workers' compensation losses via the Department of Human Resources and Development.

Reserve for Losses and Loss Adjustment Costs

A liability for workers' compensation and general liability claims is established if information indicates that a loss has been incurred as of June 30, 2024, and the amount of the loss can be reasonably estimated. The liability also includes an estimate for amounts incurred but not reported. The amount of the estimated loss is recorded in the accompanying statement of net position, as those losses will be liquidated with future expendable resources. The estimated losses are generally paid from legislative appropriations of the State's General Fund.

Required Supplementary Information

HAWAII PUBLIC HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (UNAUDITED)
YEAR ENDED JUNE 30, 2024

	Original Budget	Final Budget	Actual
Revenues			
State alloted appropriations	$ 13,936,264	$ 13,936,264	$ 13,936,264
Expenditures			
Rental housing and assistance program	13,936,264	13,936,264	9,346,721
Excess of revenues over expenditures	-	-	4,589,543

HAWAII PUBLIC HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - HOUSING ASSISTANCE VOUCHERS - MTW (UNAUDITED)
YEAR ENDED JUNE 30, 2024

	Original Budget	Final Budget	Actual
Revenues			
HUD contributions	$ 66,618,313	$ 66,618,313	$ 66,618,313
Expenditures			
Rental housing and assistance program	66,618,313	66,618,313	67,168,106
Excess of expenditures over revenues	-	-	(549,793)

HAWAII PUBLIC HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - SECTION 8 CONTRACT ADMINISTRATION (UNAUDITED)
YEAR ENDED JUNE 30, 2024

	Original Budget	Final Budget	Actual
Revenues			
HUD contributions	$ 49,679,256	$ 49,679,256	$ 49,679,256
Expenditures			
Rental housing and assistance program	49,679,256	49,679,256	49,250,560
Excess of revenues over expenditures	-	-	428,696

HAWAII PUBLIC HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGET-TO-GAAP RECONCILIATION (UNAUDITED)
YEAR ENDED JUNE 30, 2024

	General Fund	Housing Assistance Voucher MTW Program	Section 8 Contract Administration
Excess (deficiency) of revenues over (under) expenditures and other sources and uses - actual on a budgetary basis	$ 4,589,543	$ (549,793)	$ 428,696
Other revenue	181	114,152	485
Excess of revenues over expenditures and other uses - GAAP basis	4,589,724	(435,641)	429,181

Required Supplementary Information
Schedule of Authority's Proportionate Share of the Net Pension Liability
Employees' Retirement System of the State of Hawaii

Last Ten Plan Years

For the Plan Year Ended June 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability	0.51000 %	0.29000 %	0.29000 %	0.29000 %	0.29000 %	0.28000 %	0.29000 %	0.29000 %	0.29000 %	0.29000 %
Authority's proportionate share of the net pension liability	$ 40,659,919	$ 37,965,808	$ 34,794,569	$ 44,224,997	$ 40,401,259	$ 37,880,199	$ 37,036,049	$ 38,216,244	$ 25,085,181	$ 23,355,937
Authority's covered payroll	$ 16,208,597	$ 16,635,736	$ 17,185,380	$ 16,033,163	$ 14,709,141	$ 14,806,198	$ 14,516,008	$ 13,576,230	$ 13,759,120	$ 12,683,355
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	250.85 %	228.22 %	202.47 %	275.83 %	274.67 %	255.84 %	255.14 %	281.49 %	182.32 %	184.15 %
Plan fiduciary net position as a percentage of total pension liability	61.90 %	62.80 %	64.30 %	53.20 %	54.90 %	55.50 %	54.80 %	51.30 %	62.40 %	63.90 %

Required Supplementary Information
Schedule of the Authority's Pension Contributions
Employees' Retirement System of the State of Hawaii

Last Ten Fiscal Years

Year Ended June 30

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 3,665,401	$ 3,618,165	$ 3,768,544	$ 3,907,049	$ 3,319,373	$ 2,816,511	$ 2,510,750	$ 2,348,866	$ 2,172,048	$ 2,159,495
Contributions in relation to the contractually required contribution	3,665,401	3,618,165	3,768,544	3,907,049	3,319,373	2,816,511	2,510,750	2,348,866	2,172,048	2,159,495
Contribution deficiency (excess)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Authority's covered payroll	**$ 15,075,388**	**$ 16,208,597**	**$ 16,635,736**	**$ 17,185,380**	**$ 16,033,163**	**$ 14,709,141**	**$ 14,806,198**	**$ 14,516,008**	**$ 13,579,230**	**$ 13,759,120**
Contributions as a percentage of covered payroll	**24.31 %**	**22.32 %**	**22.65 %**	**22.73 %**	**20.70 %**	**19.15 %**	**16.96 %**	**16.18 %**	**16.00 %**	**15.70 %**

Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net OPEB Liability
Hawaii Employer-Union Health Benefits Trust Fund

Last Seven Plan Years

For the Plan Year Ended June 30

	2023	2022	2021	2020	2019	2018	2017
Authority's proportion of the net OPEB liability	0.49324 %	0.48809 %	0.47000 %	0.43000 %	0.43000 %	0.43000 %	0.43000 %
Authority's proportionate share of the net OPEB liability	$ 33,182,220	$ 33,424,214	$ 35,852,702	$ 37,602,456	$ 40,339,825	$ 40,288,544	$ 39,895,932
Authority's covered-employee payroll	$ 16,208,597	$ 16,635,736	$ 17,185,380	$ 16,033,163	$ 14,709,141	$ 14,806,198	$ 14,516,008
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	204.72 %	200.92 %	208.62 %	234.53 %	274.25 %	272.11 %	274.84 %

Required Supplementary Information
Schedule of the Authority's OPEB Contributions

Last Seven Fiscal Years

Year Ended June 30

	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	$ 3,468,579	$ 1,684,587	$ 2,735,130	$ 1,237,587	$ 3,856,767	$ 3,466,987	$ 3,187,682
Contributions in relation to the actuarially determined contribution	3,468,579	1,684,587	1,663,676	1,811,876	3,693,632	3,597,601	2,825,229
Contribution excess (deficiency)	**$ -**	**$ -**	**$ (1,071,454)**	**$ 574,289**	**$ (163,135)**	**$ 130,614**	**$ (362,453)**
Covered employee payroll	$ 15,075,388	$ 16,208,597	$ 16,635,736	$ 17,185,380	$ 16,033,163	$ 14,709,141	$ 14,806,198
Contributions as a percentage of covered employee payroll	23.01 %	10.39 %	10.00 %	10.54 %	23.04 %	24.46 %	19.08 %

Supplementary Information

Hawaii Public Housing Authority

NONMAJOR OTHER ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2024

.

	Wilikina Apartments Project	Kekumu at Waikoloa Project	KPT Resource Center	Disbursing Fund	Other Enterprise Funds
ASSETS AND DEFERRED OUTFLOWS					
Current Assets					
Cash	$ 457,201	$ 263,230	$ 529,457	$ 4,092,858	$ 5,342,747
Restricted cash	-	31,954	-	-	31,954
Total cash and restricted cash	457,201	295,184	529,457	4,092,858	5,374,701
Receivables:					
Interest receivable	-	-	-	-	-
Tenant receivables, less allowance for doubtful accounts of $5,964,630	-	27,511	11,610	-	39,121
Other receivable	-	4,172	-	25,797	29,968
Total current assets	457,201	326,867	541,067	4,118,655	5,443,790
Noncurrent Assets					
Capital assets:					
Capital assets not being depreciated	1,514,873	-	-	-	1,514,873
Capital assets being depreciated	-	2,565,200	12,404,808	-	14,970,008
Less: accumulated depreciation	-	(710,772)	(8,931,455)	-	(9,642,227)
Other assets	-	-	-	-	-
Total noncurrent assets	1,514,873	1,854,428	3,473,353	-	6,842,654
Total Assets	1,972,074	2,181,295	4,014,420	4,118,655	12,286,444
Deferred outflow of resources	-	-	-	-	-
Total Assets & Deferred outflows of resources	$ 1,972,074	$ 2,181,295	$ 4,014,420	$ 4,118,655	$ 12,286,444

Hawaii Public Housing Authority

NONMAJOR OTHER ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2024

.

	Wilikina Apartments Project	Kekumu at Waikoloa Project	KPT Resource Center	Disbursing Fund	Other Enterprise Funds
LIABILITIES					
Current Liabilities					
Accounts payable	$ -	$ 236,055	$ 294,025	$ 35,009	$ 565,088
Accrued liabilities	-	-	31,397	-	31,397
Due to other funds	-	-	48	4,083,647	4,083,694
Security deposits	-	31,920	11,109	-	43,029
Unearned revenue	-	2,503	1	-	2,504
Total current liabilities	-	270,478	336,579	4,118,655	4,725,712
Total liabilities	-	270,478	336,579	4,118,655	4,725,712
Deferred inflows of resources	-	-	-	-	-
Net position:					
Net investment in capital assets	1,514,873	1,854,428	3,473,353	-	6,842,654
Unrestricted net position	457,201	56,389	204,488	-	718,078
Total net position	1,972,074	1,910,817	3,677,841	-	7,560,732
Total Liabilities, deferred inflows, and net position	$ 1,972,074	$ 2,181,295	$ 4,014,420	$ 4,118,655	$ 12,286,444

Hawaii Public Housing Authority

NONMAJOR OTHER ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Fiscal Year ended June 30, 2024

	Wilikina Apartments Project	Kekumu at Waikoloa Project	KPT Resource Center	Disbursing Fund	Other Enterprise Funds
Operating Revenue					
Rental income	$ -	$ 395,678	$ 642,295	$ -	$ 1,037,973
Fee-for-service	-	-	-	-	-
Other revenue	-	19,549	-	-	19,549
Total operating revenues	-	415,227	642,295	-	1,057,522
Operating Expenses					
Administration	-	224,269	253,612	-	477,881
Personnel services	-	24,991	-	-	24,991
Professional services	-	21,719	8,023	-	29,743
Utilities	-	144,759	153,662	-	298,421
Repairs and maintenance	-	112,212	101,786	-	213,997
Insurance	-	8,467	16,949	-	25,416
Bad debt	-	-	6,999	-	6,999
Depreciation	-	64,130	496,192	-	560,322
Total operating expense	-	600,547	1,037,224	-	1,637,771
Operating income (loss)	-	(185,320)	(394,929)	-	(580,249)
Nonoperating Revenues (Expenses):					
Other revenue (expenses)	-	26	53	-	78
Total nonoperating revenues (expenses)	-	26	53	-	78
Change in net position	-	(185,294)	(394,876)	-	(580,171)
Net position - beginning	1,972,074	2,096,111	4,072,718	-	8,140,903
Net position - ending	$ 1,972,074	$ 1,910,817	$ 3,677,841	$ -	$ 7,560,732

Hawaii Public Housing Authority

NONMAJOR OTHER ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS

Fiscal Year ended June 30, 2024

	Wilikina Apartments Project	Kekumu at Waikoloa Prject	KPT Resource Center	Disbursing Fund	Other Enterprise Funds
Cash Flows from Operating Activities					
Cash received from renters	$ -	$ 391,049	$ 628,179	$ -	$ 1,019,228
Cash payments to employees	-	(24,991)	-	-	(24,991)
Cash payments to suppliers	-	(382,127)	(527,376)	17,595	(891,909)
Cash due from (to) other funds	-	-	(192)	(1,180,940)	(1,181,132)
Other cash receipts (payments)	-	19,549	-	-	19,549
Net cash provided by (used in) operating activities	-	3,480	100,610	(1,163,346)	(1,059,256)
Cash Flow from Investing Activities					
Receipts of interest	-	26	53	-	78
Net cash provided by (used in) investing activities	-	26	53	-	78
Net increase (decrease) in cash	-	3,506	100,663	(1,163,346)	(1,059,177)
Cash and restricted cash at beginning	457,201	291,679	428,794	5,256,204	6,433,878
Cash and restricted cash at ending	$ 457,201	$ 295,184	$ 529,457	$ 4,092,858	$ 5,374,701

Hawaii Public Housing Authority

NONMAJOR OTHER ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS

Fiscal Year ended June 30, 2024

	Wilikina Apartments Project	Kekumu at Waikoloa Prject	KPT Resource Center	Disbursing Fund	Other Enterprise Funds
Cash Flow from Operating Activities					
Reconciliation of operating loss to net cash provided by (used in) operating activities					
Operating loss	$ -	$ (185,320)	$ (394,929)	$ -	$ (580,249)
Adjustments to reconcile operating gain (loss) to net cash (used in) provided by operating activities					
Depreciation	-	64,130	496,192	-	560,322
Changes in assets and liabilities					
Tenant receivables	-	(2,562)	(7,117)	-	(9,679)
Other receivables	-	-	-	(9,319)	(9,319)
Due from other funds	-	-	(192)	(1,171,621)	(1,171,813)
Accounts payable	-	129,299	2,235	17,595	149,128
Accrued Liabilities	-	-	4,421	-	4,421
Security deposits	-	(3,040)	-	-	(3,040)
Unearned revenue	-	973	-	-	973
Net cash (used in) provided by operating activities	$ -	$ 3,480	$ 100,610	$ (1,163,346)	$ (1,059,256)

Hawaii Public Housing Authority

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2024

.

	Vehicle Rental Fund	Equipment Rental Fund	Total
ASSETS AND DEFERRED OUTFLOWS			
Current Assets			
Cash	$ 341,811	$ 838,173	$ 1,179,984
Receivables:			
Interest receivable	6,967	19,747	26,714
Due from other funds	8,745	-	8,745
Total current assets	357,523	857,920	1,215,443
Noncurrent Assets			
Capital assets:			
Capital assets not being depreciated	-	-	-
Capital assets being depreciaited	1,507,272	1,316,953	2,824,225
Less: accumulated depreciation	(1,114,476)	(1,316,953)	(2,431,429)
Other assets			
Total noncurrent assets	392,796	-	392,796
Total Assets	750,319	857,920	1,608,239
Deferred outflow of resources	-	-	-
Total Assets & Deferred outflows of resources	$ 750,319	$ 857,920	$ 1,608,239

Hawaii Public Housing Authority

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2024

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	Vehicle Rental Fund	Equipment Rental Fund	Total
LIABILITIES			
Current Liabilities			
Accounts payable	$ -	$ -	$ -
Deferred inflows of resources	-	-	-
Net position:			
Net investment in capital assets	392,796	-	392,796
Unrestricted net position	357,523	857,920	1,215,443
Total net position	750,319	857,920	1,608,239
Total Liabilities, deferred inflows, and net position	$ 750,319	$ 857,920	$ 1,608,239

Hawaii Public Housing Authority

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Fiscal Year ended June 30, 2024

	Vehicle Rental Fund	Equipment Rental Fund	Internal Service Funds
Operating Revenue			
Other revenue	$ 104,941	$ -	$ 104,941
Total operating revenues	104,941	-	104,941
Operating Expenses			
Professional services	2,958	3,550	6,508
Insurance	-	1,681	1,681
Depreciation	101,786	-	101,786
Total operating expense	104,744	5,232	109,976
Operating income (loss)	197	(5,232)	(5,035)
Nonoperating Revenues (Expenses):			
Other revenue (expenses)	14,018	41,114	55,131
Total nonoperating revenues (expenses)	14,018	41,114	55,131
Change in net position	14,215	35,882	50,097
Net position - beginning	736,104	822,038	1,558,142
Net position - ending	$ 750,319	$ 857,920	$ 1,608,239

Hawaii Public Housing Authority

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS

Fiscal Year ended June 30, 2024

	Vehicle Rental Fund	Equipment Rental Fund	Internal Service Funds
Cash Flows from Operating Activities			
Cash payments to suppliers	$ (2,958)	$ (5,232)	$ (8,190)
Cash due from (to) other funds	-	-	-
Other cash receipts (payments)	98,876	(12,737)	86,139
Net cash provided by (used in) operating activities	95,918	(17,969)	77,949
Cash Flow from Investing Activities			
Development loans	-	-	-
Receipts of interest	14,018	41,114	55,131
Net cash provided by (used in) investing activities	14,018	41,114	55,131
Net increase (decrease) in cash	109,936	23,145	133,081
Cash and restricted cash at beginning	231,875	815,029	1,046,903
Cash and restricted cash at ending	$ 341,811	$ 838,173	$ 1,179,984

Hawaii Public Housing Authority

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS

Fiscal Year ended June 30, 2024

	Vehicle Rental Fund	Equipment Rental Fund	Internal Service Funds
Cash Flow from Operating Activities			
Reconciliation of operating loss to net cash provided by (used in) operating activities			
Operating loss	$ 197	$ (5,232)	$ (5,035)
Adjustments to reconcile operating gain (loss) to net cash (used in) provided by operating activities			
Depreciation	101,786	-	101,786
Changes in assets and liabilities			
Other receivables	(6,065)	(12,737)	(18,802)
Net cash (used in) provided by operating activities	$ 95,918	$ (17,969)	$ 77,949

Draft

HAWAII PUBLIC HOUSING AUTHORITY
SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF CASH ON DEPOSIT AND ASSETS
JUNE 30, 2024

The Authority's cash consists of the following as of June 30, 2024:

Equity in State Treasury investment pool - Government-Wide	$ 12,097,432
Cash in banks	115,188,033
	$ 127,285,465

Total cash is in agreement with the State Comptroller's central accounting records as of June 30, 2024, as reconciled below:

Cash in State Treasury Special Funds	Appropriation Symbol	June 30, 2024
	S-20-337-K	$ 6,840
	S-21-337-K	1,600
	S-22-308-K	624
	S-22-337-K	11,343
	S-23-337-K	106,852
	S-24-337-K	1,201,851
	S-24-335-K	341,811
	S-23-308-K	13,440
	S-24-308-K	920,079
	S-23-332-K	22,949
	S-24-332-K	4,144,125
	S-24-336-K	838,173
	S-24-553-K	4,489,487
Total cash held in State Treasury as reported by State Comptrollers accounting records carried forward		$ 12,099,174
Reconciling items--		
Outstanding checks not recorded by DAGS		(1,742)
		12,097,432
Cash held outside State Treasury: Cash in bank		115,188,033
Cash and restricted cash on statement of net position		$ 127,285,465

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

To the Auditor
State of Hawaii

To the Board of Directors
Hawaii Public Housing Authority

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hawaii Public Housing Authority (the "Authority"), a component unit of the State of Hawaii, as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated December 10, 2024, which contained an unmodified opinion on the financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to December 10, 2024.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis, as required by the Uniform Guidance, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

March 21, 2025

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To the Auditor
State of Hawaii

To Management and the Board of Directors
Hawaii Public Housing Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hawaii Public Housing Authority (the "Authority") as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 10, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including applicable provisions of the Hawaii Public Procurement Code (Chapter 103D of the Hawaii Revised Statutes) and procurement rules, directives, and circulars, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the Board of Directors
Hawaii Public Housing Authority

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

December 10, 2024

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance
Required by the Uniform Guidance

Independent Auditor's Report

To the Auditor
State of Hawaii

To the Board of Directors
Hawaii Public Housing Authority

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hawaii Public Housing Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2024. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

March 21, 2025

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development				
Section 8 Project-Based Cluster:				
Section 8 Project-Based Rental Assistance	14.195		$ -	$ 47,987,105
Performance Based Contract Administrator Program	14.327		-	1,263,455
Housing Voucher Cluster:				
Emergency Housing Vouchers	14.871		-	3,004,358
Section 8 Housing Choice Vouchers	14.871		-	10,869,906
Mainstream Vouchers	14.879		-	1,025,677
Total Housing Voucher Cluster			-	14,899,941
Family Self-Sufficiency Program	14.896		-	38,691
Moving To Work Demonstration Program	14.881		-	90,181,446
Total U. S. Department of Housing and Urban Development			-	154,370,638
U.S Department of Treasury				
Subaward from the Executive Office of the State of Hawaii:				
COVID-19 - State and Local Fiscal Recovery Funds	21.027	N/A	-	3,136,060
			-	3,136,060
Total U. S Department of Treasury				
Total Expenditures of Federal Awards			$ -	$ 157,506,698

See notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Hawaii Public Housing Authority (the “Authority”) under programs of the federal government for the year ended June 30, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.The pass-through entity identifying numbers are presented where available.

The Authority has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Schedule of Findings and Questioned Costs

Schedule of Findings and Questioned Costs

Year Ended June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
• Material weakness(es) identified?	____	Yes	X	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	____	Yes	X	None reported
Noncompliance material to financial statements noted?	____	Yes	X	None reported

Federal Awards

Internal control over major programs:				
• Material weakness(es) identified?	____	Yes	X	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	____	Yes	X	None reported
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	____	Yes	X	No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster	Opinion
14.881	Moving to Work Demonstration Program	Unmodified
	Housing Voucher Cluster:	
14.871	Section 8 Housing Choice Vouchers	
14.879	Mainstream Vouchers	
	Emergency Housing Voucher Program	Unmodified
21.027	COVID-19 - State and Local Fiscal Recovery Funds	Unmodified

Dollar threshold used to distinguish between type A and type B programs:	$3,000,000			
Auditee qualified as low-risk auditee?	X	Yes	____	No

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None

Hawaii Public Housing Authority

SCHEDULE OF MODERNIZATION FUNDS AND MODERNIZATION COSTS
For the Year Ended June 30, 2024

	Grant No. HI08P001501-17
Funds approved	**$ 9,198,304**
Funds disbursed	**9,198,304**
Funds expended	**9,198,304**
Amounts to be recaptured	**-**
Excess of Funds Disbursed	**$ -**

Notes:

1. All modernization work in connection with the modernization grant has been completed.

2. The entire actual modernization cost or liabilities incurred by the Authority have been fully paid.

3. There are no undischarged mechanics', laborers', contractors', or material-men's liens against

4. The time in which such liens could be filed has expired.

Independent Auditor's Report

To the Auditor
State of Hawaii

To the Board of Directors
Hawaii Public Housing Authority

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hawaii Public Housing Authority (the "Authority"), a component unit of the State of Hawaii, as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 10, 2024, which contained an unmodified opinion on the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to December 10, 2024.

In Relation to Opinion on Financial Data Schedules

The accompanying financial data schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the accompanying schedule of modernization funds and modernization costs, which is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Our opinions on the financial statements do not cover such information, and we do not express an opinion or any form of assurance thereon.

March 21, 2025

Hawaii Public Housing Authority
Financial Data Schedule
Entity-Wide Balance Sheet
June 30, 2024

Line Item Number	Description	14.879 Mainstream Vouchers	Federal Low Rent Program	State/Local	14.896 PIH Family Self-Sufficiency Program	14.EFA FSS Escrow Forfeiture Account	14.881 Moving to Work Demonstration Program	21.027 Coronavirus State and Local Fiscal Recovery Funds	Housing Assistance Payments Program_Special Allocations	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	14.327 Performance Based Contract Administrator Program	Central Office Cost Center	Subtotal	Elimination	Total
111	Cash - Unrestricted	$101,901	$8,434,107	$1,814,216	$0	$0	$1,171,112	$0	$0	$6,391,612	$168,129	$4,901,036	$17,380,026	$119,135,612		$119,135,612
112	Cash - Restricted - Modernization and Development	$0	$0	$0	$0	$0	$0	$0	$0	$0			$0	$0		$0
113	Cash - Other Restricted	$116,298	$0	$0	$0	$20,049	$74,265	$0	$0	$773,105	$367,910	$965	$2,007,069	$3,382,136		$3,382,136
114	Cash - Tenant Security Deposits	$0	$31,954	$0	$0	$0	$0	$0	$0	$0			$0	$1,393,565		$1,393,565
115	Cash - Restricted for Payment of Current Liabilities	$0	$0	$0	$0	$0	$0	$0	$0	$0			$0	$0		$0
100	**Total Cash**	**$218,199**	**$8,466,061**	**$1,814,216**	**$0**	**$20,049**	**$1,245,377**	**$0**	**$0**	**$7,164,717**	**$536,039**	**$4,902,001**	**$19,387,095**	**$123,911,313**	**$0**	**$123,911,313**
121	Accounts Receivable - PHA Projects	$0	$0	$0	$0	$0	$446,104	$0	$0	$127,295			$0	$573,399		$573,399
122	Accounts Receivable - HUD Other Projects	$0	$0	$0	$0	$0	$298,145	$0	$0	$0		$258,280	$0	$976,668		$976,668
124	Accounts Receivable - Other Government	$0	$624,666	$86,650,494	$0	$0	$0	$4,489,487	$0	$1,540			$0	$91,766,187		$91,766,187
125	Accounts Receivable - Miscellaneous	$91	$34,300	$0	$0	$0	$8,342	$0	$0	$970	$90		$81	$45,453		$45,453
126	Accounts Receivable - Tenants	$0	$947,572	$0	$0	$0	$0	$0	$0	$0			$0	$7,741,172		$7,741,172
126.1	Allowance for Doubtful Accounts -Tenants	$0	-$809,475	$0	$0	$0	$0	$0	$0	$0			$0	-$5,964,630		-$5,964,630
126.2	Allowance for Doubtful Accounts - Other	$0	$0	$0	$0	$0	-$422,102	$0	$0	-$120,446	$0	$0	-$1	-$542,549		-$542,549
127	Notes, Loans, & Mortgages Receivable - Current	$0	$0	$0	$0	$0	$0	$0	$0	$0			$0	$0		$0
128	Fraud Recovery	$0	$0	$0	$0	$0	$2,828	$0	$0	$266,401			$0	$269,229		$269,229
128.1	Allowance for Doubtful Accounts - Fraud	$0	$0	$0	$0	$0	$0	$0	$0	-$265,594			$0	-$265,594		-$265,594
129	Accrued Interest Receivable	$0	$101,819	$0	$0	$0	$0	$0	$0	$0			$101,870	$203,689		$203,689
120	**Total Receivables, Net of Allowances for Doubtful Accounts**	**$91**	**$898,882**	**$86,650,494**	**$0**	**$0**	**$333,317**	**$4,489,487**	**$0**	**$10,166**	**$90**	**$258,280**	**$101,950**	**$94,803,024**	**$0**	**$94,803,024**
142	**Prepaid Expenses and Other Assets**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**			**$2,620**	**$2,620**		**$2,620**
143	**Inventories**	**$0**	**$74,642**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**			**$7,635**	**$750,322**		**$750,322**
144	**Inter Program Due From**	**$9,986**	**$8,745**	**$0**	**$0**	**$0**	**$309,190**	**$0**	**$0**	**$0**	**$24,218**		**$5,161,503**	**$5,513,642**	**-$5,513,642**	**$0**
150	**Total Current Assets**	**$228,276**	**$9,448,330**	**$88,464,710**	**$0**	**$20,049**	**$1,887,884**	**$4,489,487**	**$0**	**$7,174,883**	**$560,347**	**$5,160,281**	**$24,660,803**	**$224,980,921**	**-$5,513,642**	**$219,467,279**
161	Land	$0	$9,872,571	$2,373,410	$0	$0	$0	$0	$0	$0			$0	$25,518,053		$25,518,053
162	Buildings	$0	$115,857,943	$15,325,444	$0	$0	$0	$0	$0	$288,205			$2,186,908	$807,677,781		$807,677,781
163	Furniture, Equipment & Machinery - Dwellings	$0	$920,810	$0	$0	$0	$0	$0	$0	$0			$0	$4,275,260		$4,275,260
164	Furniture, Equipment & Machinery - Administration	$0	$4,020,842	$1,291,870	$0	$0	$0	$0	$0	$200,026			$854,634	$9,987,476		$9,987,476
165	Leasehold Improvements	$0	$0	$0	$0	$0	$0	$0	$0	$0			$0	$0		$0
166	Accumulated Depreciation	$0	-$81,364,600	-$15,722,128	$0	$0	$0	$0	$0	-$149,265			-$946,520	-$557,610,214		-$557,610,214
167	Construction in Progress	$0	$15,197,850	$0	$0	$0	$0	$0	$0	$0			$0	$62,344,401		$62,344,401
168	Infrastructure	$0	$0	$0	$0	$0	$0	$0	$0	$0			$0	$0		$0
160	**Total Capital Assets, Net of Accumulated Depreciation**	**$0**	**$64,505,416**	**$3,268,596**	**$0**	**$0**	**$0**	**$0**	**$0**	**$338,966**	**$0**	**$0**	**$2,095,022**	**$352,192,757**	**$0**	**$352,192,757**
171	**Notes, Loans and Mortgages Receivable - Non-Current**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**			**$3,076,815**	**$9,661,987**		**$9,661,987**
180	**Total Non-Current Assets**	**$0**	**$64,505,416**	**$3,268,596**	**$0**	**$0**	**$0**	**$0**	**$0**	**$338,966**	**$0**	**$0**	**$5,171,837**	**$361,854,744**	**$0**	**$361,854,744**
200	**Deferred Outflow of Resources**	**$6,582**	**$286,480**	**$27,541**	**$0**	**$0**	**$109,435**	**$0**	**$0**	**$459,799**	**$13,383**		**$4,335,642**	**$8,889,882**	**$0**	**$8,889,882**
290	**Total Assets and Deferred Outflow of Resources**	**$234,858**	**$74,240,226**	**$91,760,847**	**$0**	**$20,049**	**$1,997,319**	**$4,489,487**	**$0**	**$7,973,648**	**$573,730**	**$5,160,281**	**$34,168,282**	**$595,725,547**	**-$5,513,642**	**$590,211,905**
312	Accounts Payable <= 90 Days	$0	$880,154	$3,667,941	$0	$0	$169,252	$625,547	$0	$116,691		$87,783	$351,987	$8,287,385		$8,287,385
313	Accounts Payable >90 Days Past Due	$0	$0	$0	$0	$0	$0	$0	$0	$0			$0	$0		$0
321	Accrued Wage/Payroll Taxes Payable	$11,295	$210,069	$29,300	$0	$0	$460,992	$0	$0	$309,473	$28,088		$2,626,391	$6,025,142		$6,025,142
322	Accrued Compensated Absences - Current Portion	$0	$28,693	$6,756	$0	$0	$0	$0	$0	$43,450			$388,564	$861,917		$861,917
325	Accrued Interest Payable	$0	$0	$0	$0	$0	$0	$0	$0	$0			$0	$393		$393
333	Accounts Payable - Other Government	$0	$0	$0	$0	$0	$0	$0	$0	$0			$0	$370,943		$370,943
341	Tenant Security Deposits	$0	$264,186	$0	$0	$0	$0	$0	$0	$0			$0	$1,625,797		$1,625,797
342	Unearned Revenue	$0	$9,713	$74,216	$0	$0	$0	$3,863,940	$0	$176	$267,770		$0	$4,831,988		$4,831,988
345	Other Current Liabilities	$0	$18,261	$1,872,922	$0	$0	$0	$0	$0	$819,762			$76,737	$3,201,058		$3,201,058
346	Accrued Liabilities - Other	$0	$69,620	$0	$0	$0	$0	$0	$0	$0		$101,001	$0	$329,895		$329,895
347	Inter Program - Due To	$0	$4,147,458	$379	$0	$0	$0	$0	$0	$391,656		$76	$0	$5,513,642	-$5,513,642	$0
310	**Total Current Liabilities**	**$11,295**	**$5,628,154**	**$5,651,514**	**$0**	**$0**	**$630,244**	**$4,489,487**	**$0**	**$1,681,208**	**$295,858**	**$188,860**	**$3,443,679**	**$31,048,160**	**-$5,513,642**	**$25,534,518**
353	Non-current Liabilities - Other	$0	$0	$0	$0	$0	$56,722	$0	$0	$6,506			$0	$223,297		$223,297
354	Accrued Compensated Absences - Non Current	$0	$62,889	$14,808	$0	$0	$0	$0	$0	$95,234			$851,666	$1,889,170		$1,889,170
357	Accrued Pension and OPEB Liabilities	$11,704	$2,623,961	$326,165	$0	$0	$249,458	$0	$0	$4,448,049	$27,208		$34,478,996	$73,842,140		$73,842,140
350	**Total Non-Current Liabilities**	**$11,704**	**$2,686,850**	**$340,973**	**$0**	**$0**	**$306,180**	**$0**	**$0**	**$4,549,789**	**$27,208**	**$0**	**$35,330,662**	**$75,954,607**	**$0**	**$75,954,607**
300	**Total Liabilities**	**$22,999**	**$8,315,004**	**$5,992,487**	**$0**	**$0**	**$936,424**	**$4,489,487**	**$0**	**$6,230,997**	**$323,066**	**$188,860**	**$38,774,341**	**$107,002,767**	**-$5,513,642**	**$101,489,125**
400	**Deferred Inflow of Resources**	**$0**	**$218,219**	**$16,293**	**$0**	**$0**	**$0**	**$0**	**$0**	**$435,505**	**$0**		**$3,111,883**	**$6,698,590**	**$0**	**$6,698,590**
508.4	Net Investment in Capital Assets	$0	$64,505,415	$3,268,596	$0	$0	$0	$0	$0	$338,966	$0		$2,095,022	$352,028,077		$352,028,077
511.4	Restricted Net Position	$123,885	$0	$0	$0	$20,049	$0	$0	$0	$13,335	$90,395		$0	$247,664		$247,664
512.4	Unrestricted Net Position	$87,974	$1,201,588	$82,483,471	$0	$0	$1,060,895	$0	$0	$954,845	$160,269	$4,971,421	-$9,812,964	$129,748,449		$129,748,449
513	**Total Equity - Net Assets / Position**	**$211,859**	**$65,707,003**	**$85,752,067**	**$0**	**$20,049**	**$1,060,895**	**$0**	**$0**	**$1,307,146**	**$250,664**	**$4,971,421**	**-$7,717,942**	**$482,024,190**	**$0**	**$482,024,190**
600	**Total Liabilities, Deferred Inflows of Resources and Equity - Net**	**$234,858**	**$74,240,226**	**$91,760,847**	**$0**	**$20,049**	**$1,997,319**	**$4,489,487**	**$0**	**$7,973,648**	**$573,730**	**$5,160,281**	**$34,168,282**	**$595,725,547**	**-$5,513,642**	**$590,211,905**

See accompanying independent auditor's report.

Hawaii Public Housing Authority
Financial Data Schedule
Entity-Wide Revenue and Expense
June 30, 2024

Line Item Number	Description	14.879 Mainstream Vouchers	Federal Low Rent Program	State/Local	14.896 PIH Family Self-Sufficiency Program	14.EFA FSS Escrow Forfeiture Account	14.881 Moving to Work Demonstration Program	21.027 Coronavirus State and Local Fiscal Recovery Funds	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	14.327 Performance Based Contract Administrator Program	Central Office Cost Center	Subtotal	Elimination	Total
70300	Net Tenant Rental Revenue	$0	$4,697,230	$0	$0	$0	$0	$0	$0	$0			$0	$27,921,441		$27,921,441
70400	Tenant Revenue - Other	$0	$70,436	$0	$0	$0	$0	$0	$0	$0			$0	$377,485		$377,485
70500	**Total Tenant Revenue**	**$0**	**$4,767,666**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$28,298,926**	**$0**	**$28,298,926**
70600	HUD PHA Operating Grants	$1,160,431	$0	$0	$38,691	$0	$0	$0	$47,987,105	$11,190,443	$3,161,045	$1,692,151	$0	$65,229,866		$65,229,866
70710	Management Fee												$6,824,244	$6,824,244	-$6,824,244	$0
70720	Asset Management Fee												$567,720	$567,720	-$567,720	$0
70730	Book Keeping Fee												$807,991	$807,991	-$807,991	$0
70740	Front Line Service Fee												$1,958,774	$1,958,774	-$1,958,774	$0
70700	**Total Fee Revenue**												**$10,158,729**	**$10,158,729**	**-$10,158,729**	**$0**
70800	**Other Government Grants**	**$0**	**$0**	**$38,635,329**	**$0**	**$0**	**$0**	**$3,136,060**	**$0**	**$0**			**$0**	**$41,771,389**		**$41,771,389**
71100	**Investment Income - Unrestricted**	**$0**	**$244,525**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$1,127**		**$485**	**$598,628**	**$886,692**		**$886,692**
71400	**Fraud Recovery**	**$0**	**$0**	**$0**	**$0**	**$0**	**$31,675**	**$0**	**$0**	**$5,776**	**$3,315**		**$0**	**$40,766**		**$40,766**
71500	**Other Revenue**	**$0**	**$177,350**	**$181**	**$0**	**$15,691**	**$48,521**	**$0**	**$0**	**$6,595**	**$1,452**		**$822,896**	**$1,462,991**		**$1,462,991**
70000	**Total Revenue**	**$1,160,431**	**$5,189,541**	**$38,635,510**	**$38,691**	**$15,691**	**$80,196**	**$3,136,060**	**$47,987,105**	**$11,203,941**	**$3,165,812**	**$1,692,636**	**$11,580,253**	**$147,849,359**	**-$10,158,729**	**$137,690,630**
91100	Administrative Salaries	$32,985	$310,059	$91,280	$0	$0	$1,346,129	$0	$0	$358,607	$82,021		$6,871,756	$12,789,614		$12,789,614
91200	Auditing Fees	$638	$71,867	$18,290	$0	$0	$26,031	$0	$0	$7,428	$1,586	$50,921	$41,059	$349,258		$349,258
91300	Management Fee	$29,016	$931,116	$72,399	$0	$0	$867,400	$0	$0	$247,723	$63,304	$1,197,261		$9,095,913	-$6,824,244	$2,271,669
91310	Book-keeping Fee	$5,872	$72,119	$4,279	$0	$0	$239,793	$0	$0	$68,385	$14,603			$807,995	-$807,991	$4
91400	Advertising and Marketing	$5	$2,880	$0	$0	$0	$198	$0	$0	$56	$12		$38,029	$44,094		$44,094
91500	Employee Benefit contributions - Administrative	$14,016	$138,000	-$5,190	$0	$0	$644,460	$0	$0	$85,142	$35,237		$2,661,317	$5,203,201		$5,203,201
91600	Office Expenses	$2,880	$106,986	$12,305	$0	$0	$117,545	$0	$0	$33,541	$7,162		$360,599	$1,313,952		$1,313,952
91700	Legal Expense	$368	$5,474	$0	$0	$0	$15,010	$0	$0	$4,283	$915	$2,826	$540,199	$853,905		$853,905
91800	Travel	$0	$2,375	$0	$0	$0	$0	$0	$0	$0			$47,651	$51,540		$51,540
91900	Other	$1,325	$755,984	$3,594	$0	$0	$54,718	$0	$0	$14,780	$3,295		$82,524	$4,545,085	-$1,042,654	$3,502,431
91000	**Total Operating - Administrative**	**$87,105**	**$2,396,860**	**$196,957**	**$0**	**$0**	**$3,311,284**	**$0**	**$0**	**$819,945**	**$208,135**	**$1,251,008**	**$10,643,134**	**$35,054,557**	**-$8,674,889**	**$26,379,668**
92000	**Asset Management Fee**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**				**$567,720**	**-$567,720**	**$0**
92100	Tenant Services - Salaries	$0	$0	$0	$25,508	$0	$0	$0	$0	$0			$0	$25,508		$25,508
92200	Relocation Costs	$0	$688	$0	$0	$0	$0	$0	$0	$0			$0	$234,980		$234,980
92300	Employee Benefit Contributions - Tenant Services	$0	$0	$0	$13,183	$0	$0	$0	$0	$0			$0	$13,183		$13,183
92400	Tenant Services - Other	$26	$14,149	$272	$0	$0	$49,944	$0	$0	$7,132	$64		$4,119	$204,817		$204,817
92500	**Total Tenant Services**	**$26**	**$14,837**	**$272**	**$38,691**	**$0**	**$49,944**	**$0**	**$0**	**$7,132**	**$64**	**$0**	**$4,119**	**$478,488**	**$0**	**$478,488**
93100	Water	$23	$397,733	$48	$0	$0	$949	$0	$0	$271	$58		$4,435	$3,267,164		$3,267,164
93200	Electricity	$636	$1,132,711	$1,320	$0	$0	$25,971	$0	$0	$7,411	$1,582		$125,731	$3,884,326		$3,884,326
93300	Gas	$0	$127,796	$0	$0	$0	$0	$0	$0	$0			$0	$2,021,110		$2,021,110
93600	Sewer	$45	$868,528	$94	$0	$0	$1,844	$0	$0	$526	$112		$8,615	$5,199,344		$5,199,344
93000	**Total Utilities**	**$704**	**$2,526,768**	**$1,462**	**$0**	**$0**	**$28,764**	**$0**	**$0**	**$8,208**	**$1,752**	**$0**	**$138,781**	**$14,371,944**	**$0**	**$14,371,944**
94100	Ordinary Maintenance and Operations - Labor	$0	$439,071	$0	$0	$0	$0	$0	$0	$0			$1,777,529	$7,701,839		$7,701,839
94200	Ordinary Maintenance and Operations - Materials and Other	$21	$329,675	$71	$0	$0	$840	$0	$0	$240	$51		$296,812	$4,122,903		$4,122,903
94300	Ordinary Maintenance and Operations Contracts	$349	$1,776,193	$696	$0	$0	$14,254	$100,000	$0	$4,067	$869		$115,113	$10,580,208	-$916,120	$9,664,088
94500	Employee Benefit Contributions - Ordinary Maintenance	$0	$233,155	$0	$0	$0	$0	$0	$0	$0			$770,709	$3,568,884		$3,568,884
94000	**Total Maintenance**	**$370**	**$2,778,094**	**$767**	**$0**	**$0**	**$15,094**	**$100,000**	**$0**	**$4,307**	**$920**	**$0**	**$2,960,163**	**$25,973,834**	**-$916,120**	**$25,057,714**
95200	Protective Services - Other Contract Costs	$154	$132,137	$349	$0	$0	$6,300	$0	$0	$1,798	$384		$36,880	$3,797,623		$3,797,623
95300	Protective Services - Other	$0	$6,204	$0	$0	$0	$0	$0	$0	$0			$0	$27,638		$27,638
95000	**Total Protective Services**	**$154**	**$138,341**	**$349**	**$0**	**$0**	**$6,300**	**$0**	**$0**	**$1,798**	**$384**	**$0**	**$36,880**	**$3,825,261**	**$0**	**$3,825,261**
96110	Property Insurance	$7	$157,379	$0	$0	$0	$306	$0	$0	$87	$19		$3,188	$1,024,047		$1,024,047
96120	Liability Insurance	$151	$11,939	$379	$0	$0	$6,156	$0	$0	$1,757	$375	$12,448	$3,373	$67,784		$67,784
96130	Workmen's Compensation	$118	$2,747	$245	$0	$0	$4,827	$0	$0	$1,377	$294		$22,546	$64,997		$64,997
96140	All Other Insurance	$32	$1,398	$23	$0	$0	$1,294	$0	$0	$369	$79		$8,107	$29,819		$29,819
96100	**Total insurance Premiums**	**$308**	**$173,463**	**$647**	**$0**	**$0**	**$12,583**	**$0**	**$0**	**$3,590**	**$767**	**$12,448**	**$37,214**	**$1,186,647**	**$0**	**$1,186,647**
96200	Other General Expenses	$10,089	$0	$0	$0	$0	$209,397	$0	$0	$220,910	$850		$706	$3,163,758		$3,163,758
96210	Compensated Absences	-$60	$982	$1,808	$0	$0	-$2,455	$0	$0	-$7,032	-$150		$123,803	$242,698		$242,698
96300	Payments in Lieu of Taxes	$0	$0	$0	$0	$0	$0	$0	$0	$0			$0	$370,943		$370,943
96400	Bad debt - Tenant Rents	$0	$173,131	$0	$0	$0	$0	$0	$0	$0			$0	$2,552,757		$2,552,757
96600	Bad debt - Other	$0	$0	$0	$0	$0	$146,698	$0	$0	-$139,190			$0	$7,508		$7,508
96000	**Total Other General Expenses**	**$10,029**	**$174,113**	**$1,808**	**$0**	**$0**	**$353,640**	**$0**	**$0**	**$74,688**	**$700**	**$0**	**$124,509**	**$6,337,664**	**$0**	**$6,337,664**

96710	Interest of Mortgage (or Bonds) Payable	$0	$0	$0	$0	$0	$0	$0	$0	$0			$0	$0		$0
96720	Interest on Notes Payable (Short and Long Term)	$0	$0	$0	$0	$0	$0	$0	$0	$0			$0	$4,877		$4,877
96730	Amortization of Bond Issue Costs	$0	$0	$0	$0	$0	$0	$0	$0	$0			$0	$0		$0
96700	**Total Interest Expense and Amortization Cost**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$4,877**	**$0**	**$4,877**
96900	**Total Operating Expenses**	**$98,696**	**$8,202,476**	**$202,262**	**$38,691**	**$0**	**$3,777,609**	**$100,000**	**$0**	**$919,668**	**$212,722**	**$1,263,456**	**$13,944,800**	**$87,800,992**	**-$10,158,729**	**$77,642,263**
97000	**Excess of Operating Revenue over Operating Expenses**	**$1,061,735**	**-$3,012,935**	**$38,433,248**	**$0**	**$15,691**	**-$3,697,413**	**$3,036,060**	**$47,987,105**	**$10,284,273**	**$2,953,090**	**$429,180**	**-$2,364,547**	**$60,048,367**	**$0**	**$60,048,367**
97100	**Extraordinary Maintenance**	**$0**	**$73,600**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**			**$0**	**$6,817,768**		**$6,817,768**
97300	**Housing Assistance Payments**	**$926,981**	**$0**	**$1,014,677**	**$0**	**$0**	**$48,151,356**	**$0**	**$47,987,105**	**$9,950,237**	**$2,791,635**		**$0**	**$110,821,991**		**$110,821,991**
97350	**HAP Portability-In**	**$0**	**$0**	**$0**	**$0**	**$0**	**$46,725**	**$0**	**$0**	**$0**			**$0**	**$46,725**		**$46,725**
97400	**Depreciation Expense**	**$1,026**	**$3,755,275**	**$120,805**	**$0**	**$0**	**$41,871**	**$0**	**$0**	**$11,948**	**$2,551**		**$174,954**	**$23,174,120**		**$23,174,120**
90000	**Total Expenses**	**$1,026,703**	**$12,031,351**	**$1,337,744**	**$38,691**	**$0**	**$52,017,561**	**$100,000**	**$47,987,105**	**$10,881,853**	**$3,006,908**	**$1,263,456**	**$14,119,754**	**$228,661,596**	**-$10,158,729**	**$218,502,867**
10010	Operating Transfer In	$0	$6,719,254	$0	$0	$0	$90,181,446	$0	$0	$0			$654,850	$97,555,550	-$97,555,550	$0
10020	Operating transfer Out	$0	$0	-$7,374,104	$0	$0	$0	$0	$0	$0			$0	-$7,374,104	$97,555,550	$90,181,446
10093	Transfers between Program and Project - In	$0	$0	$0	$0	$0	$0	$0	$0	$0			$0	$57,002,183	-$57,002,181	$2
10094	Transfers between Project and Program - Out	$0	$0	-$14,852,378	$0	$0	-$39,113,744	-$3,036,060	$0	$0			$0	-$57,002,182	$57,002,181	-$1
10100	**Total Other financing Sources (Uses)**	**$0**	**$6,719,254**	**-$22,226,482**	**$0**	**$0**	**$51,067,702**	**-$3,036,060**	**$0**	**$0**	**$0**	**$0**	**$654,850**	**$90,181,447**	**$0**	**$90,181,447**
10000	**Excess (Deficiency) of Total Revenue Over (Under) Total Expenses**	**$133,728**	**-$122,556**	**$15,071,284**	**$0**	**$15,691**	**-$869,663**	**$0**	**$0**	**$322,088**	**$158,904**	**$429,180**	**-$1,884,651**	**$9,369,210**	**$0**	**$9,369,210**
11030	Beginning Equity	$78,131	$65,829,561	$70,680,782	$0	$4,357	$1,930,558	$0	$4,542,241	$985,059	$91,761	$0	-$5,833,292	$472,654,980		$472,654,980
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	$0	-$2	$1	$0	$1	$0	$0	-$4,542,241	-$1	-$1	$4,542,241	$1	$0	$0	$0

See accompanying independent auditor's report.

Hawaii Public Housing Authority

Financial Data Schedule

Project Balance Sheet

June 30, 2024

Line Item Number	Description	HI001000030	HI001000031	HI001000032	HI001000033	HI001000034	HI001000035	HI001000037	HI001000038
111	Cash - Unrestricted	$7,623,955	$8,638,255	$6,655,697	$7,190,849	$8,909,116	$6,957,266	$3,672,019	$3,485,122
113	Cash - Other Restricted	$0	$12,422	$0	$0	$3,284	$0	$0	$0
114	Cash - Tenant Security Deposits	$141,503	$128,222	$108,271	$91,693	$123,233	$129,602	$97,303	$104,461
115	Cash - Restricted for Payment of Current Liabilities	$0	$0	$0	$0	$0	$0	$0	$0
100	**Total Cash**	**$7,765,458**	**$8,778,899**	**$6,763,968**	**$7,282,542**	**$9,035,633**	**$7,086,868**	**$3,769,322**	**$3,589,583**
122	Accounts Receivable - HUD Other Projects	$21,650	$7,379	$1,672	$1,049	$69,224	$15,668	$50,314	$2,343
125	Accounts Receivable - Miscellaneous	$0	$0	$0	$0	$1,579	$0	$0	$0
126	Accounts Receivable - Tenants	$693,790	$660,077	$523,098	$312,764	$371,599	$203,634	$384,084	$834,232
126.1	Allowance for Doubtful Accounts -Tenants	-$520,261	-$417,982	-$397,387	-$226,135	-$335,439	-$153,132	-$311,100	-$687,194
120	**Total Receivables, Net of Allowances for Doubtful Accounts**	**$195,179**	**$249,474**	**$127,383**	**$87,678**	**$106,963**	**$66,170**	**$123,298**	**$149,381**
143	Inventories	$55,100	$68,625	$72,859	$78,120	$91,348	$47,856	$14,064	$40,475
150	**Total Current Assets**	**$8,015,737**	**$9,096,998**	**$6,964,210**	**$7,448,340**	**$9,233,944**	**$7,200,894**	**$3,906,684**	**$3,779,439**
161	Land	$2,534,474	$550,848	$207,679	$319,507	$297,702	$1,953,866	$1,707,058	$548,446
162	Buildings	$57,029,601	$68,177,926	$28,347,590	$44,034,785	$53,878,024	$42,485,222	$86,522,870	$53,149,372
163	Furniture, Equipment & Machinery - Dwellings	$72,608	$105,792	$1,211,821	$370,981	$234,607	$262,283	$276,575	$154,490
164	Furniture, Equipment & Machinery - Administration	$804,320	$351,938	$701,801	$199,626	$187,859	$402,849	$466,192	$175,199
166	Accumulated Depreciation	-$41,241,414	-$51,446,462	-$22,257,315	-$32,116,576	-$32,901,137	-$30,252,294	-$50,096,381	-$34,285,955
167	Construction in Progress	$167,356	$39,382	$3,218,352	$2,394,244	$539,897	$19,209,139	$2,406,199	$1,786,870
160	**Total Capital Assets, Net of Accumulated Depreciation**	**$19,366,945**	**$17,779,424**	**$11,429,928**	**$15,202,567**	**$22,236,952**	**$34,061,065**	**$41,282,513**	**$21,528,422**
171	Notes, Loans and Mortgages Receivable - Non-Current	$0	$0	$0	$0	$0	$0	$0	$0
180	**Total Non-Current Assets**	**$19,366,945**	**$17,779,424**	**$11,429,928**	**$15,202,567**	**$22,236,952**	**$34,061,065**	**$41,282,513**	**$21,528,422**
200	**Deferred Outflow of Resources**	**$504,070**	**$363,970**	**$277,237**	**$286,396**	**$551,861**	**$562,293**	**$388,837**	**$415,854**
290	**Total Assets and Deferred Outflow of Resources**	**$27,886,752**	**$27,240,392**	**$18,671,375**	**$22,937,303**	**$32,022,757**	**$41,824,252**	**$45,578,034**	**$25,723,715**
312	Accounts Payable <= 90 Days	$120,245	$214,924	$154,270	$87,724	$193,875	$225,987	$75,204	$147,936
321	Accrued Wage/Payroll Taxes Payable	$306,715	$261,298	$160,692	$167,251	$350,092	$381,390	$349,000	$197,406
322	Accrued Compensated Absences - Current Portion	$55,581	$45,888	$37,750	$39,291	$58,793	$48,628	$37,729	$20,042
325	Accrued Interest Payable	$0	$0	$0	$0	$0	$0	$0	$0
333	Accounts Payable - Other Government	$0	$0	$0	$0	$0	$0	$95,965	$119,619
341	Tenant Security Deposits	$141,503	$128,222	$108,271	$91,693	$123,233	$129,602	$97,303	$104,461
342	Unearned Revenue	$118,677	$40,202	$28,022	$56,546	$40,468	$22,061	$28,334	$11,263
345	Other Current Liabilities	$7,898	$60,449	$12,714	$13,528	$17,436	$6,110	$15,084	$14,772
346	Accrued Liabilities - Other	$20,897	$20,920	$0	$0	$23,053	$17,538	$9,950	$27,155
347	Inter Program - Due To	$150,746	$64,906	$168,255	$62,644	$132,583	$137,417	$97,715	$62,624
310	**Total Current Liabilities**	**$922,262**	**$836,809**	**$669,974**	**$518,677**	**$939,533**	**$968,733**	**$806,284**	**$705,278**
353	Non-current Liabilities - Other	$0	$0	$0	$0	$0	$0	$0	$0
354	Accrued Compensated Absences - Non Current	$121,825	$100,579	$82,741	$86,118	$128,863	$106,585	$82,695	$43,927
357	Accrued Pension and OPEB Liabilities	$4,325,753	$3,371,947	$2,782,988	$2,868,114	$4,530,007	$4,674,254	$3,487,161	$3,175,065
350	**Total Non-Current Liabilities**	**$4,447,578**	**$3,472,526**	**$2,865,729**	**$2,954,232**	**$4,658,870**	**$4,780,839**	**$3,569,856**	**$3,218,992**
300	**Total Liabilities**	**$5,369,840**	**$4,309,335**	**$3,535,703**	**$3,472,909**	**$5,598,403**	**$5,749,572**	**$4,376,140**	**$3,924,270**
400	**Deferred Inflow of Resources**	**$456,385**	**$277,789**	**$268,369**	**$279,961**	**$421,327**	**$472,711**	**$291,784**	**$234,999**
508.4	Net Investment in Capital Assets	$19,366,945	$17,779,424	$11,429,928	$15,202,567	$22,236,952	$34,061,065	$41,282,514	$21,528,422
512.4	Unrestricted Net Position	$2,693,582	$4,873,844	$3,437,375	$3,981,866	$3,766,075	$1,540,904	-$372,404	$36,024
513	**Total Equity - Net Assets / Position**	**$22,060,527**	**$22,653,268**	**$14,867,303**	**$19,184,433**	**$26,003,027**	**$35,601,969**	**$40,910,110**	**$21,564,446**
600	**Total Liabilities, Deferred Inflows of Resources and Equity -**	**$27,886,752**	**$27,240,392**	**$18,671,375**	**$22,937,303**	**$32,022,757**	**$41,824,252**	**$45,578,034**	**$25,723,715**

Line Item Number	Description	HI001000039	HI001000040	HI001000043	HI001000044	HI001000045	HI001000046	HI001000049	HI001000050	HI001000051	HI001000052	HI001000060	Other Projects	Total
111	Cash - Unrestricted	$2,383,527	$1,636,338	$2,326,000	$4,730,535	$5,707,576	$1,021,096	$1,676,804	$3,369,705			$0	$2,789,613	$78,773,473
113	Cash - Other Restricted	$0	$0	$0	$0	$6,769	$0	$0	$0			$0	$0	$22,475
114	Cash - Tenant Security Deposits	$69,195	$47,800	$56,604	$97,367	$58,635	$34,179	$39,646	$33,897			$0	$0	$1,361,611
115	Cash - Restricted for Payment of Current Liabilities	$0	$0	$0	$0	$0	$0	$0	$0			$0	$0	$0
100	**Total Cash**	**$2,452,722**	**$1,684,138**	**$2,382,604**	**$4,827,902**	**$5,772,980**	**$1,055,275**	**$1,716,450**	**$3,403,602**	**$0**	**$0**	**$0**	**$2,789,613**	**$80,157,559**
122	Accounts Receivable - HUD Other Projects	$122,236	$0	$7,904	$950	$390	$1,112	$11,090	$107,262			$0	$0	$420,243
125	Accounts Receivable - Miscellaneous	$0	$0	$0	$0	$0	$0	$0	$0			$0	$0	$1,579
126	Accounts Receivable - Tenants	$704,819	$335,859	$275,072	$529,990	$203,648	$346,329	$238,761	$175,844			$0	$0	$6,793,600
126.1	Allowance for Doubtful Accounts -Tenants	-$580,666	-$251,373	-$183,242	-$392,046	-$132,367	-$271,119	-$175,190	-$120,522			$0	$0	-$5,155,155
120	**Total Receivables, Net of Allowances for Doubtful Accounts**	**$246,389**	**$84,486**	**$99,734**	**$138,894**	**$71,671**	**$76,322**	**$74,661**	**$162,584**	**$0**	**$0**	**$0**	**$0**	**$2,060,267**
143	Inventories	$30,000	$38,688	$16,015	$32,038	$30,711	$15,611	$17,513	$19,022			$0	$0	$668,045
150	**Total Current Assets**	**$2,729,111**	**$1,807,312**	**$2,498,353**	**$4,998,834**	**$5,875,362**	**$1,147,208**	**$1,808,624**	**$3,585,208**	**$0**	**$0**	**$0**	**$2,789,613**	**$82,885,871**
161	Land	$512,658	$211,189	$955,313	$994,116	$125,890	$192,885	$1,639,118	$313,138			$0	$208,185	$13,272,072
162	Buildings	$29,756,098	$15,132,809	$33,349,724	$43,536,648	$44,869,737	$19,754,974	$28,200,275	$25,793,626			$0	$0	$674,019,281
163	Furniture, Equipment & Machinery - Dwellings	$109,295	$42,624	$55,005	$159,476	$103,545	$89,639	$34,187	$71,522			$0	$0	$3,354,450
164	Furniture, Equipment & Machinery - Administration	$79,008	$75,682	$19,048	$48,150	$13,654	$7,734	$5,989	$81,055			$0	$0	$3,620,104
166	Accumulated Depreciation	-$19,279,333	-$11,872,526	-$24,532,827	-$31,887,070	-$33,398,986	-$14,047,535	-$18,068,345	-$11,743,545			$0	$0	-$459,427,701
167	Construction in Progress	$8,366,193	$0	$459,868	$2,579,436	$2,825,753	$58,666	$281,275	$2,813,921			$0	$0	$47,146,551
160	**Total Capital Assets, Net of Accumulated Depreciation**	**$19,543,919**	**$3,589,778**	**$10,306,131**	**$15,430,756**	**$14,539,593**	**$6,056,363**	**$12,092,499**	**$17,329,717**	**$0**	**$0**	**$0**	**$208,185**	**$281,984,757**
171	Notes, Loans and Mortgages Receivable - Non-Current	$0	$0	$0	$0	$0	$0	$0	$0			$0	$6,585,172	$6,585,172
180	**Total Non-Current Assets**	**$19,543,919**	**$3,589,778**	**$10,306,131**	**$15,430,756**	**$14,539,593**	**$6,056,363**	**$12,092,499**	**$17,329,717**	**$0**	**$0**	**$0**	**$6,793,357**	**$288,569,929**
200	**Deferred Outflow of Resources**	**$300,502**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**			**$0**	**$0**	**$3,651,020**
290	**Total Assets and Deferred Outflow of Resources**	**$22,573,532**	**$5,397,090**	**$12,804,484**	**$20,429,590**	**$20,414,955**	**$7,203,571**	**$13,901,123**	**$20,914,925**	**$0**	**$0**	**$0**	**$9,582,970**	**$375,106,820**
312	Accounts Payable <= 90 Days	$158,244	$297,922	$116,040	$162,880	$124,992	$58,023	$153,408	$96,356			$0	$0	$2,388,030
321	Accrued Wage/Payroll Taxes Payable	$175,690	$0	$0	$0	$0	$0	$0	$0			$0	$0	$2,349,534
322	Accrued Compensated Absences - Current Portion	$50,752	$0	$0	$0	$0	$0	$0	$0			$0	$0	$394,454
325	Accrued Interest Payable	$0	$0	$0	$393	$0	$0	$0	$0			$0	$0	$393
333	Accounts Payable - Other Government	$64,919	$0	$56,417	$0	$0	$34,023	$0	$0			$0	$0	$370,943
341	Tenant Security Deposits	$69,195	$47,800	$56,604	$97,367	$58,635	$34,179	$39,646	$33,897			$0	$0	$1,361,611
342	Unearned Revenue	$20,684	$35,728	$19,054	$66,415	$37,947	$7,627	$20,122	$63,023			$0	$0	$616,173
345	Other Current Liabilities	$37,570	$16,450	$23,542	$22,373	$26,164	$14,812	$10,128	$114,346			$0	$0	$413,376
346	Accrued Liabilities - Other	$10,474	$0	$2,383	$0	$2,550	$15,354	$3,853	$5,147			$0	$0	$159,274
347	Inter Program - Due To	$33,127	$5,796	$10,625	$4,527	$22,380	$7,401	$7,637	$5,690			$0	$0	$974,073
310	**Total Current Liabilities**	**$620,655**	**$403,696**	**$284,665**	**$353,955**	**$272,668**	**$171,419**	**$234,794**	**$318,459**	**$0**	**$0**	**$0**	**$0**	**$9,027,861**
353	Non-current Liabilities - Other	$0	$0	$0	$160,069	$0	$0	$0	$0			$0	$0	$160,069
354	Accrued Compensated Absences - Non Current	$111,240	$0	$0	$0	$0	$0	$0	$0			$0	$0	$864,573
357	Accrued Pension and OPEB Liabilities	$2,461,310	$0	$0	$0	$0	$0	$0	$0			$0	$0	$31,676,599
350	**Total Non-Current Liabilities**	**$2,572,550**	**$0**	**$0**	**$160,069**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$32,701,241**
300	**Total Liabilities**	**$3,193,205**	**$403,696**	**$284,665**	**$514,024**	**$272,668**	**$171,419**	**$234,794**	**$318,459**	**$0**	**$0**	**$0**	**$0**	**$41,729,102**
400	**Deferred Inflow of Resources**	**$213,365**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**			**$0**	**$0**	**$2,916,690**
508.4	Net Investment in Capital Assets	$19,543,919	$3,589,778	$10,306,131	$15,266,076	$14,539,593	$6,056,362	$12,092,500	$17,329,717			$0	$208,185	$281,820,078
512.4	Unrestricted Net Position	-$376,957	$1,403,616	$2,213,688	$4,649,490	$5,602,694	$975,790	$1,573,829	$3,266,749	$0	$0	$0	$9,374,785	$48,640,950
513	**Total Equity - Net Assets / Position**	**$19,166,962**	**$4,993,394**	**$12,519,819**	**$19,915,566**	**$20,142,287**	**$7,032,152**	**$13,666,329**	**$20,596,466**	**$0**	**$0**	**$0**	**$9,582,970**	**$330,461,028**
600	**Total Liabilities, Deferred Inflows of Resources and Equity -**	**$22,573,532**	**$5,397,090**	**$12,804,484**	**$20,429,590**	**$20,414,955**	**$7,203,571**	**$13,901,123**	**$20,914,925**	**$0**	**$0**	**$0**	**$9,582,970**	**$375,106,820**

See accompanying independent auditor's report.

Hawaii Public Housing Authority
Financial Data Schedule
Project Revenue and Expense
June 30, 2024

Line Item Number	Description	HI001000030	HI001000031	HI001000032	HI001000033	HI001000034	HI001000035	HI001000037	HI001000038	HI001000039	HI001000040	HI001000043	HI001000044	HI001000045	HI001000046	HI001000049	HI001000050	HI001000051	HI001000052	HI001000060	Other Projects	Total
70300	Net Tenant Rental Revenue	$2,130,733	$2,159,294	$1,922,885	$1,576,698	$2,323,660	$2,178,923	$1,419,095	$1,986,582	$1,081,514	$1,141,606	$1,068,607	$1,161,814	$1,165,539	$560,443	$760,980	$585,838			$0	$0	$23,224,211
70400	Tenant Revenue - Other	$23,406	$45,650	$21,153	$29,064	$12,684	$21,286	$8,830	$60,226	$35,812	$21,342	$6,724	$615	$9,340	$7,424	$2,131	$1,362			$0	$0	$307,049
70500	**Total Tenant Revenue**	**$2,154,139**	**$2,204,944**	**$1,944,038**	**$1,605,762**	**$2,336,344**	**$2,200,209**	**$1,427,925**	**$2,046,808**	**$1,117,326**	**$1,162,948**	**$1,075,331**	**$1,162,429**	**$1,174,879**	**$567,867**	**$763,111**	**$587,200**	**$0**	**$0**	**$0**	**$0**	**$23,531,260**
71100	Investment Income - Unrestricted	$1,705	$2,327	$18,671	$1,496	$3,425	$3,081	$2,068	$1,853	$759	$841	$1,022	$708	$1,995	$493	$597	$606			$0	$280	$41,927
71500	Other Revenue	$15,782	$11,523	$6,780	$7,113	$75,392	$157,779	$26,425	$15,532	$14,388	$408	$12,287	$28,427	$403	$5,271	$12,702	$93			$0	$0	$390,305
70000	**Total Revenue**	**$2,171,626**	**$2,218,794**	**$1,969,489**	**$1,614,371**	**$2,415,161**	**$2,361,069**	**$1,456,418**	**$2,064,193**	**$1,132,473**	**$1,164,197**	**$1,088,640**	**$1,191,564**	**$1,177,277**	**$573,631**	**$776,410**	**$587,899**	**$0**	**$0**	**$0**	**$280**	**$23,963,492**
91100	Administrative Salaries	$496,625	$404,332	$259,158	$269,736	$538,793	$603,423	$528,046	$348,666	$247,998	$0	$0	$0	$0	$0	$0	$0			$0	$0	$3,696,777
91200	Auditing Fees	$7,884	$6,961	$8,330	$7,078	$10,768	$14,605	$7,621	$7,449	$9,914	$7,278	$7,223	$7,122	$7,642	$7,101	$7,154	$7,308			$0	$0	$131,438
91300	Management Fee	$368,451	$390,376	$363,981	$373,486	$858,136	$742,108	$433,948	$612,824	$285,308	$177,387	$208,474	$265,057	$237,381	$103,354	$155,431	$111,992			$0	$0	$5,687,694
91310	Book-keeping Fee	$31,140	$32,573	$30,585	$31,675	$50,445	$50,663	$28,943	$27,540	$12,717	$14,993	$17,738	$22,523	$20,115	$8,768	$13,230	$9,296			$0	$0	$402,944
91400	Advertising and Marketing	$271	$207	$271	$271	$271	$271	$0	$0	$0	$271	$0	$271	$268	$0	$271	$271			$0	$0	$2,914
91500	Employee Benefit contributions - Administrative	$235,959	$179,508	$98,216	$102,225	$240,059	$267,208	$243,959	$152,931	$110,154	$0	$0	$0	$0	$0	$0	$0			$0	$0	$1,630,219
91600	Office Expenses	$62,857	$46,191	$38,724	$30,692	$68,880	$75,900	$46,981	$129,870	$47,887	$17,363	$27,376	$19,642	$18,263	$12,054	$15,621	$14,633			$0	$0	$672,934
91700	Legal Expense	$43,498	$4,556	$88,436	$1,588	$4,859	$9,348	$33,865	$1,279	$1,986	$73,257	$1,480	$4,432	$2,688	$1,051	$3,474	$9,033			$0	$0	$284,830
91800	Travel	$0	$0	$0	$0	$0	$0	$0	$0	$1,514	$0	$0	$0	$0	$0	$0	$0			$0	$0	$1,514
91900	Other	$118,111	$102,478	$139,606	$100,175	$161,044	$168,376	$72,276	$17,651	$11,800	$873,142	$285,202	$363,962	$380,848	$180,644	$344,480	$309,070			$0	$0	$3,628,865
91000	**Total Operating - Administrative**	**$1,364,796**	**$1,167,182**	**$1,027,307**	**$916,926**	**$1,933,255**	**$1,931,902**	**$1,395,639**	**$1,298,210**	**$729,278**	**$1,163,691**	**$547,493**	**$683,009**	**$667,205**	**$312,972**	**$539,661**	**$461,603**	**$0**	**$0**	**$0**	**$0**	**$16,140,129**
92000	Asset Management Fee	$43,560	$44,760	$43,680	$44,760	$69,960	$70,440	$40,560	$38,520	$23,520	$20,880	$24,240	$31,200	$27,120	$12,360	$18,000	$14,160			$0	$0	$567,720
92200	Relocation Costs	$0	$2,677	$0	$0	$194,604	$1,833	$0	$0	$0	$0	$0	$0	$0	$0	$0	$35,178			$0	$0	$234,292
92400	Tenant Services - Other	$26,626	$8,079	$2,737	$2,731	$29,768	$16,736	$1,570	$4,875	$1,386	$6,242	$6,255	$4,155	$7,119	$1,314	$3,543	$5,975			$0	$0	$129,111
92500	**Total Tenant Services**	**$26,626**	**$10,756**	**$2,737**	**$2,731**	**$224,372**	**$18,569**	**$1,570**	**$4,875**	**$1,386**	**$6,242**	**$6,255**	**$4,155**	**$7,119**	**$1,314**	**$3,543**	**$41,153**	**$0**	**$0**	**$0**	**$0**	**$363,403**
93100	Water	$192,254	$240,698	$237,643	$235,419	$205,213	$268,479	$139,263	$223,346	$145,983	$192,264	$154,411	$250,062	$172,409	$64,140	$55,504	$86,559			$0	$0	$2,863,647
93200	Electricity	$120,462	$74,035	$82,264	$52,271	$528,036	$652,547	$149,099	$131,637	$37,929	$214,549	$120,293	$78,044	$36,438	$50,006	$238,073	$23,281			$0	$0	$2,588,964
93300	Gas	$18,982	$0	$424,095	$193	$167,580	$259,974	$31,641	$248,337	$142,446	$261,584	$173,093	$2,824	$456	$36,538	$65,884	$59,687			$0	$0	$1,893,314
93600	Sewer	$346,828	$419,549	$410,171	$411,290	$535,317	$577,210	$124,184	$143,179	$105,441	$264,551	$52,684	$351,675	$267,025	$65,526	$107,138	$137,812			$0	$0	$4,319,580
93000	**Total Utilities**	**$678,526**	**$734,282**	**$1,154,173**	**$699,173**	**$1,436,146**	**$1,758,210**	**$444,187**	**$746,499**	**$431,799**	**$932,948**	**$500,481**	**$682,605**	**$476,328**	**$216,210**	**$466,599**	**$307,339**	**$0**	**$0**	**$0**	**$0**	**$11,665,505**
94100	Ordinary Maintenance and Operations - Labor	$730,271	$621,157	$473,071	$492,380	$819,394	$996,562	$563,201	$391,513	$397,690	$0	$0	$0	$0	$0	$0	$0			$0	$0	$5,485,239
94200	Ordinary Maintenance and Operations - Materials and	$304,940	$405,060	$270,896	$264,780	$352,534	$464,356	$212,222	$246,777	$133,568	$197,307	$175,949	$99,695	$153,766	$29,323	$146,383	$37,637			$0	$0	$3,495,193
94300	Ordinary Maintenance and Operations Contracts	$493,938	$767,175	$483,882	$482,190	$670,191	$519,556	$233,837	$400,690	$147,712	$710,365	$700,580	$792,583	$620,652	$443,811	$676,107	$425,398			$0	$0	$8,568,667
94500	Employee Benefit Contributions - Ordinary Maintenance	$326,795	$308,040	$247,311	$257,406	$419,603	$464,802	$151,153	$174,706	$215,204	$0	$0	$0	$0	$0	$0	$0			$0	$0	$2,565,020
94000	**Total Maintenance**	**$1,855,944**	**$2,101,432**	**$1,475,160**	**$1,496,756**	**$2,261,722**	**$2,445,276**	**$1,160,413**	**$1,213,686**	**$894,174**	**$907,672**	**$876,529**	**$892,278**	**$774,418**	**$473,134**	**$822,490**	**$463,035**	**$0**	**$0**	**$0**	**$0**	**$20,114,119**
95100	Protective Services - Labor	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			$0	$0	$0
95200	Protective Services - Other Contract Costs	$362,249	$866,776	$1,255,061	$372,167	$333,989	$428,697	$66	$0	$0	$0	$0	$0	$0	$0	$0	$616			$0	$0	$3,619,621
95300	Protective Services - Other	$6,293	$102	$0	$0	$10,400	$0	$656	$0	$0	$0	$0	$0	$3,983	$0	$0	$0			$0	$0	$21,434
95000	**Total Protective Services**	**$368,542**	**$866,878**	**$1,255,061**	**$372,167**	**$344,389**	**$428,697**	**$722**	**$0**	**$0**	**$0**	**$0**	**$0**	**$3,983**	**$0**	**$0**	**$616**	**$0**	**$0**	**$0**	**$0**	**$3,641,055**
96110	Property Insurance	$72,979	$87,236	$38,187	$56,839	$56,864	$54,605	$110,912	$68,090	$47,601	$19,433	$42,651	$55,800	$57,421	$25,347	$36,049	$33,047			$0	$0	$863,061
96120	Liability Insurance	$1,010	$1,104	$1,867	$861	$1,684	$1,669	$841	$812	$899	$2,871	$3,324	$4,418	$3,729	$1,695	$2,475	$1,947			$0	$0	$31,206
96130	Workmen's Compensation	$4,656	$3,739	$2,588	$2,652	$4,901	$4,656	$3,933	$3,401	$2,317	$0	$0	$0	$0	$0	$0	$0			$0	$0	$32,843
96140	All Other Insurance	$3,430	$1,602	$1,607	$1,202	$1,152	$2,510	$3,319	$2,023	$1,672	$0	$0	$0	$0	$0	$0	$0			$0	$0	$18,517
96100	**Total insurance Premiums**	**$82,075**	**$93,681**	**$44,249**	**$61,554**	**$64,601**	**$63,440**	**$119,005**	**$74,326**	**$52,489**	**$22,304**	**$45,975**	**$60,218**	**$61,150**	**$27,042**	**$38,524**	**$34,994**	**$0**	**$0**	**$0**	**$0**	**$945,627**
96200	Other General Expenses	$0	$5,903	$495	$0	-$950	$0	$0	$0	$2,713,718	$0	$0	$0	$2,640	$0	$0	$0			$0	$0	$2,721,806
96210	Compensated Absences	$37,300	-$4,098	$7,787	$8,105	$19,394	$25,394	-$3,867	$2,422	$33,365	$0	$0	$0	$0	$0	$0	$0			$0	$0	$125,802
96300	Payments in Lieu of Taxes	$0	$0	$0	$0	$0	$0	$95,965	$119,619	$64,919	$0	$56,417	$0	$0	$34,023	$0	$0			$0	$0	$370,943
96400	Bad debt - Tenant Rents	$216,335	$285,624	$138,821	$101,075	$75,925	$27,519	$126,008	$348,856	$313,270	$86,583	$112,062	$197,551	$67,334	$158,172	$72,811	$51,680			$0	$0	$2,379,626
96000	**Total Other General Expenses**	**$253,635**	**$287,429**	**$147,103**	**$109,180**	**$94,369**	**$52,913**	**$218,106**	**$470,897**	**$3,125,272**	**$86,583**	**$168,479**	**$197,551**	**$69,974**	**$192,195**	**$72,811**	**$51,680**	**$0**	**$0**	**$0**	**$0**	**$5,598,177**
96720	Interest on Notes Payable (Short and Long Term)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$4,877	$0	$0	$0	$0			$0	$0	$4,877
96700	**Total Interest Expense and Amortization Cost**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$4,877**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$4,877**
96900	**Total Operating Expenses**	**$4,673,704**	**$5,306,400**	**$5,149,470**	**$3,703,247**	**$6,428,814**	**$6,769,447**	**$3,380,202**	**$3,847,013**	**$5,257,918**	**$3,140,320**	**$2,169,452**	**$2,555,893**	**$2,087,297**	**$1,235,227**	**$1,961,628**	**$1,374,580**	**$0**	**$0**	**$0**	**$0**	**$59,040,612**
97000	**Excess of Operating Revenue over Operating Expenses**	**-$2,502,078**	**-$3,087,606**	**-$3,179,981**	**-$2,088,876**	**-$4,013,653**	**-$4,408,378**	**-$1,923,784**	**-$1,782,820**	**-$4,125,445**	**-$1,976,123**	**-$1,080,812**	**-$1,364,329**	**-$910,020**	**-$661,596**	**-$1,185,218**	**-$786,681**	**$0**	**$0**	**$0**	**$280**	**-$35,077,120**
97100	Extraordinary Maintenance	$304,228	$501,893	$3,037,109	$762,227	$394,856	$391,365	$312,327	$904,899	$67,015	$0	$64,113	$0	$0	$0	$0	$4,136			$0	$0	$6,744,168
97400	Depreciation Expense	$1,204,896	$2,547,491	$599,179	$1,173,558	$1,417,740	$1,591,498	$2,606,110	$1,589,841	$1,050,425	$251,410	$730,752	$1,077,179	$788,155	$756,999	$555,662	$1,124,795			$0	$0	$19,065,690
90000	**Total Expenses**	**$6,182,828**	**$8,355,784**	**$8,785,758**	**$5,639,032**	**$8,241,410**	**$8,752,310**	**$6,298,639**	**$6,341,753**	**$6,375,358**	**$3,391,730**	**$2,964,317**	**$3,633,072**	**$2,875,452**	**$1,992,226**	**$2,517,290**	**$2,503,511**	**$0**	**$0**	**$0**	**$0**	**$84,850,470**
10093	Transfers between Program and Project - In	$2,976,339	$4,164,104	$7,015,528	$5,898,171	$6,010,123	$5,459,666	$3,593,225	$3,815,316	$3,067,372	$1,668,375	$1,386,148	$4,177,379	$2,822,264	$542,223	$1,212,872	$3,193,078			$0	$0	$57,002,183
10100	**Total Other financing Sources (Uses)**	**$2,976,339**	**$4,164,104**	**$7,015,528**	**$5,898,171**	**$6,010,123**	**$5,459,666**	**$3,593,225**	**$3,815,316**	**$3,067,372**	**$1,668,375**	**$1,386,148**	**$4,177,379**	**$2,822,264**	**$542,223**	**$1,212,872**	**$3,193,078**	**$0**	**$0**	**$0**	**$0**	**$57,002,183**
10000	**Excess (Deficiency) of Total Revenue Over (Under) Total**	**-$1,034,863**	**-$1,972,886**	**$199,259**	**$1,873,510**	**$183,874**	**-$931,575**	**-$1,248,996**	**-$462,244**	**-$2,175,513**	**-$559,158**	**-$489,529**	**$1,735,871**	**$1,124,089**	**-$876,372**	**-$528,008**	**$1,277,466**	**$0**	**$0**	**$0**	**$280**	**-$3,884,795**
11030	Beginning Equity	$23,095,387	$24,626,154	$14,668,044	$17,310,922	$25,819,152	$36,533,546	$42,159,107	$22,026,688	$21,342,476	$5,552,553	$13,009,346	$18,179,697	$19,018,199	$7,908,523	$14,194,336	$19,319,001	$0	$0	$0	$9,582,691	$334,345,822
11040	Prior Period Adjustments, Equity Transfers and	$3	$0	$0	$1	$1	-$2	-$1	$2	-$1	-$1	$2	-$2	-$1	$1	$1	-$1	$0		$0	-$1	$1

FOR ACTION

MOTION: To **(1)** Approve the Hawaii Public Housing Authority's Annual Public Housing Agency (PHA) Plan for Fiscal Year 2025 - 2026 (July 1, 2025 – June 30, 2026) ; and **(2)** Authorize the Executive Director to Take the Required Actions Needed to Submit the Approved Annual PHA Plan for Fiscal Year 2025 - 2026 to the U.S. Department of Housing and Urban Development

I. FACTS

A. All public housing agencies (PHA) administering federal public housing and/or Section 8 Housing Choice Vouchers (HCV) are required to submit an Annual PHA Plan and/or a Five-Year PHA Plan to the U.S. Department of Housing and Urban Development (HUD) to be eligible to receive public housing operating and capital funds and Section 8 Housing Assistance Payments funds and administrative fees. This requirement was established under section 5A of the United States Housing Act of 1937 by the Quality Housing and Work Responsibility Act of 1998 as amended by the Housing and Economic Recovery Act of 2008.

B. A PHA Plan serves as a comprehensive guide to a PHA's mission, policies, programs, operations, and the strategies it will use to meet local housing needs and other goals. All non-qualified PHAs must submit an Annual PHA Plan to HUD every fiscal year. Qualified PHAs have 550 or fewer public housing units and Section 8 vouchers combined. The HPHA is considered a non-qualified PHA under HUD's criteria.

C. The HPHA's Annual PHA Plan does not apply to or govern the State public housing programs or any other State-funded programs administered, operated, or managed by the HPHA.

D. A public hearing on the Annual PHA Plan is required under Title 24 of the Code of Federal Regulations (CFR), Part 903.17. A notice for public hearing was approved by the Board of Directors on January 16, 2025, and published in the Honolulu Star-Advertiser, The Garden Island, The Maui News, West Hawaii Today, and Hawaii Tribune Herald on January 24, 2025. A notice was also sent to all public housing residents with the March 2025 rent bill.

E. The public hearing was held in-person and online on March 10, 2025. Meetings with the Resident Advisory Board (RAB) to discuss the draft Annual PHA Plan were held on November 12, 2024, January 14, 2025, and March 11, 2025.

F. The HPHA must electronically submit the Annual PHA Plan for Fiscal Year 2026 in the HUD-specified format no later than 75 days prior to the start of the new fiscal year. The Annual PHA Plan is reviewed by the HUD Honolulu Field Office.

II. DISCUSSION

A. The HPHA proposed the following amendments in the draft Annual PHA Plan for Fiscal Year 2026:

1. Specify in Chapter 17-2031, Hawaii Administrative Rules (HAR), and the Administrative Plan that the HPHA will send all termination letters via certified mail.

2. Regarding the local preference for persons experiencing homelessness, amend Chapter 17-2031, HAR, and the Administrative Plan to:

a. Establish a definition of "homelessness" as the lack of an affixed, regular, and adequate nighttime residence (i.e., having a primary nighttime residence that is a supervised public or private shelter providing temporary accommodations, including welfare hotels, congregate shelters, non-congregate shelters, and transitional housing, or an institution providing temporary residence for individuals intended to be institutionalized, or a public or private place not ordinarily used as a sleeping accommodation for human beings); and

b. Revise the local preference to include persons who are experiencing or who have experienced homelessness within the last twelve months preceding the application date, and who are in compliance with a housing or service plan as certified by (1) a case manager or other employee of a social services provider or nonprofit organization which receives federal or State funding, or (2) a State or county agency which administers social services.

3. Amend section 17-2031-33, HAR, and 11-II.B. of the Administrative plan to adopt a policy regarding adult family members who leave or

are removed from a household only to request to rejoin the household at a later date. In such cases, the HPHA shall prohibit the adult from rejoining the household. If determined necessary as a reasonable accommodation, the adult may rejoin the household as a live-in aide.

4. Amend Chapter 17-2031, HAR, and the Administrative Plan to prohibit all adult additions to a household except for (1) the spouse or domestic partner of an adult household member, or (2) the elderly and/or disabled parent of a household member.

5. Amend Chapter 17-2031, HAR, and Chapter 17 of the Administrative Plan to:

   a. Clarify that the HPHA shall manage separate waiting lists for each PBV-assisted project;

   b. Specify that families on the tenant-based waiting list shall be offered the opportunity to be placed on the waiting list for PBV assistance;

   c. Specify that the HPHA may use the tenant-based waiting list to fill a vacant PBV-assisted dwelling unit if there are no families on the associated PBV waiting list for whom it would be appropriate to house in the vacant unit; and

   d. Adopt Part X of Chapter 17 of the Administrative Plan regarding the Rental Assistance Demonstration Program as its own Chapter.

6. Amend Chapter 17-2031, HAR, and the Administrative Plan to include various discretionary policies regarding Special Purpose Vouchers (SPV), including conversion of an SPV to a tenant-based HCV when a qualifying household member no longer needs or qualifies for the SPV.

7. Clarify that the HPHA will adopt all discretionary and non-discretionary policies set forth under Sections 102 and 104 of the Housing Through Modernization Act of 2016 (HOTMA) by the unannounced compliance deadline to be specified by HUD.

8. Amend the rent reasonableness procedures described in Chapter 8 of the Administrative Plan as follows:

a. Specify that the HPHA may use market rental data collected by the RentWatch software through AffordableHousing.com when performing rent reasonableness determinations;

b. Specify that the asking rent for a subject unit proposed for HCV assistance will be compared to the asking rents of comparable units in the same market area, subject to any adjustments made due to differing comparability factors (e.g., square footage, amenities, maintenance services, etc.);

c. Remove the requirement that two of the unassisted, comparable units have gross rents greater than that of the subject unit;

d. Remove the requirement that one of the unassisted, comparable units have a gross rent lesser than that of the subject unit;

e. Specify that the HPHA will search for comparable units within a one-half mile radius of the subject property. If there are no comparable units within the one-half mile radius, the HPHA may select from units within a one-mile radius or greater if it determines that such units are in a neighborhood that is essentially similar;

f. Specify that the asking rent of the subject unit will be considered reasonable if it is less than or equal to the average of the adjusted asking rents of the comparable units;

g. Require that the owner of the subject unit submit a request to redetermine the reasonable rent amount within ten calendar days following notification that the proposed contract rent is unreasonable. The owner may provide information on no more than three other comparable units. The owner must provide this information within five calendar days of the HPHA's request for such information or the owner's request to contest the determination. If the HPHA determines the owner-provided information is accurate, the HPHA will include the owner-provided information in its calculation of the reasonable rent amount.

9. Adopt streamlined income determinations for family members with a fixed source of income as described in Attachment D of Notice PIH 2016-05.

10. Provide various development/redevelopment updates on the HPHA's Ka Lei Momi Project and other ongoing projects.

B. HPHA staff considered all testimony received prior to and at the public hearing and the recommendations of the RAB, as required by 24 C.F.R. section 903.19. After a thorough review of the comments received during the public hearing process and the RAB's recommendations, no additional changes were made to the Annual PHA Plan for Fiscal Year 2026.

C. The Annual PHA Plan for Fiscal Year 2026 is attached as Attachment A. The Annual PHA Plan will be submitted to HUD upon final approval by the Board of Directors.

D. The HPHA will continue discussions with the RAB regarding the implementation of all changes, proposals, and initiatives included in the Annual PHA Plan for Fiscal Year 2026 following approval by the Board of Directors and HUD.

III. RECOMMENDATION

That the Board of Directors **(1)** Approve the Hawaii Public Housing Authority's Annual Public Housing Agency (PHA) Plan for Fiscal Year 2025 - 2026 (July 1, 2025 – June 30, 2026); and **(2)** Authorize the Executive Director to Take the Required Actions Needed to Submit the Approved Annual PHA Plan for Fiscal Year 2025 - 2026 to the U.S. Department of Housing and Urban Development

Attachment A: Annual PHA Plan for Fiscal Year 2026

Prepared by: Benjamin Park, Chief Planner BP

Approved by the Board of Directors
on the date set forth above
[ ] As Presented [ ] As Amended

Robert J. Hall
Chairperson

Annual PHA Plan *(Standard PHAs and Troubled PHAs)*	**U.S. Department of Housing and Urban Development Office of Public and Indian Housing**	**OMB No. 2577-0226 Expires: 03/31/2024**

Purpose. The 5-Year and Annual PHA Plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, including changes to these policies, and informs HUD, families served by the PHA, and members of the public of the PHA's mission, goals and objectives for serving the needs of low- income, very low- income, and extremely low- income families.

Applicability. The Form HUD-50075-ST is to be completed annually by **STANDARD PHAs or TROUBLED PHAs**. PHAs that meet the definition of a High Performer PHA, Small PHA, HCV-Only PHA or Qualified PHA do not need to submit this form.

Definitions.

(1) ***High-Performer PHA*** – A PHA that owns or manages more than 550 combined public housing units and housing choice vouchers, and was designated as a high performer on both the most recent Public Housing Assessment System (PHAS) and Section Eight Management Assessment Program (SEMAP) assessments if administering both programs, or PHAS if only administering public housing.
(2) ***Small PHA*** - A PHA that is not designated as PHAS or SEMAP troubled, that owns or manages less than 250 public housing units and any number of vouchers where the total combined units exceed 550.
(3) ***Housing Choice Voucher (HCV) Only PHA*** - A PHA that administers more than 550 HCVs, was not designated as troubled in its most recent SEMAP assessment, and does not own or manage public housing.
(4) ***Standard PHA*** - A PHA that owns or manages 250 or more public housing units and any number of vouchers where the total combined units exceed 550, and that was designated as a standard performer in the most recent PHAS or SEMAP assessments.
(5) ***Troubled PHA*** - A PHA that achieves an overall PHAS or SEMAP score of less than 60 percent.
(6) ***Qualified PHA*** - A PHA with 550 or fewer public housing dwelling units and/or housing choice vouchers combined and is not PHAS or SEMAP troubled.

A. PHA Information.

A.1

PHA Name: Hawaii Public Housing Authority **PHA Code**: HI001, HI901
PHA Type: ☒ Standard PHA ☐ Troubled PHA
PHA Plan for Fiscal Year Beginning: (MM/YYYY): 07/2025
PHA Inventory (Based on Annual Contributions Contract (ACC) units at time of FY beginning, above)
Number of Public Housing (PH) Units 4,731
Number of Housing Choice Vouchers (HCVs) 4,397
Total Combined Units/Vouchers 9,128
PHA Plan Submission Type: ☒ Annual Submission ☐ Revised Annual Submission

Availability of Information. PHAs must have the elements listed below readily available to the public. A PHA must identify the specific location(s) where the proposed PHA Plan, PHA Plan Elements, and all information relevant to the public hearing and proposed PHA Plan are available for inspection by the public. At a minimum, PHAs must post PHA Plans, including updates, at each Asset Management Project (AMP) and main office or central office of the PHA. PHAs are strongly encouraged to post complete PHA Plans on their official website. PHAs are also encouraged to provide each resident council a copy of their PHA Plans.

The Hawaii Public Housing Authority's (HPHA) Annual PHA Plan and all supporting documents are available online at: https://www.hpha.hawaii.gov/plans-reports.

Hard copies of the Annual PHA Plan will be made available at all Asset Management Project (AMP) offices. Please see **Attachment A** for each AMP office address.

☐ **PHA Consortia**: (Check box if submitting a Joint PHA Plan and complete table below)

Participating PHAs	PHA Code	Program(s) in the Consortia	Program(s) not in the Consortia	No. of Units in Each Program	
				PH	HCV
Lead PHA:					

B.	Plan Elements.

B.1 Revision of Existing PHA Plan Elements.

(a) Have the following PHA Plan elements been revised by the PHA?

Y	N	
☒	☐	Statement of Housing Needs and Strategy for Addressing Housing Needs
☒	☐	Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions
☒	☐	Financial Resources
☒	☐	Rent Determination
☐	☒	Operation and Management
☐	☒	Grievance Procedures
☐	☒	Homeownership Programs
☐	☒	Community Service and Self-Sufficiency Programs
☐	☒	Safety and Crime Prevention
☐	☒	Pet Policy
☐	☒	Asset Management
☐	☒	Substantial Deviation
☐	☒	Significant Amendment/Modification

(b) If the PHA answered yes for any element, describe the revisions for each revised element(s):

Plan Element I: Statement of Housing Needs and Strategy for Addressing Housing Needs

Provide a statement addressing the housing needs of low-income, very low-income and extremely low-income families and a brief description of the PHA's strategy for addressing the housing needs of families who reside in the jurisdiction served by the PHA and other families who are on the public housing and Section 8 tenant-based assistance waiting lists. The statement must identify the housing needs of (i) families with incomes below 30 percent of area median income (extremely low-income); (ii) elderly families, (iii) households with individuals with disabilities, and households of various races and ethnic groups residing in the jurisdiction or on the public housing and Section 8 tenant-based assistance waiting lists based on information provided by the applicable Consolidated Plan, information provided by HUD, and other generally available data. The statement of housing needs shall be based on information provided by the applicable Consolidated Plan, information provided by HUD, and generally available data. The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location. Once the PHA has submitted an Assessment of Fair Housing (AFH), which includes an assessment of disproportionate housing needs in accordance with 24 CFR §5.154(d)(2)(iv), information on households with individuals with disabilities and households of various races and ethnic groups residing in the jurisdiction or on the waiting lists no longer needs to be included in the Statement of Housing Needs and Strategy for Addressing Housing Needs. (24 CFR §903.7(a)).

In accordance with 24 CFR 903.7(a)(1) and (2)(i), the sections below describe the housing needs of low-income and very low-income families who reside in Hawaii as well as those who are on the HPHA's public housing and HCV Program waiting lists. Additional information is provided on the specific housing needs of families who are extremely low-income (as required by 24 CFR 903.7(a)(1)(i)), elderly (as required by 24 CFR 903.7(a)(1)(ii)), disabled (as required by 24 CFR 903.7(a)(1)(iii)), and of various races and ethnic groups (as required by 24 CFR 903.7(a)(1)(iii)).

A. Jurisdictional Housing Needs

The data and information contained herein was gathered from the latest Hawaii Housing Planning Study (HHPS) produced in 2019, which was prepared by SMS Research, Inc. on behalf of the Hawaii Housing Finance and Development Corporation (HHFDC), the HPHA, and other state and local agencies; the State of Hawaii Consolidated Plan for PYs 2020-2024; and publicly available data collected by the U.S. Census Bureau's American Community Survey; the Hawaii Department of Business, Economic Development, and Tourism (DBEDT); the National Low Income Housing Coalition; and the Hawaii Appleseed Center for Law & Economic Justice.

According to the U.S. Census Bureau, there were 535,543 housing units in Hawaii in 2017. This number is up 2.0 percent from 524,852 units in 2014. Among the 2017 total, 482,864 housing units were available to the residential housing market (455,502 were occupied units and 27,362 were available, vacant units). It was estimated that 50,156 additional housing units were needed by 2025. That number included a backlog of approximately 28,459 housing units which were needed to meet the demand in 2017; a projected demand of 18,078 new housing units to accommodate population growth; and 3,619 units to accommodate households experiencing homelessness.

The demand for housing is greatest among families with the lowest income levels, according to the 2019 HHPS. This finding suggests the state's housing market has been more effective at producing high-end versus low-end units. The HHPS states that market inefficiencies are exacerbated during periods of rapid economic expansion when fewer low-end units are built; more middle-market and low-end units are built during periods of market adjustment. The 2019 HHPS also found that the current housing market produces units for sale more efficiently than units for rent.

A.1. Extremely Low-Income Families

As of 2019, roughly 14 percent (roughly 74,976) of housing units were priced affordably[1] for households earning less than 30 percent of the statewide area median income (AMI). Of the 50,156 housing units needed by 2025, about 20 percent or 10,457 units would be needed for extremely low-income families.

In 2021, there were approximately 41,207 renter households that fell below 30 percent of the statewide AMI[2]. According to the HHFDC, the annual income of a 4-person, extremely low-income family on Oahu in 2023 was $39,300[3]. At that same time, the annual income required to afford a two-bedroom rental home at HUD's Fair Market Rent was roughly $87,013[4].

Units Needed for Extremely Low-Income Families by 2025	
Jurisdiction	**Units Needed**
State of Hawaii	10,457
City and County of Honolulu	4,200
County of Maui	1,721
County of Hawaii	3,475
County of Kauai	1,060

Source: HHPS, 2019, pg. 40.

A.2. Elderly Families

The 2019 HHPS defines elderly households as those with one or more persons 60 years of age or older, no children under the age of 18, and no persons other than immediate family. Of the 50,156 new housing units needed by 2025, 13 percent or 6,714 units would be needed for elderly households. This number is up 9 percent from the last HHPS conducted in 2016.

	Units Needed for Elderly Families[5] by 2025 (AMI)			
Jurisdiction	**< 30%**	**30% to 50%**	**50% to 60%**	**60% to 80%**
State of Hawaii	400	751	113	704
City and County of Honolulu	288	714	72	538
County of Maui	62	6	16	21
County of Hawaii	49	22	15	132
County of Kauai	0	9	11	13

Source: HHPS, 2019, pg. 46.

[1] The 2019 HHPS defines a housing unit as affordable if it does not require a monthly mortgage or rent payment greater than 30 percent of monthly household income.
[2] National Low Income Housing Coalition, 2023 Hawaii Housing Profile
[3] HHFDC Income Schedule for 2023
[4] National Low Income Housing Coalition, 2023 Hawaii Housing Profile
[5] Number of units reflects the sum of ownership and rental units needed for each category.

Considering only elderly households, about 29 percent or 1,967 units are needed for low- and moderate-income households making 80 percent of the statewide AMI or less. The demand for single-family versus multi-family units was almost evenly distributed among elderly households. Of the 6,714 needed elderly units, the 2019 HHPS projected a demand for 3,129 (47%) single-family dwellings.

The largest special needs group identified by the 2019 HHPS was the elderly. With only 4.5 percent of seniors residing in a nursing home or senior living facility, there is a significant need for at-home care. For seniors who choose to or must remain in their unit or with family, their homes will require retrofitting with grab bars, ramps, emergency call systems, special telephones for the blind, etc.

A.3. Households with Individuals with Disabilities

Although public housing, Section 8, and similar federal housing assistance programs provide disabled families with greater access to affordable housing, there is still a significant need for additional support and/or treatment services which can be delivered at or near home. According to the 2019 HHPS, about 81,018 of survey respondents stated someone in their household had a "physical, mental, or emotional condition that made it difficult to walk or climb stairs." Roughly 27,575 households included at least one member who had difficulty bathing or dressing themselves. In 42,688 households statewide, at least one member had a physical, mental, or emotional condition that requires assistance with activities of daily living.

The 2019 HHPS found that 26 percent of disabled families were single-person households. Very often, these are people who are frail and elderly, suffering from an advanced terminal illness, or struggling with severe mental or physical disabilities. Without access to a shelter, clinic, or other living arrangement where daily living support and medical treatment can be provided, these households will require in-home care. Additional accessibility retrofitting may also be required.

A.4. Housing Needs by Race & Ethnicity

A 2018 report[6] published by DBEDT's Research and Economic Analysis Division, found that Hawaii ranks 47th among the fifty states and District of Columbia in homeownership rates for occupied housing units. Although homeownership rates were low for all racial groups except Japanese and Okinawan, it was particularly low among those of a younger age. The median age of six of the seven racial groups with homeownership rates under 50% was under 28 years old.

DBEDT's report uses the U.S. Census Bureau's definition of gross rent as "the contract rent plus the estimated cost of utilities and fuels, if… costs are paid for by the renter. It is a measure of average monthly housing cost expenses for renters." DBEDT found that African-Americans and Guamanians or Chamorro had the highest median gross rents, at $1,945 and $1,940, respectively. This was about 16% - over $300 a month – more than the third highest median gross rent, $1,636 paid by Whites. Only Marshallese had a gross rent less than $1,000; however, 92.3% of Marshallese rent rather than own.

Median Gross Rent by Household Rent	
Race Alone or in Combination	**Median Gross Rent**
Total Population	$1,438
White	$1,636
Filipino	$1,313
Japanese	$1,245
Native Hawaiian	$1,252
Chinese	$1,211
Black or African American	$1,945
Korean	$1,299
Samoan	$1,274
American Indian/Alaska Native	$1,441

6 Demographic, Social, Economic and Housing Characteristics for Selected Race Groups in Hawaii; 2018

Vietnamese	$1,150
Okinawan	$987
Marshallese	$1,054
Guamanian or Chamorro	$1,940
Tongan	$1,175

Source: DBEDT, 2018, pg. 15.

In 2017, HUD's Office of Policy Development published the results of its study on the housing needs of Native Hawaiians[7]. The report compared the housing conditions of Native Hawaiians to those of other residents of Hawaii and examined specific subgroups of Native Hawaiians in the context of federal policy.

HUD found that Native Hawaiians were overrepresented among Hawaii's homeless population. In 2015, Native Hawaiians and Other Pacific Islanders accounted for only 10 percent of the state's population but were 39 percent of the 7,620 people experiencing homelessness in Hawaii. Data from 2016 showed that 42 percent of 7,921 homeless individuals in Hawaii identified as Native Hawaiian or Other Pacific Islander.

The study also provided greater insight into the types of housing Native Hawaiian households need. Large households (i.e., those with five or more members) accounted for 27 percent of Native Hawaiian households statewide and nearly 40 percent of households on the Hawaii Department of Hawaiian Homelands (DHHL) waiting list. Additionally, Native Hawaiian households were more likely to be working and more likely to include children than were non-Native Hawaiian households in Hawaii. According to the report, these findings demonstrate a need for housing that can accommodate larger households and is located close to employment centers and transportation networks.

B. Housing Needs by HPHA Program Waiting List

B.1. Housing Needs of Families on the Public Housing Waiting List

As of September 23, 2024, there are **3,062 families** on the HPHA's federal public housing waiting lists. Their housing needs are broken down as follows:

Income Levels		
Family Type	**# of Families**	**% of Total Families**
Extremely Low-Income (≤ 30% AMI)	2,819	92.06%
Very Low-Income (> 30%, but ≤ 50% AMI)	188	6.14%
Low-Income (> 50%, but ≤ 80% AMI)	55	1.80%
Families with Children	1,554	50.75%
Elderly Families	687	22.44
Families with Disabilities	579	18.91%
Racial Distribution		
Race	**# of Families**	**% of Total Families**
Asian/Pacific Islander/Other	2,497	81.55%
White	859	28.05%
Hispanic	450	14.70%
Black	184	6.01%
American Indian	125	4.08%
Bedrooms Needed		
Unit Size	**# of Families**	**% of Total Families**
1 Bedroom and Studio	1,294	42.26%
2 Bedrooms	1,064	34.75%
3 Bedrooms	563	18.39%

[7] Housing Needs of Native Hawaiians; 2017

4 Bedrooms	126	4.11%
5 Bedrooms	15	0.49%

B.2. Housing Needs of Families on the Housing Choice Voucher (HCV) Waiting List

As of September 23, 2024, there are **1,981 families** on the HPHA's HCV waiting list. Their housing needs are broken down as follows:

Income Levels		
Family Type	**# of Families**	**% of Total Families**
Extremely Low-Income (≤ 30% AMI)	1,709	86.27%
Very Low-Income (> 30%, but ≤ 50% AMI)	205	10.35%
Low-Income (> 50%, but ≤ 80% AMI)	67	3.38%
Families with Children	850	42.91%
Elderly Families	284	14.34%
Families with Disabilities	682	34.43%
Racial Distribution		
Race	**# of Families**	**% of Total Families**
Asian/Pacific Islander/Other	1,017	62.39%
White	439	17.58%
Hispanic	277	11.09%
Black	261	10.45%
American Indian	46	1.84%
Bedrooms Needed		
Unit Size	**# of Families**	**% of Total Families**
1 Bedroom and Studio	1,014	51.19%
2 Bedrooms	416	21.00%
3 Bedrooms	430	21.71%
4 Bedrooms	85	4.29%
5 Bedrooms	34	1.72%
6 Bedrooms or more	2	0.10%

C. Strategies for Addressing Housing Needs

In accordance with 24 CFR 903.7(a)(2)(ii), this section provides a brief description of the strategies the HPHA employs to address the housing needs identified above.

The overwhelming majority of housing assistance the HPHA provides through its public housing and voucher programs already targets families at or below 30% to 50% of the AMI, elderly families, and disabled families.

The HPHA always maximized the number of affordable public units it can offer to low-income households given its current resources. Through Capital Fund Program appropriations and asset preservation strategies, the HPHA has planned for $27 million in capital work over the five-year period of FY 23 to FY 27. Given the average age of the agency's housing inventory is over 50 years old, projects which address health and safety issues, site improvements, ADA compliance, structural repairs, and general infrastructure upgrades are prioritized. Aging properties and reductions in funding levels have made asset preservation an increasingly difficult challenge.

In 2022, the HPHA became a Moving to Work (MTW) expansion agency as part of the Landlord Incentives Cohort. The HPHA's participation in MTW will allow it to simplify and streamline the operation of core programs for the purposes of accomplishing the three statutory objectives of MTW. Specific strategies to increase the cost-effectiveness of federal programs, improve participant self-sufficiency, and expand affordable housing choice locally are outlined in the HPHA's MTW Supplements.

The HPHA is also seeking innovative approaches in redeveloping aging and obsolete properties through public-private partnerships. All of the agency's redevelopment projects seek to create mixed-income, mixed-use neighborhoods which make greater use of valuable State land assets through higher density. The HPHA intends to use mixed-finance strategies and federal programs like Rental Assistance Demonstration (RAD) in accomplish this goal.

In 2023, the HPHA launched its Ka Lei Momi Program to redevelop 10 low-income public housing projects identified in its portfolio. Most of these projects are located near planned stations of the Honolulu light rail system currently being developed by the Honolulu Authority for Rapid Transportation. The redevelopment of these projects will involve the rehabilitation of functionally obsolete public housing units as well as a significantly expansion of the State's affordable housing inventory.

Plan Element II: Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions

PHAs must submit a Deconcentration Policy for Field Office review. For additional guidance on what a PHA must do to deconcentrate poverty in its development and comply with fair housing requirements, see 24 CFR 903.2. (24 CFR §903.23(b)) Describe the PHA's admissions policy for deconcentration of poverty and income mixing of lower-income families in public housing. The Deconcentration Policy must describe the PHA's policy for bringing higher income tenants into lower income developments and lower income tenants into higher income developments. The deconcentration requirements apply to general occupancy and family public housing developments. Refer to 24 CFR §903.2(b)(2) for developments not subject to deconcentration of poverty and income mixing requirements. (24 CFR §903.7(b)) Describe the PHA's procedures for maintain waiting lists for admission to public housing and address any site-based waiting lists. (24 CFR §903.7(b)). A statement of the PHA's policies that govern resident or tenant eligibility, selection and admission including admission preferences for both public housing and HCV. (24 CFR §903.7(b)) Describe the unit assignment policies for public housing. (24 CFR §903.7(b))

A. Public Housing Deconcentration Policy

In accordance with 24 CFR §903.7(b)(1), a copy of the HPHA's public housing deconcentration policy is attached as **Attachment B: Deconcentration Policy**.

B. HCV Program Policies

In accordance with 24 CFR §903.7(b), this section briefly describes the HPHA's policies governing tenant eligibility, selection, admission, and occupancy for the HCV Program.

B.1. HCV Eligibility Policies

The HPHA's HCV tenant eligibility policies are established under Section 17-2031-22, Hawaii Administrative Rules (HAR). The HPHA requires that an applicant family meet the following eligibility criteria:

- Meet the definition of a "family" as set forth in Section 17-2031-3, HAR;
- Be within the appropriate income limits;
- Not have any outstanding debt owed to the HPHA;
- Not have been previously terminated from any other program operated by the HPHA for drug-related, criminal, or violent behavior;
- Be a citizen or a non-citizen with eligible immigration status; and
- Furnish and verify valid Social Security numbers for all members who claim eligible immigration or citizenship status.

Additional information on the HCV Program's eligibility requirements can be found in Chapter 3 of the Administrative Plan.

B.2. HCV Selection & Admission Policies

The HCV local preferences for admission are established under Section 17-2031-25, HAR. The current HCV local preferences include:

- Families who experienced homelessness within the twelve months preceding application for the program.

The HPHA's HCV Program also allows for the immediate award of a voucher to families with special preferences. A special preference is given to:

- A public housing family is involuntarily displaced for reasons such as for relocation due to modernization activity, or based on an emergency where conditions of the public housing dwelling unit, building, or project pose an immediate, verifiable threat to life, health or safety of the family, and the family cannot be relocated to another public housing unit in the same program, meeting their needs;
- A public housing family was approved for a transfer as a reasonable accommodation to a dwelling unit with special accessibility features, but the HPHA does not have an appropriate dwelling unit within its inventory that meets the family's needs, and the family has waited over one year;
- A public housing family includes one or more members who are victims of domestic violence, dating violence, sexual assault, stalking, reprisal, or a hate crime and who cannot be transferred safely to another public housing unit;
- A public housing family is under-housed, and the HPHA does not have an appropriately sized public housing dwelling unit currently available or within its inventory; and
- A family that was previously issued a Special Purpose Voucher and experienced a loss of rental assistance because of insufficient funding or a previously eligible family member exceeded the maximum allowable age under the applicable special purpose voucher.

Additional information on the HPHA's HCV selection and admission process can be found in Chapter 4 of the Administrative Plan.

B.3. HCV Occupancy Policies

The HCV Program's occupancy policies are established under Section 17-2031-8, HAR. When determining the appropriate family unit voucher size. The HPHA assigns one bedroom for each two persons within a household except in the following circumstances:

- Persons of the opposite sex (other than spouses and/or significant others) will be allocated separate bedrooms; and
- Live-in aides will be allocated a separate bedroom.

The HPHA utilizes the following occupancy guidelines when determining the appropriate voucher size for a family:

Voucher Size	Persons in Household (Minimum – Maximum)
0 Bedroom, Studio	1 – 1
1 Bedroom	1* - 2
2 Bedrooms	2 – 4
3 Bedrooms	3 – 6
4 Bedrooms	4 – 8
5 Bedrooms	6 - 10

*Single person families are allocated a one-bedroom voucher only when there are no 0 bedroom/studio bedroom dwellings available in an area.

All HCV-assisted units must meet HQS/NSPIRE standards and adhere to the prevailing county's building code.

Additional information on the HCV program's occupancy standards can be found in Chapter 5, Part II of the Administrative Plan.

C. Public Housing Program Policies

In accordance with 24 CFR §903.7(b), this section briefly describes the HPHA's policies governing tenant eligibility, selection, admission, and occupancy for public housing. The requirements listed under 24 CFR §903.7(2)(v) do not apply because the HPHA does not administer any site-based waiting lists.

C.1. Public Housing Eligibility Policies

The HPHA's public housing tenant eligibility policies are established under Section 17-2028-22, HAR. The HPHA requires that an applicant family meet the following eligibility criteria:

- Meet the definition of a family as set forth in Section 17-2028-2, HAR;
- Be within the appropriate income limits;
- Not have any outstanding debt owed to the HPHA;
- Not have been previously terminated from any other program operated by the HPHA for reasons of drug-related, criminal, or violent behavior;
- Be a citizen or non-citizen with eligible immigration status; and
- Furnish and verify valid Social Security numbers for all members who claim eligible immigration or citizenship status.

Additional information on the public housing eligibility requirements can be found in Chapter 2 of the Admissions and Continued Occupancy Policy (ACOP).

C.2. Public Housing Selection & Admission Policies

The public housing local preferences for admission are established under Section 17-2028-34, HAR. Each of the following local preference categories is weighted equally:

- Families who are involuntarily displaced;
- Victims of domestic violence who are participating in a program with case management through a domestic violence shelter, program, or clearinghouse; or
- Homeless persons who are participating in a federally or state funded homeless transitional shelter or program, and who are in compliance with a social service plan.

Single applicants who are elderly, disabled, or displaced are given preference over all other single applicants, regardless of the other single applicant's local preference.

The HPHA maintains fourteen geographical waiting lists which are community wide in scope and consist of all eligible applicants. The geographical waiting lists are grouped by county: City & County of Honolulu (4), County of Hawaii (6), County of Maui (2), and County of Kauai (2).

Once admission preferences are applied, families are selected from a waiting list by a randomly assigned lottery number.

Additional information on the public housing selection and admission process can be found in Chapter 4 of the ACOP.

C.3. Public Housing Occupancy Policies

The public housing occupancy policies are established under Sections 17-2028-5 and 17-2028-6, HAR.

The HPHA does not determine who shares a bedroom but requires that there be at least one person per bedroom. All determinations of unit size are made in a manner consistent with Fair Housing guidelines. One bedroom is generally assigned for every two family members. The HPHA considers factors such as family characteristics (e.g., members' sex, age, relationship), number of bedrooms, size of sleeping areas, and the overall size of the unit. Consideration is also given for medical reasons and the presence of a live-in aide.

The HPHA utilizes the following occupancy guidelines when determining the appropriate dwelling unit size for a family:

Unit Size	Persons in Household (Minimum – Maximum)
0 Bedroom, Studio	1 – 1
1 Bedroom	1 - 2
2 Bedrooms	2 – 4
3 Bedrooms	3 – 6
4 Bedrooms	4 – 8
5 Bedrooms	6 - 10

The HPHA has dwelling units designed for persons with mobility, sight, and hearing impairments. These dwelling units were designed and constructed specifically to meet the needs of persons requiring the use of wheelchairs or other accessibility modifications.

Priority for occupancy is given to families with disabled members who require the accessibility features provided in the units. No non-mobility-impaired families are offered these units until all eligible mobility impaired applicants have been considered. All non-mobility-impaired families who are offered an accessible unit must accept a transfer to a non-accessible unit at a later date if a person with a mobility impairment requires the unit.

For additional information on the public housing program's occupancy policies, please see in Chapter 5 of the ACOP.

Plan Element II: Recent Revision(s)

<u>B. HCV Program Policies</u>

<u>B.2. HCV Selection & Admission Policies</u>

☒ The HPHA amended Chapter 17-2031, HAR, and the Administrative Plan to simplify the local preferences policy. The HPHA eliminated the use of "priority groups" and kept one local preference for families experiencing or at risk of homelessness. (Added in FY 25, Completed in FY 25)

☒ The HPHA amended Chapter 17-2031, HAR, and the Administrative Plan to establish the special preferences policy in the HCV Program. (Added in FY 25, Completed in FY 25)

<u>B.3. HCV Occupancy Policies</u>

☒ The HPHA amended Chapter 17-2031, HAR, and the Administrative Plan to permit biennial reexaminations for HCV families (MTW Activity 3.b.). (Added in FY 25, Completed in FY 25)

Plan Element II: Proposed Revision(s)

<u>B. HCV Program Policies</u>

<u>B.1. HCV Eligibility Policies</u>

☐ Amend Chapter 17-2031, HAR, and the Administrative Plan to require applicants with a criminal history to include their latest conviction date or arrest date.

☐ Amend Chapter 17-2031, HAR, and the Administrative Plan to clarify that the HPHA will send all termination letters via certified mail. (Added in FY 26)

B.2. HCV Selection & Admission Policies

☐ Regarding the HCV Program's local preference for persons experiencing homelessness, amend Chapter 17-2031, HAR, and the Administrative Plan to:

- Establish the definition of "homelessness" as the lack of a fixed, regular, and adequate nighttime residence (i.e., having a primary nighttime residence that is a supervised public or private shelter providing temporary accommodations, including welfare hotels, congregate shelters, non-congregate shelters, and transitional housing, or an institution providing temporary residence for individuals intended to be institutionalized, or a public or private place not ordinarily used as a sleeping accommodation for human beings); and
- Revise the local preference to include persons who are experiencing or who have experienced homelessness within the twelve months preceding the application date, and who are in compliance with a housing or service plan as certified by (1) a case manager or other employee of a social services provider or nonprofit organization which receives federal or State funding, or (2) a State or county agency which administers social services programs. (Added in FY 25, Revised in FY 26)

☐ Amend Chapter 17-2031, HAR, and Chapter 17 of the Administrative Plan to:

- Indicate that an owner-maintained waiting list will be utilized for PBV- and/or RAD PBV-assisted units at the Towers at Kuhio Park;
- Adopt approval policies and oversight procedures for owner-maintained waiting lists for PBV projects as required under 24 C.F.R. 983.251(c)(7); and
- Incorporate any owner-submitted waiting list management policies upon approval by the HPHA. (Added in FY 26)

B.3. HCV Occupancy Policies

☐ Amend §17-2031-33, HAR, and 11-II.B. of the Administrative Plan to adopt a policy regarding adult family members who leave or are removed from a household only to request to rejoin the household at a later date. In such cases, the HPHA shall prohibit the adult from rejoining the household. If determined necessary as a reasonable accommodation, the adult may rejoin the household as a live-in aide. (Revised in FY 26)

☐ Amend Chapter 17-2031, HAR, and the Administrative Plan to prohibit all adult additions to a household except for:

- The spouse or domestic partner of an adult household member; or
- The elderly and/or disabled parent of a household member. (Added in FY 26)

☐ Amend Chapter 17-2031, HAR, and Chapter 17 of the Administrative Plan to:

- Clarify that the HPHA shall manage separate waiting lists for each PBV-assisted project;
- Specify that families on the tenant-based waiting list shall be offered the opportunity to be placed on the waiting list for PBV assistance;
- Specify that the HPHA may use the tenant-based waiting list to fill a vacant PBV-assisted dwelling unit if there are no families on the associated PBV waiting list for whom it would be appropriate to house in the vacant unit; and

- Adopt Part X of Chapter 17 of the Administrative Plan regarding the Rental Assistance Demonstration Program as its own Chapter. (Added in FY 26)

☐ Adopt a policy to shorten the length of time a family can be absent from a subsidized unit from 180 days to 60 days, allowing for specific exceptions as allowed under the 24 CFR §982.312(a).

☐ Adopt a policy to prohibit an owner from keeping a Housing Assistance Payment for the remainder of the month when a family moves out of the unit. Under this policy, Housing Assistance Payments will end the date the family vacated the unit, as determined by the HPHA. Additionally, any amount overpaid to the owner must be returned to the HPHA.

☐ Amend Chapter 17-2031, HAR, and the Administrative Plan to include various discretionary policies regarding Special Purpose Vouchers (SPV), including conversion of an SPV to a tenant-based HCV when a qualifying household member no longer needs or qualifies for the SPV. (Revised in FY 26)

☐ Amend Chapter 17-2031, HAR, and the Administrative Plan to implement Hawaii Revised Statutes §356D-13.5. Under this amendment, the HPHA would allow only the original household members at the time of voucher issuance to retain the voucher when other members of the family leave the unit. The voucher would also be automatically returned to the HPHA once all original household members are no longer in the household. The HPHA would provide an exception for families where the original parents in the household are survived by minors who were subsequently added to the household, until the youngest minor reaches the age of 21 years or reaches the age of 23 if the youngest minor is a full-time student at a business school, technical school, college, community college, or university.

☐ Amend Chapter 17-2031, HAR, and the Administrative Plan to state that when a family's composition is reduced, except for instances in which the reduction is due to fraud, misinformation, or inaccurate documentation, a voucher correction will occur at the end of the lease or the next recertification, whichever comes first. (Revised in FY 25)

C. Public Housing Program Policies

C.2. Public Housing Selection & Admission Policies

☐ Amend Chapter 17-2028, HAR, and the ACOP to align the local preference policy with Act 99, Session Laws of Hawaii 2023, which repealed the percentage requirements related to the admission of applicants with or without preferences into federal and state low-income public housing projects. (Added in FY 25)

☐ Amend §17-2028-34(c), HAR, to remove the following preference from the public housing program's selection and admission policy: "A single applicant who is elderly, disabled, or displaced shall be given preference over all other single applicants, regardless of the other single applicant's local preference."

☐ Amend §17-2028-39(d)(4), HAR, to eliminate as an example of "good cause" refusal of a dwelling unit offer the existence of a rental agreement that cannot be breached without causing undue financial hardship, as verified by an applicant's current landlord, and "the applicant's acceptance of the offer would result in undue hardship not related to consideration of race, color, national origin, or language and the applicant presents evidence which substantiates this to the authority's satisfaction."

C.3. Public Housing Occupancy Policies

☐ Adopt biennial recertifications for public housing families. The HPHA received MTW Waiver 3.a. as part of its MTW Supplement for FY 25. (Added in FY 25)

☐ Adopt a policy to not renew a lease agreement if a family or family member remains non-compliant with the Community Service and Self-Sufficiency Requirements after entering into a 12-month written agreement with the Authority to cure such noncompliance. (Revised in FY 25)

☐ Create a "schedule of charges" policy by having the maintenance work-order system record the actual cost of materials and time spent by maintenance workers to charge tenants the actual cost of intentional, careless, or negligent damages beyond normal wear and tear.

Plan Element III: Financial Resources

A statement of financial resources, including a listing by general categories, of the PHA's anticipated resources, such as PHA operating, capital and other anticipated Federal resources available to the PHA, as well as tenant rents and other income available to support public housing or tenant-based assistance. The statement also should include the non-Federal sources of funds supporting each Federal program, and state the planned use for the resources. (24 CFR §903.7(c))

	Sources	Anticipated Financial Resources for HPHA FY 26	Planned Uses
Federal Grants	Public Housing Operating Fund*	$36,190,000	Operations and maintenance of public housing
Federal Grants	Public Housing Capital Fund*	$15,347,000	Capital repairs, management improvements, operations, administrative costs
Federal Grants	Section 8 Tenant-Based Assistance*	$67,127,000	Housing Assistance Payments and Administrative costs
Federal Grants	Family Self Sufficiency Program	$90,000	FSS Coordinator expenses
	Public Housing Dwelling Rental Income	$25,389,000	Operations and maintenance of public housing
	State Capital Improvement Program	$25,800,000	Capital repairs and associated administrative costs
	State General Fund	$17,525,000	Operations, State Rent Supplement Program, maintenance, security, and vacant unit turnaround of public housing
	Total Resources for Public Housing or Tenant-Based Assistance	**$187,468,000**	*MTW funding fungibility applies (i.e., collectively referred to as "MTW Funds").
	Other Project-Based Resources: Performance Based Contract Administration	$50,292,000	PBCA payments to landlords; administrative costs
	Public Housing Non-Rental Income – including	$386,000	Management improvements, operations for site location

Rooftop Lease Agreements	

Plan Element IV: Rent Determination

A statement of the policies of the PHA governing rents charged for public housing and HCV dwelling units, including applicable public housing flat rents, minimum rents, voucher family rent contributions, and payment standard policies. (24 CFR §903.7(d))

A. HCV Rent Determination Policies

The HPHA reviews and adjusts its payment standards with each HUD update to the Small Area Fair Market Rents (SAFMR). To establish its payment standards, all the zip codes for the island of Oahu are grouped into 9 different tiers. All zip codes within a particular tier share the same payment standards. As an approved MTW activity under MTW Waiver 2.a., the HPHA may set its payment standard between 90% to 120% of the applicable SAFMR. Other factors the HPHA considers when establishing each tier and their payment standard amounts include the configuration of existing neighborhoods, unit availability, rent burden, access to low-poverty areas, potential budget impacts, and the complexity of implementation.

Whenever a dwelling unit is identified by a voucher holder, the HPHA will perform a test of rent reasonableness on the unit to ensure the rent charged is reasonable and comparable to those of similar unassisted units on the marketplace.

Payment Standards Based on SAFMR
Effective January 1, 2025

Tier	ZIP Code	0BD	1BD	2BD	3BD	4BD	5BD	6BD	7BD	8BD
1	96825	$2,830	$3,080	$4,030	$5,650	$6,770	$7,786	$8,801	$9,817	$10,832
2	96734 96821 96818	$2,530	$2,750	$3,603	$5,050	$6,050	$6,958	$7,865	$8,773	$9,680
3	96706 96707 96815 96762	$2,210	$2,403	$3,145	$4,405	$5,283	$6,075	$6,867	$7,660	$8,452
4	96786 96791	$2,120	$2,300	$3,015	$4,225	$5,060	$5,819	$6,578	$7,337	$8,096
5	96759 96744 96717 96782	$1,975	$2,147	$2,812	$3,942	$4,720	$5,428	$6,136	$6,844	$7,552

	96814 96789									
6	96712 96701 96822 96816 96826	$1,796	$1,950	$2,556	$3,582	$4,292	$4,936	$5,580	$6,223	$6,867
7	96797 96731 96813	$1,670	$1,817	$2,380	$3,337	$3,997	$4,596	$5,196	$5,795	$6,395
8	96792 96819	$1,640	$1,780	$2,330	$3,265	$3,910	$4,497	$5,083	$5,670	$6,256
9	96817 96730 96795	$1,480	$1,610	$2,107	$2,950	$3,540	$4,071	$4,602	$5,133	$5,664

Income and Total Tenant Payment (TTP) are calculated in accordance with 24 CFR Part 5, Subpart F. The TTP is the greatest of the following amounts:

- 30% of the family's monthly adjusted income;
- 10% of the family's gross monthly income; or
- The minimum rent of $0.

Financial hardship rules do not apply because the HPHA established a minimum rent of $0. The HPHA does not apply a welfare rent policy.

For more information on calculating the family share of rent, please see Chapter 6 of the Administrative Plan. For more information on the rent reasonableness procedures, please see Chapter 8 of the Administrative Plan. For more information on the HPHA's regular and interim reexaminations policies, please see Chapter 12 of the Administrative Plan. For more information on the HPHA's payment standards policies, please see Chapter 16 of the Administrative Plan.

B. Public Housing Rent Determination Policies

Income and TTP for all public housing families are calculated in accordance with 24 CFR Part 5, Subpart F. Tenants may choose to pay either:

- **Income-based rent**: The income-based rent is based on a tenant's income and the HPHA's rent policies for determining such rents. Under an income-based rent, the monthly rental rate may be adjusted after the tenant's reexamination, when the tenant's family composition changes, or if a verification of income causes a change in rent. If the tenant chooses to pay an income-based rent, the TTP shall be set at the greatest of:
    - 30% of the family's adjusted monthly income;
    - 10% of the family's monthly income; or

- The minimum rent of $50.

OR

- **Flat rent**: The flat rent is based on the market rent charged for comparable units in the private unassisted rental market. It is equal to the estimated rent for which the HPHA could promptly rent the dwelling unit after preparation for occupancy (i.e., fair market rents as determined by HUD). Under this choice, there will be no rent adjustments unless due to financial hardship the tenant may choose to be switched to an income-based rent. The tenant may only choose a flat rent at regular reexamination.

The HPHA will grant a tenant an exemption from payment of minimum rent because of a financial hardship attributable to:

- A loss of eligibility or a pending eligibility determination for a federal, state, or local assistance program, except when the loss of eligibility is a result of sanctions imposed by the welfare agency for noncompliance with program requirements or fraud in connection with the program;
- The tenant would be evicted because they are unable to pay the minimum rent, except when the inability to pay the minimum rent is a result of sanctions imposed by the welfare agency for noncompliance with program requirements or fraud in connection with the program;
- The family's income has decreased because of changed circumstances, including the loss of employment;
- A death in the family; or
- Other circumstances as determined by the HPHA or HUD.

The HPHA will suspend the minimum rent requirement beginning the month following a family's request for a hardship exemption, until it determines whether there is a qualifying hardship and whether the hardship is temporary or long-term:

- If the HPHA determines that qualifying hardship is temporary, it will reinstate the minimum rent from the beginning of the suspension of the minimum rent 90 days after receiving the exemption request. A reasonable payment arrangement will be offered to ensure payment in full of any back charges.
- If the HPHA determines a qualifying hardship is long-term, the family will be exempt from minimum rent requirements if the hardship continues. The extension will apply from the beginning of the month following the family's request for a hardship exemption until the end of the hardship.
- If the HPHA determines there is no qualifying hardship, it will reinstate the minimum rent, including ack rent owed from the beginning of the suspension. The tenant would be responsible for back charges within 90 days of the date of notification that no qualifying hardship was found.

For more information regarding the HPHA's public housing rent determination policies, please see Chapter 6 of the HPHA's ACOP.

The over-income limits are found in Chapter 11 of the ACOP and updated on an annual basis, in accordance with Notices PIH 2019-11 and PIH 2023-03.

Plan Element IV: Recent Revision(s)

A. HCV Rent Determination Policies

☒ The HPHA received HUD approval of MTW Waiver 2.a. to allow for the setting the payment standard for a zip code between 90% to 120% of the SAFMR. (Added in FY 25)

☒ The HPHA collaborated with the City Department of Community Services, Community Assistance Division, which operates the HCV Program for the City and County of Honolulu, to create matching payment standard schedules for CY 2025. The matching schedules are meant to (1) eliminate confusion among landlords and tenants regarding differing payment standard amounts for vouchers which serve the same zip codes, and (2) prevent landlords from shifting participation to whichever agency has the higher payment standard amounts. (Added in FY 26)

Plan Element IV: Proposed Revision(s)

A. HCV Rent Determination Policies

☐ Adopt policies to clarify how the HPHA will manage two assisted households who share equal custody of a minor (e.g., determining which household the minor's unearned income will be associated with, determining appropriate unit sizes, determining eligible deductions). (Revised in FY 26)

☐ Update the policy for determining the value of a checking account to be consistent with the policy for determining the value of a savings account (i.e., the HPHA will use the current account balance). The purpose of this proposal is to reduce administrative burden.

☐ Update the Administrative Plan to change the minimum rent amount from $0 to $50. The purpose of this proposal is to align the Administrative Plan with the more recently updated Chapter 17-2031 which sets the minimum rent amount at $50.

☐ Adopt a policy to hold harmless a family in an affected payment standard tier for the difference in gross rent if there is a drop in the tier's payment standard resulting in the gross rent exceeding the payment standard.

☐ Adopt discretionary and non-discretionary policies set forth under Sections 102 and 104 of the Housing Through Modernization Act of 2016 (HOTMA) by the compliance deadline to be specified by HUD. (Added in FY 25, Revised in FY 26)

☐ Amend the rent reasonableness procedures described in Chapter 8 of the Administrative Plan as follows:

- Specify that the HPHA may use market rental data collected by the RentWatch software through AffordableHousing.com when performing rent reasonableness determinations;
- Specify that the asking rent of a subject unit proposed for HCV assistance will be compared to the asking rents of comparable units in the same market area, subject to any adjustments made due to differing comparability factors (e.g., square footage, amenities, maintenance services, etc.);
- Remove the requirement that two of the unassisted, comparable units have gross rents greater than that of the subject unit;
- Remove the requirement that one of the unassisted, comparable units have a gross rent lesser than that of the subject unit;
- Specify that the HPHA will generally search for comparable units within a one-half mile radius of the subject property. If there are no comparable units within the one-half mile radius, the HPHA may select for units within a one-mile radius or greater if it determines that such units are in a neighborhood that is essentially similar;
- Specify that the asking rent of the subject unit will be considered reasonable if it is less than or equal to the average of the adjusted asking rents of the comparable units; and
- Require that the owner of the subject unit submit a request to redetermine the reasonable rent amount within ten calendar days following notification that the proposed contract rent is unreasonable. The owner may provide information on no more than three other comparable units. The owner must provide this information within five calendar days of the HPHA's request for such information or the owner's request to contest the determination. If the HPHA determines the owner-provided information is accurate, the HPHA will include the owner-provided information in its calculation of the reasonable rent amount. (Added in FY 26)

☐ Adopt streamlined income determinations for family members with a fixed source of income as described in Attachment D of Notice PIH 2016-05 (HA). (Added in FY 26)

B. Public Housing Rent Determination Policies

☐ Adopt rules to clarify how rent calculations are to be performed when a tenant enters public housing by way of a citizen sponsorship. If the tenant does not have any source of income, their rent amount will be calculated using the income of their sponsor.

☐ Adopt discretionary and non-discretionary policies set forth under Sections 102 and 104 of HOTMA by the compliance deadline to be specified by HUD. (Added in FY 25, Revised in FY 26)

Plan Element V: Operation and Management

A statement of the rules, standards, and policies of the PHA governing maintenance and management of housing owned, assisted, or operated by the public housing agency (which shall include measures necessary for the prevention or eradication of pest infestation, including cockroaches), and management of the PHA and programs of the PHA. (24 CFR §903.7(e))

A. Maintenance and Management Policies

In accordance with 24 CFR §903.7(e)(1), this section lists the rules, standards, and polices governing the management of housing owned, assisted, or operated by the HPHA.

The rules, standards, and policies governing the maintenance and management of housing assisted under the Federal Low-Income Public Housing Program are set forth in:

- Parts I, II, and IV of Chapter 356D, Hawaii Revised Statutes;
- Chapter 17-2028, Hawaii Administrative Rules, "Federally Assisted Public Housing Projects";
- The Admission and Continued Occupancy Policy; and
- The PMMSB Maintenance Policies and Procedures Manual.

The rules, standards, and policies governing the maintenance and management of housing assisted through the Project-Based Voucher Program and Rental Assistance Demonstration Program include:

- Part I of Chapter 356D, Hawaii Revised Statues;
- Chapter 17-2033, Hawaii Administrative Rules, "Section 8 – Housing Choice Voucher and Project-Based Voucher Program"; and
- The Administrative Plan.

B. Pest Management

In accordance with 24 CFR §903.7(e)(2), this section provides a brief description of the HPHA's standard procedures for preventing and eradicating pest infestations in public housing.

The HPHA practices integrated pest management strategies at all public housing properties as recommended in Notice PIH 2007-12 and the HUD Public Housing Maintenance Guidebook VII. The HPHA makes every effort to provide public housing residents with pest-free living environments.

Upon discovery or notification of a pest infestation, HPHA staff will identify the type of pest and determine the scope of the problem. A management office or maintenance staff person will respond to tenant complaints within 24 hours to schedule an inspection. Inspections are scheduled as soon as possible. After an inspection of a reported pest infestation, the HPHA will put a treatment plan in place for the affected unit(s). The project management office may utilize a pest control contractor depending on the scope of the problem.

The HPHA considers the following factors when evaluating and determining the necessary control measures:

- Extent of the problem;
- Available treatments, both natural and chemical;
- Previous treatment efforts;
- Costs of treatment;
- Time involved in treatment; and
- Risks to residents, structures, and grounds.

Resident cooperation is also essential to managing and preventing pest infestations. All public housing residents are made aware of the HPHA's pest control policies upon admission into the program. Regular reminders are also sent through the monthly rent inserts about recommended housekeeping practices (e.g., store food in tight containers in the refrigerator; spills should be wiped up; avoid stacks of newspapers, boxes, etc. which can provide food and shelter for rodents and cockroaches).

Housekeeping practices that result in providing food, shelter, or breeding grounds for pest of any nature must be brought to the attention of a project's management office upon observation by HPHA staff. Tenants whose housekeeping practices include excessive stacked or stored materials, dirty dishes and dirty kitchen cabinets or appliances, or food particles on floors will be advised that their dwelling units may require additional inspections. If such condition(s) are not corrected after multiple inspections, a tenant is at risk of violating their rental agreement. Preventing access to a dwelling unit for a pest inspection also constitutes a rental agreement violation.

C. Management Organization and Programs Administered

In accordance with 24 CFR §903.7(e)(3) and (4), this section briefly describes the management organization of the HPHA and includes a list of all federally and state funded services and programs administered by the agency.

C.1. HPHA Organizational Chart

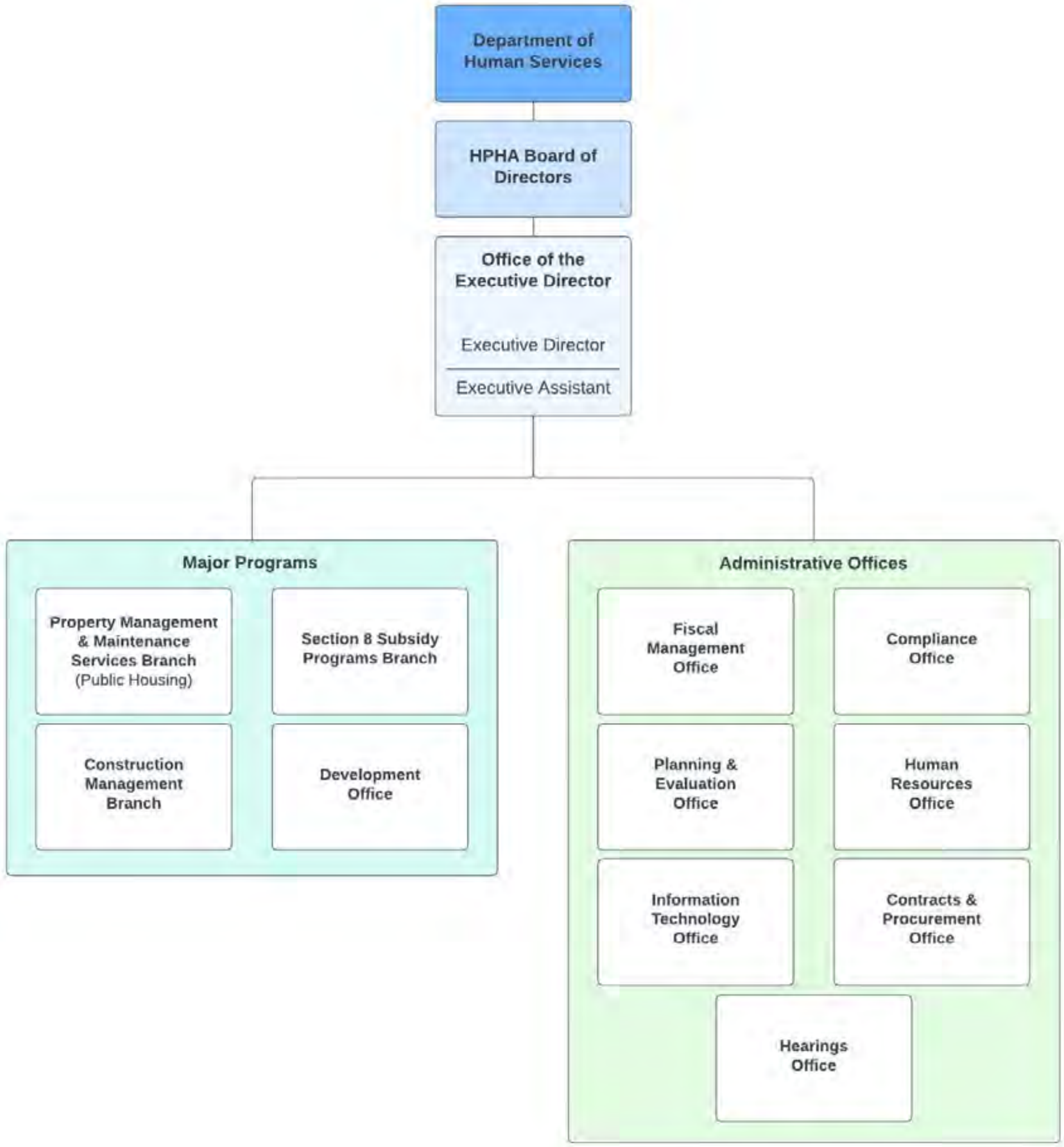
The HPHA is administratively attached to the Hawaii Department of Human Services. It is governed by an eleven-member Board of Directors which sets forth the policies and direction for the agency as well as approves its programs and actions. The HPHA is comprised of the Office of the Executive Director, which provides for the overall administration and management of agency functions, as well as four major program branches and seven administrative offices.

Property Management and Maintenance Services Branch Major Programs
• Federal Low-Income Public Housing • State Low-Income Public Housing

Section 8 Subsidy Programs Branch Major Programs

• Tenant-Based Voucher (TBV) Programs, including:
    • Housing Choice Vouchers (HCV)
    • Non-Elderly Disabled (NED) Vouchers
    • Veterans Affairs Supportive Housing (VASH) Vouchers
    • Foster Youth Initiative (FYI) Vouchers

- Emergency Housing Vouchers (EHV)
- Project-Based Voucher (PBV) Program
- State Rent Supplement Program (RSP)
- Family Self-Sufficiency (FSS) Program
- Landlord Incentive Program



Plan Element V: Recent Revision(s)

N/A.

Plan Element V: Proposed Revision(s)

N/A.

Plan Element VI: Grievance Procedures

A description of the grievance and informal hearing and review procedures that the PHA makes available to its residents and applicants. (24 CFR §903.7(f))

In accordance with 24 CFR §903.7(f), the sections below provide a description of the public housing program's grievance procedures and the HCV program's informal review and hearing procedures. Tenants and applicants may avail themselves of these procedures if the HPHA's action or inaction in any way causes them to be adversely affected in a discriminatory way. For more information on these procedures, please refer to Chapters 17-2021 and 17-2028, HAR; Chapter 13 of the ACOP; and Chapter 16 of the Administrative Plan.

A. Public Housing Grievance Procedures

The Public Housing Grievance Procedures apply to all individual grievances except any grievance concerning a termination of tenancy or eviction that involves:

- Any activity that threatens the health, safety, or right to peaceful enjoyment of the premises of other tenants or HPHA staff; or
- Any drug-related criminal activity.

Grievances may be presented orally or in writing to the HPHA's main administrative office or the Property Management and Maintenance Services Branch. Written grievances must be signed by the complainant. The grievance must be presented within a reasonable time not past the first working day after the day of the action or failure to act which is the basis for the grievance. The grievance may be simply stated, but shall specify:

- The grounds upon which it is based;
- The action requested; and
- The name address and telephone number of the complainant, and similar information about the complainant's representative, if any.

An informal conference shall be held to discuss and attempt to resolve the grievance without the necessity of a formal hearing. Within seven (7) business days after the informal conference, a summary of the discussion will be given to the complainant by an HPHA representative. If the complainant is dissatisfied with the proposed disposition of the informal conference, they may submit a written request for a grievance hearing within 15 business days of receipt of the summary.

The grievance hearing shall be conducted by an impartial person or persons appointed by the HPHA other than the person who's action or inaction is under review, or a subordinate of such person. The grievance hearing shall be scheduled by the hearing officer within 28 business days following receipt of the hearing request and at a time and place reasonably convenient to the complainant and the HPHA.

The complainant shall be afforded a fair hearing and shall be provided the basic safeguards of due process, including:

- The opportunity to examine and to copy before the hearing, at the expense of the complainant, all documents, records, and regulations of the HPHA that are relevant to the hearing with at least a 24-hour notice to the legal department prior to the hearing. Any document not so made available after request by the complainant may not be relied upon by the HPHA at the hearing.
- The HPHA shall also have an opportunity to examine and to copy, at the expense of the HPHA, all documents, records, and statements that the family plans to submit during the hearing to refute the HPHA's action or inaction. Any documents not so made available to the HPHA may not be relied upon by the complainant at the hearing.
- The right to a private hearing unless otherwise requested by the complainant.

- The right to be represented by counsel or another person chosen as a representative.
- The right to present evidence and arguments in support of the complaint, to controvert evidence presented by the HPHA, and to confront and cross-examine all witnesses upon whose testimony or information the HPHA relies, limited to the issues for which the complainant has received the opportunity for a formal hearing.
- The right to a decision based solely and exclusively upon the facts presented at the hearing.

If the hearing officer determines that the issue has been previously decided in another proceeding, a decision may be rendered without proceeding with the hearing.

If the complainant or HPHA fail to appear at the scheduled hearing, the hearing officer may decide that the party has waived their right to a hearing. Such a determination will in no way waive the complainant's right to appropriate judicial proceedings in another forum.

At the hearing, the complainant must first make a showing of an entitlement to the relief sought and thereafter the HPHA must sustain the burden of justifying the HPHA action or failure to act against which the complaint is directed. The hearing shall be conducted by the hearing officer as follows:

- Informal: Oral and documentary evidence pertinent to the facts and issues raised by the complaint may be received without regard to admissibility under the rules of evidence applicable to judicial proceedings;

<u>OR</u>

- Formal: The hearing officer shall require the PHA, complainant, counsel, and other participants and spectators to conduct themselves in an orderly manner. The failure to comply with the directions of the hearing officer to maintain order will result in the exclusion from the proceedings, or a decision adverse to the interests of the disorderly party and granting or denial of the relief sought, as appropriate.

The HPHA may arrange, in advance, and at the expense of the party making the arrangement, for a transcript of the hearing. Any interested party may purchase a copy of such transcript.

The hearing officer shall give the HPHA and the complainant a written decision, including the reasons for the decision, within a reasonable time following the hearing. The HPHA will place one copy in the tenant's files. The written decision will be sent to the tenant address provided at the hearing. The decision of the hearing officer shall be binding on the HPHA which shall take all actions necessary to carry out the decision unless the complainant files for a judicial review or trial in Circuit Court.

B. HCV Informal Review and Hearing Procedures

B.1. Informal Review Procedures

The HPHA provides applicants who are denied admission to the HCV Program the opportunity for an informal review. When the HPHA determines that an applicant is ineligible for the Program, the applicant is notified of their ineligibility in writing. The notice shall contain:
- A brief statement describing the reason(s) for the HPHA's decision;
- The procedure for requesting an informal review if the applicant does not agree with the decision; and
- The deadline to request an informal review.

The HPHA is not required to provide an informal review for any of the following reasons:
- Discretionary administrative determinations by the HPHA;
- General policy issues or class grievances;
- A determination of the family unit size under the HPHA subsidy standards;
- A determination not to grant approval of the tenancy;
- Determination that the unit is not in compliance with HQS/NSPIRE; or
- Determination that the unit is not in accordance with HQS/NSPIRE due to the family size or composition.

A request for an informal review must be made in writing and delivered to the HPHA either in person or by first class mail, by the close of the business day, no later than 10 business days from the date of the denial of assistance. The HPHA will schedule and send a written notice of the informal review within 10 business days of the family's request.

The informal review may be conducted by any person or persons designated by the HPHA other than the person who made or approved the denial of admission or a subordinate of this person. At the informal review, the applicant will be given the opportunity to provide written or oral objections to the HPHA's decision. The HPHA will inform the applicant, in writing, of the final decision within 10 days after the informal review, including a statement of the reason(s) for the final decision.

B.2. Informal Hearing Procedures

The HPHA gives participant families the opportunity for an informal hearing to consider whether any of the following decisions conflict with Program rules and regulations:

- A determination of the family's annual or adjusted income and the use of such income to compute the Housing Assistance Payment;
- A determination of the appropriate utility allowance (if any) used for tenant-paid utilities from the HPHA's utility allowance schedule;
- A determination of the family unit size under the HPHA's subsidy standards;
- A determination that a certificate program family is residing in a unit with a larger number of bedrooms than appropriate for the family unit size under the HPHA's subsidy standards, or the HPHA's determination to deny the family's request for an exception from the standards;
- A determination to terminate assistance for a participant family because of the family's failure to act;
- A determination to terminate assistance because the participant family has been absent from the assisted unit for longer than the maximum period permitted under HPHA and HUD rules;
- A determination to terminate a family's FSS contract, withhold supportive services, or propose forfeiture of the family's escrow account; or
- A determination to deny admission based on an unfavorable history that may be the result of domestic violence, dating violence, or stalking.

The HPHA is not required to provide a participant family an opportunity for an informal hearing for any of the following reasons:

- Discretionary administrative determinations by the HPHA;
- General policy issues or class grievances;
- Establishment of the HPHA schedule of utility allowances for families in the program
- A determination not to approve an extension or suspension of a voucher term;
- A determination not to approve a unit or tenancy;
- A determination that unit selected by the applicant is not in compliance with HQS or NSPIRE standards;
- A determination that the unit is not in accordance with HQS or NSPIRE standards because of family size; or
- A determination by the HPHA to exercise or not to exercise any right or remedy against an owner under a HAP contract.

In cases where the family makes a decision and an informal hearing must be offered, the notice to the family will include all of the following information:

- The proposed action or decision of the HPHA;
- A brief statement of the reasons for the decision including the regulatory reference;
- The date the proposed action will take place;
- A statement of the family's right to an explanation of the basis for the HPHA's decision;
- A statement that if the family does not agree with the decision the family may request an informal hearing of the decision;
- A deadline for the family to request the informal hearing;

- To whom the hearing request should be addressed; and
- A copy of the HPHA's informal hearing procedures

A request for an informal hearing must be made in writing and delivered to the HPHA either in person or by first class mail, by the close of the business day, no later than 10 business days from the date of the HPHA's decision or notice to terminate assistance.

The HPHA must schedule and send written notice of the informal hearing to the family within 10 business days of the family's request.

The family may request to reschedule an informal hearing for good cause, or if it is needed as a reasonable accommodation for a person with disabilities. Good cause is defined as an unavoidable conflict which seriously affects the health, safety, or welfare of the family. Requests to reschedule a hearing must be made orally or in writing prior to the hearing date. At its discretion, the HPHA may request documentation of the "good cause" prior to rescheduling the hearing.

If the family does not appear at the scheduled time and was unable to reschedule the hearing in advance due to the nature of the conflict, the family must contact the HPHA within 24 hours of the scheduled hearing date, excluding weekends and holidays. The HPHA will reschedule the hearing only if the family can show good cause for the failure to appear, or if it is needed as a reasonable accommodation for a person with disabilities.

Informal hearings will be conducted by a person, or persons approved by the HPHA, other than the person who made or approved the decision under review or a subordinate of the person who made or approved the decision. The HPHA has designated the supervisor of the Rent Subsidy Section, and if unavailable, the Section 8 Subsidy Programs Branch Chief or its designee to serve as hearing officers.

During the informal hearing, the participant family has the right to:
- Present written or oral objections to the HPHA's determination;
- Examine the documents in the file which are directly relevant to the basis of the HPHA's action, and all documents submitted to the hearing officer;
- Copy any relevant documents at their expense;
- Present any information or witnesses pertinent to the issue of the informal hearing;
- Request that HPHA staff be available to present at the informal hearing to answer questions pertinent to the case; and
- Be represented by legal counsel, advocate, or other designated representative at their own expense.

During the informal hearing, the HPHA has the right to:
- Present evidence and any information pertinent to the issue of the informal hearing;
- Be notified if the family intends to be represented by legal counsel, an advocate, or another party;
- Examine and copy any documents to be used by the family prior to the hearing;
- Have its attorney present; and
- Have staff persons and other witnesses familiar with the case present.

The informal hearing shall concern only issues for which the family received the opportunity for a hearing. Evidence presented at the hearing may be considered without regard to admissibility under the rules of evidence applicable to judicial proceedings.

The hearing officer will determine whether the action, inaction, or decision of the HPHA is in accordance with HUD regulations and HPHA policy based upon the evidence and testimony provided at the hearing. A notice of the decision will be provided, in writing, to the family and the HPHA within 10 business days of the informal hearing and shall include hearing information; a brief impartial statement of the reason(s) for the hearing; a summary of the evidence; the findings of fact; and a conclusion and determination of whether the HPHA's action is upheld or overturned. The HPHA is not bound by the hearing officer's decision which concerns a matter in which the HPHA is not required to provide an opportunity for an informal hearing, or that otherwise exceeds the authority of the person conducting the hearing; or conflicts with or contradicts HUD regulations or requirements, or otherwise contradicts federal, State, or local law.

Plan Element VI: Recent Revision(s)

N/A.

Plan Element VI: Proposed Revision(s)

N/A.

Plan Element VII. Homeownership Programs

A description of any Section 5h, Section 32, Section 8y, or HOPE I public housing or Housing Choice Voucher (HCV) homeownership programs (including project number and unit count) administered by the agency or for which the PHA has applied or will apply for approval. (24 CFR §903.7(k))

The HPHA does not operate or administer HCV homeownership programs.

Plan Element VII: Recent Revision(s)

N/A.

Plan Element VII: Proposed Revision(s)

N/A.

Plan Element VIII. Community Service and Self-Sufficiency Programs

Describe how the PHA will comply with the requirements of (24 CFR §903.7(l)). Provide a description of: 1) Any programs relating to services and amenities provided or offered to assisted families; and 2) Any policies or programs of the PHA for the enhancement of the economic and social self-sufficiency of assisted families, including programs subject to Section 3 of the Housing and Urban Development Act of 1968 (24 CFR Part 135) and FSS. (24 CFR §903.7(l))

A. Family Self-Sufficiency Program

In accordance with 24 CFR §903.7(l)(ii), this section describes and provides an update on all activities related to the Family Self-Sufficiency Program.

The HPHA's Family Self-Sufficiency Program (FSS) provides participants with education, financial literacy, job training, job search assistance, and case management. Both public housing and HCV families are eligible to participate. As part of the FSS Program, the HPHA establishes an interest-bearing escrow account for each participating family. As a family's income grows, excess funds are deposited into their escrow account. The family is eligible to receive these funds at the completion of their FSS contract.

B. Section 3 Training and Employment

In accordance with 24 CFR §903.7(l)(ii), this section describes and provides an update on all activities related to Section 3 of the Housing and Community Development Act of 1968.

The HPHA assists its contractors with achieving Section 3 labor hour goals by:

- Requiring contractors to estimate Section 3 worker hours expected to be generated from initial contracts;
- Including Section 3 language in project application, set-up, and completion forms;
- Assisting contractors in their search for potential qualified Section 3 workers that can perform the duties required under their contracts; and
- Reviewing benchmarks with contractors and subcontractors to ensure that Section 3 requirements are understood.

The HPHA also publishes a list of Section 3 job opportunities on its website.

C. Other Self-Sufficiency Programs & Services

In accordance with 24 CFR §903.7(l)(i), this section describes services and amenities coordinated, promoted, or provided by the HPHA for assisted families, including programs provided or offered as a result of its partnership with other entities.

Program Name & Description	Size (est.)	Allocation Method	Service Locations
Child & Family Services Case management and congregate activities for elderly residents to improve residents' quality of life.	380	First come, first served	Kalakaua Homes Makua Alii Paokalani Pumehana Punchbowl Homes
Mental Health Kokua Case management and supportive services for mentally disabled persons.	125	First come, first served	Kalakaua Homes Makua Alii Paokalani Punchbowl Homes Pumehana

D. Community Service and Self-Sufficiency Requirement (CSSR)

In accordance with 24 CFR §903.7(l)(iii), this section briefly describes how the HPHA is complying with the requirements of 42 U.S.C. §1437jI and (d).

The HPHA requires all public housing tenants who are of working age, unemployed, and without a disability or other qualified exemption to participate in either:

- Eight (8) hours of community service activities per month;
- Eight (8) hours of an economic self-sufficiency program per month; or
- Eight (8) hours of a combination of both per month.

All tenants are made aware of the CSSR requirement at admission into the public housing program. PMMSB also sends quarterly reminders to all participating tenants to provide documentation of community service completed during their lease period. The HPHA may consider non-compliance with the terms of the CSSR as a violation of a tenant's rental agreement.

The HPHA entered into a formal written agreement with the Hawaii Department of Human Services (DHS) on April 8, 1997, to verify tenant participation in community service activities. The HPHA's Property Management and Maintenance Services Branch (PMMSB) also maintains documentation of tenants' exempt/nonexempt status and of all community service or self-sufficiency hours logged. Documentation includes written verification by a third-party of the tenant's name, address, and the dates and hours of participation/service performed.

Eligible community service activities may include but are not limited to:

- Actively participating in a community voluntary tenant patrol;
- Assisting grounds maintenance and community beautification projects;
- Assisting with a literacy and self-esteem program in an afterschool youth program;
- Assisting in a senior center providing elderly families with information on various services such as transportation; meals, etc.;
- Assisting in a homeless shelter kitchen; or
- Volunteering at a foodbank.

Eligible self-sufficiency activities may include but are not limited to:

- Job training;
- Employment counseling;
- Work placement;
- Basic skills training; and
- Education.

Ineligible activities include but are not limited to:

- Part-time or full-time employment, including seasonal or temporary employment;
- Political activities (e.g., lobbying, campaigning, advocacy activities); or
- Any activity performed or work ordinarily performed by HPHA employees.

For more information on the public housing program's community service requirement, please see Appendix B of the ACOP.

Plan Element VIII: Recent Revision(s)

N/A.

Plan Element VIII: Proposed Revision(s)

N/A.

Plan Element IX. Safety and Crime Prevention

Describe the PHA's plan for safety and crime prevention to ensure the safety of the public housing residents. The statement must provide development-by-development or jurisdiction wide-basis: (i) A description of the need for measures to ensure the safety of public housing residents; (ii) A description of any crime prevention activities conducted or to be conducted by the PHA; and (iii) A description of the coordination between the PHA and the appropriate police precincts for carrying out crime prevention measures and activities. (24 CFR §903.7(m)) A description of: 1) Any activities, services, or programs provided or offered by an agency, either directly or in partnership with other service providers, to child or adult victims of domestic violence, dating violence, sexual assault, or stalking; 2) Any activities, services, or programs provided or offered by a PHA that helps child and adult victims of domestic violence, dating violence, sexual assault, or stalking, to obtain or maintain housing; and 3) Any activities, services, or programs provided or offered by a public housing agency to prevent domestic violence, dating violence, sexual assault, and stalking, or to enhance victim safety in assisted families. (24 CFR §903.7(m)(5)).

A. Need for Measures to Ensure Safety

In accordance with 24 CFR 903.7(m)(2)(i), this section describes the need for measures to ensure the safety of public housing residents.

The HPHA believes there is a significant need to improve tenant safety in neighborhoods with higher-level crime rates. The HPHA reviews all reported incidents of violent and drug-related crime in and around each public housing property project. Surveys and anecdotal evidence provided by tenants also used to determine where the need for additional safety measures is greatest. Observed lower-level crime (e.g., loitering, vandalism, graffiti, etc.) are monitored and responded to by each AMP management office.

B. Crime Prevention Activities

In accordance with 24 CFR 903.7(m)(2)(ii) and (iii), this section describes any crime prevention activities carried out by the HPHA and in partnership with appropriate police precincts.

The HPHA does not currently operate or administer in any formalized crime prevention programs. However, the HPHA regularly coordinates with State and county law enforcement to respond to reports of criminal behavior on its properties. Additionally, the HPHA is actively seeking to fill dwelling units reserved for law enforcement officers at certain public housing properties (refer to New Activities section).

C. Domestic Violence, Dating Violence, Sexual Assault, and Stalking Prevention

In accordance with 24 CFR 903.7(m)(i) through (iii), this section provides information on any activities, services, or programs offered by the HPHA or in partnership with another service provider to assist child or adult victims of domestic violence, dating violence, sexual assault, or stalking.

The HPHA adopted a VAWA Administrative Policy which sets forth the procedures and requirements it will follow when providing housing assistance and VAWA protections for tenants and participant families in each of its federal programs it administers. The HPHA does not operate or administer any programs or services which specifically assist child or adult victims of domestic violence, dating violence, sexual assault, or stalking.

Plan Element IX: Recent Revision(s)

N/A.

Plan Element IX: Proposed Revision(s)

☐ Adopt a new chapter or amend existing chapters in the Hawaii Administrative Rules to establish an updated VAWA policy for public housing and the HCV Program. (Revised in FY 26)

Plan Element X. Pet Policy

Describe the PHA's policies and requirements pertaining to the ownership of pets in public housing. (24 CFR §903.7(n))

A. Standard Pet Policy

All public housing tenants are allowed to own and keep pets so long as they are kept and maintained in accordance with HPHA's Pet Policy as well as State and local public health, animal control, and animal anti-cruelty laws, rules, and regulations.

All projects with pets have the Resident Association and/or a Project Pet Committee participate in a pet monitoring program and assist the HPHA in monitoring the pet policy.

Only domesticated, common household animals such as cats, dogs, birds, and fish can be kept as pets. A tenant may have only one pet, regardless of the category of the animal; except if the tenant has a small bird, in which case the tenant may have two small birds. The HPHA sets the maximum adult weight of any pet at 21 pounds.

All pets must be registered with the HPHA before they are brought onto a public housing property. Tenants with pets are required to pay a refundable deposit of $75 per household or an amount equal to their TTP, whichever is lower. They are also charged a non-refundable fee of $5 a month per household to cover reasonable operating costs associated with the maintenance of a project's common use areas. The pet fee does not apply to residents of elderly/disabled projects.

Tenants with pets shall receive a pet permit upon approval of their registration application. The pet permit must be renewed on an annual basis.

The HPHA may revoke a tenant's pet permit at any time, for any of the following reasons:

- The HPHA determines the pet is not being properly cared for;
- The pet presents a threat to the safety and security of other tenants, HPHA staff, contractors, or any other person on the premises;
- The pet is destructive or causes an infestation;
- The pet disturbs other tenants for reasons including but not limited to noise, odor, cleanliness, sanitation, and allergic reactions;
- The tenant fails to re-validate their pet ownership permit;
- The tenant fails to pay the monthly pet fee on a timely basis, if applicable; or
- The HPHA receives a written recommendation from a Resident Association and/or Project Pet Committee to revoke the tenant's pet permit due to a demonstrated lack of cooperation and responsibility to maintain the pet.

The violation of any rule listed in Chapter 10 of the ACOP may be grounds for removal of the pet or termination of the tenant's tenancy or both.

B. Assistance Animal Policy

The HPHA's standard pet policy does not apply to the keeping of assistance animals. "Assistance animal" means any animal that works, assists, or performs tasks for the benefit of a person with a disability. This includes service animals, support animals, and comfort animals.

For an animal to qualify as an assistance animal, a tenant must submit a reasonable accommodation request to the HPHA. If a tenant's disability is not obvious or readily known, they must provide a written certification from a reliable third party which verifies the qualifying disability and the need for the assistance animal.

The HPHA may deny a request if the presence of the animal would pose a direct threat to the health or safety of others, or would result in damage to the property that cannot be eliminated or substantially reduced.

Tenants with disabilities must still comply with the provisions of their rental agreements and are subject to the full list of reasonable conditions in Chapter 10 of the ACOP. If any reasonable condition is breached or any provision of the rental agreement is violated, or if an approved assistance animal causes bodily injury or property damage, the HPHA may rescind its approval and the tenant may be requested to remove the animal within 24 hours of notice. Violation of any of the reasonable conditions may also be grounds for termination of the tenant's tenancy.

Plan Element X: Recent Revision(s)

N/A.

Plan Element X: Proposed Revision(s)

N/A.

Plan Element XI. Asset Management

State how the agency will carry out its asset management functions with respect to the public housing inventory of the agency, including how the agency will plan for the long-term operating, capital investment, rehabilitation, modernization, disposition, and other needs for such inventory. (24 CFR §903.7(g))

The operating and capital needs of the public housing program are reviewed and updated annually. In accordance with 24 CFR §905.300, the HPHA's CFP 5-Year Action Plan is developed and reviewed on an annual basis and takes into consideration building and site components.

The day-to-day operations of each public housing project is coordinated and overseen by the Property Management and Maintenance Services Branch (PMMSB) and by the Property Managers assigned to each Asset Management Project (AMP). PMMSB oversees the following management and maintenance tasks:

- Marketing and tenant selection;
- Rent collection;
- Routine and preventative maintenance;
- Unit turnover;
- Security;
- Resident services;
- Capital improvement planning; and
- Other activities necessary to support the efficient operations of each site.

PMMSB conducts management meetings on a monthly basis to review program performance across the HPHA's entire federal public housing inventory.

The HPHA's Property Mangers develop and monitor AMP budgets with support from the HPHA's Fiscal Management Office (FMO). Budget trainings with AMP staff are held annually. FMO provides each Property Manager with recent, property-specific utility and non-utility cost data to help with developing their budget estimates.

For more information on specific HPHA activities related to the rehabilitation, modernization, disposition, and redevelopment of its public housing inventory, please see **B.2. New Activities**.

Plan Element XI: Recent Revision(s)

N/A.

Plan Element XI: Proposed Revision(s)

N/A.

Plan Element XII. Substantial Deviation

PHA must provide its criteria for determining a "substantial deviation" to its 5-Year Plan. (24 CFR §903.7(r)(2)(i))

A "substantial deviation" from the 5-Year PHA Plan may include, but is not limited to:

- A change to a goal or objective identified in the 5-Year PHA Plan or Annual PHA Plan that is substantial but does not rise to the level of a "significant amendment;"

- A formal decision by the HPHA not to pursue a stated goal or objective;
- The substitution of a different set of activities to achieve a stated goal or objective;
- Administrative or programmatic changes resulting from the loss of adequate funding for a program; or
- The reallocation of funding to sustain a program.

The definition of a "substantial deviation" excludes:
- Amendments to the Hawaii Administrative Rules, the Admissions and Continued Occupancy Policy, or the Administrative Plan for the purposes of including federally mandated or non-discretionary changes to policy or as a result of the agency's application for competitive grant opportunities;
- The elimination of a policy where a more stringent one exists or where two policies may appear to conflict, and one policy is eliminated to avoid confusion.

As part of the Rental Assistance Demonstration (RAD), Section 18 Disposition process, and the Section 22 Streamlined Voluntary Conversion process, the definition of a "substantial deviation" excludes the following items specific to the RAD, Section 18, and Section 22 programs:
- Changes to the Operating Fund or Capital Fund Budget produced as a result of each approved RAD, Section 18, or Section 22 conversion, regardless of whether the proposed conversion will include use of additional Operating or Capital Funds;
- Changes to the Relocation Plan and processes for each approved, RAD, Section 18, Section 22 conversion;
- Changes to the construction and rehabilitation plan for each approved RAD, Section 18, or Section 22 conversion;
- Changes to the financing structure for each approved RAD, Section 18, Section 22 conversion;
- The decision to convert to either Project-Based Rental Assistance or Project-Based Voucher Assistance; and
- Changes to a RAD, RAD/Section 18 blend, Section 18 Demolition and/or Disposition, or Section 22 Streamlined Voluntary Conversion Plan and/or application for such program(s) for units identified in an approved Plan.

Plan Element XII: Recent Revision(s)

N/A.

Plan Element XII: Proposed Revision(s)

N/A.

Plan Element XIII. Significant Amendment/Modification

PHA must provide its criteria for determining a "Significant Amendment or Modification" to its 5-Year and Annual Plan._For modifications resulting from the Rental Assistance Demonstration (RAD) program, refer to the 'Sample PHA Plan Amendment' found in Notice PIH-2012-32 REV-3, successor RAD Implementation Notices, or other RAD Notices.

The HPHA will amend or modify the 5-Year PHA Plan and/or Annual PHA Plan if:
- A federal statutory or regulatory change is made effective and, in the opinion of the HPHA, has either substantial programmatic or financial effects on the programs administered by the HPHA, or administrative burdens beyond the programs under administration at the start of the Plan year;
- The HPHA pursues a demolition, disposition, homeownership, Capital Fund Financing, development, or mixed-finance proposal that is not already identified in an approved Plan and would be considered by HUD to be significant amendment to the Annual PHA Plan and CFP 5-Year Action Plan;

- Excluding projects for which the HPHA will submit to HUD a Section 18 application or projects arising out of federally-declared major disasters or other acts of God beyond the control of the HPHA (e.g., earthquakes, fire and storm damages, civil unrest, or other unforeseen significant events), whenever a Capital Fund project not already in the 5-Year Action Plan either (1) experiences a change in the use of replacement reserve funds under the Capital Fund in the amount of $10 million or more, or (2) would affect more than 15% of a development's ACC unit count; or
- Any other event that the HPHA's Board of Directors determines to be a significant amendment or modification of the approved Annual PHA Plan.

Plan Element XIII: Recent Revision(s)

N/A.

Plan Element XIII: Proposed Revision(s)

N/A.

B.2 **New Activities.**

(a) Does the PHA intend to undertake any new activities related to the following in the PHA's current Fiscal Year?

Y	N	
☐	☒	Hope VI or Choice Neighborhoods
☒	☐	Mixed Finance Modernization or Development
☒	☐	Demolition and/or Disposition
☐	☒	Designated Housing for Elderly and/or Disabled Families
☐	☒	Conversion of Public Housing to Tenant-Based Assistance
☒	☐	Conversion of Public Housing to Project-Based Rental Assistance or Project-Based Vouchers under RAD
☐	☒	Occupancy by Over-Income Families
☒	☐	Occupancy by Police Officers
☐	☒	Non-Smoking Policies
☒	☐	Project-Based Vouchers
☐	☒	Units with Approved Vacancies for Modernization
☐	☒	Other Capital Grant Programs (i.e., Capital Fund Community Facilities Grants or Emergency Safety and Security Grants)

(b) If any of these activities are planned for the current Fiscal Year, describe the activities. For new demolition activities, describe any public housing development or portion thereof, owned by the PHA for which the PHA has applied or will apply for demolition and/or disposition approval under section 18 of the 1937 Act under the separate demolition/disposition approval process. If using Project-Based Vouchers (PBVs), provide the projected number of project-based units and general locations, and describe how project basing would be consistent with the PHA Plan.

New Activities: HOPE VI or Choice Neighborhoods

Provide 1) a description of any housing (including project number (if known) and unit count) for which the PHA will apply for HOPE VI or Choice Neighborhoods; and 2) a timetable for the submission of applications or proposals. The application and approval process for Hope VI or Choice Neighborhoods is a separate process. (Notice PIH 2011-47)

N/A.

New Activities: Mixed-Finance Modernization or Development

1) A description of any housing (including project number (if known) and unit count) for which the PHA will apply for Mixed Finance Modernization or Development; and 2) A timetable for the submission of applications or proposals.

Kuhio Homes and Kuhio Low-Rises (as of October 1, 2024)

The HPHA's Board of Directors approved the Kuhio Homes and Kuhio Low-Rises (KPLR) pre-development budget in May 2024. An updated budget will be submitted to the Board for its approval during its October 2024 meeting. The HPHA anticipates financial closing for Phase 1 of the project to take place in Q1 of CY 2025, with construction is expected to begin shortly thereafter in Q2-Q3 of CY 2025.

The building permit set continues to advance through external agencies and other third-party review processes. The HPHA received third-party plan approval on the structural, building, electrical, and mechanical code reviews. As of July 2024, the City Department of Planning and Permitting's (DPP) Traffic Review Branch approved the traffic management plans for the redevelopment. The Honolulu Fire Department and Hawaii Department of Health (DOH) also completed their reviews of the project drawings. The HPHA received comments from DOH relating to the environmental site assessment and proposed soil sampling plan.

The HPHA and its development partner The Michaels Organization (TMO) have letters of intent from all participating lenders and investors. The letters were received from Redstone for the federal tax credit equity, Berkadia for the state tax credit equity, and from Bank of Hawaii for construction and permanent debt. Albert C. Kobayashi, Inc., the general contractor, completed an updated round of pricing based on the 100% construction set and is currently working through the value engineering process.

The HPHA and TMO held its latest community update meeting on July 11, 2024, for all KPLR residents. TMO is also working with its consultant, Seneca, on the project's relocation plan. The HPHA received approval of its Section 18 application from the HUD Special Applications Center (SAC) in August 2024. The HPHA anticipates the 90-day relocation notice to be sent to all KPLR residents during October 2024. The HPHA applied for 60 Tenant Protection Vouchers and anticipates receipt in October 2024. The project's 201H application has been executed by the HPHA and TMO and was submitted to the City DPP for final approval. The HPHA anticipates the 201H application will be approved in October 2024.

Modernization or Development Activity Summary

Development Name:	Kuhio Homes and Kuhio Low-Rises
AMP Number:	40
Project Address:	Ahonui Street Honolulu, Hawaii 96819
Project Type:	Family (General Occupancy)
Total Current Units:	174 Total Units (20 One-Bedroom Units, 32 Two-Bedroom Units, 37 Three-Bedroom Units, 77 Four-Bedroom Units, 8 Five-Bedroom Units)
Repositioning Tool(s):	TBD.
Est. TPV Request:	60
Est. PBV Request	TBD.

Mayor Wright Homes (as of October 1, 2024)

In 2023, Mayor Wright Homes was included in the Ka Lei Momi Project which seeks to redevelop a significant portion of the HPHA's federal public housing inventory with the goal of developing more than 10,000 new, affordable units as part of mixed-use, mixed-income communities. The HPHA selected Highridge Costa Development Company (HCDC) as the master developer for Ka Lei Momi.

In May 2024, the HPHA's Board of Directors approved a $10M pre-development loan to HCDC for Phase I of the redevelopment of Mayor Wright Homes. Execution of the loan is pending.

HPHA and HCDC received a "Determination of No Hazard to Air Navigation" from the Federal Aviation Administration in June 2024.

The project's 201H application for the Master Plan has been approved by HHFDC. The Master Plan is currently being revised, with changes to Phases 1A and 1B being studied. The HPHA and HCDC continue to weigh the use of Faircloth-to-RAD, PBVs, TPVs, and LIHTC at the project site. For-sale units up to 120% of AMI and 501(c)(3) rentals up to 100% of AMI are also being considered.

As of August 2024, the architectural and engineering teams were selected, and drafting of the working drawings and permit sets underway.

The SAC Section 18 application has been started, and the boundary areas for Phases 1A and 1B have been determined. The HPHA is awaiting receipt of a full boundary area survey report with metes and bounds descriptions. A Section 18 community meeting was held in September 2024 with all affected residents and neighboring community members. Future meetings with residents and the Resident Advisory Board are also being scheduled.

Modernization or Development Activity Summary

Development Name:	Mayor Wright Homes
AMP Number:	32
Project Address:	521 North Kukui Street Honolulu, HI 96817
Project Type:	Family (General Occupancy)
Total Current Units:	364 Total Units (24 One-Bedroom Units, 114 Two-Bedroom Units, 168 Three-Bedroom Units, 50 Four-Bedroom Units, 8 Five-Bedroom Units)
Repositioning Tool(s):	TBD.
Est. TPV Request:	TBD.
Est. PBV Request	TBD.

Pu‘uwai Momi (as of October 1, 2024)

In 2023, Pu‘uwai Momi was included in the Ka Lei Momi Project which seeks to redevelop a significant portion of the HPHA's federal public housing inventory with the goal of developing more than 10,000 new, affordable units as part of mixed-use, mixed-income communities. The HPHA selected Highridge Costa Development Company (HCDC) as the master developer for Ka Lei Momi.

The HPHA and HCDC completed due diligence and massing studies for a 2,170-unit Master Plan. A sewer capacity analysis application has been submitted to the City DPP Wastewater Branch for review and approval. Preliminary utility approvals have been received from HECO, City BWS, Hawaii Gas, Spectrum, and Hawaiian Telcom. Confirmation was also received from the City Department of Environmental Services (ENV) that until further infrastructure upgrades are made, there is no additional sewer capacity at the project site (i.e., only a one-for-one replacement of existing units is possible currently). During the current and next fiscal years, the HPHA and HCDC will continue discussions with HECO and ENV on addressing infrastructure capacity issues.

In 2023, the HPHA also received funding from the State TOD Council to produce a vision study for the project site. The HPHA anticipates the vision study to be completed in CY 2025.

Modernization or Development Activity Summary

Development Name:	Puʻuwai Momi
AMP Number:	30
Project Address:	99-132 Kohomua Street Aiea, Hawaii 96701
Project Type:	Family (General Occupancy)
Total Current Units:	260 Total Units (48 One-Bedroom Units, 86 Two-Bedroom Units, 88 Three-Bedroom Units,38 Four-Bedroom Units)
Repositioning Tool(s):	TBD.
Est. TPV Request:	TBD.
Est. PBV Request	TBD.

Kaʻahumanu Homes (as of October 1, 2024)

In 2023, Kaʻahumanu Homes was included in the Ka Lei Momi Project which seeks to redevelop a significant portion of the HPHA's federal public housing inventory with the goal of developing more than 10,000 new, affordable units as part of mixed-use, mixed-income communities. The HPHA selected Highridge Costa Development Company (HCDC) as the master developer for Ka Lei Momi.

The HPHA and HCDC are currently working on Master Plan refinement, associated technical studies, and entitlements work. The development team continues to work on its 201H entitlement application, which includes the preliminary Master Plan, with the goal of submission to the City DPP in Q4 of CY 2024. The HPHA and HCDC continue to weigh the use of Faircloth-to-RAD, PBVs, TPVs, and LIHTC at the project site.

Throughout the current and next fiscal year, the HPHA will continue discussions with Hawaiian Electric Company (HECO) and the City Board of Water Supply as each party determines required infrastructure upgrades and requirements. Although a preliminary HECO will-serve letter has been received, HECO's response to the pre-service request is still pending.

In August 2024, the HPHA held two town hall meetings with existing residents and surrounding community members.

Modernization or Development Activity Summary

Development Name:	Kaʻahumanu Homes
AMP Number:	33
Project Address:	Alokele Street Honolulu, Hawaii 96817
Project Type:	Family (General Occupancy)
Total Current Units:	152 Total Units (116 Two-Bedroom Units, 36 Three-Bedroom Units)
Repositioning Tool(s):	TBD.
Est. TPV Request:	TBD.
Est. PBV Request	TBD.

Kamehameha Homes (as of October 1, 2024)

In 2023, Kamehameha Homes was included in the Ka Lei Momi Project which seeks to redevelop a significant portion of the HPHA's federal public housing inventory with the goal of developing more than 10,000 new, affordable units as part of mixed-use, mixed-income communities. The HPHA selected Highridge Costa Development Company (HCDC) as the master developer for Ka Lei Momi.

The HPHA and HCDC completed due diligence and massing studies for a 10-building, 2,950-unit Master Plan with connection to the neighboring Kaʻahumanu Homes site. Will-serve letter have been received from HECO, BWS, DPP Wastewater Branch, Spectrum, Hawaiian Telcom, and Hawaii Gas. During the current and following fiscal years, the development team will be obtaining a termite report for the site, developing an entitlement strategy and timeline, and developing a predevelopment and development budget and schedule.

Modernization or Development Activity Summary

Development Name:	Kamehameha Homes
AMP Number:	33
Project Address:	1541 Haka Drive Honolulu, Hawaii 96817
Project Type:	Family (General Occupancy)
Total Current Units:	221 Total Units (62 One-Bedroom Units, 123 Two-Bedroom Units, 36 Three-Bedroom Units)
Repositioning Tool(s):	TBD.
Est. TPV Request:	TBD.
Est. PBV Request	TBD.

Hale Laulima (as of October 1, 2024)

In 2023, Hale Laulima was included in the Ka Lei Momi Project which seeks to redevelop a significant portion of the HPHA's federal public housing inventory with the goal of developing more than 10,000 new, affordable units as part of mixed-use, mixed-income communities. The HPHA selected Highridge Costa Development Company (HCDC) as the master developer for Ka Lei Momi.

The HPHA and HCDC completed due diligence and massing studies for a three-building, 705-unit Master Plan. Will-serve letters have been received from HECO, BWS, DPP Wastewater Branch, Spectrum, Hawaii Telcom, and Hawaii Gas. During the current and following fiscal years, the development team will continue working with HECO to determine required infrastructure upgrades as well as developing an entitlement strategy/timeline and the predevelopment budget.

Modernization or Development Activity Summary

Development Name:	Hale Laulima
AMP Number:	30
Project Address:	1184 Waimano Home Road Aiea, Hawaii 96701
Project Type:	Family (General Occupancy)
Total Current Units:	36 Total Units (20 Two-Bedroom Units, 16 Three-Bedroom Units)
Repositioning Tool(s):	TBD.
Est. TPV Request:	TBD.

Est. PBV Request	TBD.

Nanakuli Homes (as of October 1, 2024)

In 2023, Nanakuli Homes was included in the Ka Lei Momi Project which seeks to redevelop a significant portion of the HPHA's federal public housing inventory with the goal of developing more than 10,000 new, affordable units as part of mixed-use, mixed-income communities. The HPHA selected Highridge Costa Development Company (HCDC) as the master developer for Ka Lei Momi.

In 2024, RMA Architects produced several concept plans for Nanakuli. The redeveloped project will likely consist of three-story, garden-style concepts and four-to-five-story concepts. RMA is redefining the preferred concept plan, and a final conceptual Master Plan is expected in Q3 in CY 2024. The project site will likely yield 90 to 120 units.

Modernization or Development Activity Summary

Development Name:	Nanakuli Homes
AMP Number:	44
Project Address:	Lualei Place Waianae, Hawaii 96792
Project Type:	Family (General Occupancy)
Total Current Units:	36 Total Units (36 Three-Bedroom Units)
Repositioning Tool(s):	TBD.
Est. TPV Request:	TBD.
Est. PBV Request	TBD.

Lanakila Homes (as of October 1, 2024)

In 2023, Lanakila Homes was included in the Ka Lei Momi Project which seeks to redevelop a significant portion of the HPHA's federal public housing inventory with the goal of developing more than 10,000 new, affordable units as part of mixed-use, mixed-income communities. The HPHA selected Highridge Costa Development Company (HCDC) as the master developer for Ka Lei Momi.

In June 2024, the HPHA and HCDC submitted a revised Long-Term Environmental Hazardous Management Plan to the Hawaii Department of Health, Hazardous Evaluation and Emergency Response Division in response to the agency's comments. The geotechnical fieldwork study has been completed and concept design refinement has commenced.

In September 2024, the HPHA and HCDC held a town hall meeting with residents and neighboring community members to discuss the upcoming development.

Modernization or Development Activity Summary

Development Name:	Lanakila Homes
AMP Number:	37
Project Address:	600 Wailoa Street Hilo, Hawaii 96720
Project Type:	Family (General Occupancy)

Total Current Units:	164 Total Units (14 One-Bedroom Units, 66 Two-Bedroom Units, 44 Three-Bedroom Units, 20 Four-Bedroom Units)
Repositioning Tool(s):	TBD.
Est. TPV Request:	TBD.
Est. PBV Request	TBD.

Kahekili Terrace (as of October 1, 2024)

In 2023, Kahekili Terrace was included in the Ka Lei Momi Project which seeks to redevelop a significant portion of the HPHA's federal public housing inventory with the goal of developing more than 10,000 new, affordable units as part of mixed-use, mixed-income communities. The HPHA selected Highridge Costa Development Company (HCDC) as the master developer for Ka Lei Momi.

The project is current on hold in the aftermath of the Lahaina wildfires; the HPHA and HCDC are concerned about relocating tenants while other ongoing redevelopment efforts in west Maui. The development team is currently evaluating alternative sites on Maui to develop first as potential relocation housing for existing Kahekili Terrace residents. In September 2024, the State was awarded a pro-housing grant from HUD where $500,000 is reserved for addressing infrastructure needs at Kahekili Terrace. Funds must be expended within next six years.

Modernization or Development Activity Summary

Development Name:	Kahekili Terrace
AMP Number:	39
Project Address:	2015 Holowai Place Wailuku, Hawaii 96792
Project Type:	Family (General Occupancy)
Total Current Units:	82 Total Units (12 One-Bedroom Units, 22 Two-Bedroom Units, 36 Three-Bedroom Units, 12 Four-Bedroom Units)
Repositioning Tool(s):	TBD.
Est. TPV Request:	TBD.
Est. PBV Request	TBD.

Kapaʻa (as of October 1, 2024)

In 2023, Kapaʻa was included in the Ka Lei Momi Project which seeks to redevelop a significant portion of the HPHA's federal public housing inventory with the goal of developing more than 10,000 new, affordable units as part of mixed-use, mixed-income communities. The HPHA selected Highridge Costa Development Company (HCDC) as the master developer for Ka Lei Momi.

In 2024, the HPHA's Board of Directors approved the project's budget, schedule, and predevelopment loan. The subcontractor list for design work has also been finalized. Development of the working drawings will likely begin in Q3 of CY 2024.

The project's 201H entitlement application was approved in early 2024 by HHFDC. A LIHTC application was submitted also in early 2024 and pending approval in Q4 of CY 2024. The HPHA anticipates building permits submittal in Q4 of CY 2024 or Q1 of CY 2025. The HPHA and HCDC are considering use of Faircloth-to-RAD, PBVs, and TPVs at the project site. The County of Kauai is also considering use of PBVs at the project.

Modernization or Development Activity Summary

Development Name:	Kapaʻa
AMP Number:	38
Project Address:	4726 Malu Road Kapaa, Hawaii 96746
Project Type:	Family (General Occupancy)
Total Current Units:	36 Total Units (6 One-Bedroom Units, 8 Two-Bedroom Units, 12 Three-Bedroom Units, 10 Four-Bedroom Units)
Repositioning Tool(s):	TBD.
Est. TPV Request:	TBD.
Est. PBV Request	TBD.

New Activities: Demolition and/or Disposition

With respect to public housing only, describe any public housing development(s), or portion of a public housing development projects, owned by the PHA and subject to ACCs (including project number and unit numbers [or addresses]), and the number of affected units along with their sizes and accessibility features) for which the PHA will apply or is currently pending for demolition or disposition approval under section 18 of the 1937 Act (42 U.S.C. 1437p); and (2) A timetable for the demolition or disposition. This statement must be submitted to the extent that approved and/or pending demolition and/or disposition has changed as described in the PHA's last Annual and/or 5-Year PHA Plan submission. The application and approval process for demolition and/or disposition is a separate process. Approval of the PHA Plan does not constitute approval of these activities.

2023 Maui Wildfires

In August 2023, wildfires in Lahaina, Maui completely destroyed two federal public housing properties managed under AMP 39 (Project No. HI0010039). Both properties, David Malo Circle and Piilani Homes, are considered to be total physical losses. The HPHA is preparing an after-the-fact Section 18 application to initiate the demolition process. Tenant Protection Vouchers were received as an emergency housing option for residents who were displaced. The HPHA has procured a consultant to assist with the Section 18 application and the Part 58 Environmental Review (ER). The HPHA anticipates the ER will be completed by March 2025.

Demolition/Disposition Activity Summary

Development Name:	David Malo Circle
AMP Number:	39
Project Address:	Mill Street Lahaina, Hawaii 96761
Total Units:	18 Total Units (2 One-Bedroom Units, 4 Two-Bedroom Units, 10 Three-Bedroom Units, 2 Four-Bedroom Units)
Accessibility Features:	N/A
SAC Application Status:	SAC application has been created. As of October 1, 2024, SAC also received letter from Governor regarding emergency declaration and approved demolition prior to completed application.

Development Name:	Piilani Homes

AMP Number:	39
Project Address:	1028 Wainee Street Lahaina, Hawaii 96761
Total Units:	42 Total Units (32 Studios, 10 One-Bedroom Units)
Accessibility Features:	N/A
SAC Application Status:	SAC application has been created. As of October 1, 2024, SAC also received letter from Governor regarding emergency declaration and approved demolition prior to completed application.

Physical Obsolescence

The HPHA may request HUD's approval of the demolition and/or disposition of the Pahala in AMP 37 and Kupuna Home O Waialua in AMP 49. These projects are not built to current code, and the cost to modernize each one is equivalent to the cost to demolish and rebuild.

Demolition/Disposition Activity Summary

Development Name:	Pahala
AMP Number:	37
Project Address:	96-1169 Kou Street Pahala, Hawaii 96777
Total Units:	24 Total Units (16 Studios, 8 One-Bedroom Units)
Accessibility Features:	N/A
SAC Application Status:	N/A

Development Name:	Kupuna Home O Waialua
AMP Number:	49
Project Address:	67-088 Goodale Avenue Waialua, Hawaii 96791
Total Units:	40 Total Units (24 Studios, 16 One-Bedroom Units)
Accessibility Features:	N/A
SAC Application Status:	N/A

County Easements and/or Dedications

The HPHA may request HUD approval of non-exclusive easements or dedications at certain federal public housing properties to the applicable county government. These requests would not impact the HPHA's ACC unit count.

The HPHA intends to dedicate portions of the street(s)/sidewalk(s) at Lanakila Homes to the County of Hawaii. For reasons now unknown, a dedication did not take place after one of the phases of the project's initial construction. Hawaii County is not averse to taking ownership of the streets per the HPHA's ongoing discussions. The county has continued to repair and repave the HPHA's streets as most of the streets in the neighborhood belong to the county.

Kalihi Valley Homes Community Center (as of October 1, 2024)

The HPHA will request HUD approval for the demolition of the Community Center at Kalihi Valley Homes. The elevated building is currently closed and is not in use. The HPHA contracted a consultant to study alternatives to rehabilitating the structure and a possible replacement. It was determined that demolition is necessary. The HPHA's consultant is currently in the design phase of the project and is preparing the SAC Section 18 application. The Hawaii State Legislature appropriated funds for the demolition during the 2024 legislative session. The HPHA plans to hold the bid opening in 2026.

Other Applications for Demolition and/or Disposition

The HPHA is providing notice that it may, at any time during the fiscal year, submit an application to the HUD Special Applications Center to demolish and/or dispose of public housing units or other properties from its public housing inventory for any of the following reasons:

- There is evidence of substantial physical issues with a project's building(s) or dwelling unit(s) (e.g., critical structural issues, deficiencies in major systems, deterioration due to prolonged deferred maintenance, etc.) that are not cost-effective to repair. This includes damages to a project that were caused by natural or human-caused disasters and other acts of God;
- There is evidence that a project's location causes obsolescence or presents serious obstacles to maintain dwelling units as healthy and safe housing (e.g., environmental factors, proximity to a highway/factory makes a project no longer suited for residential use, etc.);
- There are other factors and conditions which impact the marketability, usefulness, or management of dwelling units and seriously impede operations for residential use;
- De Minimis demolition;
- Continued operation is infeasible because of a lack of demand for dwelling units;
- To improve the efficiency and effectiveness of on-site or off-site development;
- As part of a RAD-Section 18 blend;
- To remove scattered-site dwelling units that are unsustainable to operate and/or maintain; or
- To remove a non-dwelling buildings or vacant land that exceeds the needs of a project.

A full list of all federal public housing properties in the HPHA's public housing inventory is attached as **Attachment D.**

New Activities: Designated Housing for Elderly and Disabled Families

Describe any public housing projects owned, assisted, or operated by the PHA (or portions thereof), in the upcoming fiscal year, that the PHA has continually operated as, has designated, or will apply for designation for occupancy by elderly and/or disabled families only. Include the following information: 1) development name and number; 2) designation type; 3) application status; 4) date the designation was approved, submitted, or planned for submission, 5) the number of units affected and; 6) expiration date of the designation of any HUD approved plan. Note: The application and approval process for such designations is separate from the PHA Plan process, and PHA Plan approval does not constitute HUD approval of any designation. (24 CFR §903.7(i)(C))

N/A.

New Activities: Conversion of Public Housing under the Voluntary or Mandatory Conversion Programs

Describe 1) any public housing building(s) (including project number and unit count) owned by the PHA that the PHA is required to convert or plans to voluntarily convert to tenant-based assistance; 2) an analysis of the projects or buildings required to be converted; and 3) a *statement of the amount of assistance received to be used for rental assistance or other housing assistance in connection with such conversion. ([24 CFR §903.7(j)](24 CFR §903.7(j)))*

N/A.

New Activities: Conversion of Public Housing to Project-Based Rental Assistance or Project-Based Vouchers under RAD

Describe any public housing building(s) (including project number and unit count) owned by the PHA that the PHA plans to voluntarily convert to Project-Based Rental Assistance or Project-Based Vouchers under RAD.

The HPHA may apply to convert dwelling units at the following public housing properties to project-based assistance under the guidelines established by Notices PIH 2012-32, REV-3, REV-4, and any successor notices, and Notice PIH 2021-07:

Property Name (All Family Units)	Bedroom Size						Total Units Per Property
	0	1	2	3	4	5	
Kuhio Homes & Low-Rises	0	20	32	37	77	8	174
Mayor Wright Homes	0	24	114	168	50	8	364
Pu‘uwai Momi	0	48	86	88	38	0	260
Ka‘ahumanu Homes	0	48	86	88	38	0	260
Kamehameha Homes	0	62	123	36	0	0	221
Hale Laulima	0	20	16	0	0	0	36
Nanakuli Homes	0	0	0	36	0	0	36
Lanakila Homes	0	14	66	44	20	0	144
Kahekili Terrace	0	12	22	36	12	0	82
Kapa‘a	0	6	8	12	10	0	36
‘Ele‘ele	0	2	6	10	6	0	24
Total Units	**0**	**256**	**559**	**555**	**251**	**16**	**1,637**

Pursuant to the RAD CHAP awards, the HPHA will apply on the Inventory Removal module in PIC, or HIP upon its implementation, for the disposition of project sites.

During the RAD conversion process, the HPHA will ensure it fully complies with federal Fair Housing requirements by providing the required percentage of accessible dwelling units at each development for families with mobility and hearing/vision impairments. The HPHA will also adopt the resident rights, participation, waiting list, and grievance procedures listed in Section 1.6 of the RAD Notice H-2019-09 PIH-2019-23 Rev. 4 (**Attachment E**); the RAD Fair Housing, Civil Rights, and Relocation Notice - Notice H 2016-17 PIH 2016-17 (HA) (**Attachment F**), and the Joint Housing/PIH Notice H-2014-09/ PIH-2014-17 (**Attachment G**).

The HPHA is currently compliant with all fair housing and civil rights requirements. Any RAD conversion the HPHA engages in will comply with all applicable site selection and neighborhood reviews standards. The HPHA is not currently under any Voluntary Compliance Agreement, consent order, consent decree, final judicial ruling, or administrative ruling or decision. Upon the RAD conversion of a property, the HPHA's Capital Fund Budget will be reduced by the pro rata share of Public Housing Developments converted as part of the Demonstration. The HPHA may also borrow funds to address its capital needs.

New Activities: Occupancy by Over-Income Families

A PHA that owns or operates fewer than two hundred fifty (250) public housing units, may lease a unit in a public housing development to an over-income family (a family whose annual income exceeds the limit for a low income family at the time of initial occupancy), if all the following conditions are satisfied: (1) There are no eligible low income families on the PHA waiting list or applying for public housing assistance when the unit is leased to an over-income family; (2) The PHA has publicized availability of the unit for rental to eligible low income families, including publishing public notice of such availability in a newspaper of general circulation in the jurisdiction at least thirty days before offering the unit to an over-income family; (3) The over-income family rents the unit on a month-to-month basis for a rent that is not less than the PHA's cost to operate the unit; (4) The lease to the over-income family provides that the family agrees to vacate the unit when needed for rental to an eligible family; and (5) The PHA gives the over-income family at least thirty days' notice to vacate the unit when the unit is needed for rental to an eligible family. The PHA may incorporate information on occupancy by over-income families into its PHA Plan statement of deconcentration and other policies that govern eligibility, selection, and admissions. See additional guidance on HUD's website at: Notice PIH 2011-7. (24 CFR 960.503) (24 CFR 903.7(b))

N/A.

New Activities: Occupancy by Police Officers

The PHA may allow police officers who would not otherwise be eligible for occupancy in public housing, to reside in a public housing dwelling unit. The PHA must include the number and location of the units to be occupied by police officers, and the terms and conditions of their tenancies; and a statement that such occupancy is needed to increase security for public housing residents. A "police officer" means a person determined by the PHA to be, during the period of residence of that person in public housing, employed on a full-time basis as a duly licensed professional police officer by a Federal, State, or local government or by any agency of these governments. An officer of an accredited police force of a housing agency may qualify. The PHA may incorporate information on occupancy by police officers into its PHA Plan statement of deconcentration and other policies that govern eligibility, selection, and admissions. See additional guidance on HUD's website at: Notice PIH 2011-7. (24 CFR 960.505) (24 CFR §903.7(b))

The HPHA reserves the right to place police officers who would not otherwise be eligible for the public housing program into a public housing dwelling unit if it is determined that their presence would improve the safety and security of a project's residents. In exchange, a police officer agrees to provide services to the residents such as weekly office hours, "meet and greet" visits, and wellness checks.

The table below lists all dwelling units currently designated for occupancy by a police officer in IMS/PIC as of **October 1, 2024**:

AMP No.	Project No.	Project Name	Unit No.	Address
37	1097	Kauhale O Hanakahi	A4401	19 Pamala St Hilo, HI 96720
37	1004	Lanakila Homes I	0017B	600 Wailoa St Hilo, HI 96720
37	1028	Punahele Homes	0130R	6-B Lokahi Pl Haiku, HI 96708
43	1061	Ka Hale Kahaluu	0003L	78-6725 Makolea St Kailua-Kona, HI 96740

43	1070	Kealakehe	A101	74-991 Manawale`a St Kailua-Kona, HI 96740
43	1063	Nani Olu	4E	81-1011 Nani Kupuna Pl Kealakekua, HI 96750
46	1097	Ke Kumu ‘Ekolu	B2208	68-3385 Ke Kumu Pl Waikoloa, HI 96738

The HPHA may designate dwelling units at the following public housing projects for occupancy by a police officer to improve safety and security:

AMP No.	Project No.	Project Name	Address
30	1026	Pu‘uwai Momi	99-132 Kohomua St Aiea, HI 96701
31	1005	Kalihi Valley Homes	2250 Kalena Dr Honolulu, HI 96819
32	1003	Mayor Wright Homes	521 N Kukui St Honolulu, HI 96817
33	1099	Kamehameha Homes	1541 Haka Dr Honolulu, HI 96817
34	1012	Makua Alii	1541 Kalakaua Ave Honolulu, HI 96826
37	1004	Lanakila Homes	600 Wailoa St Hilo, HI 96720
43	1032	Kaimalino	74-5060 Kealakaa St Kailua-Kona 96740
43	1053	Hale Hookipa	81-1038 Nani Kupuna Pl Kealakekua, HI 96750
44	1057	Waimaha-Sunflower	85-186 McArthur St Waianae, HI 96792
44	1091	Kau‘iokalani	85-658 Farrington Hwy Waianae, HI 96792
45	1030	Ko‘olau Village	45-1027 Kamau Pl Kaneohe, HI 96744
49	1050	Kupuna Home O‘ Waialua	67-088 Goodale Ave Waialua, HI 96791
49	1015	Wahiawa Terrace	337 Palm St Wahiawa, HI 96786

New Activities: Project-Based Vouchers

Describe any plans to use Housing Choice Vouchers (HCVs) for new project-based vouchers, which must comply with PBV goals, civil rights requirements, Housing Quality Standards (HQS) and deconcentration standards, as stated in 983.57(b)(1) and set forth in the PHA Plan statement of deconcentration and other policies that govern eligibility, selection, and admissions. If using project-based vouchers, provide the projected number of project-based units and general locations, and describe how project-basing would be consistent with the PHA Plan (24 CFR §903.7(b)).

The HPHA is exploring the possibility of using Project-Based Vouchers at the nine public housing projects being redeveloped as part of the Ka Lei Momi Redevelopment Project. More information on the status of each project is provided in the **New Activities: Mixed Finance** section above.

The HPHA requested three PBV-related waivers in its Amended MTW Supplement for FY 25. Under MTW Waiver 9.a., the HPHA may increase the number of authorized units that can be project-based up to 50% of the agency's total authorized HCV units or annual budget authority. Under MTW Waiver 9.b., the HPHA may increase the amount of non-excepted dwelling units at a single covered project up to 100%. Under MTW Waiver 9.g., the initial and redetermined contract rents for a PBV project could be set up to the lower of (a) 110% of the applicable SAFMR minus any utility allowance, or (b) the reasonable rent.

New Activities: Units with Approved Vacancies for Modernization

The PHA must include a statement related to units with approved vacancies that are undergoing modernization in accordance with 24 CFR §990.145(a)(1).

All HUD-approved vacant dwelling units listed on IMS/PIC as of **October 1, 2024** are (1) currently undergoing modernization (i.e., the modernization contract has been awarded or force account work has started); or (2) vacant so that modernization work can be performed and the time period for placing the unit under construction has not yet expired.

New Activities: Other Capital Grant Programs

Includes Capital Fund Community Facilities Grants or Emergency Safety and Security Grants.

N/A.

B.3 Progress Report.

Provide a description of the PHA's progress in meeting its Mission and Goals described in the PHA 5-Year and Annual Plan.

Goal 1: Increase the Availability and Accessibility of Housing Assistance

Description The HPHA will look to provide more low-income families with the housing assistance they need through the programs and services it already operates. Despite the ever-present concern of federal funding shortfalls, the HPHA must ensure it operates efficiently and cost-effectively in order to accomplish this goal. Increasing the accessibility of affordable housing assistance includes the removal of barriers to access and ensuring equitable outcomes for vulnerable groups.

Objective 1.a. Maximize the amount of assistance the agency can provide with the resources currently available to it.

Objective 1.b. Overcome barriers to fair housing within HPHA programs and services.

Goal 2: Improve the Quality of Existing Housing Programs

Description The HPHA will improve the quality of each program and service it administers. Streamlining procedures and fixing inefficiencies benefit staff and program participants alike. Performing regular reviews of existing procedures, addressing bottlenecks, measuring results, and gathering constructive feedback from the people we serve all helps to ensure the HPHA is adhering to its mission and that its efforts are having the desired impact.

Objective 2.a. Meet or exceed HUD's standards for overall program performance.

Objective 2.b. Improve living environments and quality of life for public housing participants.

University of Hawaii Broadband Project

The HPHA will participate in a University of Hawaii (UH) pilot project to provide free broadband infrastructure and service at all low-income public housing properties. This project is part of UH's Capital Projects Fund request to the United States Treasury to improve digital equity and literacy within the State of Hawaii. In September 2024, UH published a Request for Proposals and received two responses. UH is currently in negotiations with the two respondents.

Water Conservation Pilot Project

On June 18, 2024, the HPHA met with the City and County of Honolulu Board of Water Supply (BWS) to continue work on a Water Conservation Pilot Project at Kamehameha Homes. BWS will be assessing the efficiency of fixtures and equipment at the project and identifying potential upgrades within units and common areas. The pilot project ran from July to August 2024. BWS and the HPHA fixed or replaced 82 showerheads, 124 handheld showerheads, 190 kitchen aerators, 5 toilet flappers, and 211 garden hose nozzles. The project is expected to save a potential 900,000 gallons of water each year. The HPHA is currently looking to perform similar replacements/fixes with BWS at other public housing properties.

Objective 2.c. Improve general administrative proficiency and reduce administrative burden.

Objective 2.d. Increase customer satisfaction for program participants and landlords.

Goal 3: Promote Greater Economic Self-Sufficiency for Program Participants

Description The HPHA aims to provide its program participants with the tools and resources they need to achieve their personal financial goals. Through an offering of support services, employment training and placement, and financial literacy education, the HPHA hopes to help low-income families and individuals break the cycle of poverty.

Objective 3.a. Increase access to employment opportunities for program participants.

	Objective 3.b. Explore partnerships with other state/local agencies and community-based organizations to provide additional services and/or housing assistance. **Goal 4: Develop and Increase Affordable Housing Opportunities** **Description** The State of Hawaii continues to face a severe affordable housing crisis. With thousands of people struggling to remain housed, the HPHA can help to addresses this problem by expanding its housing portfolio and the amount of assistance it can provide. The HPHA will accomplish this goal by constructing new affordable units, rehabilitating obsolete properties, and applying for other funding sources. **Objective 4.a.** Increase the number of affordable housing units statewide by pursuing opportunities for public-private partnerships and mixed-finance redevelopment, where feasible. **Objective 4.b.** Explore opportunities to utilize the Rental Assistance Demonstration (RAD) Program, where feasible. **Objective 4.c.** Explore opportunities to project-base HCV assistance at the HPHA's State-aided public housing projects. **Objective 4.d.** Apply for additional tenant-based rental assistance and competitive grant funding as opportunities arise and if the administrative capacity exists.
B.4	**Capital Improvements.** Include a reference here to the most recent HUD-approved 5-Year Action Plan in EPIC and the date that it was approved. The HPHA's CFP 5-Year Action Plan for FY 2023 to FY 2027 was approved in EPIC on June 6, 2023. Please see **Attachment H: CFP 5-Year Action Plan for FYs 2023 to 2027**.
B.5	**Most Recent Fiscal Year Audit.** (a) Were there any findings in the most recent FY Audit? Y N ☐ ☒ (b) If yes, please describe.

C.	**Other Document and/or Certification Requirements.**
C.1	**Resident Advisory Board (RAB) Comments.** (a) Did the RAB(s) have comments to the PHA Plan? Y N ☒ ☐ (b) If yes, comments must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the RAB recommendations and the decisions made on these recommendations. Please see **Attachment I: RAB Comments**.
C.2	**Certification by State or Local Officials.**

	Form HUD 50077-SL, *Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan*, must be submitted by the PHA as an electronic attachment to the PHA Plan. Please see **Attachment J: Certification by State or Local Official**.
C.3	**Civil Rights Certification/ Certification Listing Policies and Programs that the PHA has Revised since Submission of its Last Annual Plan.** Form HUD-50077-ST-HCV-HP, *PHA Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations Including PHA Plan Elements that Have Changed,* must be submitted by the PHA as an electronic attachment to the PHA Plan. Please see **Attachment K: Civil Rights Certification**. Please see **Attachment L: Certifications of Compliance with PHA Plan and Related Regulations**.
C.4	**Challenged Elements.** If any element of the PHA Plan is challenged, a PHA must include such information as an attachment with a description of any challenges to Plan elements, the source of the challenge, and the PHA's response to the public. (a) Did the public challenge any elements of the Plan? Y N ☐ ☒ If yes, include Challenged Elements. Please see **Attachment M: Public Testimony**.
C.5	**Troubled PHA.** (a) Does the PHA have any current Memorandum of Agreement, Performance Improvement Plan, or Recovery Plan in place? Y N N/A ☐ ☒ ☐ (b) If yes, please describe:

D.	**Affirmatively Furthering Fair Housing (AFFH).**
D.1	**Affirmatively Furthering Fair Housing. (Non-qualified PHAs are only required to complete this section on the Annual PHA Plan. All qualified PHAs must complete this section.)** **Provide a statement of the PHA's strategies and actions to achieve fair housing goals outlined in an accepted Assessment of Fair Housing (AFH) consistent with 24 CFR § 5.154(d)(5). Use the chart provided below. (PHAs should add as many goals as necessary to overcome fair housing issues and contributing factors.) Until such time as the PHA is required to submit an AFH, the PHA is not obligated to complete this chart. The PHA will fulfill, nevertheless, the requirements at 24 CFR § 903.7(o) enacted prior to August 17, 2015. See Instructions for further detail on completing this item.**
	Fair Housing Goal:
	Describe fair housing strategies and actions to achieve the goal.
	Fair Housing Goal:
	Describe fair housing strategies and actions to achieve the goal.
	Fair Housing Goal:
	Describe fair housing strategies and actions to achieve the goal.

Instructions for Preparation of Form HUD-50075-ST
Annual PHA Plan for Standard and Troubled PHAs

A. **PHA Information.** All PHAs must complete this section. (24 CFR §903.4)

A.1 Include the full **PHA Name**, **PHA Code**, **PHA Type**, **PHA Fiscal Year Beginning** (MM/YYYY), **PHA Inventory, Number of Public Housing Units and or Housing Choice Vouchers (HCVs), PHA Plan Submission Type**, and the **Availability of Information**, specific location(s) of all information relevant to the public hearing and proposed PHA Plan. (24 CFR §903.23(4)(e))

PHA Consortia: Check box if submitting a Joint PHA Plan and complete the table. (24 CFR §943.128(a))

B. **Plan Elements.** All PHAs must complete this section.

B.1 **Revision of Existing PHA Plan Elements.** PHAs must:

Identify specifically which plan elements listed below that have been revised by the PHA. To specify which elements have been revised, mark the "yes" box. If an element has not been revised, mark "no." (24 CFR §903.7)

☐ **Statement of Housing Needs and Strategy for Addressing Housing Needs.** Provide a statement addressing the housing needs of low-income, very low-income, and extremely low-income families and a brief description of the PHA's strategy for addressing the housing needs of families who reside in the jurisdiction served by the PHA and other families who are on the public housing and Section 8 tenant-based assistance waiting lists. The statement must identify the housing needs of (i) families with incomes below 30 percent of area median income (extremely low-income); (ii) elderly families, (iii) households with individuals with disabilities, and households of various races and ethnic groups residing in the jurisdiction or on the public housing and Section 8 tenant-based assistance waiting lists based on information provided by the applicable Consolidated Plan, information provided by HUD, and other generally available data. The statement of housing needs shall be based on information provided by the applicable Consolidated Plan, information provided by HUD, and generally available data. The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location. Once the PHA has submitted an Assessment of Fair Housing (AFH), which includes an assessment of disproportionate housing needs in accordance with 24 CFR §5.154(d)(2)(iv), information on households with individuals with disabilities and households of various races and ethnic groups residing in the jurisdiction or on the waiting lists no longer needs to be included in the Statement of Housing Needs and Strategy for Addressing Housing Needs. (24 CFR §903.7(a)).

The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location. (24 CFR §903.7(a)(2)(i)) Provide a description of the ways in which the PHA intends, to the maximum extent practicable, to address those housing needs in the upcoming year and the PHA's reasons for choosing its strategy. (24 CFR §903.7(a)(2)(ii))

☐ **Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions**. PHAs must submit a Deconcentration Policy for Field Office review. For additional guidance on what a PHA must do to deconcentrate poverty in its development and comply with fair housing requirements, see 24 CFR 903.2. (24 CFR §903.23(b)) Describe the PHA's admissions policy for deconcentration of poverty and income mixing of lower-income families in public housing. The Deconcentration Policy must describe the PHA's policy for bringing higher income tenants into lower income developments and lower income tenants into higher income developments. The deconcentration requirements apply to general occupancy and family public housing developments. Refer to 24 CFR §903.2(b)(2) for developments not subject to deconcentration of poverty and income mixing requirements. (24 CFR §903.7(b)) Describe the PHA's procedures for maintain waiting lists for admission to public housing and address any site-based waiting lists. (24 CFR §903.7(b)). A statement of the PHA's policies that govern resident or tenant eligibility, selection and admission including admission preferences for both public housing and HCV. (24 CFR §903.7(b)) Describe the unit assignment policies for public housing. (24 CFR §903.7(b))

☐ **Financial Resources.** A statement of financial resources, including a listing by general categories, of the PHA's anticipated resources, such as PHA operating, capital and other anticipated Federal resources available to the PHA, as well as tenant rents and other income available to support public housing or tenant-based assistance. The statement also should include the non-Federal sources of funds supporting each Federal program, and state the planned use for the resources. (24 CFR §903.7(c))

☐ **Rent Determination.** A statement of the policies of the PHA governing rents charged for public housing and HCV dwelling units, including applicable public housing flat rents, minimum rents, voucher family rent contributions, and payment standard policies. (24 CFR §903.7(d))

☐ **Operation and Management.** A statement of the rules, standards, and policies of the PHA governing maintenance and management of housing owned, assisted, or operated by the public housing agency (which shall include measures necessary for the prevention or eradication of pest infestation, including cockroaches), and management of the PHA and programs of the PHA. (24 CFR §903.7(e))

☐ **Grievance Procedures.** A description of the grievance and informal hearing and review procedures that the PHA makes available to its residents and applicants. (24 CFR §903.7(f))

☐ **Homeownership Programs**. A description of any Section 5h, Section 32, Section 8y, or HOPE I public housing or Housing Choice Voucher (HCV) homeownership programs (including project number and unit count) administered by the agency or for which the PHA has applied or will apply for approval. (24 CFR §903.7(k))

☐ **Community Service and Self Sufficiency Programs**. Describe how the PHA will comply with the requirements of (24 CFR §903.7(l)). Provide a description of: 1) Any programs relating to services and amenities provided or offered to assisted families; and 2) Any policies or programs of the PHA for the enhancement of the economic and social self-sufficiency of assisted families, including programs subject to Section 3 of the Housing and Urban Development Act of 1968 (24 CFR Part 135) and FSS. (24 CFR §903.7(l))

☐ **Safety and Crime Prevention (VAWA).** Describe the PHA's plan for safety and crime prevention to ensure the safety of the public housing residents. The statement must provide development-by-development or jurisdiction wide-basis: (i) A description of the need for measures to ensure the safety of public housing residents; (ii) A description of any crime prevention activities conducted or to be conducted by the PHA; and (iii) A description of the coordination between the PHA and the appropriate police precincts for carrying out crime prevention measures and activities. (24 CFR §903.7(m)) A description of: 1) Any activities, services, or programs provided or offered by an agency, either directly or in partnership with other service providers, to child or adult victims of domestic violence, dating violence, sexual assault, or stalking; 2) Any activities, services, or programs provided or offered by a PHA that helps child and adult victims of domestic violence, dating violence, sexual assault, or stalking, to obtain or maintain housing; and 3) Any activities, services, or programs provided or offered by a public housing agency to prevent domestic violence, dating violence, sexual assault, and stalking, or to enhance victim safety in assisted families. (24 CFR §903.7(m)(5))

☐ **Pet Policy.** Describe the PHA's policies and requirements pertaining to the ownership of pets in public housing. (24 CFR §903.7(n))

☐ **Asset Management.** State how the agency will carry out its asset management functions with respect to the public housing inventory of the agency, including how the agency will plan for the long-term operating, capital investment, rehabilitation, modernization, disposition, and other needs for such inventory. (24 CFR §903.7(q))

☐ **Substantial Deviation.** PHA must provide its criteria for determining a "substantial deviation" to its 5-Year Plan. (24 CFR §903.7(r)(2)(i))

☐ **Significant Amendment/Modification**. PHA must provide its criteria for determining a "Significant Amendment or Modification" to its 5-Year and Annual Plan. For modifications resulting from the Rental Assistance Demonstration (RAD) program, refer to the 'Sample PHA Plan Amendment' found in Notice PIH-2012-32 REV-3, successor RAD Implementation Notices, or other RAD Notices.

If any boxes are marked "yes", describe the revision(s) to those element(s) in the space provided.

PHAs must submit a Deconcentration Policy for Field Office review. For additional guidance on what a PHA must do to deconcentrate poverty in its development and comply with fair housing requirements, see 24 CFR 903.2. (24 CFR §903.23(b))

B.2 **New Activities.** If the PHA intends to undertake any new activities related to these elements in the current Fiscal Year, mark "yes" for those elements, and describe the activities to be undertaken in the space provided. If the PHA does not plan to undertake these activities, mark "no."

☐ **HOPE VI or Choice Neighborhoods.** 1**)** A description of any housing (including project number (if known) and unit count) for which the PHA will apply for HOPE VI or Choice Neighborhoods; and 2) A timetable for the submission of applications or proposals. The application and approval process for Hope VI or Choice Neighborhoods is a separate process. See guidance on HUD's website at: https://www.hud.gov/program_offices/public_indian_housing/programs/ph/hope6. (Notice PIH 2011-47)

☐ **Mixed Finance Modernization or Development.** 1) A description of any housing (including project number (if known) and unit count) for which the PHA will apply for Mixed Finance Modernization or Development; and 2) A timetable for the submission of applications or proposals. The application and approval process for Mixed Finance Modernization or Development is a separate process. See guidance on HUD's website at: https://www.hud.gov/program_offices/public_indian_housing/programs/ph/hope6/mfph#4

☐ **Demolition and/or Disposition.** With respect to public housing only, describe any public housing development(s), or portion of a public housing development projects, owned by the PHA and subject to ACCs (including project number and unit numbers [or addresses]), and the number of affected units along with their sizes and accessibility features) for which the PHA will apply or is currently pending for demolition or disposition approval under section 18 of the 1937 Act (42 U.S.C. 1437p); and (2) A timetable for the demolition or disposition. This statement must be submitted to the extent that approved and/or pending demolition and/or disposition has changed as described in the PHA's last Annual and/or 5-Year PHA Plan submission. The application and approval process for demolition and/or disposition is a separate process. Approval of the PHA Plan does not constitute approval of these activities. See guidance on HUD's website at: http://www.hud.gov/offices/pih/centers/sac/demo_dispo/index.cfm. (24 CFR §903.7(h))

☐ **Designated Housing for Elderly and Disabled Families.** Describe any public housing projects owned, assisted, or operated by the PHA (or portions thereof), in the upcoming fiscal year, that the PHA has continually operated as, has designated, or will apply for designation for occupancy by elderly and/or disabled families only. Include the following information: 1) development name and number; 2) designation type; 3) application status; 4) date the designation was approved, submitted, or planned for submission, 5) the number of units affected and; 6) expiration date of the designation of any HUD approved plan. **Note**: The application and approval process for such designations is separate from the PHA Plan process, and PHA Plan approval does not constitute HUD approval of any designation. (24 CFR §903.7(i)(C))

☐ **Conversion of Public Housing under the Voluntary or Mandatory Conversion programs.** Describe any public housing building(s) (including project number and unit count) owned by the PHA that the PHA is required to convert or plans to voluntarily convert to tenant-based assistance; **2)** An analysis of the projects or buildings required to be converted; and **3)** A statement of the amount of assistance received to be used for rental assistance or other housing assistance in connection with such conversion. See guidance on HUD's website at: http://www.hud.gov/offices/pih/centers/sac/conversion.cfm. (24 CFR §903.7(j))

☐ **Conversion of Public Housing under the Rental Assistance Demonstration (RAD) program.** Describe any public housing building(s) (including project number and unit count) owned by the PHA that the PHA plans to voluntarily convert to Project-Based Rental Assistance or Project-Based Vouchers under RAD. See additional guidance on HUD's website at: Notice PIH 2012-32 REV-3, successor RAD Implementation Notices, and other RAD notices.

☐ **Occupancy by Over-Income Families.** A PHA that owns or operates fewer than two hundred fifty (250) public housing units, may lease a unit in a public housing development to an over-income family (a family whose annual income exceeds the limit for a low income family at the time of initial occupancy), if all the following conditions are satisfied: (1) There are no eligible low income families on the PHA waiting list or applying for public housing assistance when the unit is leased to an over-income family; (2) The PHA has publicized availability of the unit for rental to eligible low income families, including publishing public notice of such availability in a newspaper of general circulation in the jurisdiction at least thirty days before offering the unit to an over-income family; (3) The over-income family rents the unit on a month-to-month basis for a rent that is not less than the PHA's cost to operate the unit; (4) The lease to the over-income family provides that the family agrees to vacate the unit when needed for rental to an eligible family; and (5) The PHA gives the over-income family at least thirty days' notice to vacate the unit when the unit is needed for rental to an eligible family. The PHA may incorporate information on occupancy by over-income families into its PHA Plan statement of deconcentration and other policies that govern eligibility, selection, and admissions. See additional guidance on HUD's website at: Notice PIH 2011-7. (24 CFR 960.503) (24 CFR 903.7(b))

☐ **Occupancy by Police Officers.** The PHA may allow police officers who would not otherwise be eligible for occupancy in public housing, to reside in a public housing dwelling unit. The PHA must include the number and location of the units to be occupied by police officers, and the terms and conditions of their tenancies; and a statement that such occupancy is needed to increase security for public housing residents. A "police officer" means a person determined by the PHA to be, during the period of residence of that person in public housing, employed on a full-time basis as a duly licensed professional police officer by a Federal, State or local government or by any agency of these governments. An officer of an accredited police force of a housing agency may qualify. The PHA may incorporate information on occupancy by police officers into its PHA Plan statement of deconcentration and other policies that govern eligibility, selection, and admissions. See additional guidance on HUD's website at: Notice PIH 2011-7. (24 CFR 960.505) (24 CFR 903.7(b))

☐ **Non-Smoking Policies.** The PHA may implement non-smoking policies in its public housing program and incorporate this into its PHA Plan statement of operation and management and the rules and standards that will apply to its projects. See additional guidance on HUD's website at: Notice PIH 2009-21 and Notice PIH-2017-03. (24 CFR §903.7(e))

☐ **Project-Based Vouchers.** Describe any plans to use Housing Choice Vouchers (HCVs) for new project-based vouchers, which must comply with PBV goals, civil rights requirements, Housing Quality Standards (HQS) and deconcentration standards, as stated in 983.57(b)(1) and set forth in the PHA Plan statement of deconcentration and other policies that govern eligibility, selection, and admissions. If using project-based vouchers, provide the projected number of project-based units and general locations, and describe how project-basing would be consistent with the PHA Plan (24 CFR §903.7(b)).

☐ **Units with Approved Vacancies for Modernization.** The PHA must include a statement related to units with approved vacancies that are undergoing modernization in accordance with 24 CFR §990.145(a)(1).

☐ **Other Capital Grant Programs** (i.e., Capital Fund Community Facilities Grants or Emergency Safety and Security Grants).

For all activities that the PHA plans to undertake in the current Fiscal Year, provide a description of the activity in the space provided.

B.3 **Progress Report.** For all Annual Plans following submission of the first Annual Plan, a PHA must include a brief statement of the PHA's progress in meeting the mission and goals described in the 5-Year PHA Plan. (24 CFR §903.7(r)(1))

B.4 **Capital Improvements.** PHAs that receive funding from the Capital Fund Program (CFP) must complete this section (24 CFR §903.7 (g)). To comply with this requirement, the PHA must reference the most recent HUD approved Capital Fund 5 Year Action Plan in EPIC and the date that it was approved. PHAs can reference the form by including the following language in the Capital Improvement section of the appropriate Annual or Streamlined PHA Plan Template: "See Capital Fund 5 Year Action Plan in EPIC approved by HUD on XX/XX/XXXX."

B.5 **Most Recent Fiscal Year Audit.** If the results of the most recent fiscal year audit for the PHA included any findings, mark "yes" and describe those findings in the space provided. (24 CFR §903.7(p))

C. **Other Document and/or Certification Requirements.**

C.1 **Resident Advisory Board (RAB) comments**. If the RAB had comments on the annual plan, mark "yes," submit the comments as an attachment to the Plan and describe the analysis of the comments and the PHA's decision made on these recommendations. (24 CFR §903.13(c), 24 CFR §903.19)

C.2 **Certification by State of Local Officials.** Form HUD-50077-SL, *Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan*, must be submitted by the PHA as an electronic attachment to the PHA Plan. (24 CFR §903.15). Note: A PHA may request to change its fiscal year to better coordinate its planning with planning done under the Consolidated Plan process by State or local officials as applicable.

C.3 **Civil Rights Certification/ Certification Listing Policies and Programs that the PHA has Revised since Submission of its Last Annual Plan.** Provide a certification that the following plan elements have been revised, provided to the RAB for comment before implementation, approved by the PHA board, and made available for review and inspection by the public. This requirement is satisfied by completing and submitting form HUD-50077 ST-HCV-HP, *PHA Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations Including PHA Plan Elements that Have Changed*. Form HUD-50077-ST-HCV-HP, *PHA Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations Including PHA Plan Elements that Have Changed* must be submitted by the PHA as an electronic attachment to the PHA Plan. This includes all certifications relating to Civil Rights and related regulations. A PHA will be considered in compliance with the certification requirement to affirmatively further fair housing if the PHA fulfills the requirements of §§ 903.7(o)(1) and 903.15(d) and: (i) examines its programs or proposed programs; (ii) identifies any fair housing issues and contributing factors within those programs, in accordance with 24 CFR 5.154 or 24 CFR 5.160(a)(3) as applicable; (iii) specifies actions and strategies designed to address contributing factors, related fair housing issues, and goals in the applicable Assessment of Fair Housing consistent with 24 CFR 5.154 in a reasonable manner in view of the resources available; (iv) works with jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement; (v) operates programs in a manner consistent with any applicable consolidated plan under 24 CFR part 91, and with any order or agreement, to comply with the authorities specified in paragraph (o)(1) of this section; (vi) complies with any contribution or consultation requirement with respect to any applicable AFH, in accordance with 24 CFR 5.150 through 5.180; (vii) maintains records reflecting these analyses, actions, and the results of these actions; and (viii) takes steps acceptable to HUD to remedy known fair housing or civil rights violations. impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with the local jurisdiction to implement any of the jurisdiction's initiatives to affirmatively further fair housing; and assures that the annual plan is consistent with any applicable Consolidated Plan for its jurisdiction. (24 CFR §903.7(o)).

C.4 **Challenged Elements**. If any element of the Annual PHA Plan or 5-Year PHA Plan is challenged, a PHA must include such information as an attachment to the Annual PHA Plan or 5-Year PHA Plan with a description of any challenges to Plan elements, the source of the challenge, and the PHA's response to the public.

C.5 **Troubled PHA.** If the PHA is designated troubled, and has a current MOA, improvement plan, or recovery plan in place, mark "yes," and describe that plan. Include dates in the description and most recent revisions of these documents as attachments. If the PHA is troubled, but does not have any of these items, mark "no." If the PHA is not troubled, mark "N/A." (24 CFR §903.9)

D. **Affirmatively Furthering Fair Housing (AFFH).**

D.1 **Affirmatively Furthering Fair Housing.** The PHA will use the answer blocks in item D.1 to provide a statement of its strategies and actions to implement each fair housing goal outlined in its accepted Assessment of Fair Housing (AFH) consistent with 24 CFR § 5.154(d)(5) that states, in relevant part: "To implement goals and priorities in an AFH, strategies and actions shall be included in program participants' … PHA Plans (including any plans incorporated therein) … Strategies and actions must affirmatively further fair housing …" Use the chart provided to specify each fair housing goal from the PHA's AFH for which the PHA is the responsible program participant – whether the AFH was prepared solely by the PHA, jointly with one or more other PHAs, or in collaboration with a state or local jurisdiction – and specify the fair housing strategies and actions to be implemented by the PHA during the period covered by this PHA Plan. If there are more than three fair housing goals, add answer blocks as necessary.

Until such time as the PHA is required to submit an AFH, the PHA will not have to complete section D., nevertheless , the PHA will address its obligation to affirmatively further fair housing in part by fulfilling the requirements at 24 CFR 903.7(o)(3) enacted prior to August 17, 2015, which means that it examines its own programs or proposed programs; identifies any impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement; and maintain records reflecting these analyses and actions. Furthermore, under Section 5A(d)(15) of the U.S. Housing Act of 1937, as amended, a PHA must submit a civil rights certification with its Annual PHA Plan, which is described at 24 CFR 903.7(o)(1) except for qualified PHAs who submit the Form HUD-50077-CR as a standalone document.

This information collection is authorized by Section 511 of the Quality Housing and Work Responsibility Act, which added a new section 5A to the U.S. Housing Act of 1937, as amended, which introduced the 5-Year and Annual PHA Plan.

Public reporting burden for this information collection is estimated to average 7.52 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

Privacy Act Notice. The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality.

Asset Management Project Offices
Address List

Hardcopies of the Annual PHA Plan shall be made available at the main office of each Asset Management Project (AMP). The address of each AMP main office is listed below:

AMP No. 30
99-132 Kohomua St
Aiea, HI 96701

AMP No. 31
2250 Kalena Dr
Honolulu, HI 96819

AMP No. 32 and 33
521 N Kukui St
Honolulu, HI 96817

AMP No. 34
1545 Kalakaua Ave
Honolulu, HI 96826

AMP No. 35
1220 Aala St
Honolulu, HI 96817

AMP No. 37
600 Wailoa St
Hilo, HI 96720

AMP No. 38
4726 Malu Rd
Kapaa, HI 96746

AMP No. 39
2015 Holowai Pl
Wailuku, HI 96793

AMP No. 40
1532 Linapuni St
Honolulu, HI 96819

AMP No. 42
1001 N School St
Honolulu, HI 96817

AMP No. 43
78-6725 Makolea St
Kailua-Kona, HI 96740

AMP No. 44
85-172 McArthur St
Waianae, HI 96792

AMP No. 45
45-1027 Kamau Pl, #10E
Kaneohe, HI 96744

AMP No. 46
65-1191 Opelo Rd
Kamuela, HI 96743

AMP No. 49
310 N Cane St
Wahiawa, HI 96786

AMP No. 50
2129 Ahe St, #18E
Honolulu, HI 96816

HPHA Administrative Office
1002 N School St
Honolulu, HI 96817

DECONCENTRATION POLICY
ACOP, Chapter 4, Section J

It is the intent of the PHA to promote adequate and affordable housing, economic opportunity, and a suitable living environment free of discrimination. Tenant selection and assignment for federal public housing shall be made without regard to race, color, religion, ancestry/national origin, sex familial status, physical or mental disability, marital status age, or HIV infection. To improve community quality of life and economic vitality, the PHA will implement measures to provide for deconcentration of poverty and income-mixing. The PHA will bring higher income tenants into lower income developments and lower income tenants into higher income developments. Additionally, the PHA will support measures to raise the income of households that currently reside in federal public housing. All measures and incentives that are undertaken to accomplish deconcentration and income-mixing will be uniformly applied.

The PHA's admission policy is designed to provide for deconcentration of poverty and income-mixing by bringing higher income tenants into lower income projects and lower income tenants into higher income projects.

Gross annual income is used for income limits at admission and for income-mixing purposes.
Skipping of a family on the waiting list specifically to reach another family with a lower or higher income is not to be considered an adverse action to the family. Such skipping will be uniformly applied until the target threshold is met.

The PHA will gather data and analyze, at least annually, the tenant characteristics of its public housing stock, including information regarding tenant incomes, to assist in the PHA's deconcentration efforts.

The PHA will use the gathered tenant incomes information in its assessment of its public housing developments to determine the appropriate designation to be assigned to the project for the purpose of assisting the PHA in its deconcentration goals.

If the PHA's annual review of tenant incomes indicates that there has been a significant change in the tenant income characteristics of a particular project, the PHA will evaluate the changes to determine whether, based on the PHA methodology of choice, the project needs to be redesignated as a higher or lower income project or whether the PHA has met the deconcentration goals and the project needs no particular designation.

Deconcentration and Income-Mixing Goals

Admission policies related to the deconcentration efforts of the PHA do not impose specific quotas. Therefore, the PHA will not set specific quotas, but will strive to achieve deconcentration and income-mixing in its developments.

The PHA's income-mixing goal is a long-range goal and may not be achieved in the first year of implementation. The PHA will use its annual analysis of its public housing stock and tenant incomes to provide benchmarks for the PHA.

The PHA will add additional sites to its deconcentration goals each year until it has met its desired goal for all of its developments.

Project Designation Methodology

The PHA will determine and compare tenant incomes at the developments listed in this Chapter.

Upon analyzing its findings, the PHA will apply the policies, measures and incentives listed in this Chapter to bring higher income families into lower income developments and lower income families into higher income developments.

The PHA's goal is to have eligible families having higher incomes occupy dwelling units in projects predominantly occupied by eligible families having lower incomes, and eligible families having lower incomes occupy dwelling units in projects predominantly occupied by eligible families having higher incomes.

Families having lower incomes include very low- and extremely low-income families.

When selecting applicant families and assigning transfers for a designated project the PHA will determine whether the selection of the family will contribute to the PHA's deconcentration goals.

The PHA will not select families for a particular project if the selection will have a negative effect on the PHA's deconcentration goals. However, if there are insufficient families on the waiting list or transfer list, under no circumstances will a unit remain vacant longer than necessary.

Steps for Implementation (24 C.F.R. 903.2)

Step 1: Determine the average income of all families residing in all covered developments.

$17,169.73

Step 2: Determine the average income of all families residing in each covered development, per unit size.

AMP	Average Income
30	$20,446.45
31	$20,873.68
32	$17,721.79
33	$18,133.28
34	$12,475.36
35	$12,034.74
37	$15,476.56
38	$16,091.32
39	$18,016.43
40	$22,043.94
43	$14,017.28
44	$17,274.68
45	$21,174.75
46	$14,442.20
49	$15,376.18
50	$19,117.00
Total Average	**$17,169.73**

Step 3: Determine whether each covered development falls above, within or below the Established Income Range. The Established Income Range is from 85 to 115 percent (inclusive) of the average family income of $17,169.73. The established income range is $14,594.27 to $19,745.19.

AMP	Average Income	Established Income Range
30	$20,446.45	Above
31	$20,873.68	Above
32	$17,721.79	Within
33	$18,133.28	Within
34	$12,475.36	Below
35	$12,034.74	Below
37	$15,476.56	Within
38	$16,091.32	Within
39	$18,016.43	Within
40	$22,043.94	Above
43	$14,017.28	Below
44	$17,274.68	Within
45	$21,174.75	Above
46	$14,442.20	Below
49	$15,376.18	Within
50	$19,117.00	Within

Step 4: For covered developments with average incomes outside the Established Income Range, explain and justify how the income profile for these developments remain consistent with the statutory goals of deconcentrating poverty and furthering income-mixing, and the local goals and strategies contained in the Annual PHA Plan.

- AMP 34: This development contains many elderly residents on fixed incomes which do not increase with inflation.
- AMP 35: This development contains many elderly residents on fixed incomes which do not increase with inflation.
- AMP 43: This development contains many elderly residents and families on fixed-incomes which do not increase with inflation.
- AMP 46: This development contains many elderly residents and families on fixed-incomes which do not increase with inflation.

Step 5: The PHA will offer certain incentives to higher income families willing to move into lower income projects. The PHA will not take any adverse action against any higher income family declining an offer by the PHA to move into a lower income project.

In addition to maintaining its public housing stock in a manner that is safe, clean, well landscaped and attractive, the PHA may offer the following incentives for higher income families moving into lower income projects:

(A) *Incentives designed to encourage families with incomes below the Established Income Range to accept units in developments with incomes above the Established Income Range, or vice versa, including rent incentives, affirmative marketing plans, or added amenities;*

(B) *Target investment and capital improvements toward developments with an average income below the Established Income Range to encourage applicant families whose income is above the Established Income Range to accept units in those developments;*

(C) *Establish a preference for admission of working families in developments below the Established Income Range;*

(D) *Skip a family on the waiting list to reach another family in an effort to further the goals of the PHA's deconcentration policy;*

(E) *Provide such other strategies as permitted by statute and determined by the PHA in consultation with the residents and the community, through the PHA Annual Plan process, to be responsive to the local context and the PHA's strategic objectives.*

MTW Supplement to the Annual PHA Plan	U.S. Department of Housing and Urban Development Office of Public and Indian Housing	OMB No. 2577-0226 Expires: 03/31/2024

Purpose. The Moving to Work (MTW) Supplement to the Annual PHA Plan informs HUD, families served by the PHA, and members of the public, about the MTW Waivers and associated activities that the MTW agency seeks to implement in the coming Fiscal Year and updates the status of MTW activities that have been previously approved. It also provides information about Safe Harbor Waivers, Agency-Specific Waivers, compliance with MTW statutory requirements, and evaluations. The MTW Supplement does not replace the PHA Plan. MTW agencies must continue to submit the applicable PHA Plan. MTW agencies that are not required to submit annual PHA Plans under the Housing and Economic Recovery Act of 2008 (HERA) must submit the MTW Supplement annually, in addition to holding public hearings, obtaining board approval, and consulting with Resident Advisory Boards (RABs) and tenant associations, as applicable, on planned MTW activities.

Applicability. Form HUD-50075-MTW is to be completed annually by all MTW agencies brought onto the MTW Demonstration Program pursuant to Section 239 of the Fiscal Year 2016 Appropriations Act, P.L. 114-113 (2016 MTW Expansion Statute) or legacy MTW agencies[1] that chose to follow the requirements of the MTW Operations Notice.

Definitions. All terms used in this MTW Supplement are consistent with the definitions stated in the MTW Operations Notice, including:

(1) **Local, Non-Traditional Activities** (LNT) – Those MTW activities that use MTW funding flexibility outside of the Housing Choice Voucher (HCV) and public housing programs established in Sections 8 and 9 of the U.S. Housing Act of 1937.
(2) **Safe Harbors** – The additional parameters or requirements, beyond those specified in the MTW activity description itself found in the MTW Operations Notice, following each activity description, that the MTW agency must follow in implementing MTW activities.
(3) **Substantially the Same Requirement** – A statutory MTW requirement that MTW agencies must continue to assist substantially the same total number of eligible low-income families as would have been served absent the MTW demonstration.

A.	PHA Information.

PHA Name: Hawaii Public Housing Authority
PHA Code: HI001
MTW Supplement for PHA Fiscal Year Beginning: (MM/DD/YYYY): 07/01/2025
PHA Program Type: ☐ Public Housing (PH) only ☐ Housing Choice Voucher (HCV) only ☒ Combined
MTW Cohort Number: 3
MTW Supplement Submission Type: ☒ Annual Submission ☐ Amended Annual Submission

B.	Narrative.

MTW Supplement Narrative.

The narrative provides the MTW agency with an opportunity to explain to the public, including the families that it serves, its MTW plans for the fiscal year and its short and long-term goals.

The MTW agency should provide a description of how it seeks to further the three MTW statutory objectives during the coming Fiscal Year. Those three MTW statutory objectives are: (1) to reduce cost and achieve greater cost effectiveness in federal expenditures; (2) to give incentives to families with children whose heads of household are either working, seeking work, or are participating in job training, educational or other programs that assist in obtaining employment and becoming economically self-sufficient; and (3) to increase housing choices for low-income families.

The Hawaii Public Housing Authority's (HPHA) long-term goal is to use its Moving to Work (MTW) designation to become a more proactive, innovative agency that can identify, develop, and implement housing policies that achieve the statutory objectives of the MTW Demonstration Program.

[1] Legacy MTW Agencies are agencies that were designated as MTW as of December 15, 2015.

The HPHA was designated an MTW expansion agency as part of the landlord incentive cohort in January 2022. The HPHA's Landlord Incentive Program (LIP) was established later that year following the enactment of Act 287, Session Laws of Hawaii 2022. The Act provided State funding for vacancy loss payments, signing bonus payments, and tenant-caused damage reimbursements. The goal of the LIP is to incentivize greater landlord participation in the HPHA's voucher programs, thereby increasing housing choice for low-income families. In our MTW Supplement for FY 2023, the HPHA requested and received HUD's approval to continue the provision of vacancy loss and signing bonus payments using MTW funds.

The HPHA amended its MTW Supplement for FY 24 to request MTW Waiver 3.b. to perform biennial reexaminations of families participating in our Housing Choice Voucher (HCV) Program. The goal of this activity is to improve family self-sufficiency by incentivizing working members to increase their income during a new two-year reexamination cycle. The activity is also meant to reduce administrative burden on staff and residents as well as generate cost savings for the agency. The Amended MTW Supplement for FY 2024 was approved by HUD on March 29, 2024. In accordance with subsequent guidance provided by the HUD Honolulu Field Office, the HPHA will only apply this activity to regularly scheduled reexaminations with an effective date on or after May 1, 2024. The HPHA has amended its Administrative Plan and Chapter 17-2031, Hawaii Administrative Rules (HAR), to be able to carry out this activity. The HPHA is currently updating the software used for reexaminations in preparation for implementation of the activity. The anticipated start date of the activity is Q3 of 2024. Before implementation, the HPHA will notify all participating families of the change to their reexamination cycles.

The MTW Supplement for FY 25 was approved by HUD on July 8, 2024. The HPHA requested MTW Waiver 4.b. to provide tenant-caused damage reimbursements using MTW funding flexibilities. The LIP Administrative Rules have already been adopted. The HPHA also requested MTW Waiver 3.a. to perform biennial reexaminations in the Low-Income Public Housing (LIPH) Program. The HPHA hopes to achieve greater cost efficiency within the LIPH Program by reducing the administrative burden associated with processing annual reexaminations. The second goal for this activity is to incentive working families to raise their incomes, thereby increasing self-sufficiency. The HPHA will adopt amendments to its Admissions and Occupancy Policy (ACOP) and Chapter 17-2028, HAR, in order to implement biennial reexaminations in conjunction with amendments to implement HOTMA Sections 102 and 104. Finally, the HPHA requested MTW Waiver 2.a. to set payment standards between 90% and 120% of the applicable Small Area Fair Market Rents. The first goal of this activity is to increase rental assistance provided in neighborhoods where a significant percentage of assisted families are rent burdened. The second goal of this activity is to promote the deconcentration of poverty by increasing housing choice for low-income families in high-opportunity neighborhoods.

The HPHA amended its Supplement for FY 25 to request three additional waivers related to the Project-Based Voucher (PBV) Program. Under MTW Waiver 9.a., the HPHA may increase the number of authorized units that can be project-based up to 50% of the agency's total authorized HCV units or annual budget authority. Under MTW Waiver 9.b., the HPHA may increase the amount of non-excepted dwelling units at a single covered project up to 100%. Under MTW Waiver 9.g., the initial and redetermined contract rents for a PBV project could be set up to the lower of (a) 110% of the applicable SAFMR minus any utility allowance, or (b) the reasonable rent. The HPHA will utilize each waiver to achieve the MTW statutory objective of increasing housing choice for low-income families. The HPHA has found that many families struggle to use tenant-based vouchers due to the extreme scarcity of rental housing as well as property owners' reluctance to participate. By committing more vouchers to affordable properties, the HPHA can ensure that assisted units will be available exclusively to voucher families. The ability to expand the PBV Program will also support the agency's ongoing and future development efforts by enabling the provision of hundreds of new affordable units within our community.

As part of this MTW Supplement for FY 26, the HPHA is requesting approval of MTW Waiver 17.c. in order to use MTW funding to acquire, renovate, and/or develop affordable units for low-income families that are not public housing units. More specifically, the HPHA may utilize MTW funding for predevelopment costs and/or gap financing for LNT affordable units (as described in Notice PIH 2011-45) or PBV units. This waiver will further enable the HPHA to increase housing choice for low-income families through its ongoing redevelopment and repositioning efforts.

Activities Currently Implemented

- **HPHA Activity 23-01**: Front-End Vacancy Loss Payments (Cohort Waiver[2] 4.2.);
- **HPHA Activity 23-03**: Vacancy Loss Payments (MTW Waiver 4.a.);

[2] Cohort-specific waivers are not reported on in the MTW module of HUD's Housing Information Portal.

- **HPHA Activity 23-04**: Signing Bonus Payments (MTW Waiver 4.c.);
- **HPHA Activity 25-06**: Damage Reimbursement Payments (MTW Waiver 4.b.); and
- **HPHA Activity 25-08**: Increased Payment Standards (MTW Waiver 2.a.).

Activities Pending Implementation

- **HPHA Activity 23-02**: Waiver of Mandatory Initial Inspection (Cohort Waiver[2] 4.1.);
- **HPHA Activity 24-05**: Biennial Reexaminations for HCV (MTW Waiver 3.b.);
- **HPHA Activity 25-07**: Biennial Reexaminations for Public Housing (MTW Waiver 3.a.);
- **HPHA Activity 25-09**: Increase PBV Program Cap (MTW Waiver 9.a.);
- **HPHA Activity 25-10**: Increase PBV Project Cap (MTW Waiver 9.b.); and
- **HPHA Activity 25-11**: Increase PBV Rent to Owner (MTW Waiver 9.g.).

Waivers Requested for FY 26

- **HPHA Activity 26-12**: Housing Development Programs (MTW Waiver 17.c.).

C.	**MTW Waivers and Associated Activities.**

Currently Implemented:

HPHA Activity 23-03:	**Vacancy Loss Payments (MTW Waiver 4.a.)**
Core Questions:	
Narrative. Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.	The HPHA provides an incentive payment to a landlord for a dwelling unit vacancy if the landlord rents to another voucher holder. This activity was approved as part of the HPHA's MTW Supplement for FY 23. Vacancy loss payments are equal to one month's rent for each given dwelling unit. Payment is only made after the landlord enters into a new HAP contract with the HPHA. A landlord may not receive an incentive payment if the preceding vacancy was caused by (1) a failure to comply with federal or State nondiscrimination laws, (2) a violation of the landlord-tenant code set forth in Chapter 521, Hawaii Revised Statutes, or (3) any breach of the terms and conditions of the previous HAP contract. The goal of this activity is to increase landlord participation in the HCV Program, thereby increasing housing choice for low-income families and decreasing the average dwelling unit search time for voucher holders.
MTW Statutory Objectives. Which of the MTW statutory objectives does this MTW activity serve?	☐ Cost effectiveness ☐ Self-sufficiency ☒ Housing choice
Cost implications. What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.	☐ Neutral (no cost implications) ☐ Increased revenue ☐ Decreased revenue ☒ Increased expenditures

	☐ Decreased expenditures
Different policy by household status/family types/sites? Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?	☐ The MTW activity applies to all assisted households ☒ The MTW activity applies only to a subset or subsets of assisted households
Household Status. Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?	☐ New admissions (i.e., applicants) only ☐ Currently assisted households only ☒ New admissions and currently assisted households
Family Types. Does the MTW activity apply to all family types or only to selected family types?	☒ The MTW activity applies to all family types ☐ The MTW activity applies only to selected family types ☐ Other – another specifically defined target population or populations
Location. Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?	**For HCV activities:** ☒ The MTW activity applies to all tenant-based units ☐ The MTW activity applies to all properties with project-based vouchers ☐ The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers
Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?	☐ Yes ☒ No
Does this MTW activity require a hardship policy?	☐ Yes ☒ No ☐ Already provided
Does the MTW activity require an impact analysis?	☐ Yes ☒ No ☐ Already provided
Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.	The HPHA has paused this incentive payment because of a staffing shortage. The HPHA will begin offering it again once the agency has the necessary administrative capacity.
Custom Questions:	
Does this policy apply to certain types of units or to all units all HCV units or only certain types of units (for example, accessible units, units in a low-poverty neighborhood, or units/landlords new to the HCV program?	☒ To all units ☐ Certain types of units only
What is the maximum payment that can be made to a landlord under this policy?	A landlord may not receive an amount in excess of one month's rent for a dwelling unit. There is no limit on how many times a landlord may qualify for vacancy loss payments so long as the dwelling unit is rented to another voucher holder immediately following the vacancy of another participating family.
How many payments were issued under this policy in the most recently completed PHA fiscal year?	0

What is the total dollar value of payments issued under this policy in the most recently completed PHA fiscal year?	$0

HPHA Activity 23-04:	**Signing Bonus Payments (MTW Waiver 4.c.)**
Core Questions:	
Narrative. Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.	The HPHA provides a signing bonus payment to a landlord who rents a dwelling unit to a voucher holder for the first time. This activity was approved as part of the HPHA's MTW Supplement for FY 23. Signing bonus payments are equal to one month's rent for each given dwelling unit. Payment is only made after the landlord enters into a new HAP contract with the HPHA. The dwelling unit must be located in a "high opportunity area" or in "areas located where vouchers are difficult to use" to qualify. Both terms as currently defined in the program's Administrative Rules include the HPHA's entire HCV jurisdiction. Landlords may only receive one signing bonus per dwelling unit. If there is a change in the ownership of an assisted dwelling unit, the new owner may qualify for a signing bonus. The goal of this activity is to increase landlord participation in the HCV Program, thereby increasing housing choice for low-income families and decreasing the average dwelling unit search time for voucher holders.
MTW Statutory Objectives. Which of the MTW statutory objectives does this MTW activity serve?	☐ Cost effectiveness ☐ Self-sufficiency ☒ Housing choice
Cost implications. What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.	☐ Neutral (no cost implications) ☐ Increased revenue ☐ Decreased revenue ☒ Increased expenditures ☐ Decreased expenditures
Different policy by household status/family types/sites? Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?	☐ The MTW activity applies to all assisted households ☒ The MTW activity applies only to a subset or subsets of assisted households
Household Status. Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?	☒ New admissions (i.e., applicants) only ☐ Currently assisted households only ☐ New admissions and currently assisted households
Family Types. Does the MTW activity apply to all family types or only to selected family types?	☒ The MTW activity applies to all family types ☐ The MTW activity applies only to selected family types ☐ Other – another specifically defined target population or populations

Location. Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?	**For HCV activities:** ☒ The MTW activity applies to all tenant-based units ☐ The MTW activity applies to all properties with project-based vouchers ☐ The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers
Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?	☐ Yes ☒ No
Does this MTW activity require a hardship policy?	☐ Yes ☒ No ☐ Already provided
Does the MTW activity require an impact analysis?	☐ Yes ☒ No ☐ Already provided
Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.	The HPHA has paused this incentive payment because of a staffing shortage. The HPHA will begin offering it again once the agency has the necessary administrative capacity.
Custom Questions:	
Does this policy apply to certain types of units or to all units all HCV units or only certain types of units (for example, accessible units, units in a low-poverty neighborhood, or units/landlords new to the HCV program?	☐ To all units ☒ Certain types of units only What type of units does this policy apply to? ☐ Accessible units ☒ Units in particular types of areas or neighborhoods. Please describe these areas briefly: Signing bonus payments are available to new landlords with dwelling units in "high opportunity areas" or in "areas located where vouchers are difficult to use" (§S8-10, HAR). Currently, both terms are defined as "the island of Oahu." ☐ Units/landlords new to the HCV program ☐ Other. Please describe briefly:
What is the maximum payment that can be made to a landlord under this policy?	Up to one month's rent. A landlord may qualify for this payment only once for each newly enrolled dwelling unit.
How many payments were issued under this policy in the most recently completed PHA fiscal year?	20
What is the total dollar value of payments issued under this policy in the most recently completed PHA fiscal year?	$55,716

HPHA Activity 25-06:	**Damage Reimbursement Payments (MTW Waiver 4.b.)**
Core Questions:	

Narrative. Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.	The HPHA provides reimbursement payments to landlords for tenant-caused damages in an amount not to exceed the lesser of the cost of repairs or two months of contract rent. This activity was approved as part of the HPHA's MTW Supplement for FY 25. A reimbursement will only be provided for expenses that exceed an assisted family's security deposit. Additionally, the reimbursement will only be made after a new HAP contract is executed for the dwelling unit. Landlords are required to submit receipts, invoices, and other documentation that shows the nature, extent, and cost of repairs. The HPHA reserves the right to require an initial inspection of damages and a follow-up inspection after repairs are complete. This activity is meant to assuage landlord concerns about renting to Section 8 voucher holders. This activity will help the HPHA be able to recruit and retain more landlords, thereby increasing housing choice for low-income families.
MTW Statutory Objectives. Which of the MTW statutory objectives does this MTW activity serve?	☐ Cost effectiveness ☐ Self-sufficiency ☒ Housing choice
Cost implications. What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.	☐ Neutral (no cost implications) ☐ Increased revenue ☐ Decreased revenue ☒ Increased expenditures ☐ Decreased expenditures
Different policy by household status/family types/sites? Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?	☒ The MTW activity applies to all assisted households ☐ The MTW activity applies only to a subset or subsets of assisted households
Household Status. Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?	☐ New admissions (i.e., applicants) only ☒ Currently assisted households only ☐ New admissions and currently assisted households
Family Types. Does the MTW activity apply to all family types or only to selected family types?	☒ The MTW activity applies to all family types ☐ The MTW activity applies only to selected family types
Location. Depending on if responses are being provided for a public housing (PH) or HCV activity, the agency will either see questions applicable to PH or HCV. **For HCV activities:** Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?	**For HCV activities:** ☒ The MTW activity applies to all tenant-based units ☐ The MTW activity applies to all properties with project-based vouchers ☐ The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers
Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?	☐ Yes ☒ No
Does this MTW activity require a hardship policy?	☐ Yes ☒ No

	☐ Already provided
Does the MTW activity require an impact analysis?	☐ Yes ☒ No ☐ Already provided
Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.	The HPHA has paused this incentive payment because of a staffing shortage. The HPHA will begin offering it again once the agency has the necessary administrative capacity.
Custom Questions:	
Does this policy apply to certain types of units or to all units all HCV units or only certain types of units (for example, accessible units, units in a low-poverty neighborhood, or units/landlords new to the HCV program?	☒ To all units ☐ Certain types of units only
What is the maximum payment that can be made to a landlord under this policy?	The lesser of the cost of repairs or two months of contract rent, but no more than $3,000 total.
How many payments were issued under this policy in the most recently completed PHA fiscal year?	0
What is the total dollar value of payments issued under this policy in the most recently completed PHA fiscal year?	$0

HPHA Activity 25-08:	**Increased Payment Standards (MTW Waiver 2.a.)**
Core Questions:	
Narrative. Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.	The HPHA may set the payment standard for a zip code between 90% to 120% of the Small Area Fair Market Rent (SAFMR). This activity was approved as part of the HPHA's MTW Supplement for FY 25. Exception payment standards will be used to deconcentrate poverty by increasing housing choice in high-opportunity neighborhoods as well as provide a deeper level of subsidy in areas of the agency's jurisdiction with high rates of rent-burdened families. Having the ability to provide greater amounts of rental subsidy for dwelling units with more bedrooms can reduce search times and increase the voucher success rate for larger-sized families. A payment standard will not be raised above the normal upper bound of 110% of SAFMR if doing so would significantly impact the financial sustainability of the HPHA's voucher programs. Any dwelling unit rented by a voucher holder in a zip code with an exception standard must still meet rent reasonableness requirements.
MTW Statutory Objectives. Which of the MTW statutory objectives does this MTW activity serve?	☐ Cost effectiveness ☐ Self-sufficiency ☒ Housing choice

Cost implications. What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.	☐ Neutral (no cost implications) ☐ Increased revenue ☐ Decreased revenue ☒ Increased expenditures ☐ Decreased expenditures
Different policy by household status/family types/sites? Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?	☒ The MTW activity applies to all assisted households ☐ The MTW activity applies only to a subset or subsets of assisted households
Household Status. Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?	☐ New admissions (i.e., applicants) only ☐ Currently assisted households only ☒ New admissions and currently assisted households
Family Types. Does the MTW activity apply to all family types or only to selected family types?	☒ The MTW activity applies to all family types ☐ The MTW activity applies only to selected family types
Location. Depending on if responses are being provided for a public housing (PH) or HCV activity, the agency will either see questions applicable to PH or HCV. **For HCV activities:** Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?	**For HCV activities:** ☒ The MTW activity applies to all tenant-based units ☐ The MTW activity applies to all properties with project-based vouchers ☐ The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers
Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?	☐ Yes ☒ No
Does this MTW activity require a hardship policy?	☐ Yes ☐ No ☒ Already provided
Does the hardship policy apply to more than this MTW activity? If yes, then please list all of the applicable MTW activities. (Only upload hardship policy once when said policy applies to multiple MTW activities.)	☐ Yes ☒ No
Has the MTW agency modified the hardship policy since the last submission of the MTW Supplement?	☐ Yes ☒ No
How many hardship requests have been received associated with this activity in the most recently completed PHA fiscal year?	0
Does the MTW activity require an impact analysis?	☐ Yes ☐ No ☒ Already provided
Does the impact analysis apply to more than this MTW activity? If yes, then please list all of the applicable MTW activities. (Only upload impact analysis once when said impact analysis applies to multiple MTW activities.)	☒ Yes ☐ No The Impact Analysis also applies to HPHA Activity 24-05 (MTW Waiver 3.b.).

Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.	N/A. The HPHA did not exercise this flexibility when creating the Payment Standards for CY 2025.
Custom Questions:	
Please explain the payment standards by ZIP or "grouped" ZIP codes.	After publication of the updated SAFMRs each year, zip codes are arranged in ascending order by median rent value from most to least expensive. The allowable range is then calculated for each bedroom size in each zip code. Under this activity, the lower bound will always be set at 90% of SAFMR. The upper bound will be set at 110% of SAFMR; the HPHA will only use an upper bound of 120% of SAFMR if there are a significant number of assisted families residing in the zip code who are rent burdened. Zip codes are generally separated into 10 to 15 payment standard tiers. Each payment standard tier is comprised of zip codes with similar average rent values. Groupings may be further refined by merging one tier with few zip codes and a neighboring tier with a similar average rent range. Alternatively, a tier with ranges that widely vary may be split based on the median rent value within the group. Additional factors are taken into consideration, such as local submarket conditions, trends, and projections, as well as current voucher utilization within each zip code. Once tiers are set, a proposed payment standard is used to calculate the percentage of SAFMR for each bedroom size in each zip code. The proposed payment standard is then adjusted upward or downward to ensure it fits within the allowable range for each zip code in the tier.

Pending Implementation:

HPHA Activity 24-05:	**Biennial Reexaminations for HCV (MTW Waiver 3.b.)**
Core Questions:	
Narrative. Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.	The HPHA will conduct regularly scheduled income and eligibility reexaminations for HCV families on a biennial basis (i.e., every two years). This activity was approved as part of the HPHA's Amended MTW Supplement for FY 2024. In accordance with the Administrative Plan, the HPHA will mitigate fraud and abuse by generating and reviewing Income Discrepancy Reports in EIV on a regular basis, discuss program compliance and integrity issues during briefing sessions with tenants, and place key warnings about the penalties of fraud on HPHA forms and form letters. The HPHA will also regularly remind tenants that corrective action will be taken if income is hidden or concealed during the income determination process. The first goal of this activity is to promote program cost-effectiveness by alleviating the administrative burden associated with an annual reexamination cycle. The second goal is to incentivize families to increase their

	income between biennial reexaminations, thereby increasing self-sufficiency.
MTW Statutory Objectives. Which of the MTW statutory objectives does this MTW activity serve?	(Check at least one) ☒ Cost effectiveness ☒ Self-sufficiency ☐ Housing choice
Cost implications. What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.	☐ Neutral (no cost implications) ☐ Increased revenue ☐ Decreased revenue ☐ Increased expenditures ☒ Decreased expenditures
Different policy by household status/family types/sites? Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?	☒ The MTW activity applies to all assisted households ☐ The MTW activity applies only to a subset or subsets of assisted households
Household Status. Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?	☐ New admissions (i.e., applicants) only ☒ Currently assisted households only ☐ New admissions and currently assisted households
Family Types. Does the MTW activity apply to all family types or only to selected family types?	☒ The MTW activity applies to all family types ☐ The MTW activity applies only to selected family types
Location. Depending on if responses are being provided for a public housing (PH) or HCV activity, the agency will either see questions applicable to PH or HCV. **For HCV activities:** Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?	**For HCV activities:** ☒ The MTW activity applies to all tenant-based units ☒ The MTW activity applies to all properties with project-based vouchers ☐ The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers
Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?	☐ Yes ☒ No
Does this MTW activity require a hardship policy?	☐ Yes ☐ No ☒ Already provided
Does the hardship policy apply to more than this MTW activity? If yes, then please list all of the applicable MTW activities. (Only upload hardship policy once when said policy applies to multiple MTW activities.)	☐ Yes ☒ No
Has the MTW agency modified the hardship policy since the last submission of the MTW Supplement?	☐ Yes ☒ No
How many hardship requests have been received associated with this activity in the most recently completed PHA fiscal year?	0
Does the MTW activity require an impact analysis?	☐ Yes ☐ No ☒ Already provided

Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.	The HPHA's Board of Directors approved amendments to the Administrative Plan to allow for biennial reexaminations in April 2024. Similar provisions were included in Chapter 17-2031, Hawaii Administrative Rules (HAR), which governs the HPHA's voucher programs. These changes were made effective in June 2024 following approval by the Governor and their filing with the Lieutenant Governor's Office. The HPHA is currently working with Emphasys (software vendor) to update the software used to process reexaminations.
Custom Questions:	
What is the recertification schedule?	☒ Once every two years ☐ Once every three years ☐ Other. Please describe:
How many interim recertifications per year may a household request?	☐ 0 ☐ 1 ☒ 2 or more
Please describe briefly how the MTW agency plans to address changes in family/household circumstances under the alternative reexamination schedule.	The HPHA will not change its current interim reexamination policy or limit the number of interim adjustments a family may request. All families will still be required to report any change of income or household composition that occurs between biennial reexaminations. The HPHA will perform an interim reexamination for any reported decrease in income. For changes which increase income that are reported timely (i.e., within 10 days of the change becoming effective), the HPHA will not process an interim reexamination. For changes which increase annual income that are NOT reported timely, the HPHA will process an interim reexamination and increase rent retroactive to the first day of the month after the change occurred. Changes to household composition will also require a reexamination.

HPHA Activity 25-07:	**Biennial Reexaminations for Public Housing (MTW Waiver 3.a.)**
Core Questions:	
Narrative. Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.	The HPHA will conduct regularly scheduled income and eligibility reexaminations for public housing families on a biennial basis (i.e., every two year), except for families who are determined to be over-income, pursuant to 24 CFR §960.507 and Section 103 of HOTMA. This activity was approved as part of the HPHA's MTW Supplement for FY 25. Before implementing this activity, the HPHA must amend its Admissions and Continued Occupancy Policy (ACOP) and Chapter 17-2028, Hawaii Administrative Rules (HAR). The HPHA must also work with Emphasys (software vendor) to update the software used to process reexaminations.

	Updates to the HAR generally take four months to complete. In the coming months, the HPHA will also need to update Chapter 17-2028, HAR, to implement new policies set forth in HOTMA Sections 102 and 104. The HPHA will mitigate fraud and abuse by generating and reviewing Income Discrepancy Reports in EIV on a regular basis, discuss program compliance and integrity issues during briefing sessions with residents, and place key warnings about the penalties of fraud on HPHA forms and form letters. The HPHA will also regularly remind tenants that corrective action will be taken if income is hidden or concealed during the income determination process. The first goal of this activity is to promote program cost-effectiveness by alleviating the administrative burden associated with an annual reexamination cycle. The second goal is to incentivize families to increase their income between biennial reexaminations, thereby increasing self-sufficiency.
MTW Statutory Objectives. Which of the MTW statutory objectives does this MTW activity serve?	☒ Cost effectiveness ☒ Self-sufficiency ☐ Housing choice
Cost implications. What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.	☐ Neutral (no cost implications) ☐ Increased revenue ☒ Decreased revenue ☐ Increased expenditures ☐ Decreased expenditures
Different policy by household status/family types/sites? Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?	☒ The MTW activity applies to all assisted households ☐ The MTW activity applies only to a subset or subsets of assisted households
Household Status. Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?	☐ New admissions (i.e., applicants) only ☒ Currently assisted households only ☐ New admissions and currently assisted households
Family Types. Does the MTW activity apply to all family types or only to selected family types?	☒ The MTW activity applies to all family types ☐ The MTW activity applies only to selected family types
Location. Depending on if responses are being provided for a public housing (PH) or HCV activity, the agency will either see questions applicable to PH or HCV. **For PH activities:** Does the MTW activity apply to all public housing developments?	**For PH activities:** ☒ The MTW activity applies to all developments ☐ The MTW activity applies to specific developments
Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?	☐ Yes ☒ No
Does this MTW activity require a hardship policy?	☐ Yes ☐ No

	☒ Already provided
Does the hardship policy apply to more than this MTW activity? If yes, then please list all of the applicable MTW activities. (Only upload hardship policy once when said policy applies to multiple MTW activities.)	☐ Yes ☒ No
Has the MTW agency modified the hardship policy since the last submission of the MTW Supplement?	☐ Yes ☒ No
How many hardship requests have been received associated with this activity in the most recently completed PHA fiscal year?	0
Does the MTW activity require an impact analysis?	☐ Yes ☐ No ☒ Already provided
Does the impact analysis apply to more than this MTW activity? If yes, then please list all of the applicable MTW activities. (Only upload impact analysis once when said impact analysis applies to multiple MTW activities.)	☐ Yes ☒ No
Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.	N/A. This activity is pending implementation.
Custom Questions:	
What is the recertification schedule?	☒ Once every two years ☐ Once every three years ☐ Other. Please describe:
How many interim recertifications per year may a household request?	☐ 0 ☐ 1 ☒ 2 or more
Please describe briefly how the MTW agency plans to address changes in family/household circumstances under the alternative reexamination schedule.	The HPHA will not change its current interim reexamination policy or limit the number of interim adjustments a family may request. All families will still be required to report any change to income or household composition that occurs between biennial reexaminations. The HPHA will perform an interim reexamination for any reported decrease in income. For changes which increase income that are reported timely (i.e., within 10 days of the change becoming effective), the HPHA will not process an interim reexamination. For changes which increase annual income that are NOT reported timely, the HPHA will process an interim reexamination and increase rent retroactive to the first day of the month after the change occurred. Changes to household composition will also require a reexamination.

HPHA Activity 25-09:	**Increase PBV Program Cap (MTW Waiver 9.a.)**

Core Questions:	
Narrative. Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.	The HPHA may project-base up to the lower of 50% of total authorized HCV units or annual budget authority. The waiver request for this activity was submitted to HUD as part of the HPHA's Amended MTW Supplement for FY 25. As of October 1, 2024, the Tool of Tools Program Analysis reports 499 of the HPHA's vouchers are project-based (excluding RAD PBVs) out of 4,397 total authorized units, or about 11.35%. Due to an increasingly tight local housing market, the HPHA is considering all available options to expand the supply of affordable units. As part of ongoing efforts to redevelop multiple underutilized properties within the agency's inventory, the expansion of PBV usage can assist with the financing of new affordable housing projects as well as stabilize struggling affordable housing projects. The HPHA will also utilize this waiver to act upon promising housing development or acquisition opportunities as they arrive. There is no intent to project-base up to the full 50% at this time.
MTW Statutory Objectives. Which of the MTW statutory objectives does this MTW activity serve?	☐ Cost effectiveness ☐ Self-sufficiency ☒ Housing choice
Cost implications. What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.	☒ Neutral (no cost implications) ☐ Increased revenue ☐ Decreased revenue ☐ Increased expenditures ☐ Decreased expenditures
Different policy by household status/family types/sites? Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?	☒ The MTW activity applies to all assisted households ☐ The MTW activity applies only to a subset or subsets of assisted households
Household Status. Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?	☐ New admissions (i.e., applicants) only ☐ Currently assisted households only ☒ New admissions and currently assisted households
Family Types. Does the MTW activity apply to all family types or only to selected family types?	☒ The MTW activity applies to all family types ☐ The MTW activity applies only to selected family types
Location. Depending on if responses are being provided for a public housing (PH) or HCV activity, the agency will either see questions applicable to PH or HCV. **For HCV activities:** Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?	**For HCV activities:** ☐ The MTW activity applies to all tenant-based units ☒ The MTW activity applies to all properties with project-based vouchers ☐ The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers
Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?	☐ Yes ☒ No

Does this MTW activity require a hardship policy?	☐ Yes ☒ No ☐ Already provided
Does the MTW activity require an impact analysis?	☐ Yes ☒ No ☐ Already provided
Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.	N/A. This activity is pending implementation.
Custom Questions:	
What percentage of total authorized HCV units will be authorized for project-basing?	50%

HPHA Activity 25-10:	**Increase PBV Project Cap (MTW Waiver 9.b.)**
Core Questions:	
Narrative. Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.	The HPHA may raise the PBV cap for a project up to 100%. The waiver request for this activity was submitted to HUD as part of the HPHA's Amended MTW Supplement for FY 25. By allowing for the project-basing of vouchers at assisted projects above the greater of 25% or 25 units, the HPHA can ensure that a larger portion of the state's limited affordable housing stock is preserved. The waiver will help to ensure long-term housing stability for residents and prevent more units from converting to market-rate housing. This will also incentivize developers to build or rehabilitate affordable housing as a greater percentage of guaranteed rental income can be provided.
MTW Statutory Objectives. Which of the MTW statutory objectives does this MTW activity serve?	☐ Cost effectiveness ☐ Self-sufficiency ☒ Housing choice
Cost implications. What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.	☒ Neutral (no cost implications) ☐ Increased revenue ☐ Decreased revenue ☐ Increased expenditures ☐ Decreased expenditures
Different policy by household status/family types/sites? Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?	☒ The MTW activity applies to all assisted households ☐ The MTW activity applies only to a subset or subsets of assisted households
Household Status. Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?	☐ New admissions (i.e., applicants) only ☐ Currently assisted households only ☒ New admissions and currently assisted households

Family Types. Does the MTW activity apply to all family types or only to selected family types?	☒ The MTW activity applies to all family types ☐ The MTW activity applies only to selected family types
Location. Depending on if responses are being provided for a public housing (PH) or HCV activity, the agency will either see questions applicable to PH or HCV. **For HCV activities:** Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?	**For HCV activities:** ☐ The MTW activity applies to all tenant-based units ☒ The MTW activity applies to all properties with project-based vouchers ☐ The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers
Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?	☐ Yes ☒ No
Does this MTW activity require a hardship policy?	☐ Yes ☒ No ☐ Already provided
Does the MTW activity require an impact analysis?	☐ Yes ☒ No ☐ Already provided
Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.	N/A. This activity is pending implementation.

HPHA Activity 25-11: **Increase PBV Rent to Owner (MTW Waiver 9.g.)**	
Core Questions:	
Narrative. Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.	The HPHA may set the contract rent for a PBV-assisted unit up to the lowest of (a) 120% of SAFMR minus any utility allowances, (b) rent requested by an owner, or (c) the reasonable rent. The HPHA has not modified its rent reasonableness policy under waiver 2.c. or 2.d. The waiver request for this activity was submitted to HUD as part of the HPHA's Amended MTW Supplement for FY 25. To establish the reasonable rent amount, the HPHA will test the lower of rent requested by owner or 120% of SAFMR minus any utility allowance. Only three comparable units will be used, of which two must have a gross rent which exceeds the subject gross rent. The third comparable unit must be less than the subject gross rent. The reasonable rent amount will be determined by averaging the gross rent of three comparable units. By allowing the HPHA greater flexibility in the setting and adjusting of rents, the agency can ensure that rents paid under the PBV Program are appropriate for the specific housing market. This waiver will help the HPHA with offering competitive rents that attract property owners while still maintaining affordability for low-income families. It will also improve housing standards by allowing owners greater

	cash flow to improve and maintain the physical condition of their properties.
MTW Statutory Objectives. Which of the MTW statutory objectives does this MTW activity serve?	☐ Cost effectiveness ☐ Self-sufficiency ☒ Housing choice
Cost implications. What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.	☐ Neutral (no cost implications) ☐ Increased revenue ☐ Decreased revenue ☒ Increased expenditures ☐ Decreased expenditures
Different policy by household status/family types/sites? Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?	☒ The MTW activity applies to all assisted households ☐ The MTW activity applies only to a subset or subsets of assisted households
Household Status. Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?	☐ New admissions (i.e., applicants) only ☐ Currently assisted households only ☒ New admissions and currently assisted households
Family Types. Does the MTW activity apply to all family types or only to selected family types?	☒ The MTW activity applies to all family types ☐ The MTW activity applies only to selected family types
Location. Depending on if responses are being provided for a public housing (PH) or HCV activity, the agency will either see questions applicable to PH or HCV. **For HCV activities:** Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?	**For HCV activities:** ☐ The MTW activity applies to all tenant-based units ☒ The MTW activity applies to all properties with project-based vouchers ☐ The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers
Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?	☐ Yes ☒ No
Does this MTW activity require a hardship policy?	☐ Yes ☒ No ☐ Already provided
Does the MTW activity require an impact analysis?	☐ Yes ☒ No ☐ Already provided
Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.	N/A. This activity is pending implementation.

Requested Waivers for FY 26:

HPHA Activity 26-12:	**Housing Development Programs (MTW Waiver 17.c.)**
Core Questions:	

Narrative. Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.	The HPHA may use MTW funding to acquire, renovate, and/or develop affordable units for low-income families that are not public housing units. More specifically, the HPHA will look to provide gap financing (i.e., grants or loans) to affordable housing development projects which may include PBV developments, Low-Income Housing Tax Credit developments, and other eligible development activities subject to approval by the Board of Directors. The goal of this activity is to increase housing choices for low-income households through the funding of affordable housing development. Gap financing will support the HPHA's owned or substantially controlled development projects by allowing the agency to better leverage third-party debt in the form of tax-exempt bond financing, LIHTC equity, and other local sources. The HPHA will not expend MTW block grant funding in excess of 10% of its Housing Assistance Payments budget on this activity. In implementing this activity, the HPHA shall ensure all families assisted meet HUD's definition of "low-income" and comply with Notice PIH 2011-45 and Section 30 of the U.S. Housing Act of 1937, as applicable. In FY 26, the HPHA may commit/spend funds on the ongoing redevelopment of two public housing projects: Kapaa and Kuhio Park Low Rises (KPLR) Phase I. For the Kapaa project, the HPHA will be disposing of 36 public housing units and constructing 124 new LIHTC units (60% AMI affordability requirement). For KPLR Phase I, the HPHA will be disposing of 60 public housing units and constructing 304 total units (65 PBV-assisted/LIHTC; 242 LIHTC-only; and 2 manager units). The final unit counts may change prior to the financial closing of each project. The HPHA will report any such changes in the MTW Supplement in the following fiscal year.
MTW Statutory Objectives. Which of the MTW statutory objectives does this MTW activity serve?	☐ Cost effectiveness ☐ Self-sufficiency ☒ Housing choice
Cost implications. What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.	☐ Neutral (no cost implications) ☐ Increased revenue ☐ Decreased revenue ☒ Increased expenditures ☐ Decreased expenditures
Different policy by household status/family types/sites? Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?	☒ The MTW activity applies to all assisted households ☐ The MTW activity applies only to a subset or subsets of assisted households
Household Status. Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?	☐ New admissions (i.e., applicants) only ☐ Currently assisted households only ☒ New admissions and currently assisted households

Family Types. Does the MTW activity apply to all family types or only to selected family types?	☒ The MTW activity applies to all family types ☐ The MTW activity applies only to selected family types
Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?	☐ Yes ☒ No
Does this MTW activity require a hardship policy?	☐ Yes ☒ No ☐ Already provided
Does the MTW activity require an impact analysis?	☐ Yes ☒ No ☐ Already provided
Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.	N/A. This activity will be implemented during FY 26.

Custom Questions:

Housing Development Programs that the MTW Agency plans to commit Funds to in Fiscal Year

Name of Development	MTW Role: Acquisition, Rehab, New Construction	Type of MTW Agency Financing: Gap Financing, Tax Credit Partnership, Other	Number of Affordable Units	Total Number of Units	Number of Units by Affordability – 80% of AMI	Number of Units by Affordability – 50% of AMI	Number of Units by Affordability – 30% of AMI	Number of Units by Affordability - Other
Kapaa	New Construction	Gap Financing, Tax Credit Partnership	124	124	124	0	0	0
Kuhio Park Low Rises, Phase I	New Construction	Gap Financing, Tax Credit Partnership, Other	302	304	237	65	0	0

Housing Development Programs that the MTW Agency plans to spend funds on in the Fiscal Year

Name of Development	MTW Role: Acquisition, Rehab, New Construction	Type of MTW Agency Financing: Gap Financing, Tax Credit Partnership, Other	Number of Affordable Units	Total Number of Units	Number of Units by Affordability – 80% of AMI	Number of Units by Affordability – 50% of AMI	Number of Units by Affordability – 30% of AMI	Number of Units by Affordability - Other
Kapaa	New Construction	Gap Financing, Tax Credit Partnership	124	124	124	0	0	0
Kuhio Park Low Rises, Phase I	New Construction	Gap Financing, Tax Credit Partnership, Other	302	304	237	65	0	0

Housing Development Programs that the MTW Agency committed funds to in prior Fiscal Year

Name of Development	MTW Role: Acquisition, Rehab, New Construction	Type of MTW Agency Financing: Gap Financing, Tax Credit Partnership, Other	Number of Affordable Units	Total Number of Units	Number of Units by Affordability – 80% of AMI	Number of Units by Affordability – 50% of AMI	Number of Units by Affordability – 30% of AMI	Number of Units by Affordability - Other

Housing Development Programs that the MTW Agency spent funds on in the prior Fiscal Year

Name of Development	MTW Role: Acquisition, Rehab, New Construction	Type of MTW Agency Financing: Gap Financing, Tax Credit Partnership, Other	Number of Affordable Units	Total Number of Units	Number of Units by Affordability – 80% of AMI	Number of Units by Affordability – 50% of AMI	Number of Units by Affordability – 30% of AMI	Number of Units by Affordability - Other

D.	Safe Harbor Waivers.

Safe Harbor Waivers seeking HUD Approval:
The MTW Operations Notice describes a simplified process for MTW agencies to implement MTW activities outside of the safe harbors described in Appendix I. For each Safe Harbor Waiver request, a document that includes the following information must be provided: (a) the name and number of the MTW Waiver and associated activity for which the MTW agency is seeking to expand the safe harbor, (b) the specific safe harbor and its implementing regulation, (c) the proposed MTW activity the MTW agency wishes to implement via this Safe Harbor Waiver, (d) a description of the local issue and why such an expansion is needed to implement the MTW activity, (e) an impact analysis, (f) a description of the hardship policy for the MTW activity, if applicable, and (g) a copy of all comments received at the public hearing along with the MTW agency's description of how the comments were considered, as a required attachment to the MTW Supplement.

Will the MTW agency submit request for approval of a Safe Harbor Waiver this year?

☐ Yes
☒ No

E.	Agency-Specific Waivers.

Agency-Specific Waivers for HUD Approval:

The MTW demonstration program is intended to foster innovation and HUD encourages MTW agencies, in consultation with their residents and stakeholders, to be creative in their approach to solving affordable housing issues facing their local communities. For this reason, flexibilities beyond those provided for in Appendix I may be needed. Agency-Specific Waivers may be requested if an MTW agency wishes to implement additional activities, or waive a statutory and/or regulatory requirement not included in Appendix I.

In order to pursue an Agency-Specific Waiver, an MTW agency must include an Agency-Specific Waiver request, an impact analysis, and a hardship policy (as applicable), and respond to all of the mandatory core questions as applicable.

For each Agency-Specific Waiver(s) request, please upload supporting documentation, that includes: a) a full description of the activity, including what the agency is proposing to waive (i.e., statute, regulation, and/or Operations Notice), b) how the initiative achieves one or more of the 3 MTW statutory objectives, c) a description of which population groups and household types that will be impacted by this activity, d) any cost implications associated with the activity, e) an implementation timeline for the initiative, f) an impact analysis, g) a description of the hardship policy for the initiative, and h) a copy of all comments received at the public hearing along with the MTW agency's description of how the comments were considered, as a required attachment to the MTW Supplement.

Will the MTW agency submit a request for approval of an Agency-Specific Waiver this year?

☐ Yes
☒ No

Agency-Specific Waiver(s) for which HUD Approval has been Received:
For each previously approved Agency-Specific Waiver(s), a set of questions will populate.

Does the MTW agency have any approved Agency-Specific Waivers?

☐ Yes
☒ No

F.	Public Housing Operating Subsidy Grant Reporting.

Please provide the public housing Operating Subsidy grant information in the table below for Operating Subsidy grants appropriated in each Federal Fiscal Year the PHA is designated an MTW PHA.				
Federal Fiscal Year (FFY)	**Total Operating Subsidy Authorized Amount**	**How Much PHA Disbursed by the 9/30 Reporting Period**	**Remaining Not Yet Disbursed**	**Deadline**
2021	$29,585,170	$29,585,170	$0	9/30/2029
2022	$27,406,287	$27,406,287	$0	9/30/2030
2023	$34,131,336	$34,131,336	$0	9/30/2031
2024	$32,611,485	$24,161,185	$8,450,300	9/30/2032

G.1	**MTW Statutory Requirements.**

75% Very Low Income – Local, Non-Traditional.

HUD will verify compliance with the statutory requirement that at least 75% of the households assisted by the MTW agency are very low-income for MTW public housing units and MTW HCVs through HUD systems. The MTW PHA must provide data for the actual families housed upon admission during the PHA's most recently completed Fiscal Year for its Local, Non-Traditional program households.

Income Level	Number of Local, Non-Traditional Households Admitted in the Fiscal Year*
80%-50% Area Median Income	0
49%-30% Area Median Income	0
Below 30% Area Median Income	0
Total Local, Non-Traditional Households	0

*Local, non-traditional income data must be provided in the MTW Supplement form until such time that it can be submitted in IMS-PIC or other HUD system.

G.2	**Establishing Reasonable Rent Policy.**

Question	**Input options and instructions**
Has the MTW agency established a rent reform policy to encourage employment and self-sufficiency?	☒ Yes ☐ No

G.3	**Substantially the Same (STS) – Local, Non-Traditional.**

Questions	**Input options and instructions**
Please provide the total number of unit months that families were housed in a local, non-traditional rental subsidy for the prior full calendar year.	0 # of unit months

Please provide the total number of unit months that families were housed in a local, non-traditional housing development program for the prior full calendar year.	0 # of unit months
How many units, developed under the local, non-traditional housing development activity, were available for occupancy during the prior full calendar year (by bedroom size)?	Please include only those units that serve households **at or below 80% of AMI** in the table provided.

PROPERTY NAME/ADDRESS	0/1 BR	2 BR	3 BR	4 BR	5 BR	6+ BR	TOTAL UNITS	POPULATION TYPE*	# of Section 504 Accessible (Mobility)**	# of Section 504 Accessible (Hearing/ Vision)	Was this Property Made Available for Initial Occupancy during the Prior Full Calendar Year?	What was the Total Amount of MTW Funds Invested into the Property?
Name/Address	#	#	#	#	#	#	#	Type (below)	#	#	Y/N	$
Name/Address	#	#	#	#	#	#	#	Type (below)	#	#	Y/N	$
Name/Address	#	#	#	#	#	#	#	Type (below)	#	#	Y/N	$
Totals	#	#	#	#	#	#	#		#	#		

* User will select one of the following from the "Population Type" dropdown box: General, Elderly, Disabled, Elderly/Disabled, Other

If the "Population Type" of is Other is selected, please state the Property Name/Address, and describe the population type. [Text box]

** The federal accessibility standard under HUD's Section 504 regulation is the Uniform Federal Accessibility Standards (UFAS) for purposes of Section 504 compliance. HUD recipients may alternatively use the 2010 ADA Standards for Accessible Design under Title II of the ADA, except for certain specific identified provisions, as detailed in HUD's Notice on "Instructions for use of alternative accessibility standard," published in the Federal Register on May 23, 2014 ("Deeming Notice") for purposes of Section 504 compliance, https://www.govinfo.gov/content/pkg/FR-2014-05-23/pdf/2014-11844.pdf. This would also include adaptable units as defined by HUD's Section 504 regulation (See 24 CFR § 8.3 and § 8.22).

G.4 Comparable Mix (by Family Size) – Local, Non-Traditional.

In order to demonstrate that the MTW statutory requirement of "maintaining a comparable mix of families (by family size) are served, as would have been provided had the amounts not been used under the demonstration" is being achieved, the MTW agency will provide information for its most recently completed Fiscal Year in the following table.

Local, non-traditional family size data must be provided in the MTW Supplement form until such time that it can be submitted in IMS-PIC or other HUD system.

Family Size:	Occupied Number of Local, Non-Traditional units by Household Size
1 Person	#
2 Person	#
3 Person	#
4 Person	#
5 Person	#
6+ Person	#
Totals	#

G.5 Housing Quality Standards.

Certification is included in MTW Certifications of Compliance for HCV and local, non-traditional program. The public housing program is monitored through physical inspections performed by the Real Estate Assessment Center (REAC).

H.	Public Comments.

Question	Input options and instructions
Please provide copy of all comments received by the public, Resident Advisory Board, and tenant associations.	Upload Attachment Please see **Attachment A: RAB Comments**. Please see **Attachment B: Public Testimony**.
Please attach a narrative describing the MTW agency's analysis of the comments and any decisions made based on these comments.	Upload Attachment Please see **Attachment A: RAB Comments**. Please see **Attachment B: Public Testimony**.
If applicable, was an additional public hearing held for an Agency-Specific Waiver and/or Safe Harbor waiver?	☐ Yes ☐ No ☒ N/A
If yes, please attach the comments received along with the MTW agency's description of how comments were considered.	Upload Attachment

I.	Evaluations.

Please list any ongoing and completed evaluations of the MTW agency's MTW policies, that the PHA is aware of, including the information requested in the table below. In the box "title and short description," please write the title of the evaluation and a brief description of the focus of the evaluation.

Question	Input options and instructions
Does the PHA have an agency-sponsored evaluation?	☐ Yes ☒ No

Table I.1 - Evaluations of MTW Policies

Title and short description	Evaluator name and contact information	Time period	Reports available

J	MTW Certifications of Compliance.

The MTW agency must execute the MTW Certifications of Compliance form and submit as part of the MTW Supplement submission to HUD. Certification is provided below.

MTW CERTIFICATIONS OF COMPLIANCE

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF PUBLIC AND INDIAN HOUSING

Certifications of Compliance with Regulations: Board Resolution to Accompany the MTW Supplement to the Annual PHA Plan

Acting on behalf of the Board of Commissioners of the Moving to Work Public Housing Agency (MTW PHA) listed below, as its Chairperson or other authorized MTW PHA official if there is no Board of Commissioners, I approve the submission of the MTW Supplement to the Annual PHA Plan for the MTW PHA Fiscal Year beginning (07/01/2024), hereinafter referred to as "the MTW Supplement", of which this document is a part and make the following certifications and agreements with the Department of Housing and Urban Development (HUD) in connection with the submission of the MTW Supplement and implementation thereof:

(1) The PHA made the proposed MTW Supplement and all information relevant to the public hearing available for public inspection at least 45 days before the hearing, published a notice that a hearing would be held and conducted a hearing to discuss the MTW Supplement and invited public comment.

(2) The MTW PHA took into consideration public and resident comments (including those of its Resident Advisory Board(s) or tenant associations, as applicable) before approval of the MTW Supplement by the Board of Commissioners or Board of Directors in order to incorporate any public comments into the annual MTW Supplement.

(3) The MTW PHA certifies that the Board of Directors has reviewed and approved the budget for the Capital Fund Program grants contained in the Capital Fund Program Annual Statement/Performance and Evaluation Report, form HUD-50075.1 (or successor form as required by HUD).

(4) The MTW PHA will carry out the MTW Supplement in conformity with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d-4), the Fair Housing Act (42 U.S.C. 3601-19), section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and title II of the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.) all regulations implementing these authorities; and other applicable Federal, State, and local civil rights laws.

(5) The MTW Supplement is consistent with the applicable comprehensive housing affordability strategy (or any plan incorporating such strategy) for the jurisdiction in which the PHA is located.

(6) The MTW Supplement contains a certification by the appropriate state or local officials that the Plan is consistent with the applicable Consolidated Plan, which includes a certification that requires the preparation of an Analysis of Impediments to Fair Housing Choice, for the MTW PHA's jurisdiction and a description of the manner in which the MTW Supplement is consistent with the applicable Consolidated Plan.

(7) The MTW PHA will affirmatively further fair housing, which means that it will: (i) take meaningful actions to further the goals identified by the Assessment of Fair Housing (AFH) conducted in accordance with the requirements of 24 CFR 5.150-5.180 and 903.15; (ii) take no action that is materially inconsistent with its obligation to affirmatively further fair housing; and (iii) address fair housing issues and contributing factors in its programs, in accordance with 24 CFR 903.7(o)(3) and 903.15(d). Note: Until the PHA is required to submit an AFH, and that AFH has been accepted by HUD, the PHA must follow the certification requirements of 24 CFR 903.7(o) in effect prior to August 17, 2015. Under these requirements, the PHA will be considered in compliance with the certification requirements of 24 CFR 903.7(o)(1)-(3) and 903.15(d) if it: (i) examines its programs or proposed programs; (ii) identifies any impediments to fair housing choice within those programs; (iii) addresses those impediments in a reasonable fashion in view of the resources available; (iv) works with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement; and (v) maintains records reflecting these analyses and actions.

(8) The MTW PHA will comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975 and HUD's implementing regulations at24 C.F.R. Part 146.

(9) In accordance with 24 CFR 5.105(a)(2), HUD's Equal Access Rule, the MTW PHA will not make a determination of eligibility for housing based on sexual orientation, gender identify, or marital status and will make no inquiries concerning the gender identification or sexual orientation of an applicant for or occupant of HUD-assisted housing.

(10) The MTW PHA will comply with the Architectural Barriers Act of 1968 and 24 CFR Part 41, Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the Physically Handicapped.

(11) The MTW PHA will comply with the requirements of section 3 of the Housing and Urban Development Act of 1968, Employment Opportunities for Low- or Very-Low Income Persons, and with its implementing regulation at 24 CFR Part 135.

(12) The MTW PHA will comply with requirements with regard to a drug free workplace required by 24 CFR Part 24, Subpart F.

(13) The MTW PHA will comply with requirements with regard to compliance with restrictions on lobbying required by 24 CFR Part 87, together with disclosure forms if required by this Part, and with restrictions on payments to influence Federal Transactions, in accordance with the Byrd Amendment.

(14) The MTW PHA will comply with acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations at 49 CFR Part 24 as applicable.

(15) The MTW PHA will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105(a).

(16) The MTW PHA will provide HUD or the responsible entity any documentation needed to carry out its review under the National Environmental Policy Act and other related authorities in accordance with 24 CFR Part 58. Regardless of who acts as the responsible entity, the MTW PHA will maintain documentation that verifies compliance with environmental requirements pursuant to 24 Part 58 and 24 CFR Part 50 and will make this documentation available to HUD upon its request.

(17) With respect to public housing and applicable local, non-traditional development the MTW PHA will comply with Davis-Bacon or HUD determined wage rate requirements under section 12 of the United States Housing Act of 1937 and the Contract Work Hours and Safety Standards Act.

(18) The MTW PHA will keep records in accordance with 2 CFR 200.333-200.337 and facilitate an effective audit to determine compliance with program requirements.

(19) The MTW PHA will comply with the Lead-Based Paint Poisoning Prevention Act and 24 CFR Part 35.

(20) The MTW PHA will comply with the policies, guidelines, and requirements of 2 CFR Part 200.

(21) The MTW PHA must fulfill its responsibilities to comply with and ensure enforcement of housing quality standards as required in PIH Notice 2011-45, or successor notice, for any local, non-traditional program units. The MTW PHA must fulfill its responsibilities to comply with and ensure enforcement of Housing Quality Standards, as defined in 24 CFR Part 982, for any Housing Choice Voucher units under administration.

(22) The MTW PHA will undertake only activities and programs covered by the Moving to Work Operations Notice in a manner consistent with its MTW Supplement and will utilize covered grant funds only for activities that are approvable under the Moving to Work Operations Notice and included in its MTW Supplement. MTW Waivers activities being implemented by the agency must fall within the safe harbors outlined in Appendix I of the Moving to Work Operations Notice and/or HUD approved Agency-Specific or Safe Harbor Waivers.

(23) All attachments to the MTW Supplement have been and will continue to be available at all times and all locations that the MTW Supplement is available for public inspection. All required supporting documents have been made available for public inspection along with the MTW Supplement and additional requirements at the primary business office of the PHA and at all other times and locations identified by the MTW PHA in its MTW Supplement and will continue to be made available at least at the primary business office of the MTW PHA.

Hawaii Public Housing Authority
MTW PHA NAME

HI001
MTW PHA NUMBER/HA CODE

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802).

Robert J. Hall
NAME OF AUTHORIZED OFFICIAL

Chairperson
TITLE

SIGNATURE

DATE

* ***Must be signed by either the Chairperson or Secretary of the Board of the MTW PHA's legislative body. This certification cannot be signed by an employee unless authorized by the MTW PHA Board to do so. If this document is not signed by the Chairperson or Secretary, documentation such as the by-laws or authorizing board resolution must accompany this certification.***

TABLE 1. GUIDE

- Core questions - An “X” in this column means that these are the set of core questions that are relevant for every waiver/activity.
- Custom questions - An “X” in this column means that these are questions that are specific to a particular activity. Not every activity will have custom questions.
- Safe Harbor - An "X" in this column means that the activity as described in Appendix 1 of the Operations Notice includes a set of Safe Harbor provisions.
- Impact Analysis - An "X" in this column means that the activity as described in Appendix 1 of the Operations Notice requires the PHA to conduct an impact analysis. This impact analysis must be submitted to HUD via the MTW Supplement; thus, the Supplement should include some statement regarding the requirement and an opportunity for the PHA to upload the impact analysis. The Operations Notice also states that an updated impact analysis must be attached to the MTW Supplement in each subsequent year.
- Hardship Policy - An "X" in this column means that the activity as described in Appendix 1 of the Operations Notice requires the PHA to establish a hardship policy. The hardship policy must be submitted to HUD via the MTW Supplement; thus, the Supplement should include some statement regarding the requirement and an opportunity for the PHA to upload the hardship policy. PHA must still grant reasonable accommodation requests related to all activities even if the hardship policy is not in place.

TABLE 1. MTW ACTIVITIES QUESTIONS FOR THE MTW SUPPLEMENT

Section/Question	Core Questions	Custom Questions	Safe Harbor	Impact Analysis	Hardship Policy
1. Tenant Rent Policies					
a. Tiered Rent (PH)	X	X	X		
b. Tiered Rent (HCV)	X	X	X		
c. Stepped Rent (PH)	X	X	X	X	X
d. Stepped Rent (HCV)	X	X	X	X	X
e. Minimum Rent (PH)	X	X	X	X	X
f. Minimum Rent (HCV)	X	X	X	X	X
g. Total Tenant Payment as a Percentage of Gross Income (PH)	X	X	X	X	X
h. Total Tenant Payment as a Percentage of Gross Income (HCV)	X	X	X	X	X
i. Alternative Utility Allowance (PH)	X	X	X		
j. Alternative Utility Allowance (HCV)	X	X	X		
k. Fixed Rents (PH)	X	X	X		
l. Fixed Subsidy (HCV)	X	X	X		
m. Utility Reimbursements (PH)	X				
n. Utility Reimbursements (HCV)	X				
o. Initial Rent Burden (HCV)	X	X	X	X	
p. Imputed Income (PH)	X	X	X	X	X
q. Imputed Income (HCV)	X	X	X	X	X
r. Elimination of Deduction(s) (PH)	X	X		X	X
s. Elimination of Deduction(s) (HCV)	X	X		X	X
t. Standard Deductions (PH)	X	X			
u. Standard Deductions (HCV)	X	X			
v. Alternative Income Inclusions/Exclusions (PH)	X	X			
w. Alternative Income Inclusions/Exclusions (HCV)	X	X			
2. Payment Standards and Rent Reasonableness					
a. Payment Standards- Small Area Fair Market Rents (HCV)	X	X	X	X	X
b. Payment Standards- Fair Market Rents (HCV)	X	X	X	X	X
c. Rent Reasonableness – Process (HCV)	X	X			
d. Rent Reasonableness – Third-Party Requirement (HCV)	X	X			

Section/Question	Core Questions	Custom Questions	Safe Harbor	Impact Analysis	Hardship Policy
3. Reexaminations					
a. Alternative Reexamination Schedule for Households (PH)	X	X	X	X	X
b. Alternative Reexamination Schedule for Households (HCV)	X	X	X	X	X
c. Self-Certification of Assets (PH)	X	X	X		
d. Self-Certification of Assets (HCV)	X	X	X		
4. Landlord Leasing Incentives					
a. Vacancy Loss (HCV-Tenant-based Assistance)	X	X	X		
b. Damage Claims (HCV-Tenant-based Assistance)	X	X	X		
c. Other Landlord Incentives (HCV-Tenant-based Assistance)	X	X	X		
5. Housing Quality Standards (HQS)					
a. Pre-Qualifying Unit Inspections (HCV)	X	X	X		
b. Reasonable Penalty Payments for Landlords (HCV)	X	X	X		
c. Third-Party Requirement (HCV)	X	X			
d. Alternative Inspection Schedule (HCV)	X		X		
6. Short-Term Assistance					
a. Short-Term Assistance (PH)	X	X	X		
b. Short-Term Assistance (HCV)	X	X	X		
7. Term-Limited Assistance					
Term-Limited Assistance (PH)	X	X	X	X	X
Term-Limited Assistance	X	X	X	X	X
8. Increase Elderly Age (PH & HCV)	X	X	X		
9. Project-Based Voucher Program Flexibilities					
a. Increase PBV Program Cap (HCV)	X	X	X		
b. Increase PBV Project Cap (HCV)	X		X		
c. Elimination of PBV Selection Process for PHA-owned Projects Without Improvement, Development, or Replacement (HCV)	X				
d. Alternative PBV Selection Process (HCV)	X				
e. Alternative PBV Unit Types (Shared Housing and Manufactured Housing) (HCV)	X	X			
f. Increase PBV HAP Contract Length (HCV)	X		X		
g. Increase PBV Rent to Owner (HCV)	X				
h. Limit Portability for PBV Units (HCV)	X				
10. Family Self-Sufficiency Program with MTW Flexibility					
a. Waive Operating a Required FSS Program (PH & HCV)	X		X		
b. Alternative Structure for Establishing Program Coordinating Committee (PH & HCV)	X	X	X		
c. Alternative Family Selection Procedures (PH & HCV)	X	X	X		
d. Modify or Eliminate the Contract of Participation (PH & HCV)	X	X	X		

Section/Question	Core Questions	Custom Questions	Safe Harbor	Impact Analysis	Hardship Policy
e. Policies for Addressing Increases in Family Income (PH & HCV)	X	X	X		
11. MTW Self-Sufficiency Program					
a. Alternative Family Selection Procedures (PH & HCV)	X	X	X		
b. Policies for Addressing Increases in Family Income (PH & HCV)	X	X	X		
12. Work Requirement					
a. Work Requirement (PH)	X	X	X	X	X
b. Work Requirement (HCV)	X	X	X	X	X
13. Use of Public Housing as an Incentive for Economic Progress (PH)	X		X		
14. Moving on Policy					
a. Waive Initial HQS Inspection Requirement (HCV)	X		X		
b. Allow Income Calculations from Partner Agencies (PH & HCV)	X		X		
c. Aligning Tenant Rents and Utility Payments Between Partner Agencies (PH & HCV)	X		X		
15. Acquisition without Prior HUD Approval (PH)	X	X			
16. Deconcentration of Poverty in Public Housing Policy (PH)	X				
17. Local, Non-Traditional Activities					
a. Rental Subsidy Programs	X	X	X		
b. Service Provision	X	X	X		
c. Housing Development Programs	X	X	X		

Instructions for Preparation of Form HUD-50075-MTW, MTW Supplement to the Annual PHA Plan

The instructions below detail how to complete the MTW Supplement. These instructions will not appear in the fillable form.

Note about file uploads: PHAs can upload PDF, Word, or Excel documents. Files should be named with the following naming convention: PHA code, Fiscal Year (FY), and short name for the policy/item. Some examples would be CA789FY21RentHardship for a rent hardship policy, CA789FY21ImpactAnalysis for an impact analysis that is applicable to multiple MTW activities, and CA789FY21MTWCertofCompliance for the MTW Certifications of Compliance.

A. PHA Information. All PHAs must complete this section.

A.1 Include the full **PHA Name**, **PHA Code**, **PHA Fiscal Year Beginning** (MM/DD/YYYY), **MTW Cohort Number**, and **MTW Supplement Submission Type**.

B. Narrative. All MTW agencies must complete this section.

B.1 MTW Supplement Narrative.

Provide a written description of how the MTW agency seeks to address the three statutory objectives during the coming year. Those three statutory objectives are: (1) to reduce cost and achieve greater cost effectiveness in federal expenditures; (2) to give incentives to families with children whose heads of household are either working, seeking work, or are participating in job training, educational or other programs that assist in obtaining employment and becoming economically self-sufficient; (3) and to increase housing choices for low-income families.

The narrative provides the PHA an opportunity to explain to the public, and the families that it serves, its MTW plans and goals for the coming Fiscal Year.

C. MTW Waivers.

Core Questions. All MTW activities found in Section C require responses to the same common questions.

Narrative. Describe the activity, the agency's goals for this activity, and, if applicable, how this activity contributes to a larger initiative.

Statutory Objective. Indicate which of the MTW statutory objectives this activity serves; each activity may serve one or more objectives. The three statutory objectives are housing choice, self-sufficiency, and cost effectiveness. Check all that apply.

Cost Implications. State the cost implications of each activity. Choose the best description of the cost implications based on what is known at the time of completing the MTW Supplement. Indicate which categories best describe the cost implications of the activity from among the following choices: neutral (no cost implications), increased revenue, decreased revenue, increased costs, decreased costs. Check all that apply. For instance, an activity may increase revenue, increase costs, and therefore be cost neutral. Alternatively, an activity may simply increase costs.

Different versions. Indicate whether there will be different policies for different household statuses, family types, or locations (public housing developments or HCV properties). If [Yes] is checked, questions will pop up which allow the MTW agency to explain which household statuses, family types, and/or locations will be affected. If [No] is checked, the respondent will move on to the next question. The agency will be able to indicate if a policy is different for one or more of these areas.

For example, if an MTW agency chooses to apply a Tenant Rent Policy to only non-elderly, non-disabled families, and not to the elderly or disabled, then it would check [Yes] and then receive the subsequent items that allow the agency to indicate what types of households and family types are affected by the activity.

Household status. MTW Agency's must indicate what type of household to which the activity applies. Household types means the following types: new admissions only, currently assisted households only, or new admissions and currently assisted households.

Family Types: Family types mean the following: non-elderly, non-disabled families; elderly families; disabled families; or other specifically defined target populations.

Location. The MTW agency indicates if the activity is or will be implemented at all or only at certain locations. Depending on if responses are being provided for a public housing (PH) or HCV activity, the agency will either see questions applicable to PH or HCV. For PH, the questions will be about developments and for HCV the questions will be about tenant-based units and properties with project-based vouchers. The agency must check the applicable response for all or specific. If the response is for specific locations, then the agency will be asked to provide the details.

PHAs may develop one comprehensive hardship policy to cover all MTW activities requiring a hardship policy, which would only need to be uploaded once.

Safe Harbor Waiver. PHAs must indicate if a Safe Harbor Waiver is needed to implement this policy as described. If yes, then the MTW Agency is asked the following: what is the status of the Safe Harbor Waiver Request? PHAs must indicate if the waiver request is being submitted for review with this submission of the MTW Supplement (see Section D), or if the waiver was previously approved. If the latter is checked (the waiver was previously approved), then the PHA must describe the extent to which the Safe Harbor Waiver is supporting the PHA's goal in implementing this activity.

Hardship policy. The MTW Operations Notice requires agencies to adopt written policies for determining when a requirement or provision of the MTW activity constitutes a financial or other hardship for the family. If applicable for the activity, please upload the hardship policy associated with this activity. Hardship policies may be applicable to multiple MTW Activities. Only upload Hardship Policy once if said Hardship Policy applies to multiple Activities. Reference Table 1 for specificity on when a hardship policy is required.

Modification of hardship policy. PHAs must indicate if the hardship policy has been modified since the last submission of the MTW Supplement. PHAs must check yes or no. If yes, then the respondent is asked: why has the MTW agency modified the hardship policy? The PHA will use the provided text box to describe the modifications.

Number of hardship requests. PHAs must indicate the number of hardship requests that have been received for each applicable activity in the most recently completed PHA fiscal year.

PHAs are legally required to provide reasonable accommodations to their MTW requirements, provisions, or policies, or any component of those requirements, provisions, and policies, following the same standards and processes that generally apply to reasonable accommodations.

Impact analysis. The MTW Operations Notice requires agencies to analyze and put into writing the various impacts of the MTW activity if it is required for the MTW activity. Please upload the impact analysis that has been prepared related to this activity, if applicable. An impact analysis may be applicable to multiple MTW Activities. Only upload Impact Analysis once if said Impact Analysis applies to multiple Activities. Reference Table 1 for specificity on when an impact analysis is required.

Description of accomplishments or changes in implementation. Provide a description, based on the Fiscal Year goals as listed in the activity's previous Fiscal Year's narrative, about what has been accomplished or changed during the implementation.

Discontinuation of activity. If the PHA selects "Will be Discontinued in the Submission Year" or "Was Discontinued in a previous Submission Year" in the screener, a question will be displayed that asks for an explanation as to why the activity was discontinued or will be discontinued. The PHA should explain why the activity was or will be discontinued. If the activity has already been discontinued, the PHA should include the final outcomes and lessons learned. If the activity was discontinued in a previous submission year, the PHA should state which year the activity was discontinued in.

Custom Questions. Some MTW activities require responses to custom questions that are specific only to that activity. Some MTW activities contain no custom questions. Respondents must answer each of the custom questions, which will only appear if the PHA is opting to implement the MTW activity in the coming Fiscal Year.

Information for how to answer each custom question is included in the 'input options and instructions' column for each MTW activity.

D. Safe Harbor Waivers

D.1: Safe Harbor Waivers seeking HUD Approval. The MTW Operations Notice describes a simplified process for MTW agencies to implement MTW activities outside of the safe harbors described in Appendix I For each Safe Harbor Waiver request, a document that includes the following must be provided: a) the name and activity number of the MTW Waiver for which the PHA is seeking to expand the safe harbor, b) the specific safe harbor and its implementing regulation, c) the proposed policy the PHA wishes to implement via this waiver, d) a description of the local issue and why such an expansion is needed to implement the activity, e) an impact analysis, f) a description of the hardship policy for the initiative, and g) a copy of all comments received at the public hearing a copy of all comments received at the public hearing along with the MTW agency's description of how the comments were considered, as a required attachment to the MTW Supplement.

E. Agency-Specific Waivers.

E.1: Agency-Specific Waivers Submitted for HUD Approval. The MTW demonstration program is intended to foster innovation and HUD encourages MTW agencies, in consultation with their residents and stakeholders, to be creative in their approach to solving affordable housing issues facing their local communities. For this reason, flexibilities beyond those provided for in Appendix I may be needed. Agency-Specific Waivers may be requested if an MTW agency wishes to implement additional activities, waive a statutory or regulatory requirement not included in Appendix I.

In order to pursue an Agency-Specific Waiver, an MTW agency must include an Agency-Specific Waiver request, an impact analysis, and a hardship policy (as applicable).

For each Agency-Specific Waiver(s) request, please provide a title and upload supporting documentation, that includes: a) a full description of the activity, including what the agency is proposing to waive (i.e., statute, regulation, and/or Operations Notice), b) how the initiative achieves one or more of the 3 MTW statutory objectives, c) a description of which population groups and household types that will be impacted by this activity, d) any cost implications associated with the activity, e) an implementation timeline for the initiative; f) an impact analysis, g) a description of the hardship policy for the initiative, and h) a copy of all comments received at the public hearing along with the MTW agency's description of how the comments were considered, as a required attachment to the MTW Supplement.

A PHA planning to pursue an Agency-Specific Waiver is encouraged to read Section 4.c. of the MTW Operations Notice prior to filling out this section of the MTW Supplement.

E.2: Agency-Specific Waiver(s) for which HUD Approval has been Received. For each previously approved Agency-Specific Waiver(s), a set of questions will populate. Does the agency have any approved agency-specific waivers? If yes, the title previously provided in Section E.1 will prepopulate and ask if there has been a change in how the Agency-Specific Waivers is being implemented from when it was originally approved or if it has been discontinued. For changes, the PHA will need to provide a description of what has changed. If it has been discontinued, the PHA will need to provide a description about the final outcomes and lessons learned, as well as whether a final impact analysis was prepared at the time of discontinuation if one was previously required.

F. Public Housing Operating Subsidy Grant Reporting.

F.1: Public Housing Operating Subsidy Grant Reporting. PHAs must fill out this table if it receives public housing Operating Subsidy grant funding from HUD. Only public housing Operating Subsidy grant funding awarded in the year the PHA is designated an MTW agency and beyond must be reported in this table. Additional rows must be added for Federal Fiscal Years beyond 2023, as applicable.

The federal account closing law applies to time-limited funds appropriated by Congress during the annual appropriations act process. For the public housing Operating Fund, PHAs must expend federal funds no more than five (5) years after the period of availability for obligation expires. After this 5-year period, the account closes, and the funds are no longer available for any purpose. For public housing Operating Subsidy grant funding, the period of availability for obligation ends at the end of the second Federal Fiscal Year (i.e., the period of availability for obligation of FY 2021 funds ends 9/30/2022). Pursuant to the account closing law, PHAs must expend all Operating Subsidy grant amounts within five years of this date (i.e., for FY 2021 funds, the account will close, and funds will no longer be legally available for any purpose on 9/30/2027).

G. MTW Statutory Requirements.

General. HUD will verify compliance with the statutory requirements G.1, G.3, and G.4 for public housing units and HCV units through HUD systems. In addition, agencies are to report compliance with the same requirements for Local, Non-Traditional Households in the tables provided in this section. Once HUD systems are capable of capturing this data then this will no longer need to be reported through the MTW Supplement.

G.1: 75% Very Low Income. All PHAs must fill out the table in G.1. The MTW PHA must provide data for the actual families housed upon admission during the PHA's most recently completed Fiscal Year for its local, non-traditional program households. For instance, a PHA submitting its MTW Supplement to the FY2020 Annual PHA Plan should include its Fiscal Year (FY) 2018 local, non-traditional data since this is the most recently completed Fiscal year. Only local, non-traditional new admissions should be included in the table. If a PHA houses no local, non-traditional households, then zeros must be inputted into the table.

HUD will verify compliance with the statutory requirement that at least 75% of the households assisted by the MTW PHA are very low income for public housing and HCV programs through existing HUD systems.

G.2: Establishing Reasonable Rent Policy. All PHAs must fill out section G.2. Per the MTW Operations Notice, all activities falling under the Tenant Rent Policies category (Section C.1 of the MTW Supplement) or the Alternative Reexamination Schedule category (Section C.3 of the MTW Supplement), detailed in the Appendix of the MTW Operations Notice, meet the definition of a reasonable rent policy.

MTW agencies are reminded that the Rent Determination section of the PHA Plan should be reflective of MTW reasonable rent policies where applicable. From the PHA Plan: "Rent Determination. A statement of the policies of the PHA governing rents charged for public housing and HCV dwelling units, including applicable public housing flat rents, minimum rents, voucher family rent contributions, and payment standard policies. (24 CFR §903.7(d)).

G.3: Substantially the Same (STS). All PHAs must fill out section G.3. The number of local, non-traditional families served must be provided by month for the most recently completed Calendar Year. If a PHA houses no local, non-traditional families, then zeros must be inputted into the table. The additional information on Local, Non-Traditional development units must be provided for each development.

HUD will verify compliance with the STS statutory requirement for public housing and HCV programs through existing HUD systems.

G.4: Comparable Mix (by Family Size). All PHAs must fill out section G.4. In order to demonstrate that the statutory objective of "maintaining a comparable mix of families (by family size) are served, as would have been provided had the amounts not been used under the demonstration" is being achieved, the PHA will provide family size (i.e., not bedroom size) data in the table for the most recently completed Fiscal Year. For instance, a PHA submitting its MTW Supplement to the FY2021 Annual PHA Plan should include its FY 2019 local, non-traditional data since this is the most recently completed Fiscal Year. If a PHA houses no local, non-traditional household, then zeros must be inputted into the table.

HUD will verify compliance with the comparable mix statutory requirement for public housing and HCV programs through existing HUD systems.

G.5: Housing Quality Standards. PHAs are not required to enter any information into section G.5. This statutory requirement is certified to in the MTW Certifications of Compliance form for the HCV and local, non-traditional housing programs. The public housing program is monitored by HUD through the Public Housing Assessment System (PHAS) Physical Subsystem, or successor, despite the MTW PHA being exempt from an overall designation.

H. Public Comments

H.1: Public Comments. All PHAs are required, per the Annual PHA Plan regulations, to go through a public process prior to submitting the MTW Supplement to HUD. The MTW agency must consider, in consultation with the Resident Advisory Board (RAB) and tenant association, as applicable, all of the comments received at the public hearing. The comments received by the public, RABs, and tenant associations must be submitted by the MTW agency, along with the MTW agency's description of how the comments were considered, as a required attachment to the MTW Supplement.

As described above, PHAs must submit comments and responses for all Safe Harbor and Agency-Specific Waivers, which are to be held in an additional public meeting.

The public comment process must include the Supplement and all uploaded attachments.

I. Evaluations.

I.1: Evaluations. The MTW agency should fill in Table I.1, listing each evaluation of the MTW policies and providing contact information for the evaluator, the time period of the evaluation, and the names of available reports. The MTW agency should list internal evaluations that result in reports that could be shared upon request but may leave off evaluations meant for internal use only. The MTW agency should list all third-party evaluations, as applicable.

J. MTW Certifications of Compliance.

J.1: MTW Certifications of Compliance Form. The format for submission of the required MTW Certifications of Compliance is provided in this Form MTW Supplement. The preamble to the MTW Certifications of Compliance directs the MTW PHA to fill in the beginning of the Fiscal Year for which the certification is being made. This should be provided as the first day of the Fiscal Year to be covered by the Annual PHA Plan (for example, a FY2021 Annual PHA Plan for an MTW PHA with a Fiscal Year of January 1 – December 31, this would be January 1, 2021).

The MTW Certifications of Compliance must be signed by either the Chairperson or Secretary of the Board of the MTW PHA's legislative body. This certification cannot be signed by an employee unless authorized by the MTW PHA Board to do so. If this document is not signed by the Chairperson or Secretary, documentation such as the by-laws or authorizing board resolution must accompany this certification.

The MTW Certifications of Compliance must be submitted to HUD as part of the MTW Supplement for each annual submission and each revised annual submission.

RAB Comments

The HPHA presented the draft MTW Supplement for FY 26 to the Resident Advisory Board for review and comments on November 12, 2024, January 14, 2025, and March 11, 2025.

1. **Proposed MTW Supplement Revision**: The HPHA is requesting MTW Activity Waiver 17.c. in order to implement a housing development local, non-traditional activity. If approved, the HPHA will use MTW funding to acquire, renovate, and/or develop affordable units for low-income families that are not public housing units. The HPHA will not exceed and is not requesting a waiver of the HUD safe harbor of 10% of HAP budget on this activity.

   RAB Comments

   A member of the RAB asked how this might affect the ongoing redevelopment of Mayor Wright Homes.

   HPHA Response

   The implementation of this waiver will not affect Phase 1 of the Mayor Wright Homes redevelopment project. If HUD approves this waiver, the HPHA may explore the use of this funding flexibility during future redevelopment phases at Mayor Wright, Kuhio Park Low-Rises, and Kapaa. The HPHA anticipates the use of this waiver will have no effect on day-to-day public housing operations nor be detrimental to the financial viability of the public housing or Section 8 programs.

Public Testimony

On November 24, 2025, the HPHA published a public hearing notice in the Honolulu Star-Advertiser, The Garden Island, The Maui News, West Hawaii Today, and Hawaii Tribune Herald. A draft of the MTW Supplement for FY 26 was made available at all HPHA Asset Management Project offices and on the HPHA's website. A public hearing was held in-person and online on March 10, 2025.

The HPHA received no public testimony or comments on the MTW Supplement for FY 26.

Federal Public Housing Projects
Address List

The Hawaii Public Housing Authority (HPHA) is providing notice that it may, at any time during the fiscal year, submit an application to the U.S. Department of Housing and Urban Development, Special Applications Center to demolish and/or dispose of public housing units or other properties from its public housing inventory for any of the following reasons:

- There is evidence of substantial physical issues with a project's building(s) or dwelling unit(s) (e.g., critical structural issues, deficiencies in major systems, deterioration due to prolonged deferred maintenance, etc.) that are not cost-effective to repair. This includes damages to a project that were caused by natural or human-caused disasters and other acts of God;
- There is evidence that a project's location causes obsolescence or presents serious obstacles to maintain dwelling units as healthy and safe housing (e.g., environmental factors, proximity to a highway/factory makes a project no longer suited for residential use, etc.);
- There are other factors and conditions which impact the marketability, usefulness, or management of dwelling units and seriously impede operations for residential use;
- De Minimis demolition;
- Continued operation is infeasible because of a lack of demand for dwelling units;
- To improve the efficiency and effectiveness of on-site or off-site development;
- As part of a RAD-Section 18 blend;
- To remove scattered-site dwelling units that are unsustainable to operate and/or maintain; or
- To remove a non-dwelling buildings or vacant land that exceeds the needs of a project.

This attachment lists the addresses of all federal public housing properties in the HPHA's public housing inventory.

NAME	ADDRESS	CITY	ZIP	TOTAL UNITS	UNIT TYPE (BDR SIZE)					
					0	1	2	3	4	5
Asset Management Project 30										
Hale Laulima	1184 Waimano Home Rd	Pearl City	96782	36	0	0	20	16	0	0
Pu`uwai Momi	99-132 Kohomua St	Aiea	96701	260	0	48	86	88	38	0
Salt Lake	2907 Ala Ilima St	Honolulu	96818	28	0	0	28	0	0	0
Waipahu I	94-111 Pupuole Pl	Waipahu	96797	19	0	0	13	6	0	0
Waipahu II	94-111 Pupupuhi St	Waipahu	96797	20	0	0	16	4	0	0
Asset Management Project 31										
Kalihi Valley Homes	2250 Kalena Dr	Honolulu	96819	373	0	52	60	123	112	26
Asset Management Project 32										
Mayor Wright Homes	521 N Kukui St	Honolulu	96817	364	0	24	114	168	50	8
Asset Management Project 33										
Ka`ahumanu Homes	Alokele & Kaiwiula St	Honolulu	96817	152	0	0	116	36	0	0
Kamehameha Homes	1541 Haka Dr	Honolulu	96817	221	0	62	123	36	0	0
Asset Management Project 34										
Kalakaua Homes	1545 Kalakaua Ave	Honolulu	96826	221	0	127	58	36	0	0
Makua Alii (E)	1541 Kalakaua Ave	Honolulu	96826	211	0	210	0	1	0	0
Paoakalani (E)	1583 Kalakaua Ave	Honolulu	96826	151	90	60	0	1	0	0
Asset Management Project 35										
Kalanihuia (E)	1220 Aala St	Honolulu	96817	151	60	90	0	1	0	0
Makamae (E)	21 S Kuakini St	Honolulu	96813	124	108	16	0	0	0	0
Punchbowl Homes (E)	730 Captain Cook Ave	Honolulu	96813	156	0	96	60	0	0	0
Pumehana(E)	1212 Kinau St	Honolulu	96814	139	98	40	1	0	0	0
Spencer House	1035 Spencer St	Honolulu	96822	17	0	0	1	16	0	0

Asset Management Project 37										
Hale Aloha O Puna (E)	16-189 Pili Mua St	Keaau	96749	30	18	12	0	0	0	0
Hale Olaloa (E)	144 Kamana St	Hilo	96720	50	30	20	0	0	0	0
Kauhale O Hanakahi	19 Pamala St	Hilo	96720	20	0	0	0	20	0	0
Lanakila Homes I	600 Wailoa St	Hilo	96720	36	0	0	12	18	6	0
Lanakila Homes II	600 Wailoa St	Hilo	96720	44	0	4	16	18	6	0
Lanakila Homes IIIA	600 Wailoa St	Hilo	96720	20	0	4	12	4	0	0
Lanakila Homes IIIB	600 Wailoa St	Hilo	96720	16	0	4	8	4	0	0
Lanakila Homes IV	600 Wailoa St	Hilo	96720	48	0	2	18	20	8	0
Pahala (E)	96-1169 Kou St	Pahala	96777	24	16	8	0	0	0	0
Pomaikai Homes (E)	929 Ululani St	Hilo	96720	20	10	10	0	0	0	0
Punahele Homes	Lokahi Pl	Hilo	96720	30	0	0	30	0	0	0
Asset Management Project 38										
\`Ele\`ele Homes	Ahe St	Eleele	96705	24	0	2	6	10	6	0
Hale Ho\`olulu (E)	4264 Ala Muku Pl	Kilauea	96754	12	8	4	0	0	0	0
Hale Ho\`onanea (E) (Port Allen)	4401 Waialo Rd	Eleele	96705	40	24	16	0	0	0	0
Hale Nana Kai O Kea (E)	4850 Kawaihau Rd	Kapaa	96746	38	20	18	0	0	0	0
Home Nani (E)	Moana & Laau Rd	Waimea	96796	14	10	4	0	0	0	0
Hui O Hanamaulu	Laukona St	Hanamaulu	96715	46	0	6	12	16	12	0
Kalaheo	Puu Rd	Kalaheo	96741	8	0	0	2	4	2	0
Kapa\`a	4726 Malu Rd	Kapaa	96746	36	0	6	8	12	10	0
Kawailehua - Federal	5230 Paanau Rd	Koloa	96756	25	0	0	0	25	0	0
Kekaha Ha'aheo	8238 Iwipolena Rd	Kekaha	96752	78	0	42	12	24	0	0
Asset Management Project 39										
Kahale Mua - Federal	PO Box 30	Maunaloa	96770	25	0	0	0	25	0	0
Kahekili Terrace [A & B]	2015 Holowai Pl	Wailuku	96793	82	0	12	22	36	12	0
Makani Kai Hale	35 Koapaka Ln	Waiehu	96793	25	0	0	0	25	0	0
Makani Kai Hale II	35 Koapaka Ln	Waiehu	96793	4	0	0	0	4	0	0

Asset Management Project 40										
Kuhio Homes	Ahonui St	Honolulu	96819	134	0	20	32	37	37	8
Kuhio Park Terrace Lowrise	Ahonui St & Linapuni St	Honolulu	96819	40	0	0	0	0	40	0
Asset Management Project 43										
Hale Ho`okipa (E)	81-1038 Nani Kupuna Place	Kealakekua	96750	32	20	12	0	0	0	0
Ka Hale Kahaluu	78-6725 Makolea St	Kailua-Kona	96740	50	0	8	12	22	8	0
Kaimalino	74-5060 Kealakaa St	Kailua-Kona	96740	40	0	10	14	14	2	0
Kealakehe	74-991 Manawale'a St	Kailua-Kona	96740	48	0	16	16	16	0	0
Nani Olu (E)	81-1011 Nani Kupuna Pl	Kealakekua	96750	32	0	32	0	0	0	0
Asset Management Project 44										
Kau`iokalani	85-658 Farrington Hwy	Waianae	96792	50	0	0	0	50	0	0
Maili I	Maliona St	Waianae	96792	20	0	0	7	13	0	0
Maili II	Keliikipi St	Waianae	96792	24	0	0	12	0	12	0
Nanakuli Homes	Lualei Pl & Farrington Hwy	Waianae	96792	36	0	0	0	36	0	0
Waimaha-Sunflower	85-186 McArthur St	Waianae	96792	130	0	52	46	32	0	0
Asset Management Project 45										
Ho`okipa Kahalu`u	47-330 Ahuimanu Rd	Kaneohe	96744	56	0	8	32	16	0	0
Kaneohe Apartments	45-507 & 45-513 Pahia Rd	Kaneohe	96744	24	0	5	19	0	0	0
Kauhale O'hana	41-1260 Kalanianaole Hwy	Waimanalo	96795	25	0	0	0	25	0	0
Ko`olau Village	45-1027 Kamau Pl	Kaneohe	96744	80	0	8	24	36	12	0
Waimanalo Homes	Humuniki St & Humuna Pl	Waimanalo	96795	19	0	0	5	11	3	0
Waimanalo Homes II	Humuniki St & Humuna Pl	Waimanalo	96795	22	0	0	14	7	1	0
Asset Management Project 46										
Hale Hau`oli (E)	45-540 Koniaka Pl	Honokaa	96727	40	24	16	0	0	0	0
Ke Kumu `Ekolu	68-3385 Ke Kumu Pl	Waikoloa	96738	20	0	0	0	20	0	0
Noelani I	65-1189 Opelo Rd	Kamuela	96743	19	0	7	12	0	0	0
Noelani II	65-1191 Opelo Rd	Kamuela	96743	24	0	0	0	24	0	0

Asset Management Project 49										
Kauhale Nani	310 North Cane St	Wahiawa	96786	50	0	14	16	20	0	0
Kupuna Home O'Waialua (E)	67-088 Goodale Ave	Waialua	96791	40	24	16	0	0	0	0
Wahiawa Terrace	337 Palm St	Wahiawa	96786	60	0	13	16	23	8	0
Asset Management Project 50										
Palolo Valley Homes	2107 Ahe St	Honolulu	96816	118	0	8	34	40	32	4

RAD Notice H-2019-09 PIH-2019-23 (HA)

Section 1.6 of the RAD Notice H-2019-09 PIH-2019-23 Revision 4 is incorporated by reference and can be viewed on HUD's website at:

https://www.hud.gov/sites/dfiles/Housing/documents/RAD_Notice_Rev4_as_amended_by_Supplemental_4B.pdf.

RAD Fair Housing, Civil Rights, and Relocation Notice

Notice H 2016-17 PIH 2016-17 (HA) is incorporated by reference and can be viewed on HUD's website at:

https://www.hud.gov/sites/documents/16-17HSGN_16-17PIHN.PDF.

RAD Relocation Notice, Public Housing in the First Component

Notice H 2014-09 PIH 2014-17 is incorporated by reference and can be viewed on HUD's website at:

https://www.hud.gov/sites/documents/PIH2014-17.PDF.

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
2577-0274
02/28/2022

Capital Fund Program - Five-Year Action Plan

Status: Approved **Approval Date:** 06/01/2023 **Approved By:** HO, KEVIN

Part I: Summary

PHA Name : Hawaii Public Housing Authority

PHA Number: HI001

Locality (City/County & State)

[X] **Original 5-Year Plan** [ ] **Revised 5-Year Plan (Revision No:)**

A.	Development Number and Name	Work Statement for Year 1 2023	Work Statement for Year 2 2024	Work Statement for Year 3 2025	Work Statement for Year 4 2026	Work Statement for Year 5 2027
	AUTHORITY-WIDE	$6,044,329.00	$5,187,885.15	$5,237,886.00	$5,554,775.38	$5,254,798.70
	PUUWAI MOMI (HI001000030)	$7,200,000.00				
	KALAKAUA HOMES (HI001000034)	$1,300,000.00				$500,000.00
	KUHIO PARK TERRACE (HI001000040)	$300,000.00				
	KALIHI VALLEY HOMES (HI001000031)		$1,500,000.00		$6,789,553.62	$5,210,447.00
	KEKAHA HA`AHEO (HI001000038)		$7,256,443.85			
	WAIMAHA/SUNFLOWER (HI001000044)		$900,000.00			
	KAHEKILI TERRACE (HI001000039)			$2,000,000.00		
	PALOLO VALLEY HOMES (HI001000050)			$7,606,443.00	$2,000,000.00	
	PUNCHBOWL HOMES * (HI001000035)				$500,000.00	$3,879,083.30

Capital Fund Program - Five-Year Action Plan

Part II: Supporting Pages - Physical Needs Work Statements (s)

Work Statement for Year 1 2023

Identifier	Development Number/Name	General Description of Major Work Categories	Quantity	Estimated Cost
	AUTHORITY-WIDE (NAWASD)			$6,044,329.00
ID0048	Administration(Administration (1410)-Salaries)	Administration		$1,484,432.90
ID0050	Contingency(Contract Administration (1480)-Contingency)	Contingency		$791,030.30
ID0096	Moving to Work Demo(MTW (1492))	Moving to Work Demo		$2,968,865.80
ID0121	Staff Salaries for CMB(Contract Administration (1480)-Other Fees and Costs)	Salaries and benefits for Project Engineers and Inspectors to manage the capital fund grant.		$300,000.00
ID0124	Ka Lei Momi Statewide Master Development (Plans/Designs)(Contract Administration (1480)-Other Fees and Costs)	Portfolio evaluation and analysis, to include but not limited to proforma, sources and uses, cash flow analysis, due diligence, NEPA, schematic designs, Section 18, RAD, LIHTC, 501(c)3, 4% Bonds or other appropriate applications, etc.		$500,000.00
	PUUWAI MOMI (HI001000030)			$7,200,000.00

Part II: Supporting Pages - Physical Needs Work Statements (s)

Work Statement for Year 1 2023

Identifier	Development Number/Name	General Description of Major Work Categories	Quantity	Estimated Cost
ID0090	Waipahu I & II, Spall Repair and Security Improvements & Pu`uwai Momi LBP removal (Const)(Housing Related Hazards (1480)-Clearance Examinations-Lead-Based Paint,Housing Related Hazards (1480)-Hazard Controls-Lead-Based Paint,Dwelling Unit-Exterior (1480)-Columns and Porches,Dwelling Unit-Exterior (1480)-Exterior Paint and Caulking,Dwelling Unit-Exterior (1480)-Exterior Stairwells - Fire Escape,Dwelling Unit-Exterior (1480)-Landings and Railings,Dwelling Unit-Exterior (1480)-Roofs,Non-Dwelling Site Work (1480)-Fencing,Non-Dwelling Site Work (1480)-Lighting,Dwelling Unit-Exterior (1480)-Balconies-Porches-Railings-etc)	Waipahu I& II: Crack and spall repair, re-painting, re-roofing, railing and concrete work Pu`uwai Momi: LBP removal		$5,200,000.00
ID0091	Pu`uwai Momi Security Improvements (Construction)(Dwelling Unit-Site Work (1480)-Asphalt - Concrete - Paving,Dwelling Unit-Site Work (1480)-Curb and Gutter,Dwelling Unit-Site Work (1480)-Dumpsters and Enclosures,Dwelling Unit-Site Work (1480)-Electric Distribution,Dwelling Unit-Site Work (1480)-Fence Painting,Dwelling Unit-Site Work (1480)-Fencing,Dwelling Unit-Site Work (1480)-Landscape,Dwelling Unit-Site Work (1480)-Lighting,Dwelling Unit-Site Work (1480)-Parking,Dwelling Unit-Site Work (1480)-Pedestrian paving,Dwelling Unit-Site Work (1480)-Signage,Dwelling Unit-Site Work (1480)-Striping,Non-Dwelling Exterior (1480)-Lighting,Non-Dwelling Site Work (1480)-Asphalt - Concrete - Paving,Non-Dwelling Site Work (1480)-Curb and Gutter,Non-Dwelling Site Work (1480)-Dumpster and Enclosures,Non-Dwelling Site Work (1480)-Fence Painting,Non-Dwelling Site Work (1480)-Fencing,Non-Dwelling Site Work (1480)-Landscape,Non-Dwelling Site Work (1480)-Lighting,Non-Dwelling Site Work (1480)-Signage,Non-Dwelling Site Work (1480)-Site Utilities,Non-Dwelling Site Work (1480)-Storm Drainage)	Security Improvements. May include but not limited to, fencing improvements, lighting improvements, and landscaping restoration, Non-Dwelling Unit Other: guard shack and/or electronic auto gate, road improvements for multi-modal uses.		$2,000,000.00
	KALAKAUA HOMES (HI001000034)			$1,300,000.00
ID0092	AMP 34 Security Improvements & Makua Ali`i Burned Unit (Construction)(Dwelling Unit-Interior (1480)-Kitchen Cabinets,Dwelling Unit-Interior (1480)-Kitchen Sinks and Faucets,Dwelling Unit-Interior (1480)-Mechanical,Dwelling Unit-Interior (1480)-Plumbing,Dwelling Unit-Interior (1480)-Tubs and Showers,Non-Dwelling Exterior (1480)-Doors,Non-Dwelling Exterior (1480)-Other,Non-Dwelling Exterior (1480)-Paint and Caulking,Dwelling Unit-Exterior (1480)-Exterior Paint and Caulking,Dwelling Unit-Exterior (1480)-Exterior Doors,Dwelling Unit-Interior (1480)-Appliances,Dwelling Unit-Interior (1480)-Bathroom Counters and Sinks,Dwelling Unit-Interior (1480)-Bathroom Flooring (non cyclical),Dwelling Unit-Interior (1480)-Call-for-Aid Systems,Dwelling Unit-Interior (1480)-Commodes,Dwelling Unit-Interior (1480)-Electrical,Dwelling Unit-Interior (1480)-Flooring (non routine),Dwelling Unit-Interior (1480)-Interior Doors,Dwelling Unit-Interior (1480)-Interior Painting (non routine))	AMP 34 Security Improvements include but are not limited to Installation of Security Doors, Non-Dwelling Unit Other: Guard Shacks, and an Electronic Security Gate. Makua Ali`i Burnt Unit repairs include a total modernization of the interior to Unit #1802		$1,300,000.00
	KUHIO PARK TERRACE (HI001000040)			$300,000.00

Part II: Supporting Pages - Physical Needs Work Statements (s)

Work Statement for Year 1 2023

Identifier	Development Number/Name	General Description of Major Work Categories	Quantity	Estimated Cost
ID0097	Kuhio Homes, PHA Wide, Lead Risk Assessment and Abatement (Construction)(Housing Related Hazards (1480)-Inspections-Lead-Based Paint,Dwelling Unit-Exterior (1480)-Decks and Patios,Dwelling Unit-Exterior (1480)-Exterior Paint and Caulking,Housing Related Hazards (1480)-Clearance Examinations,Housing Related Hazards (1480)-Hazard Controls)	Lead Based Paint Abatement. Construction abate selective building exterior wall and common driveway asphalt speed bump areas of lead-based paint. And incidental restoration.		$300,000.00
	Subtotal of Estimated Cost			$14,844,329.00

Part II: Supporting Pages - Physical Needs Work Statements (s)

Work Statement for Year 2 2024

Identifier	Development Number/Name	General Description of Major Work Categories	Quantity	Estimated Cost
	AUTHORITY-WIDE (NAWASD)			$5,187,885.15
ID0056	Administration(Administration (1410)-Salaries)	Administration		$1,484,432.90
ID0057	Contingency(Contract Administration (1480)-Contingency)	Contingency		$434,586.45
ID0098	Moving to Work Demo(MTW (1492))	Moving to Work Demo		$2,968,865.80
ID0122	Staff Salaries for CMB(Contract Administration (1480)-Other Fees and Costs)	Salaries and benefits for Project Engineers and Inspectors to manage the capital fund grant.		$300,000.00
	KALIHI VALLEY HOMES (HI001000031)			$1,500,000.00
ID0100	Kalihi Valley Homes, Security Improvements (Construction)(Non-Dwelling Site Work (1480)-Lighting,Dwelling Unit-Site Work (1480)-Fencing,Non-Dwelling Exterior (1480)-Lighting,Non-Dwelling Site Work (1480)-Asphalt - Concrete - Paving,Non-Dwelling Site Work (1480)-Curb and Gutter,Non-Dwelling Site Work (1480)-Fencing,Non-Dwelling Site Work (1480)-Landscape)	Security Improvements including traffic gates, security system and cameras, site fencing, guard shack		$1,500,000.00

Capital Fund Program - Five-Year Action Plan

Part II: Supporting Pages - Physical Needs Work Statements (s)				
Work Statement for Year 2 2024				
Identifier	**Development Number/Name**	**General Description of Major Work Categories**	**Quantity**	**Estimated Cost**
	KEKAHA HA`AHEO (HI001000038)			$7,256,443.85
ID0101	Eleele Homes, Interior Renovation, Exterior Repairs, ADA, Site & Utility Improvements (Const)(Non-Dwelling Site Work (1480)-Lighting,Dwelling Unit-Exterior (1480)-Roofs,Dwelling Unit-Exterior (1480)-Siding,Dwelling Unit-Exterior (1480)-Soffits,Dwelling Unit-Exterior (1480)-Windows,Dwelling Unit-Interior (1480)-Appliances,Dwelling Unit-Interior (1480)-Bathroom Counters and Sinks,Dwelling Unit-Interior (1480)-Bathroom Flooring (non cyclical),Dwelling Unit-Interior (1480)-Commodes,Dwelling Unit-Interior (1480)-Electrical,Dwelling Unit-Interior (1480)-Flooring (non routine),Dwelling Unit-Interior (1480)-Interior Doors,Dwelling Unit-Interior (1480)-Interior Painting (non routine),Dwelling Unit-Interior (1480)-Kitchen Cabinets,Dwelling Unit-Interior (1480)-Kitchen Sinks and Faucets,Dwelling Unit-Interior (1480)-Mechanical,Dwelling Unit-Interior (1480)-Plumbing,Dwelling Unit-Interior (1480)-Tubs and Showers,Dwelling Unit-Site Work (1480)-Asphalt - Concrete - Paving,Dwelling Unit-Site Work (1480)-Curb and Gutter,Dwelling Unit-Site Work (1480)-Electric Distribution,Dwelling Unit-Site Work (1480)-Lighting,Dwelling Unit-Site Work (1480)-Parking,Dwelling Unit-Site Work (1480)-Pedestrian paving,Dwelling Unit-Site Work (1480)-Sewer Lines - Mains,Dwelling Unit-Site Work (1480)-Storm Drainage,Dwelling Unit-Site Work (1480)-Striping,Dwelling Unit-Site Work (1480)-Water Lines/Mains,Non-Dwelling Exterior (1480)-Doors,Non-Dwelling Exterior (1480)-Foundation,Non-Dwelling Exterior (1480)-Gutters - Downspouts,Non-Dwelling Exterior (1480)-Lighting,Non-Dwelling Exterior (1480)-Mail Facilities,Non-Dwelling Exterior (1480)-Paint and Caulking,Non-Dwelling Exterior (1480)-Roofs,Non-Dwelling Interior (1480)-Administrative Building,Non-Dwelling Interior (1480)-Common Area Bathrooms,Non-Dwelling Interior (1480)-Common Area Finishes,Non-Dwelling Interior (1480)-Common Area Flooring,Non-Dwelling Interior (1480)-Common Area Kitchens,Non-Dwelling Interior (1480)-Common Area Painting,Non-Dwelling Interior (1480)-Community Building,Non-Dwelling Interior (1480)-Doors,Non-Dwelling Interior (1480)-Electrical,Non-Dwelling Interior (1480)-Mechanical,Non-Dwelling Interior (1480)-Plumbing,Non-Dwelling Interior (1480)-Security,Non-Dwelling Interior (1480)-Shop,Non-Dwelling Interior (1480)-Storage Area,Non-Dwelling Site Work (1480)-Asphalt - Concrete - Paving,Non-Dwelling Site Work (1480)-Curb and Gutter,Non-Dwelling Site Work (1480)-Dumpster and Enclosures,Non-Dwelling Site Work (1480)-Fence Painting,Non-Dwelling Site Work (1480)-Fencing,Non-Dwelling Site Work (1480)-Landscape,Non-Dwelling Site Work (1480)-Site Utilities,Non-Dwelling Site Work (1480)-Storm Drainage,Dwelling Unit-Exterior (1480)-Foundations,Contract Administration (1480)-Relocation,Dwelling Unit-Exterior (1480)-Balconies-Porches-Railings-etc,Dwelling Unit-Exterior (1480)-Building Slab,Dwelling Unit-Exterior (1480)-Carports -Surface Garage,Dwelling Unit-Exterior (1480)-Columns and Porches,Dwelling Unit-Exterior (1480)-Exterior Doors,Dwelling Unit-Exterior (1480)-Exterior Lighting,Dwelling Unit-Exterior (1480)-Gutters - Downspouts,Dwelling Unit-Exterior (1480)-Landings and Railings,Dwelling Unit-Exterior (1480)-Mail Facilities,Dwelling Unit-Exterior (1480)-Exterior Paint and Caulking)	Interior and exterior renovations, infrastructure, site, and accessibility improvements. It includes, but it's not limited to, electrical and mechanical upgrades, new bathrooms, kitchens, and paint, replacement of windows and doors, 3 ADA and 1 VHI units renovation and site accessibility compliance. All 24 units.		$7,256,443.85

Part II: Supporting Pages - Physical Needs Work Statements (s)				
Work Statement for Year 2	2024			
Identifier	**Development Number/Name**	**General Description of Major Work Categories**	**Quantity**	**Estimated Cost**
	WAIMAHA/SUNFLOWER (HI001000044)			$900,000.00
ID0113	Waimaha-Sunflower, Fire Alarm System Upgrade (Construction)(Dwelling Unit-Exterior (1480)-Exterior Paint and Caulking,Dwelling Unit-Exterior (1480)-Exterior Stairwells - Fire Escape,Dwelling Unit-Exterior (1480)-Stairwells - Fire Escapes,Dwelling Unit-Interior (1480)-Electrical,Dwelling Unit-Interior (1480)-Interior Painting (non routine))	Fire Alarm System Upgrade		$900,000.00
	Subtotal of Estimated Cost			$14,844,329.00

Capital Fund Program - Five-Year Action Plan

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
2577-0274
02/28/2022

Part II: Supporting Pages - Physical Needs Work Statements (s)

Work Statement for Year 3 2025

Identifier	Development Number/Name	General Description of Major Work Categories	Quantity	Estimated Cost
	AUTHORITY-WIDE (NAWASD)			$5,237,886.00
ID0072	Administration(Administration (1410)-Salaries)	Administration		$1,484,432.90
ID0073	Contingency(Contract Administration (1480)-Contingency)	Contingency		$484,587.30
ID0103	Moving to Work Demo(MTW (1492))	Moving to Work Demo		$2,968,865.80
ID0127	Staff Salaries for CMB(Contract Administration (1480)-Other Fees and Costs)	Salaries and benefits for Project Engineers and Inspectors to manage the capital fund grant.		$300,000.00
	KAHEKILI TERRACE (HI001000039)			$2,000,000.00
ID0125	Kahekili Terrace Electrical Upgrades (Const)(Dwelling Unit-Exterior (1480)-Exterior Paint and Caulking,Dwelling Unit-Exterior (1480)-Other,Dwelling Unit-Exterior (1480)-Roofs,Dwelling Unit-Exterior (1480)-Soffits,Dwelling Unit-Interior (1480)-Electrical,Dwelling Unit-Interior (1480)-Interior Painting (non routine),Dwelling Unit-Site Work (1480)-Electric Distribution,Non-Dwelling Exterior (1480)-Other,Non-Dwelling Exterior (1480)-Paint and Caulking,Non-Dwelling Exterior (1480)-Roofs,Non-Dwelling Interior (1480)-Administrative Building,Non-Dwelling Interior (1480)-Common Area Painting,Non-Dwelling Interior (1480)-Community Building,Non-Dwelling Interior (1480)-Day	Electrical Upgrade . Dwelling Unit Exterior Other: Includes but not limited to replacing of weather heads, electrical feeds up to and into the units, replace service entry and electric meters to 82 units in 12 buildings and to the community building		$2,000,000.00

Part II: Supporting Pages - Physical Needs Work Statements (s)

Work Statement for Year 3 2025

Identifier	Development Number/Name	General Description of Major Work Categories	Quantity	Estimated Cost
	Center,Non-Dwelling Interior (1480)-Electrical)			
	PALOLO VALLEY HOMES (HI001000050)			$7,606,443.00
ID0131	Palolo Valley Homes, Physical Improvements Ph5 (Const)(Housing Related Hazards (1480)-Hazard Controls-Fire Hazard(s),Housing Related Hazards (1480)-Hazard Controls-Lead-Based Paint,Housing Related Hazards (1480)-Inspections-Lead-Based Paint,Contract Administration (1480)-Relocation,Dwelling Unit-Exterior (1480)-Balconies-Porches-Railings-etc,Dwelling Unit-Exterior (1480)-Columns and Porches,Dwelling Unit-Exterior (1480)-Decks and Patios,Dwelling Unit-Exterior (1480)-Exterior Doors,Dwelling Unit-Exterior (1480)-Exterior Lighting,Dwelling Unit-Exterior (1480)-Exterior Paint and Caulking,Dwelling Unit-Exterior (1480)-Gutters - Downspouts,Dwelling Unit-Exterior (1480)-Landings and Railings,Dwelling Unit-Exterior (1480)-Roofs,Dwelling Unit-Exterior (1480)-Stairwells - Fire Escapes,Dwelling Unit-Exterior (1480)-Windows,Dwelling Unit-Interior (1480)-Appliances,Dwelling Unit-Interior (1480)-Bathroom Counters and Sinks,Dwelling Unit-Interior (1480)-Bathroom Flooring (non cyclical),Dwelling Unit-Interior (1480)-Commodes,Dwelling Unit-Interior (1480)-Electrical,Dwelling Unit-Interior (1480)-Flooring (non routine),Dwelling Unit-Interior (1480)-Interior Doors,Dwelling Unit-Interior (1480)-Interior Painting (non routine),Dwelling Unit-Interior (1480)-Kitchen Cabinets,Dwelling Unit-Interior (1480)-Kitchen Sinks and Faucets,Dwelling Unit-Interior (1480)-Mechanical,Dwelling Unit-Interior (1480)-Plumbing,Dwelling Unit-Interior (1480)-Tubs and Showers,Dwelling Unit-Site Work (1480)-Fencing,Dwelling Unit-Site Work (1480)-Lighting,Dwelling Unit-Site Work (1480)-Water	Palolo Valley Homes, Physical Improvements Phase 5. Work to include but not limited to Lead and Asbestos Abatement, Roofing, Electrical, Mechanical, Kitchens, Bathrooms, Flooring, Painting, Cabinets, Sidewalks and Utilities at Buildings 3, 4, 5, and 6 for a total of 24 units.		$7,606,443.00
	Subtotal of Estimated Cost			$14,844,329.00

Capital Fund Program - Five-Year Action Plan

Part II: Supporting Pages - Physical Needs Work Statements (s)

Work Statement for Year 4 2026

Identifier	Development Number/Name	General Description of Major Work Categories	Quantity	Estimated Cost
	KALIHI VALLEY HOMES (HI001000031)			$6,789,553.62
ID0106	Kalihi Valley Homes, Site and Dwelling Improvements Phase 5 (Construction)(Housing Related Hazards (1480)-Clearance Examinations-Lead-Based Paint,Housing Related Hazards (1480)-Clearance Examinations-Pest Infestation,Housing Related Hazards (1480)-Hazard Controls-Asbestos,Housing Related Hazards (1480)-Hazard Controls-Carbon Monoxide,Housing Related Hazards (1480)-Hazard Controls-Fire Hazard(s),Housing Related Hazards (1480)-Hazard Controls-Lead-Based Paint,Housing Related Hazards (1480)-Hazard Controls-Pest Infestation,Housing Related Hazards (1480)-Inspections-Lead-Based Paint,Contract Administration (1480)-Relocation,Dwelling Unit-Exterior (1480)-Balconies-Porches-Railings-etc,Dwelling Unit-Exterior (1480)-Canopies,Dwelling Unit-Exterior (1480)-Decks and Patios,Dwelling Unit-Exterior (1480)-Exterior Doors,Dwelling Unit-Exterior (1480)-Exterior Lighting,Dwelling Unit-Exterior (1480)-Exterior Paint and Caulking,Dwelling Unit-Exterior (1480)-Exterior Stairwells - Fire Escape,Dwelling Unit-Exterior (1480)-Gutters - Downspouts,Dwelling Unit-Exterior (1480)-Landings and Railings,Dwelling Unit-Exterior (1480)-Roofs,Dwelling Unit-Exterior (1480)-Siding,Dwelling Unit-Exterior (1480)-Soffits,Dwelling Unit-Exterior (1480)-Stairwells - Fire Escapes,Housing Related Hazards (1480)-Clearance Examinations-Asbestos,Dwelling Unit-Exterior (1480)-Windows,Dwelling Unit-Interior (1480)-Appliances,Dwelling Unit-Interior (1480)-Bathroom Counters and Sinks,Dwelling Unit-Interior (1480)-Bathroom Flooring (non cyclical),Dwelling Unit-Interior (1480)-Commodes,Dwelling Unit-Interior (1480)-Electrical,Dwelling Unit-Interior (1480)-Flooring (non routine),Dwelling Unit-Interior (1480)-Interior Doors,Dwelling Unit-Interior (1480)-Interior Painting (non routine),Dwelling Unit-Interior (1480)-Kitchen Cabinets,Dwelling Unit-Interior (1480)-Kitchen Sinks and Faucets,Dwelling Unit-Interior (1480)-Mechanical,Dwelling Unit-Interior (1480)-Plumbing,Dwelling Unit-Interior (1480)-Tubs and Showers,Dwelling Unit-Site Work (1480)-Asphalt - Concrete - Paving,Dwelling Unit-Site Work (1480)-Curb and Gutter,Dwelling Unit-Site Work (1480)-Dumpsters and Enclosures,Dwelling Unit-Site Work (1480)-Electric Distribution,Dwelling Unit-Site Work (1480)-Fencing,Dwelling Unit-Site Work (1480)-Landscape,Dwelling Unit-Site Work (1480)-Lighting,Dwelling Unit-Site Work (1480)-Parking,Dwelling Unit-Site Work (1480)-Pedestrian paving,Dwelling Unit-Site Work (1480)-Sewer Lines - Mains,Dwelling Unit-Site Work (1480)-Storm Drainage,Dwelling Unit-Site Work (1480)-Striping,Dwelling Unit-Site Work (1480)-Water Lines/Mains,Non-Dwelling Construction - Mechanical (1480)-Electric Distribution,Non-Dwelling Construction - Mechanical (1480)-Security - Fire Alarm,Non-Dwelling Construction - Mechanical (1480)-Smoke/Fire Detection,Non-Dwelling Construction - Mechanical (1480)-Unit Sub-panels,Non-Dwelling Construction - Mechanical (1480)-Water Distribution,Non-Dwelling Site Work (1480)-Asphalt - Concrete - Paving,Non-Dwelling Site Work (1480)-Curb and Gutter,Non-Dwelling Site Work (1480)-Dumpster and Enclosures,Non-Dwelling Site Work (1480)-Fencing,Non-Dwelling Site Work (1480)-Landscape,Non-Dwelling Site Work (1480)-Lighting,Non-Dwelling Site Work (1480)-	Site and Dwelling Improvements including but not limited to Lead and Asbestos Abatement, Roofing, Electrical, Mechanical, Kitchens, Bathrooms, Flooring, Painting, Cabinets, Sidewalks and Utilities at Buildings 28, 32, 33, 38, 39, 41 and 42 for a total of 63 units.		$6,789,553.62

Part II: Supporting Pages - Physical Needs Work Statements (s)				
Work Statement for Year 4	2026			
Identifier	**Development Number/Name**	**General Description of Major Work Categories**	**Quantity**	**Estimated Cost**
	Site Work (1480)-Site Utilities,Non-Dwelling Site Work (1480)-Storm Drainage)			
	PUNCHBOWL HOMES * (HI001000035)			$500,000.00
ID0108	Spencer House, Plumbing Upgrade (Design)(Contract Administration (1480)-Other Fees and Costs)	Design Service for Spencer House: Plumbing Upgrade including the repair of plumbing stacks for all units, opening the walls, patch and paint and replace cabinets.		$500,000.00
	AUTHORITY-WIDE (NAWASD)			$5,554,775.38
ID0110	Moving to Work Demo(MTW (1492))	Moving to Work Demo		$2,968,865.80
ID0126	Administration(Administration (1410)-Salaries)	Administration		$1,484,432.90
ID0128	Contingency(Contract Administration (1480)-Contingency)	Contingency		$801,476.68

Part II: Supporting Pages - Physical Needs Work Statements (s)

Work Statement for Year 4 2026

Identifier	**Development Number/Name**	**General Description of Major Work Categories**	**Quantity**	**Estimated Cost**
ID0129	Staff Salaries for CMB(Contract Administration (1480)-Other Fees and Costs)	Salaries and benefits for Project Engineers and Inspectors to manage the capital fund grant.		$300,000.00
	PALOLO VALLEY HOMES (HI001000050)			$2,000,000.00
ID0130	Palolo Valley Homes, Physical Improvements Ph5 (Const)(Housing Related Hazards (1480)-Hazard Controls-Fire Hazard(s),Housing Related Hazards (1480)-Hazard Controls-Lead-Based Paint,Housing Related Hazards (1480)-Inspections-Lead-Based Paint,Contract Administration (1480)-Relocation,Dwelling Unit-Exterior (1480)-Balconies-Porches-Railings-etc,Dwelling Unit-Exterior (1480)-Columns and Porches,Dwelling Unit-Exterior (1480)-Decks and Patios,Dwelling Unit-Exterior (1480)-Exterior Doors,Dwelling Unit-Exterior (1480)-Exterior Lighting,Dwelling Unit-Exterior (1480)-Exterior Paint and Caulking,Dwelling Unit-Exterior (1480)-Gutters - Downspouts,Dwelling Unit-Exterior (1480)-Landings and Railings,Dwelling Unit-Exterior (1480)-Roofs,Dwelling Unit-Exterior (1480)-Stairwells - Fire Escapes,Dwelling Unit-Exterior (1480)-Windows,Dwelling Unit-Interior (1480)-Appliances,Dwelling Unit-Interior (1480)-Bathroom Counters and Sinks,Dwelling Unit-Interior (1480)-Bathroom Flooring (non cyclical),Dwelling Unit-Interior (1480)-Commodes,Dwelling Unit-Interior (1480)-Electrical,Dwelling Unit-Interior (1480)-Flooring (non routine),Dwelling Unit-Interior (1480)-Interior Doors,Dwelling Unit-Interior (1480)-Interior Painting (non routine),Dwelling Unit-Interior (1480)-Kitchen Cabinets,Dwelling Unit-Interior (1480)-Kitchen Sinks and Faucets,Dwelling Unit-Interior (1480)-Mechanical,Dwelling Unit-Interior (1480)-Plumbing,Dwelling Unit-Interior (1480)-Tubs and Showers,Dwelling Unit-Site Work (1480)-Fencing,Dwelling Unit-Site Work (1480)-Lighting,Dwelling Unit-Site Work (1480)-Water	Palolo Valley Homes, Physical Improvements Phase 5. Work to include but not limited to Lead and Asbestos Abatement, Roofing, Electrical, Mechanical, Kitchens, Bathrooms, Flooring, Painting, Cabinets, Sidewalks and Utilities at Buildings 3, 4, 5, and 6 for a total of 24 units.		$2,000,000.00
	Subtotal of Estimated Cost			$14,844,329.00

Part II: Supporting Pages - Physical Needs Work Statements (s)

Work Statement for Year 5 2027

Identifier	Development Number/Name	General Description of Major Work Categories	Quantity	Estimated Cost
	KALIHI VALLEY HOMES (HI001000031)			$5,210,447.00
ID0133	Kalihi Valley Homes, Site and Dwelling Improvements Phase 5 (Construction)(Housing Related Hazards (1480)-Clearance Examinations-Asbestos,Housing Related Hazards (1480)-Clearance Examinations-Lead-Based Paint,Housing Related Hazards (1480)-Clearance Examinations-Pest Infestation,Housing Related Hazards (1480)-Hazard Controls-Asbestos,Housing Related Hazards (1480)-Hazard Controls-Carbon Monoxide,Housing Related Hazards (1480)-Hazard Controls-Fire Hazard(s),Housing Related Hazards (1480)-Hazard Controls-Lead-Based Paint,Housing Related Hazards (1480)-Hazard Controls-Pest Infestation,Housing Related Hazards (1480)-Inspections-Lead-Based Paint,Contract Administration (1480)-Relocation,Dwelling Unit-Exterior (1480)-Balconies-Porches-Railings-etc,Dwelling Unit-Exterior (1480)-Canopies,Dwelling Unit-Exterior (1480)-Decks and Patios,Dwelling Unit-Exterior (1480)-Exterior Doors,Dwelling Unit-Exterior (1480)-Exterior Lighting,Dwelling Unit-Exterior (1480)-Exterior Paint and Caulking,Dwelling Unit-Exterior (1480)-Exterior Stairwells - Fire Escape,Dwelling Unit-Exterior (1480)-Gutters - Downspouts,Dwelling Unit-Exterior (1480)-Landings and Railings,Dwelling Unit-Exterior (1480)-Roofs,Dwelling Unit-Exterior (1480)-Siding,Dwelling Unit-Exterior (1480)-Soffits,Dwelling Unit-Exterior (1480)-Stairwells - Fire Escapes,Dwelling Unit-Exterior (1480)-Windows,Dwelling Unit-Interior (1480)-Appliances,Dwelling Unit-Interior (1480)-Bathroom Counters and Sinks,Dwelling Unit-Interior (1480)-Bathroom Flooring (non cyclical),Dwelling Unit-Interior (1480)-Commodes,Dwelling Unit-Interior (1480)-Electrical,Dwelling Unit-Interior (1480)-Flooring (non routine),Dwelling Unit-Interior (1480)-Interior Doors,Dwelling Unit-Interior (1480)-Interior Painting (non routine),Dwelling Unit-Interior (1480)-Kitchen Cabinets,Dwelling Unit-Interior (1480)-Kitchen Sinks and Faucets,Dwelling Unit-Interior (1480)-Mechanical,Dwelling Unit-Interior (1480)-Plumbing,Dwelling Unit-Interior (1480)-Tubs and Showers,Dwelling Unit-Site Work (1480)-Asphalt - Concrete - Paving,Dwelling Unit-Site Work (1480)-Curb and Gutter,Dwelling Unit-Site Work (1480)-Dumpsters and Enclosures,Dwelling Unit-Site Work (1480)-Electric Distribution,Dwelling Unit-Site Work (1480)-Fencing,Dwelling Unit-Site Work (1480)-Landscape,Dwelling Unit-Site Work (1480)-Lighting,Dwelling Unit-Site Work (1480)-Parking,Dwelling Unit-Site Work (1480)-Pedestrian paving,Dwelling Unit-Site Work (1480)-Sewer Lines - Mains,Dwelling Unit-Site Work (1480)-Storm Drainage,Dwelling Unit-Site Work (1480)-Striping,Dwelling Unit-Site Work (1480)-Water Lines/Mains,Non-Dwelling Construction - Mechanical (1480)-Electric Distribution,Non-Dwelling Construction - Mechanical (1480)-Security - Fire Alarm,Non-Dwelling Construction - Mechanical (1480)-Smoke/Fire Detection,Non-Dwelling Construction - Mechanical (1480)-Unit Sub-panels,Non-Dwelling Construction - Mechanical (1480)-Water Distribution,Non-Dwelling Site Work (1480)-Asphalt - Concrete - Paving,Non-Dwelling Site Work (1480)-Curb and Gutter,Non-Dwelling Site Work (1480)-Dumpster and Enclosures,Non-Dwelling Site Work (1480)-Fencing,Non-Dwelling Site Work (1480)-Landscape,Non-Dwelling Site Work (1480)-Lighting,Non-Dwelling Site Work (1480)-Signage,Non-Dwelling Site Work (1480)-Site	Site and Dwelling Improvements including but not limited to Lead and Asbestos Abatement, Roofing, Electrical, Mechanical, Kitchens, Bathrooms, Flooring, Painting, Cabinets, Sidewalks and Utilities at Buildings 28, 32, 33, 38, 39, 41 and 42 for a total of 63 units.		$5,210,447.00

Part II: Supporting Pages - Physical Needs Work Statements (s)

Work Statement for Year 5 2027

Identifier	Development Number/Name	General Description of Major Work Categories	Quantity	Estimated Cost
	Utilities,Non-Dwelling Site Work (1480)-Storm Drainage)			
	PUNCHBOWL HOMES * (HI001000035)			$3,879,083.30
ID0134	Spencer House, Plumbing Upgrade (Construction)(Dwelling Unit-Exterior (1480)-Exterior Paint and Caulking,Dwelling Unit-Interior (1480)-Interior Painting (non routine),Dwelling Unit-Interior (1480)-Kitchen Cabinets,Dwelling Unit-Interior (1480)-Kitchen Sinks and Faucets,Dwelling Unit-Interior (1480)-Mechanical,Dwelling Unit-Interior (1480)-Plumbing,Dwelling Unit-Site Work (1480)-Sewer Lines - Mains,Dwelling Unit-Site Work (1480)-Water Lines/Mains)	Spencer House: Plumbing Upgrade including the repair of plumbing stacks for all units, opening the walls, patch and paint and replace cabinets.		$3,879,083.30
	KALAKAUA HOMES (HI001000034)			$500,000.00
ID0135	Makua Ali`i, Plumbing Upgrade (Design)(Contract Administration (1480)-Other Fees and Costs)	Design Service for Makua Ali`i: Plumbing Upgrade including the repair of plumbing stacks for all units, opening the walls, patch and paint and replace cabinets.		$500,000.00
	AUTHORITY-WIDE (NAWASD)			$5,254,798.70
ID0137	Administration(Administration (1410)-Salaries)	Administration		$1,484,432.90

Part II: Supporting Pages - Physical Needs Work Statements (s)

Work Statement for Year 5 2027

Identifier	Development Number/Name	General Description of Major Work Categories	Quantity	Estimated Cost
ID0138	Moving to Work Demo(MTW (1492))	Moving to Work Demo		$2,968,865.80
ID0139	Contingency(Contract Administration (1480)-Contingency)	Contingency		$801,500.00
	Subtotal of Estimated Cost			$14,844,329.00

Part III: Supporting Pages - Management Needs Work Statements (s)	
Work Statement for Year 1 2023	
Development Number/Name General Description of Major Work Categories	**Estimated Cost**
Housing Authority Wide	
Administration(Administration (1410)-Salaries)	$1,484,432.90
Contingency(Contract Administration (1480)-Contingency)	$791,030.30
Moving to Work Demo(MTW (1492))	$2,968,865.80
Staff Salaries for CMB(Contract Administration (1480)-Other Fees and Costs)	$300,000.00
Ka Lei Momi Statewide Master Development (Plans/Designs)(Contract Administration (1480)-Other Fees and Costs)	$500,000.00
Subtotal of Estimated Cost	$6,044,329.00

Capital Fund Program - Five-Year Action Plan

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
2577-0274
02/28/2022

Part III: Supporting Pages - Management Needs Work Statements (s)	
Work Statement for Year 2 2024	
Development Number/Name **General Description of Major Work Categories**	**Estimated Cost**
Housing Authority Wide	
Administration(Administration (1410)-Salaries)	$1,484,432.90
Contingency(Contract Administration (1480)-Contingency)	$434,586.45
Moving to Work Demo(MTW (1492))	$2,968,865.80
Staff Salaries for CMB(Contract Administration (1480)-Other Fees and Costs)	$300,000.00
Subtotal of Estimated Cost	$5,187,885.15

Part III: Supporting Pages - Management Needs Work Statements (s)	
Work Statement for Year 3 2025	
Development Number/Name **General Description of Major Work Categories**	**Estimated Cost**
Housing Authority Wide	
Administration(Administration (1410)-Salaries)	$1,484,432.90
Contingency(Contract Administration (1480)-Contingency)	$484,587.30
Moving to Work Demo(MTW (1492))	$2,968,865.80
Staff Salaries for CMB(Contract Administration (1480)-Other Fees and Costs)	$300,000.00
Subtotal of Estimated Cost	$5,237,886.00

Part III: Supporting Pages - Management Needs Work Statements (s)	
Work Statement for Year 4 2026	
Development Number/Name General Description of Major Work Categories	**Estimated Cost**
Housing Authority Wide	
Moving to Work Demo(MTW (1492))	$2,968,865.80
Administration(Administration (1410)-Salaries)	$1,484,432.90
Contingency(Contract Administration (1480)-Contingency)	$801,476.68
Staff Salaries for CMB(Contract Administration (1480)-Other Fees and Costs)	$300,000.00
Subtotal of Estimated Cost	$5,554,775.38

Part III: Supporting Pages - Management Needs Work Statements (s)	
Work Statement for Year 5 2027	
Development Number/Name General Description of Major Work Categories	**Estimated Cost**
Housing Authority Wide	
Administration(Administration (1410)-Salaries)	$1,484,432.90
Moving to Work Demo(MTW (1492))	$2,968,865.80
Contingency(Contract Administration (1480)-Contingency)	$801,500.00
Subtotal of Estimated Cost	$5,254,798.70

RAB Comments

The HPHA presented the draft Annual PHA Plan for FY 26 to the Resident Advisory Board for review and comments on November 12, 2024, January 14, 2025, and March 11, 2025.

1. **Proposed Plan Revision**: The HPHA will adopt a policy regarding adult family members who leave or are removed from a household only to request to rejoin the household at a later date. In such cases, the HPHA shall prohibit the adult from rejoining the household. If determined necessary as a reasonable accommodation, the adult may rejoin the household as a live-in aide.

   <u>RAB Comments</u>

   A RAB member asked whether this would prevent young adults who temporarily leave the household for school from rejoining the household.

   <u>HPHA Response</u>

   No, if an adult family member temporarily leaves to pursue higher education and intends to rejoin the household after graduating, this policy would not prevent the adult family member from doing so. The HPHA's Administrative Plan already allows for this exception in section 3-I.L.

2. **Proposed Plan Revision**: The HPHA is updating its rent reasonableness procedures described in Chapter 8 of the Administrative Plan. The HPHA will remove the requirement of that two of the unassisted, comparable units have gross rents higher than the subject unit, and one being lower than the subject unit.

   <u>RAB Comments</u>

   The RAB asked what the purpose of this amendment is.

   <u>HPHA Response</u>

   This amendment is meant to simplify the process of performing the rent reasonableness test for the HPHA's Section 8 programs. The HPHA believes that the "two high, one low" requirement may unintentionally skew the results of each test towards approving a higher subject unit rent. For instance, if the HPHA cannot find two units in close proximity to the subject unit with higher gross rents, it must search further and further away until units are found. These units may not be the most comparable in terms of neighborhood amenities, features, poverty rates, etc. The HPHA currently contracts for a rental comparison software to perform its rent reasonableness tests. Rather than continuing to choose comparable units manually, the HPHA is proposing to use the rent comparison function already programmed into the software. This function algorithmically selects the most comparable units, regardless of their gross rents, based on how similar they are to the subject unit.

Certification by State or Local Official of PHA Plans Consistency with the Consolidated Plan or State Consolidated Plan
(All PHAs)

U. S Department of Housing and Urban Development
Office of Public and Indian Housing
OMB No. 2577-0226
Expires 3/31/2024

Certification by State or Local Official of PHA Plans Consistency with the Consolidated Plan or State Consolidated Plan

I, Josh Green, MD, the Governor of the State of Hawaii,
Official's Name *Official's Title*

certify that the 5-Year PHA Plan for fiscal years 2025 to 2029 and/or Annual PHA Plan for fiscal year 2026 of the Hawaii Public Housing Authority is consistent with the
PHA Name

Consolidated Plan or State Consolidated Plan including the Analysis of Impediments (AI) to Fair Housing Choice or Assessment of Fair Housing (AFH) as applicable to the

State of Hawaii
Local Jurisdiction Name

pursuant to 24 CFR Part 91 and 24 CFR §903.15.

Provide a description of how the PHA Plan's contents are consistent with the Consolidated Plan or State Consolidated Plan.

The HPHA's goals and objectives are based on the latest Hawaii Housing Policy Study which serves as the basis for the State's Consolidated Plan. The State's housing strategies are coordinated between various agencies (e.g., HPHA, the Hawaii Housing Finance and Development Corporation, Department of Hawaiian Homelands) and seek to address the specific needs of Hawaii's communities.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. **Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official: Josh Green, MD	Title: Governor of the State of Hawaii
Signature:	Date:

The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality. This information is collected to ensure consistency with the consolidated plan or state consolidated plan.

Public reporting burden for this information collection is estimated to average 0.16 hours per year per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

Civil Rights Certification *(Qualified PHAs)*	**U.S. Department of Housing and Urban Development** Office of Public and Indian Housing **OMB Approval No. 2577-0226** **Expires 3/31/2024**

Civil Rights Certification

Annual Certification and Board Resolution

Acting on behalf of the Board of Commissioners of the Public Housing Agency (PHA) listed below, as its Chairperson or other authorized PHA official if there is no Board of Commissioners, I approve the submission of the 5-Year PHA Plan, hereinafter referred to as "the Plan," of which this document is a part, and make the following certification and agreements with the Department of Housing and Urban Development (HUD) for the fiscal year beginning 2025 *in which the PHA receives assistance under 42 U.S.C. 1437f and/or 1437g in connection with the mission, goals, and objectives of the public housing agency and implementation thereof:*

The PHA certifies that it will carry out the public housing program of the agency in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d—4), the Fair Housing Act (42 U.S.C. 3601-19), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), title II of the Americans with Disabilities Act (42 U.S.C. 12101 *et seq*.), and other applicable civil rights requirements and that it will affirmatively further fair housing in the administration of the program. In addition, if it administers a Housing Choice Voucher Program, the PHA certifies that it will administer the program in conformity with the Fair Housing Act, title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, title II of the Americans with Disabilities Act, and other applicable civil rights requirements, and that it will affirmatively further fair housing in the administration of the program. The PHA will affirmatively further fair housing, which means that it will take meaningful actions to further the goals identified in the Assessment of Fair Housing (AFH) conducted in accordance with the requirements of 24 CFR § 5.150 through 5.180, that it will take no action that is materially inconsistent with its obligation to affirmatively further fair housing, and that it will address fair housing issues and contributing factors in its programs, in accordance with 24 CFR § 903.7(o)(3). The PHA will fulfill the requirements at 24 CFR § 903.7(o) and 24 CFR § 903.15(d). Until such time as the PHA is required to submit an AFH, the PHA will fulfill the requirements at 24 CFR § 903.7(o) promulgated prior to August 17, 2015, which means that it examines its programs or proposed programs; identifies any impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement; and maintains records reflecting these analyses and actions.

Hawaii Public Housing Authority	HI001
PHA Name	PHA Number/HA Code

I hereby certify that all the statement above, as well as any information provided in the accompaniment herewith, is true and accurate. **Warning**: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Executive Director:		Name of Board Chairperson:	
Hakim Ouansafi		Robert J. Hall	
Signature	Date	Signature	Date

The United States Department of Housing and Urban Development is authorized to collect the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality. The information is collected to ensure that PHAs carry out applicable civil rights requirements.

Public reporting burden for this information collection is estimated to average 0.16 hours per response, including the time for reviewing instructions, searching existing data sources, gathering, and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

Certifications of Compliance with PHA Plan and Related Regulations ***(Standard, Troubled, HCV-Only, and High Performer PHAs)***	**U.S. Department of Housing and Urban Development** Office of Public and Indian Housing **OMB No. 2577-0226** **Expires 3/31/2024**

PHA Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations including PHA Plan Elements that Have Changed

Acting on behalf of the Board of Commissioners of the Public Housing Agency (PHA) listed below, as its Chairperson or other authorized PHA official if there is no Board of Commissioners, I approve the submission of the __X__ *5-Year and/or* __X__ *Annual PHA Plan, hereinafter referred to as "the Plan," of which this document is a part, and make the following certification and agreements with the Department of Housing and Urban Development (HUD) for the PHA fiscal year beginning* __2025__*, in connection with the submission of the Plan and implementation thereof:*

1. The Plan is consistent with the applicable comprehensive housing affordability strategy (or any plan incorporating such strategy) for the jurisdiction in which the PHA is located (24 CFR § 91.2).
2. The Plan contains a certification by the appropriate State or local officials that the Plan is consistent with the applicable Consolidated Plan, which includes a certification that requires the preparation of an Analysis of Impediments (AI) to Fair Housing Choice, or Assessment of Fair Housing (AFH) when applicable, for the PHA's jurisdiction and a description of the manner in which the PHA Plan is consistent with the applicable Consolidated Plan (24 CFR §§ 91.2, 91.225, 91.325, and 91.425).
3. The PHA has established a Resident Advisory Board or Boards, the membership of which represents the residents assisted by the PHA, consulted with this Resident Advisory Board or Boards in developing the Plan, including any changes or revisions to the policies and programs identified in the Plan before they were implemented, and considered the recommendations of the RAB (24 CFR 903.13). The PHA has included in the Plan submission a copy of the recommendations made by the Resident Advisory Board or Boards and a description of the manner in which the Plan addresses these recommendations.
4. The PHA provides assurance as part of this certification that:
   (i) The Resident Advisory Board had an opportunity to review and comment on the changes to the policies and programs before implementation by the PHA;
   (ii) The changes were duly approved by the PHA Board of Directors (or similar governing body); and
   (iii) The revised policies and programs are available for review and inspection, at the principal office of the PHA during normal business hours.
5. The PHA made the proposed Plan and all information relevant to the public hearing available for public inspection at least 45 days before the hearing, published a notice that a hearing would be held and conducted a hearing to discuss the Plan and invited public comment.
6. The PHA certifies that it will carry out the public housing program of the agency in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d—4), the Fair Housing Act (42 U.S.C. 3601-19), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), title II of the Americans with Disabilities Act (42 U.S.C. 12101 et seq.), and other applicable civil rights requirements and that it will affirmatively further fair housing in the administration of the program. In addition, if it administers a Housing Choice Voucher Program, the PHA certifies that it will administer the program in conformity with the Fair Housing Act, title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, title II of the Americans with Disabilities Act, and other applicable civil rights requirements, and that it will affirmatively further fair housing in the administration of the program.
7. The PHA will affirmatively further fair housing, which means that it will take meaningful actions to further the goals identified in the Assessment of Fair Housing (AFH) conducted in accordance with the requirements of 24 CFR § 5.150 through 5.180, that it will take no action that is materially inconsistent with its obligation to affirmatively further fair housing, and that it will address fair housing issues and contributing factors in its programs, in accordance with 24 CFR § 903.7(o)(3). The PHA will fulfill the requirements at 24 CFR § 903.7(o) and 24 CFR § 903.15(d). Until such time as the PHA is required to submit an AFH, the PHA will fulfill the requirements at 24 CFR § 903.7(o) promulgated prior to August 17, 2015, which means that it examines its programs or proposed programs; identifies any impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement; and maintains records reflecting these analyses and actions.
8. For PHA Plans that include a policy for site-based waiting lists:
   - The PHA regularly submits required data to HUD's 50058 PIC/IMS Module in an accurate, complete and timely manner (as specified in PIH Notice 2011-65);

- The system of site-based waiting lists provides for full disclosure to each applicant in the selection of the development in which to reside, including basic information about available sites; and an estimate of the period of time the applicant would likely have to wait to be admitted to units of different sizes and types at each site;
- Adoption of a site-based waiting list would not violate any court order or settlement agreement or be inconsistent with a pending complaint brought by HUD;
- The PHA shall take reasonable measures to assure that such a waiting list is consistent with affirmatively furthering fair housing; and
- The PHA provides for review of its site-based waiting list policy to determine if it is consistent with civil rights laws and certifications, as specified in 24 CFR 903.7(o)(1).

9. The PHA will comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975.
10. In accordance with 24 CFR § 5.105(a)(2), HUD's Equal Access Rule, the PHA will not make a determination of eligibility for housing based on sexual orientation, gender identify, or marital status and will make no inquiries concerning the gender identification or sexual orientation of an applicant for or occupant of HUD-assisted housing.
11. The PHA will comply with the Architectural Barriers Act of 1968 and 24 CFR Part 41, Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the Physically Handicapped.
12. The PHA will comply with the requirements of Section 3 of the Housing and Urban Development Act of 1968, Employment Opportunities for Low-or Very-Low Income Persons, and with its implementing regulation at 24 CFR Part 135.
13. The PHA will comply with acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations at 49 CFR Part 24 as applicable.
14. The PHA will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105(a).
15. The PHA will provide the responsible entity or HUD any documentation that the responsible entity or HUD needs to carry out its review under the National Environmental Policy Act and other related authorities in accordance with 24 CFR Part 58 or Part 50, respectively.
16. With respect to public housing the PHA will comply with Davis-Bacon or HUD determined wage rate requirements under Section 12 of the United States Housing Act of 1937 and the Contract Work Hours and Safety Standards Act.
17. The PHA will keep records in accordance with 2 CFR 200.333 and facilitate an effective audit to determine compliance with program requirements.
18. The PHA will comply with the Lead-Based Paint Poisoning Prevention Act, the Residential Lead-Based Paint Hazard Reduction Act of 1992, and 24 CFR Part 35.
19. The PHA will comply with the policies, guidelines, and requirements of 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Financial Assistance, including but not limited to submitting the assurances required under 24 CFR §§ 1.5, 3.115, 8.50, and 107.25 by submitting an SF-424, including the required assurances in SF-424B or D, as applicable.
20. The PHA will undertake only activities and programs covered by the Plan in a manner consistent with its Plan and will utilize covered grant funds only for activities that are approvable under the regulations and included in its Plan.
21. All attachments to the Plan have been and will continue to be available at all times and all locations that the PHA Plan is available for public inspection. All required supporting documents have been made available for public inspection along with the Plan and additional requirements at the primary business office of the PHA and at all other times and locations identified by the PHA in its PHA Plan and will continue to be made available at least at the primary business office of the PHA.
22. The PHA certifies that it is in compliance with applicable Federal statutory and regulatory requirements, including the Declaration of Trust(s).

Hawaii Public Housing Authority	HI001
PHA Name	PHA Number/HA Code

_X_ Annual PHA Plan for Fiscal Year 2026

_____ 5-Year PHA Plan for Fiscal Years 20__ - 20__

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. **Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802).

Name of Executive Director		Name Board Chairman	
Hakim Ouansafi		Robert J. Hall	
Signature	Date	Signature	Date

The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality. This information is collected to ensure compliance with PHA Plan, Civil Rights, and related laws and regulations including PHA plan elements that have changed.

Public reporting burden for this information collection is estimated to average 0.16 hours per year per response, including the time for reviewing instructions, searching existing data sources, gathering, and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

Public Testimony

On January 24, 2025, the HPHA published a public hearing notice in the Honolulu Star-Advertiser, The Garden Island, The Maui News, West Hawaii Today, and Hawaii Tribune Herald. A draft of the Annual PHA Plan for FY 26 was made available at all HPHA AMP Offices and on the HPHA's website. A public hearing was held in-person and online on March 10, 2025.

1. **Proposed Plan Revision**: The HPHA is proposing to adopt a policy regarding who leave or are removed from a household only to request to rejoin the household at a later date. In such cases, the HPHA shall prohibit the adult from rejoining the household. If determined necessary as a reasonable accommodation, the adult may rejoin the household as a live-in aide.

Public Testimony

The HPHA received written testimony in support of the proposal. The testifier stated that this is a longstanding policy in the HPHA's public housing program, and it will prevent family members from hopping on and off the program when income changes.

HPHA Response

The HPHA thanked the testifier for their comments. This proposal is part of a larger effort to further align operating policies in its public housing and Section 8 programs. The HPHA believes this change will reduce staff administrative burden and not negatively impact older tenants as former household members can return as live-in aides.

2. **Proposed Plan Revision**: The HPHA will specify in its Administrative Plan that it may use the tenant-based HCV waiting list to fill a vacant PBV-assisted unit if there are no families on the associated PBV waiting list for whom it would be appropriate to house in the vacant unit.

Public Testimony

The HPHA received written testimony in opposition of the proposal. The testifier believes this policy would reduce the amount of times the PBV waiting list would need to be opened and would unfairly provide families the opportunity to get onto the PBV waitlist twice. Testifier points out that the proposal, as written, does not address if families who are offered a PBV unit will be able to return to the HCV waiting list.

HPHA Response

The purpose of this proposal is to improve the agency's ability to fill vacant PBV units. Although it is not specifically addressed in section B.3. (pg. 11), the HPHA does not intend to remove a family from the HCV waiting list if they refuse an offer of a PBV unit or are determined ineligible by the PBV Owner. Additionally, the offer of a PBV unit to a family on the HCV waiting list will not put them onto a PBV waiting list. The HPHA does not believe this policy will add to administrative burden as it will only be used in the rare instance when a PBV waiting list is nearly exhausted and a vacant unit is unsuitable for all remaining families (e.g., a unit has internal stairs and all remaining families on the PBV waiting list require a single-story unit).

NOTICE OF PUBLIC HEARING

Pursuant to 24 CFR 903.17 and the MTW Operations Notice, the Hawaii Public Housing Authority (HPHA), Department of Human Services, hereby provides notice that it will hold a public hearing on **(1)** the Annual Public Housing Agency (PHA) Plan for Fiscal Year 2026 and **(2)** the Moving to Work (MTW) Supplement for Fiscal Year 2026.

Background: The HPHA has prepared an Annual PHA Plan as required by the Quality Housing and Work Responsibility Act of 1998. The PHA Plan describes how federally-funded programs administered by the HPHA will be operated and managed during the applicable fiscal year. The HPHA also uses the PHA Plan to inform the U.S. Department of Housing and Urban Development (HUD), its residents, and the public of the specific strategies it will employ to address the housing needs of low-income families within its jurisdiction.

The HPHA will include the MTW Supplement for Fiscal Year 2026 as an attachment to the Annual PHA Plan for Fiscal Year 2026. The MTW Supplement provides information on all future and ongoing MTW-related policies, waivers, and activities. Submittal of the MTW Supplement is a requirement for all expansion PHAs participating in the MTW Demonstration Program. For more information on the MTW Demonstration Program, please see the MTW Operations Notice, published in the Federal Register as FR-5994-N-05.

Public Review: The drafts of the **(1)** Annual PHA Plan for Fiscal Year 2026 and **(2)** the MTW Supplement for Fiscal Year 2026 are available for public viewing at the HPHA School Street Administrative Campus and the site management offices on weekdays between 7:45 a.m. to 4:30 p.m.

HPHA Administrative and Section 8 Offices, 1002 North School Street, Honolulu
Oahu: Puuwai Momi Office, 99-132 Kohomua Street, Aiea
Oahu: Kalihi Valley Homes Office, 2250 Kalena Drive, Honolulu
Oahu: Mayor Wright Homes Office, 521 North Kukui Street, Honolulu
Oahu: Kalakaua Homes Office, 1545 Kalakaua Avenue, Honolulu
Oahu: Kalanihuia Office, 1220 Aala Street, Honolulu
Oahu: Hale Poai Office, 1001 North School Street, Honolulu
Oahu: Waimaha Sunflower Office: 85-186 McArthur Street, Waianae
Oahu: Koolau Village Office: 45-1027 Kamau Place, Kaneohe
Oahu: Kauhale Nani Office: 310 North Cane Street, Wahiawa
Oahu: Palolo Valley Homes Office: 2107 Ahe Street, Honolulu
Oahu: Kuhio Homes Office: 1475 Linapuni Street, Honolulu
Hawaii: Lanakila Homes Office, 600 Wailoa Street, Hilo
Hawaii: Ka Hale Kahaluu Office, 78-6725 Makolea Street, Kailua-Kona
Hawaii: Noelani II Office, 65-1191 Opelo Road, Kamuela
Kauai: Kapaa Office, 4726 Malu Road, Kapaa
Maui: Kahekili Terrace, 2015 Holowai Place, Wailuku
Molokai: Kahale Mua, Maunaloa, Molokai

A digital copy of the Annual PHA Plan is available on the HPHA's website at:
https://hpha.hawaii.gov/about-the-hpha/plans-reports

A digital copy of the MTW Supplement is available on the HPHA's website at:
https://hpha.hawaii.gov/programs-and-resources/moving-to-work

Public Hearing: The public may participate in the public hearing remotely via Zoom using the following link: zoom.us/j/86961546983. When prompted, enter the **Password**: **3Wt7Jd**. The HPHA requests that meeting participants display their first and last names.

Alternatively, the public may participate via telephone by calling **1-253-215-8782**. When prompted, callers should enter the **Meeting ID**: **869 6154 6983** and the **Password**: **011362**.

The public hearing will take place at:

5:00 p.m. on Monday, March 10, 2025

Physical Meeting Location: The public may also attend the public hearing in person at 1002 North School Street, Building A Conference Room, Honolulu, HI 96817. The physical meeting location will be connected via Zoom to the remote meeting.

All interested persons are invited to provide oral or written comments on the draft Annual PHA Plan and draft MTW Supplement. All comments received will be reviewed by the HPHA, and subsequent amendments may be considered, if appropriate. Oral comments may be presented during the public hearing. Persons who cannot attend the hearing and prefer not to provide written comments may call (808) 436-7183 to submit their comments as a voicemail message. Written comments may be presented to the presiding officer at the public hearing, or mailed to the HPHA at 1002 North School Street, Honolulu, Hawaii 96817. Written comments may also be faxed to (808) 832-4679 or sent by email to hpha@hawaii.gov. Written comments not presented at the public hearing should be received by the HPHA's Administrative Office by 4:30 p.m. on Monday, March 10, 2025.

If you need an auxiliary aid/service or other accommodation due to a disability, contact Benjamin Park at (808) 436-7183 as soon as possible, preferably by Monday, March 3, 2025. If a response is received after Monday, March 3, 2025, the HPHA will attempt to obtain the auxiliary aid/service or accommodation, but cannot guarantee that the request will be fulfilled. Upon request, this notice is available in alternate forms such as large print, Braille, or electronic copy.

HAKIM OUANSAFI
Executive Director
Hawaii Public Housing Authority

HPHA does not discriminate against any person because of race, color, religion, sex, physical or mental disability, familial status, ancestry/national origin, age, marital status, HIV infection or sexual orientation and gender identity.

EQUAL HOUSING
OPPORTUNITY

Attendance Sheet

PUBLIC HEARING
Date: 3/10/25

5:00 p.m. Annual PHA Plan for FY 26, MTW Supplement for FY 26

Location HPHA Admin Offices, Bldg A

Name	Organization	Address	Telephone No.	Check here if testifying
Nicolas Ayabe	HPHA PEO			
Ben Park	HPHA PEO			
Sarah Beamer				
Andrew Nakoa		Mayor Wright Homes		

3/10/25 PHA Plan Comments

- B.3. 17-2031-33 /11-11B

I like the proposal to prohibit returning Household members after they leave. This is a longstanding policy under the public housing program. The policy prevents family members from hopping on and off when they have higher income. It ~~also~~ should ~~will~~ reduce staff burden and would not prevent the individual to assist as a LIA or to enter the program on their own off of the WL.

- B.3. 17-2031 /Ch. 17

• I don't agree with this policy. I understand the purpose/intent of the rule change, but don't believe it will largely assist the filling of vacant PBU units. Families currently ~~must~~ are permitted to sign up for both the HCV + PBU waitlists ~~if both are are open~~ when open. ~~By allowing~~ While utilizing this amended process may reduce the amount of times the PBU WL would need to be opened, it unfairly provides families an opportunity to get onto the PBU waitlist twice once as a PBU WL holder, then as an HCV WL holder. ~~[illegible]~~ The proposal, as written, does not address if families offered a ~~[illegible]~~ PBU unit from the HCV waitlist would ~~[illegible]~~ ~~[illegible]~~ be able to return to the HCV waitlist if they were not accepted into the PBV unit. this would negatively impact the applicant. It would also add to admin burden on the PHS.

Certification for a Drug-Free Workplace

U.S. Department of Housing and Urban Development

OMB Number: 2501-0044
Expiration Date: 2/28/2027

Hawaii Public Housing Authority (HI001, HI901)

Applicant Name

Low-Income Public Housing, Housing Choice Voucher

Program/Activity Receiving Federal Grant Funding

Acting on behalf of the above named Applicant as its Authorized Official, I make the following certifications and agreements to the Department of Housing and Urban Development (HUD) regarding the sites listed below:

I certify that the above named Applicant will or will continue to provide a drug-free workplace by:

a. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Applicant's workplace and specifying the actions that will be taken against employees for violation of such prohibition.

b. Establishing an on-going drug-free awareness program to inform employees ---

(1) The dangers of drug abuse in the workplace;

(2) The Applicant's policy of maintaining a drug-free workplace;

(3) Any available drug counseling, rehabilitation, and employee assistance programs; and

(4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.

c. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph a.;

d. Notifying the employee in the statement required by paragraph a. that, as a condition of employment under the grant, the employee will ---

(1) Abide by the terms of the statement; and

(2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

e. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph d.(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federalagency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

f. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph d.(2), with respect to any employee who is so convicted ---

(1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or

(2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

g. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs a. thru f.

2. Sites for Work Performance. The Applicant shall list (on separate pages) the site(s) for the performance of work done in connection with the HUD funding of the program/activity shown above: Place of Performance shall include the street address, city, county, State, and zip code. Identify each sheet with the Applicant name and address and the program/activity receiving grant funding.)

The Hawaii Public Housing Authority's administrative offices are located at 1002 N School St, Honolulu, HI 96817.

Please see **Attachment D** for the addresses of all federal public housing projects.

Check here if there are workplaces on file that are not identified on the attached sheets.

I/We, the undersigned, certify under penalty of perjury that the information provided above is true and correct.
WARNING: Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties. (18 U.S.C. §§ 287, 1001, 1010, 1012, 1014; 31 U.S.C. §3729, 3802).

Name of Authorized Official	Title
Hakim Ouansafi	Executive Director
Signature X	Date

form **HUD-50070** (3/98)
ref. Handbooks 7417.1, 7475.13, 7485.1 & .3

Certification of Payments to Influence Federal Transactions

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

Applicant Name

Hawaii Public Housing Authority (HI001, HI901)

Program/Activity Receiving Federal Grant Funding

Low-Income Public Housing, Housing Choice Voucher

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, Disclosure Form to Report Lobbying, in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all sub recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.
Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official	Title
Hakim Ouansafi	Executive Director

Signature	Date (mm/dd/yyyy)

Approved by the Executive Director
March 20, 2025

FOR ACTION

MOTION: To **(1)** Approve the Hawaii Public Housing Authority's Moving to Work Supplement for Fiscal Year 2025-2026 (July 1, 2025 – June 30, 2026); **(2)** Approve Board Resolution No. 25-01 Approving the Hawaii Public Housing Authority's Annual Public Housing Agency Plan for Fiscal Year 2025-2026 and Moving To Work Supplement for Fiscal Year 2025-2026 and **(3)** Authorize the Executive Director to Take the Required Actions to Submit the Moving to Work Supplement for Fiscal Year 2025-2026 and Board Resolution No. 25-01 to the U.S. Department of Housing and Urban Development

I. FACTS

A. All public housing agencies (PHA) administering federal public housing and/or Section 8 Housing Choice Vouchers (HCV) are required to submit an Annual PHA Plan to the U.S. Department of Housing and Urban Development (HUD). This requirement was established by the Quality Housing and Work Responsibility Act of 1998, as amended by the Housing and Economic Recovery Act of 2008.

B. Pursuant to the Moving to Work (MTW) Operations Notice (Notice PIH 2021-03), all PHAs participating in the MTW Demonstration Program Expansion must submit an MTW Supplement to HUD as an addendum to their Annual PHA Plans. The MTW Supplement provides HUD, program participants, and the public with information on all planned and ongoing MTW activities during the next fiscal year. HUD also uses the MTW Supplement to monitor and evaluate the effectiveness of a PHA's MTW policies.

C. A public hearing on a new MTW Supplement is required under Section 7.a.ii. of the MTW Operations Notice. Public notice of the hearing was approved by the Board of Directors on January 16, 2025, and published in the Honolulu Star-Advertiser, The Garden Island, The Maui News, West Hawaii Today, and Hawaii Tribune Herald on January 24, 2025. A notice was also sent to all public housing residents with the March 2025 rent bill.

D. A public hearing was held in-person and online on March 10, 2025. Meetings with the Resident Advisory Board (RAB) to discuss the draft MTW Supplement were held on November 12, 2024, January 14, 2025, and March 11, 2025.

E. The HPHA must submit the MTW Supplement for Fiscal Year 2026 in the HUD-specified format no later than 75 days prior to the start of the new fiscal year. The MTW Supplement is reviewed by the HUD Honolulu Field Office and approved separately from the corresponding Annual PHA Plan.

II. DISCUSSION

A. The HPHA proposed the following amendments in the MTW Supplement for Fiscal Year 2026:

1. Adopt MTW Activity Waiver 17.c. which would allow the HPHA to use MTW funding to acquire, renovate, and/or build affordable units for low-income families that are not public housing units. Eligible activities may include gap-financing for development of affordable housing, development of project-based voucher units, or tax credit partnerships. For Fiscal Year 2026, the HPHA may use this waiver to commit/spend additional funding for its Kapaa and Kuhio Park Low Rises Phase I redevelopment projects.

2. Provide updates on all MTW activities already approved in previous MTW Supplements.

B. HPHA staff considered all testimony received prior to and at the public hearing along with the recommendations of the RAB, as required by the MTW Operations Notice. After a thorough review of the comments received during the public hearing process and the RAB's recommendations, no additional changes were made to the MTW Supplement for Fiscal Year 2026.

C. The MTW Supplement for Fiscal Year 2026 is attached as Attachment A and will be submitted to HUD upon final approval by the Board of Directors.

D. The HPHA will continue discussions with the RAB regarding the implementation of all MTW waivers and activities included in the MTW Supplement for Fiscal Year 2026 following approval by the Board of Directors and HUD.

III. RECOMMENDATION

That the Board of Directors **(1)** Approve the Hawaii Public Housing Authority's Moving to Work Supplement for Fiscal Year 2025-2026 (July 1, 2025 – June 30, 2026); **(2)** Approve Board Resolution No. 25-01 Approving the Hawaii Public Housing Authority's Annual Public Housing Agency Plan for Fiscal Year 2025-

2026 and Moving To Work Supplement for Fiscal Year 2025-2026 and **(3)** Authorize the Executive Director to Take the Required Actions to Submit the Moving to Work Supplement for Fiscal Year 2025-2026 and Board Resolution No. 25-01 to the U.S. Department of Housing and Urban Development

Attachment A: MTW Supplement for Fiscal Year 2026

Attachment B: Board Resolution No. 25-01 RESOLUTION APPROVING THE HAWAII PUBLIC HOUSING AUTHORITY'S ANNUAL PUBLIC HOUSING AGENCY PLAN FOR FISCAL YEAR 2025-2026 AND MOVING TO WORK SUPPLEMENT FOR FISCAL YEAR 2025-2026

Prepared by: Benjamin Park, Chief Planner BP

Approved by the Board of Directors
on the date set forth above
[ ] As Presented [ ] As Amended

Robert J. Hall
Chairperson

MTW Supplement to the Annual PHA Plan	U.S. Department of Housing and Urban Development Office of Public and Indian Housing	OMB No. 2577-0226 Expires: 03/31/2024

Purpose. The Moving to Work (MTW) Supplement to the Annual PHA Plan informs HUD, families served by the PHA, and members of the public, about the MTW Waivers and associated activities that the MTW agency seeks to implement in the coming Fiscal Year and updates the status of MTW activities that have been previously approved. It also provides information about Safe Harbor Waivers, Agency-Specific Waivers, compliance with MTW statutory requirements, and evaluations. The MTW Supplement does not replace the PHA Plan. MTW agencies must continue to submit the applicable PHA Plan. MTW agencies that are not required to submit annual PHA Plans under the Housing and Economic Recovery Act of 2008 (HERA) must submit the MTW Supplement annually, in addition to holding public hearings, obtaining board approval, and consulting with Resident Advisory Boards (RABs) and tenant associations, as applicable, on planned MTW activities.

Applicability. Form HUD-50075-MTW is to be completed annually by all MTW agencies brought onto the MTW Demonstration Program pursuant to Section 239 of the Fiscal Year 2016 Appropriations Act, P.L. 114-113 (2016 MTW Expansion Statute) or legacy MTW agencies[1] that chose to follow the requirements of the MTW Operations Notice.

Definitions. All terms used in this MTW Supplement are consistent with the definitions stated in the MTW Operations Notice, including:

(1) **Local, Non-Traditional Activities** (LNT) – Those MTW activities that use MTW funding flexibility outside of the Housing Choice Voucher (HCV) and public housing programs established in Sections 8 and 9 of the U.S. Housing Act of 1937.
(2) **Safe Harbors** – The additional parameters or requirements, beyond those specified in the MTW activity description itself found in the MTW Operations Notice, following each activity description, that the MTW agency must follow in implementing MTW activities.
(3) **Substantially the Same Requirement** – A statutory MTW requirement that MTW agencies must continue to assist substantially the same total number of eligible low-income families as would have been served absent the MTW demonstration.

A.	PHA Information.

PHA Name: Hawaii Public Housing Authority
PHA Code: HI001
MTW Supplement for PHA Fiscal Year Beginning: (MM/DD/YYYY): 07/01/2025
PHA Program Type: ☐ Public Housing (PH) only ☐ Housing Choice Voucher (HCV) only ☒ Combined
MTW Cohort Number: 3
MTW Supplement Submission Type: ☒ Annual Submission ☐ Amended Annual Submission

B.	Narrative.

MTW Supplement Narrative.

The narrative provides the MTW agency with an opportunity to explain to the public, including the families that it serves, its MTW plans for the fiscal year and its short and long-term goals.

The MTW agency should provide a description of how it seeks to further the three MTW statutory objectives during the coming Fiscal Year. Those three MTW statutory objectives are: (1) to reduce cost and achieve greater cost effectiveness in federal expenditures; (2) to give incentives to families with children whose heads of household are either working, seeking work, or are participating in job training, educational or other programs that assist in obtaining employment and becoming economically self-sufficient; and (3) to increase housing choices for low-income families.

The Hawaii Public Housing Authority's (HPHA) long-term goal is to use its Moving to Work (MTW) designation to become a more proactive, innovative agency that can identify, develop, and implement housing policies that achieve the statutory objectives of the MTW Demonstration Program.

[1] Legacy MTW Agencies are agencies that were designated as MTW as of December 15, 2015.

The HPHA was designated an MTW expansion agency as part of the landlord incentive cohort in January 2022. The HPHA's Landlord Incentive Program (LIP) was established later that year following the enactment of Act 287, Session Laws of Hawaii 2022. The Act provided State funding for vacancy loss payments, signing bonus payments, and tenant-caused damage reimbursements. The goal of the LIP is to incentivize greater landlord participation in the HPHA's voucher programs, thereby increasing housing choice for low-income families. In our MTW Supplement for FY 2023, the HPHA requested and received HUD's approval to continue the provision of vacancy loss and signing bonus payments using MTW funds.

The HPHA amended its MTW Supplement for FY 24 to request MTW Waiver 3.b. to perform biennial reexaminations of families participating in our Housing Choice Voucher (HCV) Program. The goal of this activity is to improve family self-sufficiency by incentivizing working members to increase their income during a new two-year reexamination cycle. The activity is also meant to reduce administrative burden on staff and residents as well as generate cost savings for the agency. The Amended MTW Supplement for FY 2024 was approved by HUD on March 29, 2024. In accordance with subsequent guidance provided by the HUD Honolulu Field Office, the HPHA will only apply this activity to regularly scheduled reexaminations with an effective date on or after May 1, 2024. The HPHA has amended its Administrative Plan and Chapter 17-2031, Hawaii Administrative Rules (HAR), to be able to carry out this activity. The HPHA is currently updating the software used for reexaminations in preparation for implementation of the activity. The anticipated start date of the activity is Q3 of 2024. Before implementation, the HPHA will notify all participating families of the change to their reexamination cycles.

The MTW Supplement for FY 25 was approved by HUD on July 8, 2024. The HPHA requested MTW Waiver 4.b. to provide tenant-caused damage reimbursements using MTW funding flexibilities. The LIP Administrative Rules have already been adopted. The HPHA also requested MTW Waiver 3.a. to perform biennial reexaminations in the Low-Income Public Housing (LIPH) Program. The HPHA hopes to achieve greater cost efficiency within the LIPH Program by reducing the administrative burden associated with processing annual reexaminations. The second goal for this activity is to incentive working families to raise their incomes, thereby increasing self-sufficiency. The HPHA will adopt amendments to its Admissions and Occupancy Policy (ACOP) and Chapter 17-2028, HAR, in order to implement biennial reexaminations in conjunction with amendments to implement HOTMA Sections 102 and 104. Finally, the HPHA requested MTW Waiver 2.a. to set payment standards between 90% and 120% of the applicable Small Area Fair Market Rents. The first goal of this activity is to increase rental assistance provided in neighborhoods where a significant percentage of assisted families are rent burdened. The second goal of this activity is to promote the deconcentration of poverty by increasing housing choice for low-income families in high-opportunity neighborhoods.

The HPHA amended its Supplement for FY 25 to request three additional waivers related to the Project-Based Voucher (PBV) Program. Under MTW Waiver 9.a., the HPHA may increase the number of authorized units that can be project-based up to 50% of the agency's total authorized HCV units or annual budget authority. Under MTW Waiver 9.b., the HPHA may increase the amount of non-excepted dwelling units at a single covered project up to 100%. Under MTW Waiver 9.g., the initial and redetermined contract rents for a PBV project could be set up to the lower of (a) 110% of the applicable SAFMR minus any utility allowance, or (b) the reasonable rent. The HPHA will utilize each waiver to achieve the MTW statutory objective of increasing housing choice for low-income families. The HPHA has found that many families struggle to use tenant-based vouchers due to the extreme scarcity of rental housing as well as property owners' reluctance to participate. By committing more vouchers to affordable properties, the HPHA can ensure that assisted units will be available exclusively to voucher families. The ability to expand the PBV Program will also support the agency's ongoing and future development efforts by enabling the provision of hundreds of new affordable units within our community.

As part of this MTW Supplement for FY 26, the HPHA is requesting approval of MTW Waiver 17.c. in order to use MTW funding to acquire, renovate, and/or develop affordable units for low-income families that are not public housing units. More specifically, the HPHA may utilize MTW funding for predevelopment costs and/or gap financing for LNT affordable units (as described in Notice PIH 2011-45) or PBV units. This waiver will further enable the HPHA to increase housing choice for low-income families through its ongoing redevelopment and repositioning efforts.

Activities Currently Implemented

- **HPHA Activity 23-01**: Front-End Vacancy Loss Payments (Cohort Waiver[2] 4.2.);
- **HPHA Activity 23-03**: Vacancy Loss Payments (MTW Waiver 4.a.);

[2] Cohort-specific waivers are not reported on in the MTW module of HUD's Housing Information Portal.

- **HPHA Activity 23-04**: Signing Bonus Payments (MTW Waiver 4.c.);
- **HPHA Activity 25-06**: Damage Reimbursement Payments (MTW Waiver 4.b.); and
- **HPHA Activity 25-08**: Increased Payment Standards (MTW Waiver 2.a.).

Activities Pending Implementation

- **HPHA Activity 23-02**: Waiver of Mandatory Initial Inspection (Cohort Waiver[2] 4.1.);
- **HPHA Activity 24-05**: Biennial Reexaminations for HCV (MTW Waiver 3.b.);
- **HPHA Activity 25-07**: Biennial Reexaminations for Public Housing (MTW Waiver 3.a.);
- **HPHA Activity 25-09**: Increase PBV Program Cap (MTW Waiver 9.a.);
- **HPHA Activity 25-10**: Increase PBV Project Cap (MTW Waiver 9.b.); and
- **HPHA Activity 25-11**: Increase PBV Rent to Owner (MTW Waiver 9.g.).

Waivers Requested for FY 26

- **HPHA Activity 26-12**: Housing Development Programs (MTW Waiver 17.c.).

C.	MTW Waivers and Associated Activities.

Currently Implemented:

HPHA Activity 23-03:	Vacancy Loss Payments (MTW Waiver 4.a.)
Core Questions:	
Narrative. Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.	The HPHA provides an incentive payment to a landlord for a dwelling unit vacancy if the landlord rents to another voucher holder. This activity was approved as part of the HPHA's MTW Supplement for FY 23. Vacancy loss payments are equal to one month's rent for each given dwelling unit. Payment is only made after the landlord enters into a new HAP contract with the HPHA. A landlord may not receive an incentive payment if the preceding vacancy was caused by (1) a failure to comply with federal or State nondiscrimination laws, (2) a violation of the landlord-tenant code set forth in Chapter 521, Hawaii Revised Statutes, or (3) any breach of the terms and conditions of the previous HAP contract. The goal of this activity is to increase landlord participation in the HCV Program, thereby increasing housing choice for low-income families and decreasing the average dwelling unit search time for voucher holders.
MTW Statutory Objectives. Which of the MTW statutory objectives does this MTW activity serve?	☐ Cost effectiveness ☐ Self-sufficiency ☒ Housing choice
Cost implications. What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.	☐ Neutral (no cost implications) ☐ Increased revenue ☐ Decreased revenue ☒ Increased expenditures

	☐ Decreased expenditures
Different policy by household status/family types/sites? Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?	☐ The MTW activity applies to all assisted households ☒ The MTW activity applies only to a subset or subsets of assisted households
Household Status. Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?	☐ New admissions (i.e., applicants) only ☐ Currently assisted households only ☒ New admissions and currently assisted households
Family Types. Does the MTW activity apply to all family types or only to selected family types?	☒ The MTW activity applies to all family types ☐ The MTW activity applies only to selected family types ☐ Other – another specifically defined target population or populations
Location. Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?	**For HCV activities:** ☒ The MTW activity applies to all tenant-based units ☐ The MTW activity applies to all properties with project-based vouchers ☐ The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers
Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?	☐ Yes ☒ No
Does this MTW activity require a hardship policy?	☐ Yes ☒ No ☐ Already provided
Does the MTW activity require an impact analysis?	☐ Yes ☒ No ☐ Already provided
Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.	The HPHA has paused this incentive payment because of a staffing shortage. The HPHA will begin offering it again once the agency has the necessary administrative capacity.
Custom Questions:	
Does this policy apply to certain types of units or to all units all HCV units or only certain types of units (for example, accessible units, units in a low-poverty neighborhood, or units/landlords new to the HCV program?	☒ To all units ☐ Certain types of units only
What is the maximum payment that can be made to a landlord under this policy?	A landlord may not receive an amount in excess of one month's rent for a dwelling unit. There is no limit on how many times a landlord may qualify for vacancy loss payments so long as the dwelling unit is rented to another voucher holder immediately following the vacancy of another participating family.
How many payments were issued under this policy in the most recently completed PHA fiscal year?	0

What is the total dollar value of payments issued under this policy in the most recently completed PHA fiscal year?	$0

HPHA Activity 23-04: **Signing Bonus Payments (MTW Waiver 4.c.)**	
Core Questions:	
Narrative. Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.	The HPHA provides a signing bonus payment to a landlord who rents a dwelling unit to a voucher holder for the first time. This activity was approved as part of the HPHA's MTW Supplement for FY 23. Signing bonus payments are equal to one month's rent for each given dwelling unit. Payment is only made after the landlord enters into a new HAP contract with the HPHA. The dwelling unit must be located in a "high opportunity area" or in "areas located where vouchers are difficult to use" to qualify. Both terms as currently defined in the program's Administrative Rules include the HPHA's entire HCV jurisdiction. Landlords may only receive one signing bonus per dwelling unit. If there is a change in the ownership of an assisted dwelling unit, the new owner may qualify for a signing bonus. The goal of this activity is to increase landlord participation in the HCV Program, thereby increasing housing choice for low-income families and decreasing the average dwelling unit search time for voucher holders.
MTW Statutory Objectives. Which of the MTW statutory objectives does this MTW activity serve?	☐ Cost effectiveness ☐ Self-sufficiency ☒ Housing choice
Cost implications. What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.	☐ Neutral (no cost implications) ☐ Increased revenue ☐ Decreased revenue ☒ Increased expenditures ☐ Decreased expenditures
Different policy by household status/family types/sites? Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?	☐ The MTW activity applies to all assisted households ☒ The MTW activity applies only to a subset or subsets of assisted households
Household Status. Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?	☒ New admissions (i.e., applicants) only ☐ Currently assisted households only ☐ New admissions and currently assisted households
Family Types. Does the MTW activity apply to all family types or only to selected family types?	☒ The MTW activity applies to all family types ☐ The MTW activity applies only to selected family types ☐ Other – another specifically defined target population or populations

Location. Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?	**For HCV activities:** ☒ The MTW activity applies to all tenant-based units ☐ The MTW activity applies to all properties with project-based vouchers ☐ The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers
Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?	☐ Yes ☒ No
Does this MTW activity require a hardship policy?	☐ Yes ☒ No ☐ Already provided
Does the MTW activity require an impact analysis?	☐ Yes ☒ No ☐ Already provided
Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.	The HPHA has paused this incentive payment because of a staffing shortage. The HPHA will begin offering it again once the agency has the necessary administrative capacity.
Custom Questions:	
Does this policy apply to certain types of units or to all units all HCV units or only certain types of units (for example, accessible units, units in a low-poverty neighborhood, or units/landlords new to the HCV program?	☐ To all units ☒ Certain types of units only What type of units does this policy apply to? ☐ Accessible units ☒ Units in particular types of areas or neighborhoods. Please describe these areas briefly: Signing bonus payments are available to new landlords with dwelling units in "high opportunity areas" or in "areas located where vouchers are difficult to use" (§S8-10, HAR). Currently, both terms are defined as "the island of Oahu." ☐ Units/landlords new to the HCV program ☐ Other. Please describe briefly:
What is the maximum payment that can be made to a landlord under this policy?	Up to one month's rent. A landlord may qualify for this payment only once for each newly enrolled dwelling unit.
How many payments were issued under this policy in the most recently completed PHA fiscal year?	20
What is the total dollar value of payments issued under this policy in the most recently completed PHA fiscal year?	$55,716

HPHA Activity 25-06:	**Damage Reimbursement Payments (MTW Waiver 4.b.)**
Core Questions:	

Narrative. Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.	The HPHA provides reimbursement payments to landlords for tenant-caused damages in an amount not to exceed the lesser of the cost of repairs or two months of contract rent. This activity was approved as part of the HPHA's MTW Supplement for FY 25. A reimbursement will only be provided for expenses that exceed an assisted family's security deposit. Additionally, the reimbursement will only be made after a new HAP contract is executed for the dwelling unit. Landlords are required to submit receipts, invoices, and other documentation that shows the nature, extent, and cost of repairs. The HPHA reserves the right to require an initial inspection of damages and a follow-up inspection after repairs are complete. This activity is meant to assuage landlord concerns about renting to Section 8 voucher holders. This activity will help the HPHA be able to recruit and retain more landlords, thereby increasing housing choice for low-income families.
MTW Statutory Objectives. Which of the MTW statutory objectives does this MTW activity serve?	☐ Cost effectiveness ☐ Self-sufficiency ☒ Housing choice
Cost implications. What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.	☐ Neutral (no cost implications) ☐ Increased revenue ☐ Decreased revenue ☒ Increased expenditures ☐ Decreased expenditures
Different policy by household status/family types/sites? Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?	☒ The MTW activity applies to all assisted households ☐ The MTW activity applies only to a subset or subsets of assisted households
Household Status. Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?	☐ New admissions (i.e., applicants) only ☒ Currently assisted households only ☐ New admissions and currently assisted households
Family Types. Does the MTW activity apply to all family types or only to selected family types?	☒ The MTW activity applies to all family types ☐ The MTW activity applies only to selected family types
Location. Depending on if responses are being provided for a public housing (PH) or HCV activity, the agency will either see questions applicable to PH or HCV. **For HCV activities:** Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?	**For HCV activities:** ☒ The MTW activity applies to all tenant-based units ☐ The MTW activity applies to all properties with project-based vouchers ☐ The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers
Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?	☐ Yes ☒ No
Does this MTW activity require a hardship policy?	☐ Yes ☒ No

	☐ Already provided
Does the MTW activity require an impact analysis?	☐ Yes ☒ No ☐ Already provided
Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.	The HPHA has paused this incentive payment because of a staffing shortage. The HPHA will begin offering it again once the agency has the necessary administrative capacity.
Custom Questions:	
Does this policy apply to certain types of units or to all units all HCV units or only certain types of units (for example, accessible units, units in a low-poverty neighborhood, or units/landlords new to the HCV program?	☒ To all units ☐ Certain types of units only
What is the maximum payment that can be made to a landlord under this policy?	The lesser of the cost of repairs or two months of contract rent, but no more than $3,000 total.
How many payments were issued under this policy in the most recently completed PHA fiscal year?	0
What is the total dollar value of payments issued under this policy in the most recently completed PHA fiscal year?	$0

HPHA Activity 25-08:	**Increased Payment Standards (MTW Waiver 2.a.)**
Core Questions:	
Narrative. Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.	The HPHA may set the payment standard for a zip code between 90% to 120% of the Small Area Fair Market Rent (SAFMR). This activity was approved as part of the HPHA's MTW Supplement for FY 25. Exception payment standards will be used to deconcentrate poverty by increasing housing choice in high-opportunity neighborhoods as well as provide a deeper level of subsidy in areas of the agency's jurisdiction with high rates of rent-burdened families. Having the ability to provide greater amounts of rental subsidy for dwelling units with more bedrooms can reduce search times and increase the voucher success rate for larger-sized families. A payment standard will not be raised above the normal upper bound of 110% of SAFMR if doing so would significantly impact the financial sustainability of the HPHA's voucher programs. Any dwelling unit rented by a voucher holder in a zip code with an exception standard must still meet rent reasonableness requirements.
MTW Statutory Objectives. Which of the MTW statutory objectives does this MTW activity serve?	☐ Cost effectiveness ☐ Self-sufficiency ☒ Housing choice

Cost implications. What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.	☐ Neutral (no cost implications) ☐ Increased revenue ☐ Decreased revenue ☒ Increased expenditures ☐ Decreased expenditures
Different policy by household status/family types/sites? Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?	☒ The MTW activity applies to all assisted households ☐ The MTW activity applies only to a subset or subsets of assisted households
Household Status. Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?	☐ New admissions (i.e., applicants) only ☐ Currently assisted households only ☒ New admissions and currently assisted households
Family Types. Does the MTW activity apply to all family types or only to selected family types?	☒ The MTW activity applies to all family types ☐ The MTW activity applies only to selected family types
Location. Depending on if responses are being provided for a public housing (PH) or HCV activity, the agency will either see questions applicable to PH or HCV. **For HCV activities:** Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?	**For HCV activities:** ☒ The MTW activity applies to all tenant-based units ☐ The MTW activity applies to all properties with project-based vouchers ☐ The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers
Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?	☐ Yes ☒ No
Does this MTW activity require a hardship policy?	☐ Yes ☐ No ☒ Already provided
Does the hardship policy apply to more than this MTW activity? If yes, then please list all of the applicable MTW activities. (Only upload hardship policy once when said policy applies to multiple MTW activities.)	☐ Yes ☒ No
Has the MTW agency modified the hardship policy since the last submission of the MTW Supplement?	☐ Yes ☒ No
How many hardship requests have been received associated with this activity in the most recently completed PHA fiscal year?	0
Does the MTW activity require an impact analysis?	☐ Yes ☐ No ☒ Already provided
Does the impact analysis apply to more than this MTW activity? If yes, then please list all of the applicable MTW activities. (Only upload impact analysis once when said impact analysis applies to multiple MTW activities.)	☒ Yes ☐ No The Impact Analysis also applies to HPHA Activity 24-05 (MTW Waiver 3.b.).

Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.	N/A. The HPHA did not exercise this flexibility when creating the Payment Standards for CY 2025.
Custom Questions:	
Please explain the payment standards by ZIP or "grouped" ZIP codes.	After publication of the updated SAFMRs each year, zip codes are arranged in ascending order by median rent value from most to least expensive. The allowable range is then calculated for each bedroom size in each zip code. Under this activity, the lower bound will always be set at 90% of SAFMR. The upper bound will be set at 110% of SAFMR; the HPHA will only use an upper bound of 120% of SAFMR if there are a significant number of assisted families residing in the zip code who are rent burdened. Zip codes are generally separated into 10 to 15 payment standard tiers. Each payment standard tier is comprised of zip codes with similar average rent values. Groupings may be further refined by merging one tier with few zip codes and a neighboring tier with a similar average rent range. Alternatively, a tier with ranges that widely vary may be split based on the median rent value within the group. Additional factors are taken into consideration, such as local submarket conditions, trends, and projections, as well as current voucher utilization within each zip code. Once tiers are set, a proposed payment standard is used to calculate the percentage of SAFMR for each bedroom size in each zip code. The proposed payment standard is then adjusted upward or downward to ensure it fits within the allowable range for each zip code in the tier.

<u>Pending Implementation</u>:

HPHA Activity 24-05:	**Biennial Reexaminations for HCV (MTW Waiver 3.b.)**
Core Questions:	
Narrative. Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.	The HPHA will conduct regularly scheduled income and eligibility reexaminations for HCV families on a biennial basis (i.e., every two years). This activity was approved as part of the HPHA's Amended MTW Supplement for FY 2024. In accordance with the Administrative Plan, the HPHA will mitigate fraud and abuse by generating and reviewing Income Discrepancy Reports in EIV on a regular basis, discuss program compliance and integrity issues during briefing sessions with tenants, and place key warnings about the penalties of fraud on HPHA forms and form letters. The HPHA will also regularly remind tenants that corrective action will be taken if income is hidden or concealed during the income determination process. The first goal of this activity is to promote program cost-effectiveness by alleviating the administrative burden associated with an annual reexamination cycle. The second goal is to incentivize families to increase their

	income between biennial reexaminations, thereby increasing self-sufficiency.
MTW Statutory Objectives. Which of the MTW statutory objectives does this MTW activity serve?	(Check at least one) ☒ Cost effectiveness ☒ Self-sufficiency ☐ Housing choice
Cost implications. What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.	☐ Neutral (no cost implications) ☐ Increased revenue ☐ Decreased revenue ☐ Increased expenditures ☒ Decreased expenditures
Different policy by household status/family types/sites? Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?	☒ The MTW activity applies to all assisted households ☐ The MTW activity applies only to a subset or subsets of assisted households
Household Status. Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?	☐ New admissions (i.e., applicants) only ☒ Currently assisted households only ☐ New admissions and currently assisted households
Family Types. Does the MTW activity apply to all family types or only to selected family types?	☒ The MTW activity applies to all family types ☐ The MTW activity applies only to selected family types
Location. Depending on if responses are being provided for a public housing (PH) or HCV activity, the agency will either see questions applicable to PH or HCV. **For HCV activities:** Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?	**For HCV activities:** ☒ The MTW activity applies to all tenant-based units ☒ The MTW activity applies to all properties with project-based vouchers ☐ The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers
Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?	☐ Yes ☒ No
Does this MTW activity require a hardship policy?	☐ Yes ☐ No ☒ Already provided
Does the hardship policy apply to more than this MTW activity? If yes, then please list all of the applicable MTW activities. (Only upload hardship policy once when said policy applies to multiple MTW activities.)	☐ Yes ☒ No
Has the MTW agency modified the hardship policy since the last submission of the MTW Supplement?	☐ Yes ☒ No
How many hardship requests have been received associated with this activity in the most recently completed PHA fiscal year?	0
Does the MTW activity require an impact analysis?	☐ Yes ☐ No ☒ Already provided

Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.	The HPHA's Board of Directors approved amendments to the Administrative Plan to allow for biennial reexaminations in April 2024. Similar provisions were included in Chapter 17-2031, Hawaii Administrative Rules (HAR), which governs the HPHA's voucher programs. These changes were made effective in June 2024 following approval by the Governor and their filing with the Lieutenant Governor's Office. The HPHA is currently working with Emphasys (software vendor) to update the software used to process reexaminations.
Custom Questions:	
What is the recertification schedule?	☒ Once every two years ☐ Once every three years ☐ Other. Please describe:
How many interim recertifications per year may a household request?	☐ 0 ☐ 1 ☒ 2 or more
Please describe briefly how the MTW agency plans to address changes in family/household circumstances under the alternative reexamination schedule.	The HPHA will not change its current interim reexamination policy or limit the number of interim adjustments a family may request. All families will still be required to report any change of income or household composition that occurs between biennial reexaminations. The HPHA will perform an interim reexamination for any reported decrease in income. For changes which increase income that are reported timely (i.e., within 10 days of the change becoming effective), the HPHA will not process an interim reexamination. For changes which increase annual income that are NOT reported timely, the HPHA will process an interim reexamination and increase rent retroactive to the first day of the month after the change occurred. Changes to household composition will also require a reexamination.

HPHA Activity 25-07:	**Biennial Reexaminations for Public Housing (MTW Waiver 3.a.)**
Core Questions:	
Narrative. Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.	The HPHA will conduct regularly scheduled income and eligibility reexaminations for public housing families on a biennial basis (i.e., every two year), except for families who are determined to be over-income, pursuant to 24 CFR §960.507 and Section 103 of HOTMA. This activity was approved as part of the HPHA's MTW Supplement for FY 25. Before implementing this activity, the HPHA must amend its Admissions and Continued Occupancy Policy (ACOP) and Chapter 17-2028, Hawaii Administrative Rules (HAR). The HPHA must also work with Emphasys (software vendor) to update the software used to process reexaminations.

	Updates to the HAR generally take four months to complete. In the coming months, the HPHA will also need to update Chapter 17-2028, HAR, to implement new policies set forth in HOTMA Sections 102 and 104. The HPHA will mitigate fraud and abuse by generating and reviewing Income Discrepancy Reports in EIV on a regular basis, discuss program compliance and integrity issues during briefing sessions with residents, and place key warnings about the penalties of fraud on HPHA forms and form letters. The HPHA will also regularly remind tenants that corrective action will be taken if income is hidden or concealed during the income determination process. The first goal of this activity is to promote program cost-effectiveness by alleviating the administrative burden associated with an annual reexamination cycle. The second goal is to incentivize families to increase their income between biennial reexaminations, thereby increasing self-sufficiency.
MTW Statutory Objectives. Which of the MTW statutory objectives does this MTW activity serve?	☒ Cost effectiveness ☒ Self-sufficiency ☐ Housing choice
Cost implications. What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.	☐ Neutral (no cost implications) ☐ Increased revenue ☒ Decreased revenue ☐ Increased expenditures ☐ Decreased expenditures
Different policy by household status/family types/sites? Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?	☒ The MTW activity applies to all assisted households ☐ The MTW activity applies only to a subset or subsets of assisted households
Household Status. Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?	☐ New admissions (i.e., applicants) only ☒ Currently assisted households only ☐ New admissions and currently assisted households
Family Types. Does the MTW activity apply to all family types or only to selected family types?	☒ The MTW activity applies to all family types ☐ The MTW activity applies only to selected family types
Location. Depending on if responses are being provided for a public housing (PH) or HCV activity, the agency will either see questions applicable to PH or HCV. **For PH activities:** Does the MTW activity apply to all public housing developments?	**For PH activities:** ☒ The MTW activity applies to all developments ☐ The MTW activity applies to specific developments
Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?	☐ Yes ☒ No
Does this MTW activity require a hardship policy?	☐ Yes ☐ No

	☒ Already provided
Does the hardship policy apply to more than this MTW activity? If yes, then please list all of the applicable MTW activities. (Only upload hardship policy once when said policy applies to multiple MTW activities.)	☐ Yes ☒ No
Has the MTW agency modified the hardship policy since the last submission of the MTW Supplement?	☐ Yes ☒ No
How many hardship requests have been received associated with this activity in the most recently completed PHA fiscal year?	0
Does the MTW activity require an impact analysis?	☐ Yes ☐ No ☒ Already provided
Does the impact analysis apply to more than this MTW activity? If yes, then please list all of the applicable MTW activities. (Only upload impact analysis once when said impact analysis applies to multiple MTW activities.)	☐ Yes ☒ No
Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.	N/A. This activity is pending implementation.
Custom Questions:	
What is the recertification schedule?	☒ Once every two years ☐ Once every three years ☐ Other. Please describe:
How many interim recertifications per year may a household request?	☐ 0 ☐ 1 ☒ 2 or more
Please describe briefly how the MTW agency plans to address changes in family/household circumstances under the alternative reexamination schedule.	The HPHA will not change its current interim reexamination policy or limit the number of interim adjustments a family may request. All families will still be required to report any change to income or household composition that occurs between biennial reexaminations. The HPHA will perform an interim reexamination for any reported decrease in income. For changes which increase income that are reported timely (i.e., within 10 days of the change becoming effective), the HPHA will not process an interim reexamination. For changes which increase annual income that are NOT reported timely, the HPHA will process an interim reexamination and increase rent retroactive to the first day of the month after the change occurred. Changes to household composition will also require a reexamination.

HPHA Activity 25-09:	**Increase PBV Program Cap (MTW Waiver 9.a.)**

Core Questions:	
Narrative. Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.	The HPHA may project-base up to the lower of 50% of total authorized HCV units or annual budget authority. The waiver request for this activity was submitted to HUD as part of the HPHA's Amended MTW Supplement for FY 25. As of October 1, 2024, the Tool of Tools Program Analysis reports 499 of the HPHA's vouchers are project-based (excluding RAD PBVs) out of 4,397 total authorized units, or about 11.35%. Due to an increasingly tight local housing market, the HPHA is considering all available options to expand the supply of affordable units. As part of ongoing efforts to redevelop multiple underutilized properties within the agency's inventory, the expansion of PBV usage can assist with the financing of new affordable housing projects as well as stabilize struggling affordable housing projects. The HPHA will also utilize this waiver to act upon promising housing development or acquisition opportunities as they arrive. There is no intent to project-base up to the full 50% at this time.
MTW Statutory Objectives. Which of the MTW statutory objectives does this MTW activity serve?	☐ Cost effectiveness ☐ Self-sufficiency ☒ Housing choice
Cost implications. What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.	☒ Neutral (no cost implications) ☐ Increased revenue ☐ Decreased revenue ☐ Increased expenditures ☐ Decreased expenditures
Different policy by household status/family types/sites? Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?	☒ The MTW activity applies to all assisted households ☐ The MTW activity applies only to a subset or subsets of assisted households
Household Status. Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?	☐ New admissions (i.e., applicants) only ☐ Currently assisted households only ☒ New admissions and currently assisted households
Family Types. Does the MTW activity apply to all family types or only to selected family types?	☒ The MTW activity applies to all family types ☐ The MTW activity applies only to selected family types
Location. Depending on if responses are being provided for a public housing (PH) or HCV activity, the agency will either see questions applicable to PH or HCV. **For HCV activities:** Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?	**For HCV activities:** ☐ The MTW activity applies to all tenant-based units ☒ The MTW activity applies to all properties with project-based vouchers ☐ The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers
Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?	☐ Yes ☒ No

Does this MTW activity require a hardship policy?	☐ Yes ☒ No ☐ Already provided
Does the MTW activity require an impact analysis?	☐ Yes ☒ No ☐ Already provided
Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.	N/A. This activity is pending implementation.
Custom Questions:	
What percentage of total authorized HCV units will be authorized for project-basing?	50%

HPHA Activity 25-10:	**Increase PBV Project Cap (MTW Waiver 9.b.)**
Core Questions:	
Narrative. Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.	The HPHA may raise the PBV cap for a project up to 100%. The waiver request for this activity was submitted to HUD as part of the HPHA's Amended MTW Supplement for FY 25. By allowing for the project-basing of vouchers at assisted projects above the greater of 25% or 25 units, the HPHA can ensure that a larger portion of the state's limited affordable housing stock is preserved. The waiver will help to ensure long-term housing stability for residents and prevent more units from converting to market-rate housing. This will also incentivize developers to build or rehabilitate affordable housing as a greater percentage of guaranteed rental income can be provided.
MTW Statutory Objectives. Which of the MTW statutory objectives does this MTW activity serve?	☐ Cost effectiveness ☐ Self-sufficiency ☒ Housing choice
Cost implications. What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.	☒ Neutral (no cost implications) ☐ Increased revenue ☐ Decreased revenue ☐ Increased expenditures ☐ Decreased expenditures
Different policy by household status/family types/sites? Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?	☒ The MTW activity applies to all assisted households ☐ The MTW activity applies only to a subset or subsets of assisted households
Household Status. Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?	☐ New admissions (i.e., applicants) only ☐ Currently assisted households only ☒ New admissions and currently assisted households

Family Types. Does the MTW activity apply to all family types or only to selected family types?	☒ The MTW activity applies to all family types ☐ The MTW activity applies only to selected family types
Location. Depending on if responses are being provided for a public housing (PH) or HCV activity, the agency will either see questions applicable to PH or HCV. **For HCV activities:** Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?	**For HCV activities:** ☐ The MTW activity applies to all tenant-based units ☒ The MTW activity applies to all properties with project-based vouchers ☐ The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers
Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?	☐ Yes ☒ No
Does this MTW activity require a hardship policy?	☐ Yes ☒ No ☐ Already provided
Does the MTW activity require an impact analysis?	☐ Yes ☒ No ☐ Already provided
Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.	N/A. This activity is pending implementation.

HPHA Activity 25-11:	**Increase PBV Rent to Owner (MTW Waiver 9.g.)**
Core Questions:	
Narrative. Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.	The HPHA may set the contract rent for a PBV-assisted unit up to the lowest of (a) 120% of SAFMR minus any utility allowances, (b) rent requested by an owner, or (c) the reasonable rent. The HPHA has not modified its rent reasonableness policy under waiver 2.c. or 2.d. The waiver request for this activity was submitted to HUD as part of the HPHA's Amended MTW Supplement for FY 25. To establish the reasonable rent amount, the HPHA will test the lower of rent requested by owner or 120% of SAFMR minus any utility allowance. Only three comparable units will be used, of which two must have a gross rent which exceeds the subject gross rent. The third comparable unit must be less than the subject gross rent. The reasonable rent amount will be determined by averaging the gross rent of three comparable units. By allowing the HPHA greater flexibility in the setting and adjusting of rents, the agency can ensure that rents paid under the PBV Program are appropriate for the specific housing market. This waiver will help the HPHA with offering competitive rents that attract property owners while still maintaining affordability for low-income families. It will also improve housing standards by allowing owners greater

	cash flow to improve and maintain the physical condition of their properties.
MTW Statutory Objectives. Which of the MTW statutory objectives does this MTW activity serve?	☐ Cost effectiveness ☐ Self-sufficiency ☒ Housing choice
Cost implications. What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.	☐ Neutral (no cost implications) ☐ Increased revenue ☐ Decreased revenue ☒ Increased expenditures ☐ Decreased expenditures
Different policy by household status/family types/sites? Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?	☒ The MTW activity applies to all assisted households ☐ The MTW activity applies only to a subset or subsets of assisted households
Household Status. Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?	☐ New admissions (i.e., applicants) only ☐ Currently assisted households only ☒ New admissions and currently assisted households
Family Types. Does the MTW activity apply to all family types or only to selected family types?	☒ The MTW activity applies to all family types ☐ The MTW activity applies only to selected family types
Location. Depending on if responses are being provided for a public housing (PH) or HCV activity, the agency will either see questions applicable to PH or HCV. **For HCV activities:** Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?	**For HCV activities:** ☐ The MTW activity applies to all tenant-based units ☒ The MTW activity applies to all properties with project-based vouchers ☐ The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers
Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?	☐ Yes ☒ No
Does this MTW activity require a hardship policy?	☐ Yes ☒ No ☐ Already provided
Does the MTW activity require an impact analysis?	☐ Yes ☒ No ☐ Already provided
Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.	N/A. This activity is pending implementation.

<u>Requested Waivers for FY 26</u>:

HPHA Activity 26-12:	**Housing Development Programs (MTW Waiver 17.c.)**
Core Questions:	

Narrative. Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.	The HPHA may use MTW funding to acquire, renovate, and/or develop affordable units for low-income families that are not public housing units. More specifically, the HPHA will look to provide gap financing (i.e., grants or loans) to affordable housing development projects which may include PBV developments, Low-Income Housing Tax Credit developments, and other eligible development activities subject to approval by the Board of Directors. The goal of this activity is to increase housing choices for low-income households through the funding of affordable housing development. Gap financing will support the HPHA's owned or substantially controlled development projects by allowing the agency to better leverage third-party debt in the form of tax-exempt bond financing, LIHTC equity, and other local sources. The HPHA will not expend MTW block grant funding in excess of 10% of its Housing Assistance Payments budget on this activity. In implementing this activity, the HPHA shall ensure all families assisted meet HUD's definition of "low-income" and comply with Notice PIH 2011-45 and Section 30 of the U.S. Housing Act of 1937, as applicable. In FY 26, the HPHA may commit/spend funds on the ongoing redevelopment of two public housing projects: Kapaa and Kuhio Park Low Rises (KPLR) Phase I. For the Kapaa project, the HPHA will be disposing of 36 public housing units and constructing 124 new LIHTC units (60% AMI affordability requirement). For KPLR Phase I, the HPHA will be disposing of 60 public housing units and constructing 304 total units (65 PBV-assisted/LIHTC; 242 LIHTC-only; and 2 manager units). The final unit counts may change prior to the financial closing of each project. The HPHA will report any such changes in the MTW Supplement in the following fiscal year.
MTW Statutory Objectives. Which of the MTW statutory objectives does this MTW activity serve?	☐ Cost effectiveness ☐ Self-sufficiency ☒ Housing choice
Cost implications. What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.	☐ Neutral (no cost implications) ☐ Increased revenue ☐ Decreased revenue ☒ Increased expenditures ☐ Decreased expenditures
Different policy by household status/family types/sites? Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?	☒ The MTW activity applies to all assisted households ☐ The MTW activity applies only to a subset or subsets of assisted households
Household Status. Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?	☐ New admissions (i.e., applicants) only ☐ Currently assisted households only ☒ New admissions and currently assisted households

Family Types. Does the MTW activity apply to all family types or only to selected family types?	☒ The MTW activity applies to all family types ☐ The MTW activity applies only to selected family types
Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?	☐ Yes ☒ No
Does this MTW activity require a hardship policy?	☐ Yes ☒ No ☐ Already provided
Does the MTW activity require an impact analysis?	☐ Yes ☒ No ☐ Already provided
Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.	N/A. This activity will be implemented during FY 26.

Custom Questions:

Housing Development Programs that the MTW Agency plans to commit Funds to in Fiscal Year

Name of Development	MTW Role: Acquisition, Rehab, New Construction	Type of MTW Agency Financing: Gap Financing, Tax Credit Partnership, Other	Number of Affordable Units	Total Number of Units	Number of Units by Affordability – 80% of AMI	Number of Units by Affordability – 50% of AMI	Number of Units by Affordability – 30% of AMI	Number of Units by Affordability - Other
Kapaa	New Construction	Gap Financing, Tax Credit Partnership	124	124	124	0	0	0
Kuhio Park Low Rises, Phase I	New Construction	Gap Financing, Tax Credit Partnership, Other	302	304	237	65	0	0

Housing Development Programs that the MTW Agency plans to spend funds on in the Fiscal Year

Name of Development	MTW Role: Acquisition, Rehab, New Construction	Type of MTW Agency Financing: Gap Financing, Tax Credit Partnership, Other	Number of Affordable Units	Total Number of Units	Number of Units by Affordability – 80% of AMI	Number of Units by Affordability – 50% of AMI	Number of Units by Affordability – 30% of AMI	Number of Units by Affordability - Other
Kapaa	New Construction	Gap Financing, Tax Credit Partnership	124	124	124	0	0	0
Kuhio Park Low Rises, Phase I	New Construction	Gap Financing, Tax Credit Partnership, Other	302	304	237	65	0	0

Housing Development Programs that the MTW Agency committed funds to in prior Fiscal Year

Name of Development	MTW Role: Acquisition, Rehab, New Construction	Type of MTW Agency Financing: Gap Financing, Tax Credit Partnership, Other	Number of Affordable Units	Total Number of Units	Number of Units by Affordability – 80% of AMI	Number of Units by Affordability – 50% of AMI	Number of Units by Affordability – 30% of AMI	Number of Units by Affordability - Other

Housing Development Programs that the MTW Agency spent funds on in the prior Fiscal Year

Name of Development	MTW Role: Acquisition, Rehab, New Construction	Type of MTW Agency Financing: Gap Financing, Tax Credit Partnership, Other	Number of Affordable Units	Total Number of Units	Number of Units by Affordability – 80% of AMI	Number of Units by Affordability – 50% of AMI	Number of Units by Affordability – 30% of AMI	Number of Units by Affordability - Other

D.	Safe Harbor Waivers.

Safe Harbor Waivers seeking HUD Approval:
The MTW Operations Notice describes a simplified process for MTW agencies to implement MTW activities outside of the safe harbors described in Appendix I. For each Safe Harbor Waiver request, a document that includes the following information must be provided: (a) the name and number of the MTW Waiver and associated activity for which the MTW agency is seeking to expand the safe harbor, (b) the specific safe harbor and its implementing regulation, (c) the proposed MTW activity the MTW agency wishes to implement via this Safe Harbor Waiver, (d) a description of the local issue and why such an expansion is needed to implement the MTW activity, (e) an impact analysis, (f) a description of the hardship policy for the MTW activity, if applicable, and (g) a copy of all comments received at the public hearing along with the MTW agency's description of how the comments were considered, as a required attachment to the MTW Supplement.

Will the MTW agency submit request for approval of a Safe Harbor Waiver this year?

☐ Yes
☒ No

E.	Agency-Specific Waivers.

Agency-Specific Waivers for HUD Approval:

The MTW demonstration program is intended to foster innovation and HUD encourages MTW agencies, in consultation with their residents and stakeholders, to be creative in their approach to solving affordable housing issues facing their local communities. For this reason, flexibilities beyond those provided for in Appendix I may be needed. Agency-Specific Waivers may be requested if an MTW agency wishes to implement additional activities, or waive a statutory and/or regulatory requirement not included in Appendix I.

In order to pursue an Agency-Specific Waiver, an MTW agency must include an Agency-Specific Waiver request, an impact analysis, and a hardship policy (as applicable), and respond to all of the mandatory core questions as applicable.

For each Agency-Specific Waiver(s) request, please upload supporting documentation, that includes: a) a full description of the activity, including what the agency is proposing to waive (i.e., statute, regulation, and/or Operations Notice), b) how the initiative achieves one or more of the 3 MTW statutory objectives, c) a description of which population groups and household types that will be impacted by this activity, d) any cost implications associated with the activity, e) an implementation timeline for the initiative, f) an impact analysis, g) a description of the hardship policy for the initiative, and h) a copy of all comments received at the public hearing along with the MTW agency's description of how the comments were considered, as a required attachment to the MTW Supplement.

Will the MTW agency submit a request for approval of an Agency-Specific Waiver this year?

☐ Yes
☒ No

Agency-Specific Waiver(s) for which HUD Approval has been Received:
For each previously approved Agency-Specific Waiver(s), a set of questions will populate.

Does the MTW agency have any approved Agency-Specific Waivers?

☐ Yes
☒ No

F.	Public Housing Operating Subsidy Grant Reporting.

Please provide the public housing Operating Subsidy grant information in the table below for Operating Subsidy grants appropriated in each Federal Fiscal Year the PHA is designated an MTW PHA.				
Federal Fiscal Year (FFY)	**Total Operating Subsidy Authorized Amount**	**How Much PHA Disbursed by the 9/30 Reporting Period**	**Remaining Not Yet Disbursed**	**Deadline**
2021	$29,585,170	$29,585,170	$0	9/30/2029
2022	$27,406,287	$27,406,287	$0	9/30/2030
2023	$34,131,336	$34,131,336	$0	9/30/2031
2024	$32,611,485	$24,161,185	$8,450,300	9/30/2032

G.1	**MTW Statutory Requirements.**

75% Very Low Income – Local, Non-Traditional.

HUD will verify compliance with the statutory requirement that at least 75% of the households assisted by the MTW agency are very low-income for MTW public housing units and MTW HCVs through HUD systems. The MTW PHA must provide data for the actual families housed upon admission during the PHA's most recently completed Fiscal Year for its Local, Non-Traditional program households.

Income Level	Number of Local, Non-Traditional Households Admitted in the Fiscal Year*
80%-50% Area Median Income	0
49%-30% Area Median Income	0
Below 30% Area Median Income	0
Total Local, Non-Traditional Households	0

*Local, non-traditional income data must be provided in the MTW Supplement form until such time that it can be submitted in IMS-PIC or other HUD system.

G.2	**Establishing Reasonable Rent Policy.**

Question	**Input options and instructions**
Has the MTW agency established a rent reform policy to encourage employment and self-sufficiency?	☒ Yes ☐ No

G.3	**Substantially the Same (STS) – Local, Non-Traditional.**

Questions	**Input options and instructions**
Please provide the total number of unit months that families were housed in a local, non-traditional rental subsidy for the prior full calendar year.	0 # of unit months

Please provide the total number of unit months that families were housed in a local, non-traditional housing development program for the prior full calendar year.	0 # of unit months
How many units, developed under the local, non-traditional housing development activity, were available for occupancy during the prior full calendar year (by bedroom size)?	Please include only those units that serve households **at or below 80% of AMI** in the table provided.

PROPERTY NAME/ADDRESS	0/1 BR	2 BR	3 BR	4 BR	5 BR	6+ BR	TOTAL UNITS	POPULATION TYPE*	# of Section 504 Accessible (Mobility)**	# of Section 504 Accessible (Hearing/ Vision)	Was this Property Made Available for Initial Occupancy during the Prior Full Calendar Year?	What was the Total Amount of MTW Funds Invested into the Property?
Name/Address	#	#	#	#	#	#	#	Type (below)	#	#	Y/N	$
Name/Address	#	#	#	#	#	#	#	Type (below)	#	#	Y/N	$
Name/Address	#	#	#	#	#	#	#	Type (below)	#	#	Y/N	$
Totals	#	#	#	#	#	#	#		#	#		

* User will select one of the following from the "Population Type" dropdown box: General, Elderly, Disabled, Elderly/Disabled, Other

If the "Population Type" of is Other is selected, please state the Property Name/Address, and describe the population type. [Text box]

** The federal accessibility standard under HUD's Section 504 regulation is the Uniform Federal Accessibility Standards (UFAS) for purposes of Section 504 compliance. HUD recipients may alternatively use the 2010 ADA Standards for Accessible Design under Title II of the ADA, except for certain specific identified provisions, as detailed in HUD's Notice on "Instructions for use of alternative accessibility standard," published in the Federal Register on May 23, 2014 ("Deeming Notice") for purposes of Section 504 compliance, https://www.govinfo.gov/content/pkg/FR-2014-05-23/pdf/2014-11844.pdf. This would also include adaptable units as defined by HUD's Section 504 regulation (See 24 CFR § 8.3 and § 8.22).

G.4 Comparable Mix (by Family Size) – Local, Non-Traditional.

In order to demonstrate that the MTW statutory requirement of "maintaining a comparable mix of families (by family size) are served, as would have been provided had the amounts not been used under the demonstration" is being achieved, the MTW agency will provide information for its most recently completed Fiscal Year in the following table.

Local, non-traditional family size data must be provided in the MTW Supplement form until such time that it can be submitted in IMS-PIC or other HUD system.

Family Size:	Occupied Number of Local, Non-Traditional units by Household Size
1 Person	#
2 Person	#
3 Person	#
4 Person	#
5 Person	#
6+ Person	#
Totals	#

G.5 Housing Quality Standards.

Certification is included in MTW Certifications of Compliance for HCV and local, non-traditional program. The public housing program is monitored through physical inspections performed by the Real Estate Assessment Center (REAC).

H.	Public Comments.

Question	Input options and instructions
Please provide copy of all comments received by the public, Resident Advisory Board, and tenant associations.	Upload Attachment Please see **Attachment A: RAB Comments**. Please see **Attachment B: Public Testimony**.
Please attach a narrative describing the MTW agency's analysis of the comments and any decisions made based on these comments.	Upload Attachment Please see **Attachment A: RAB Comments**. Please see **Attachment B: Public Testimony**.
If applicable, was an additional public hearing held for an Agency-Specific Waiver and/or Safe Harbor waiver?	☐ Yes ☐ No ☒ N/A
If yes, please attach the comments received along with the MTW agency's description of how comments were considered.	Upload Attachment

I.	Evaluations.

Please list any ongoing and completed evaluations of the MTW agency's MTW policies, that the PHA is aware of, including the information requested in the table below. In the box "title and short description," please write the title of the evaluation and a brief description of the focus of the evaluation.

Question	Input options and instructions
Does the PHA have an agency-sponsored evaluation?	☐ Yes ☒ No

Table I.1 - Evaluations of MTW Policies

Title and short description	Evaluator name and contact information	Time period	Reports available

J	MTW Certifications of Compliance.

The MTW agency must execute the MTW Certifications of Compliance form and submit as part of the MTW Supplement submission to HUD. Certification is provided below.

MTW CERTIFICATIONS OF COMPLIANCE

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF PUBLIC AND INDIAN HOUSING

Certifications of Compliance with Regulations: Board Resolution to Accompany the MTW Supplement to the Annual PHA Plan

Acting on behalf of the Board of Commissioners of the Moving to Work Public Housing Agency (MTW PHA) listed below, as its Chairperson or other authorized MTW PHA official if there is no Board of Commissioners, I approve the submission of the MTW Supplement to the Annual PHA Plan for the MTW PHA Fiscal Year beginning (07/01/2024), hereinafter referred to as "the MTW Supplement", of which this document is a part and make the following certifications and agreements with the Department of Housing and Urban Development (HUD) in connection with the submission of the MTW Supplement and implementation thereof:

(1) The PHA made the proposed MTW Supplement and all information relevant to the public hearing available for public inspection at least 45 days before the hearing, published a notice that a hearing would be held and conducted a hearing to discuss the MTW Supplement and invited public comment.

(2) The MTW PHA took into consideration public and resident comments (including those of its Resident Advisory Board(s) or tenant associations, as applicable) before approval of the MTW Supplement by the Board of Commissioners or Board of Directors in order to incorporate any public comments into the annual MTW Supplement.

(3) The MTW PHA certifies that the Board of Directors has reviewed and approved the budget for the Capital Fund Program grants contained in the Capital Fund Program Annual Statement/Performance and Evaluation Report, form HUD-50075.1 (or successor form as required by HUD).

(4) The MTW PHA will carry out the MTW Supplement in conformity with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d-4), the Fair Housing Act (42 U.S.C. 3601-19), section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and title II of the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.) all regulations implementing these authorities; and other applicable Federal, State, and local civil rights laws.

(5) The MTW Supplement is consistent with the applicable comprehensive housing affordability strategy (or any plan incorporating such strategy) for the jurisdiction in which the PHA is located.

(6) The MTW Supplement contains a certification by the appropriate state or local officials that the Plan is consistent with the applicable Consolidated Plan, which includes a certification that requires the preparation of an Analysis of Impediments to Fair Housing Choice, for the MTW PHA's jurisdiction and a description of the manner in which the MTW Supplement is consistent with the applicable Consolidated Plan.

(7) The MTW PHA will affirmatively further fair housing, which means that it will: (i) take meaningful actions to further the goals identified by the Assessment of Fair Housing (AFH) conducted in accordance with the requirements of 24 CFR 5.150-5.180 and 903.15; (ii) take no action that is materially inconsistent with its obligation to affirmatively further fair housing; and (iii) address fair housing issues and contributing factors in its programs, in accordance with 24 CFR 903.7(o)(3) and 903.15(d). Note: Until the PHA is required to submit an AFH, and that AFH has been accepted by HUD, the PHA must follow the certification requirements of 24 CFR 903.7(o) in effect prior to August 17, 2015. Under these requirements, the PHA will be considered in compliance with the certification requirements of 24 CFR 903.7(o)(1)-(3) and 903.15(d) if it: (i) examines its programs or proposed programs; (ii) identifies any impediments to fair housing choice within those programs; (iii) addresses those impediments in a reasonable fashion in view of the resources available; (iv) works with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement; and (v) maintains records reflecting these analyses and actions.

(8) The MTW PHA will comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975 and HUD's implementing regulations at24 C.F.R. Part 146.

(9) In accordance with 24 CFR 5.105(a)(2), HUD's Equal Access Rule, the MTW PHA will not make a determination of eligibility for housing based on sexual orientation, gender identify, or marital status and will make no inquiries concerning the gender identification or sexual orientation of an applicant for or occupant of HUD-assisted housing.

(10) The MTW PHA will comply with the Architectural Barriers Act of 1968 and 24 CFR Part 41, Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the Physically Handicapped.

(11) The MTW PHA will comply with the requirements of section 3 of the Housing and Urban Development Act of 1968, Employment Opportunities for Low- or Very-Low Income Persons, and with its implementing regulation at 24 CFR Part 135.

(12) The MTW PHA will comply with requirements with regard to a drug free workplace required by 24 CFR Part 24, Subpart F.

(13) The MTW PHA will comply with requirements with regard to compliance with restrictions on lobbying required by 24 CFR Part 87, together with disclosure forms if required by this Part, and with restrictions on payments to influence Federal Transactions, in accordance with the Byrd Amendment.

(14) The MTW PHA will comply with acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations at 49 CFR Part 24 as applicable.

(15) The MTW PHA will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105(a).

(16) The MTW PHA will provide HUD or the responsible entity any documentation needed to carry out its review under the National Environmental Policy Act and other related authorities in accordance with 24 CFR Part 58. Regardless of who acts as the responsible entity, the MTW PHA will maintain documentation that verifies compliance with environmental requirements pursuant to 24 Part 58 and 24 CFR Part 50 and will make this documentation available to HUD upon its request.

(17) With respect to public housing and applicable local, non-traditional development the MTW PHA will comply with Davis-Bacon or HUD determined wage rate requirements under section 12 of the United States Housing Act of 1937 and the Contract Work Hours and Safety Standards Act.

(18) The MTW PHA will keep records in accordance with 2 CFR 200.333-200.337 and facilitate an effective audit to determine compliance with program requirements.

(19) The MTW PHA will comply with the Lead-Based Paint Poisoning Prevention Act and 24 CFR Part 35.

(20) The MTW PHA will comply with the policies, guidelines, and requirements of 2 CFR Part 200.

(21) The MTW PHA must fulfill its responsibilities to comply with and ensure enforcement of housing quality standards as required in PIH Notice 2011-45, or successor notice, for any local, non-traditional program units. The MTW PHA must fulfill its responsibilities to comply with and ensure enforcement of Housing Quality Standards, as defined in 24 CFR Part 982, for any Housing Choice Voucher units under administration.

(22) The MTW PHA will undertake only activities and programs covered by the Moving to Work Operations Notice in a manner consistent with its MTW Supplement and will utilize covered grant funds only for activities that are approvable under the Moving to Work Operations Notice and included in its MTW Supplement. MTW Waivers activities being implemented by the agency must fall within the safe harbors outlined in Appendix I of the Moving to Work Operations Notice and/or HUD approved Agency-Specific or Safe Harbor Waivers.

(23) All attachments to the MTW Supplement have been and will continue to be available at all times and all locations that the MTW Supplement is available for public inspection. All required supporting documents have been made available for public inspection along with the MTW Supplement and additional requirements at the primary business office of the PHA and at all other times and locations identified by the MTW PHA in its MTW Supplement and will continue to be made available at least at the primary business office of the MTW PHA.

Hawaii Public Housing Authority
MTW PHA NAME

HI001
MTW PHA NUMBER/HA CODE

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802).

Robert J. Hall
NAME OF AUTHORIZED OFFICIAL

Chairperson
TITLE

SIGNATURE

DATE

* ***Must be signed by either the Chairperson or Secretary of the Board of the MTW PHA's legislative body. This certification cannot be signed by an employee unless authorized by the MTW PHA Board to do so. If this document is not signed by the Chairperson or Secretary, documentation such as the by-laws or authorizing board resolution must accompany this certification.***

TABLE 1. GUIDE

- Core questions - An "X" in this column means that these are the set of core questions that are relevant for every waiver/activity.
- Custom questions - An "X" in this column means that these are questions that are specific to a particular activity. Not every activity will have custom questions.
- Safe Harbor - An "X" in this column means that the activity as described in Appendix 1 of the Operations Notice includes a set of Safe Harbor provisions.
- Impact Analysis - An "X" in this column means that the activity as described in Appendix 1 of the Operations Notice requires the PHA to conduct an impact analysis. This impact analysis must be submitted to HUD via the MTW Supplement; thus, the Supplement should include some statement regarding the requirement and an opportunity for the PHA to upload the impact analysis. The Operations Notice also states that an updated impact analysis must be attached to the MTW Supplement in each subsequent year.
- Hardship Policy - An "X" in this column means that the activity as described in Appendix 1 of the Operations Notice requires the PHA to establish a hardship policy. The hardship policy must be submitted to HUD via the MTW Supplement; thus, the Supplement should include some statement regarding the requirement and an opportunity for the PHA to upload the hardship policy. PHA must still grant reasonable accommodation requests related to all activities even if the hardship policy is not in place.

TABLE 1. MTW ACTIVITIES QUESTIONS FOR THE MTW SUPPLEMENT

Section/Question	Core Questions	Custom Questions	Safe Harbor	Impact Analysis	Hardship Policy
1. Tenant Rent Policies					
a. Tiered Rent (PH)	X	X	X		
b. Tiered Rent (HCV)	X	X	X		
c. Stepped Rent (PH)	X	X	X	X	X
d. Stepped Rent (HCV)	X	X	X	X	X
e. Minimum Rent (PH)	X	X	X	X	X
f. Minimum Rent (HCV)	X	X	X	X	X
g. Total Tenant Payment as a Percentage of Gross Income (PH)	X	X	X	X	X
h. Total Tenant Payment as a Percentage of Gross Income (HCV)	X	X	X	X	X
i. Alternative Utility Allowance (PH)	X	X	X		
j. Alternative Utility Allowance (HCV)	X	X	X		
k. Fixed Rents (PH)	X	X	X		
l. Fixed Subsidy (HCV)	X	X	X		
m. Utility Reimbursements (PH)	X				
n. Utility Reimbursements (HCV)	X				
o. Initial Rent Burden (HCV)	X	X	X	X	
p. Imputed Income (PH)	X	X	X	X	X
q. Imputed Income (HCV)	X	X	X	X	X
r. Elimination of Deduction(s) (PH)	X	X		X	X
s. Elimination of Deduction(s) (HCV)	X	X		X	X
t. Standard Deductions (PH)	X	X			
u. Standard Deductions (HCV)	X	X			
v. Alternative Income Inclusions/Exclusions (PH)	X	X			
w. Alternative Income Inclusions/Exclusions (HCV)	X	X			
2. Payment Standards and Rent Reasonableness					
a. Payment Standards- Small Area Fair Market Rents (HCV)	X	X	X	X	X
b. Payment Standards- Fair Market Rents (HCV)	X	X	X	X	X
c. Rent Reasonableness – Process (HCV)	X	X			
d. Rent Reasonableness – Third-Party Requirement (HCV)	X	X			

Section/Question	Core Questions	Custom Questions	Safe Harbor	Impact Analysis	Hardship Policy
3. Reexaminations					
a. Alternative Reexamination Schedule for Households (PH)	X	X	X	X	X
b. Alternative Reexamination Schedule for Households (HCV)	X	X	X	X	X
c. Self-Certification of Assets (PH)	X	X	X		
d. Self-Certification of Assets (HCV)	X	X	X		
4. Landlord Leasing Incentives					
a. Vacancy Loss (HCV-Tenant-based Assistance)	X	X	X		
b. Damage Claims (HCV-Tenant-based Assistance)	X	X	X		
c. Other Landlord Incentives (HCV-Tenant-based Assistance)	X	X	X		
5. Housing Quality Standards (HQS)					
a. Pre-Qualifying Unit Inspections (HCV)	X	X	X		
b. Reasonable Penalty Payments for Landlords (HCV)	X	X	X		
c. Third-Party Requirement (HCV)	X	X			
d. Alternative Inspection Schedule (HCV)	X		X		
6. Short-Term Assistance					
a. Short-Term Assistance (PH)	X	X	X		
b. Short-Term Assistance (HCV)	X	X	X		
7. Term-Limited Assistance					
Term-Limited Assistance (PH)	X	X	X	X	X
Term-Limited Assistance	X	X	X	X	X
8. Increase Elderly Age (PH & HCV)	X	X	X		
9. Project-Based Voucher Program Flexibilities					
a. Increase PBV Program Cap (HCV)	X	X	X		
b. Increase PBV Project Cap (HCV)	X		X		
c. Elimination of PBV Selection Process for PHA-owned Projects Without Improvement, Development, or Replacement (HCV)	X				
d. Alternative PBV Selection Process (HCV)	X				
e. Alternative PBV Unit Types (Shared Housing and Manufactured Housing) (HCV)	X	X			
f. Increase PBV HAP Contract Length (HCV)	X		X		
g. Increase PBV Rent to Owner (HCV)	X				
h. Limit Portability for PBV Units (HCV)	X				
10. Family Self-Sufficiency Program with MTW Flexibility					
a. Waive Operating a Required FSS Program (PH & HCV)	X		X		
b. Alternative Structure for Establishing Program Coordinating Committee (PH & HCV)	X	X	X		
c. Alternative Family Selection Procedures (PH & HCV)	X	X	X		
d. Modify or Eliminate the Contract of Participation (PH & HCV)	X	X	X		

Section/Question	Core Questions	Custom Questions	Safe Harbor	Impact Analysis	Hardship Policy
e. Policies for Addressing Increases in Family Income (PH & HCV)	X	X	X		
11. MTW Self-Sufficiency Program					
a. Alternative Family Selection Procedures (PH & HCV)	X	X	X		
b. Policies for Addressing Increases in Family Income (PH & HCV)	X	X	X		
12. Work Requirement					
a. Work Requirement (PH)	X	X	X	X	X
b. Work Requirement (HCV)	X	X	X	X	X
13. Use of Public Housing as an Incentive for Economic Progress (PH)	X		X		
14. Moving on Policy					
a. Waive Initial HQS Inspection Requirement (HCV)	X		X		
b. Allow Income Calculations from Partner Agencies (PH & HCV)	X		X		
c. Aligning Tenant Rents and Utility Payments Between Partner Agencies (PH & HCV)	X		X		
15. Acquisition without Prior HUD Approval (PH)	X	X			
16. Deconcentration of Poverty in Public Housing Policy (PH)	X				
17. Local, Non-Traditional Activities					
a. Rental Subsidy Programs	X	X	X		
b. Service Provision	X	X	X		
c. Housing Development Programs	X	X	X		

Instructions for Preparation of Form HUD-50075-MTW, MTW Supplement to the Annual PHA Plan

The instructions below detail how to complete the MTW Supplement. These instructions will not appear in the fillable form.

Note about file uploads: PHAs can upload PDF, Word, or Excel documents. Files should be named with the following naming convention: PHA code, Fiscal Year (FY), and short name for the policy/item. Some examples would be CA789FY21RentHardship for a rent hardship policy, CA789FY21ImpactAnalysis for an impact analysis that is applicable to multiple MTW activities, and CA789FY21MTWCertofCompliance for the MTW Certifications of Compliance.

A. PHA Information. All PHAs must complete this section.

A.1 Include the full **PHA Name**, **PHA Code**, **PHA Fiscal Year Beginning** (MM/DD/YYYY), **MTW Cohort Number**, and **MTW Supplement Submission Type**.

B. Narrative. All MTW agencies must complete this section.

B.1 MTW Supplement Narrative.

Provide a written description of how the MTW agency seeks to address the three statutory objectives during the coming year. Those three statutory objectives are: (1) to reduce cost and achieve greater cost effectiveness in federal expenditures; (2) to give incentives to families with children whose heads of household are either working, seeking work, or are participating in job training, educational or other programs that assist in obtaining employment and becoming economically self-sufficient; (3) and to increase housing choices for low-income families.

The narrative provides the PHA an opportunity to explain to the public, and the families that it serves, its MTW plans and goals for the coming Fiscal Year.

C. MTW Waivers.

Core Questions. All MTW activities found in Section C require responses to the same common questions.

Narrative. Describe the activity, the agency's goals for this activity, and, if applicable, how this activity contributes to a larger initiative.

Statutory Objective. Indicate which of the MTW statutory objectives this activity serves; each activity may serve one or more objectives. The three statutory objectives are housing choice, self-sufficiency, and cost effectiveness. Check all that apply.

Cost Implications. State the cost implications of each activity. Choose the best description of the cost implications based on what is known at the time of completing the MTW Supplement. Indicate which categories best describe the cost implications of the activity from among the following choices: neutral (no cost implications), increased revenue, decreased revenue, increased costs, decreased costs. Check all that apply. For instance, an activity may increase revenue, increase costs, and therefore be cost neutral. Alternatively, an activity may simply increase costs.

Different versions. Indicate whether there will be different policies for different household statuses, family types, or locations (public housing developments or HCV properties). If [Yes] is checked, questions will pop up which allow the MTW agency to explain which household statuses, family types, and/or locations will be affected. If [No] is checked, the respondent will move on to the next question. The agency will be able to indicate if a policy is different for one or more of these areas.

For example, if an MTW agency chooses to apply a Tenant Rent Policy to only non-elderly, non-disabled families, and not to the elderly or disabled, then it would check [Yes] and then receive the subsequent items that allow the agency to indicate what types of households and family types are affected by the activity.

Household status. MTW Agency's must indicate what type of household to which the activity applies. Household types means the following types: new admissions only, currently assisted households only, or new admissions and currently assisted households.

Family Types: Family types mean the following: non-elderly, non-disabled families; elderly families; disabled families; or other specifically defined target populations.

Location. The MTW agency indicates if the activity is or will be implemented at all or only at certain locations. Depending on if responses are being provided for a public housing (PH) or HCV activity, the agency will either see questions applicable to PH or HCV. For PH, the questions will be about developments and for HCV the questions will be about tenant-based units and properties with project-based vouchers. The agency must check the applicable response for all or specific. If the response is for specific locations, then the agency will be asked to provide the details.

PHAs may develop one comprehensive hardship policy to cover all MTW activities requiring a hardship policy, which would only need to be uploaded once.

Safe Harbor Waiver. PHAs must indicate if a Safe Harbor Waiver is needed to implement this policy as described. If yes, then the MTW Agency is asked the following: what is the status of the Safe Harbor Waiver Request? PHAs must indicate if the waiver request is being submitted for review with this submission of the MTW Supplement (see Section D), or if the waiver was previously approved. If the latter is checked (the waiver was previously approved), then the PHA must describe the extent to which the Safe Harbor Waiver is supporting the PHA's goal in implementing this activity.

Hardship policy. The MTW Operations Notice requires agencies to adopt written policies for determining when a requirement or provision of the MTW activity constitutes a financial or other hardship for the family. If applicable for the activity, please upload the hardship policy associated with this activity. Hardship policies may be applicable to multiple MTW Activities. Only upload Hardship Policy once if said Hardship Policy applies to multiple Activities. Reference Table 1 for specificity on when a hardship policy is required.

Modification of hardship policy. PHAs must indicate if the hardship policy has been modified since the last submission of the MTW Supplement. PHAs must check yes or no. If yes, then the respondent is asked: why has the MTW agency modified the hardship policy? The PHA will use the provided text box to describe the modifications.

Number of hardship requests. PHAs must indicate the number of hardship requests that have been received for each applicable activity in the most recently completed PHA fiscal year.

PHAs are legally required to provide reasonable accommodations to their MTW requirements, provisions, or policies, or any component of those requirements, provisions, and policies, following the same standards and processes that generally apply to reasonable accommodations.

Impact analysis. The MTW Operations Notice requires agencies to analyze and put into writing the various impacts of the MTW activity if it is required for the MTW activity. Please upload the impact analysis that has been prepared related to this activity, if applicable. An impact analysis may be applicable to multiple MTW Activities. Only upload Impact Analysis once if said Impact Analysis applies to multiple Activities. Reference Table 1 for specificity on when an impact analysis is required.

Description of accomplishments or changes in implementation. Provide a description, based on the Fiscal Year goals as listed in the activity's previous Fiscal Year's narrative, about what has been accomplished or changed during the implementation.

Discontinuation of activity. If the PHA selects "Will be Discontinued in the Submission Year" or "Was Discontinued in a previous Submission Year" in the screener, a question will be displayed that asks for an explanation as to why the activity was discontinued or will be discontinued. The PHA should explain why the activity was or will be discontinued. If the activity has already been discontinued, the PHA should include the final outcomes and lessons learned. If the activity was discontinued in a previous submission year, the PHA should state which year the activity was discontinued in.

Custom Questions. Some MTW activities require responses to custom questions that are specific only to that activity. Some MTW activities contain no custom questions. Respondents must answer each of the custom questions, which will only appear if the PHA is opting to implement the MTW activity in the coming Fiscal Year.

Information for how to answer each custom question is included in the 'input options and instructions' column for each MTW activity.

D. Safe Harbor Waivers

D.1: Safe Harbor Waivers seeking HUD Approval. The MTW Operations Notice describes a simplified process for MTW agencies to implement MTW activities outside of the safe harbors described in Appendix I For each Safe Harbor Waiver request, a document that includes the following must be provided: a) the name and activity number of the MTW Waiver for which the PHA is seeking to expand the safe harbor, b) the specific safe harbor and its implementing regulation, c) the proposed policy the PHA wishes to implement via this waiver, d) a description of the local issue and why such an expansion is needed to implement the activity, e) an impact analysis, f) a description of the hardship policy for the initiative, and g) a copy of all comments received at the public hearing a copy of all comments received at the public hearing along with the MTW agency's description of how the comments were considered, as a required attachment to the MTW Supplement.

E. Agency-Specific Waivers.

E.1: Agency-Specific Waivers Submitted for HUD Approval. The MTW demonstration program is intended to foster innovation and HUD encourages MTW agencies, in consultation with their residents and stakeholders, to be creative in their approach to solving affordable housing issues facing their local communities. For this reason, flexibilities beyond those provided for in Appendix I may be needed. Agency-Specific Waivers may be requested if an MTW agency wishes to implement additional activities, waive a statutory or regulatory requirement not included in Appendix I.

In order to pursue an Agency-Specific Waiver, an MTW agency must include an Agency-Specific Waiver request, an impact analysis, and a hardship policy (as applicable).

For each Agency-Specific Waiver(s) request, please provide a title and upload supporting documentation, that includes: a) a full description of the activity, including what the agency is proposing to waive (i.e., statute, regulation, and/or Operations Notice), b) how the initiative achieves one or more of the 3 MTW statutory objectives, c) a description of which population groups and household types that will be impacted by this activity, d) any cost implications associated with the activity, e) an implementation timeline for the initiative; f) an impact analysis, g) a description of the hardship policy for the initiative, and h) a copy of all comments received at the public hearing along with the MTW agency's description of how the comments were considered, as a required attachment to the MTW Supplement.

A PHA planning to pursue an Agency-Specific Waiver is encouraged to read Section 4.c. of the MTW Operations Notice prior to filling out this section of the MTW Supplement.

E.2: Agency-Specific Waiver(s) for which HUD Approval has been Received. For each previously approved Agency-Specific Waiver(s), a set of questions will populate. Does the agency have any approved agency-specific waivers? If yes, the title previously provided in Section E.1 will prepopulate and ask if there has been a change in how the Agency-Specific Waivers is being implemented from when it was originally approved or if it has been discontinued. For changes, the PHA will need to provide a description of what has changed. If it has been discontinued, the PHA will need to provide a description about the final outcomes and lessons learned, as well as whether a final impact analysis was prepared at the time of discontinuation if one was previously required.

F. Public Housing Operating Subsidy Grant Reporting.

F.1: Public Housing Operating Subsidy Grant Reporting. PHAs must fill out this table if it receives public housing Operating Subsidy grant funding from HUD. Only public housing Operating Subsidy grant funding awarded in the year the PHA is designated an MTW agency and beyond must be reported in this table. Additional rows must be added for Federal Fiscal Years beyond 2023, as applicable.

The federal account closing law applies to time-limited funds appropriated by Congress during the annual appropriations act process. For the public housing Operating Fund, PHAs must expend federal funds no more than five (5) years after the period of availability for obligation expires. After this 5-year period, the account closes, and the funds are no longer available for any purpose. For public housing Operating Subsidy grant funding, the period of availability for obligation ends at the end of the second Federal Fiscal Year (i.e., the period of availability for obligation of FY 2021 funds ends 9/30/2022). Pursuant to the account closing law, PHAs must expend all Operating Subsidy grant amounts within five years of this date (i.e., for FY 2021 funds, the account will close, and funds will no longer be legally available for any purpose on 9/30/2027).

G. MTW Statutory Requirements.

General. HUD will verify compliance with the statutory requirements G.1, G.3, and G.4 for public housing units and HCV units through HUD systems. In addition, agencies are to report compliance with the same requirements for Local, Non-Traditional Households in the tables provided in this section. Once HUD systems are capable of capturing this data then this will no longer need to be reported through the MTW Supplement.

G.1: 75% Very Low Income. All PHAs must fill out the table in G.1. The MTW PHA must provide data for the actual families housed upon admission during the PHA's most recently completed Fiscal Year for its local, non-traditional program households. For instance, a PHA submitting its MTW Supplement to the FY2020 Annual PHA Plan should include its Fiscal Year (FY) 2018 local, non-traditional data since this is the most recently completed Fiscal year. Only local, non-traditional new admissions should be included in the table. If a PHA houses no local, non-traditional households, then zeros must be inputted into the table.

HUD will verify compliance with the statutory requirement that at least 75% of the households assisted by the MTW PHA are very low income for public housing and HCV programs through existing HUD systems.

G.2: Establishing Reasonable Rent Policy. All PHAs must fill out section G.2. Per the MTW Operations Notice, all activities falling under the Tenant Rent Policies category (Section C.1 of the MTW Supplement) or the Alternative Reexamination Schedule category (Section C.3 of the MTW Supplement), detailed in the Appendix of the MTW Operations Notice, meet the definition of a reasonable rent policy.

MTW agencies are reminded that the Rent Determination section of the PHA Plan should be reflective of MTW reasonable rent policies where applicable. From the PHA Plan: "Rent Determination. A statement of the policies of the PHA governing rents charged for public housing and HCV dwelling units, including applicable public housing flat rents, minimum rents, voucher family rent contributions, and payment standard policies. (24 CFR §903.7(d)).

G.3: Substantially the Same (STS). All PHAs must fill out section G.3. The number of local, non-traditional families served must be provided by month for the most recently completed Calendar Year. If a PHA houses no local, non-traditional families, then zeros must be inputted into the table. The additional information on Local, Non-Traditional development units must be provided for each development.

HUD will verify compliance with the STS statutory requirement for public housing and HCV programs through existing HUD systems.

G.4: Comparable Mix (by Family Size). All PHAs must fill out section G.4. In order to demonstrate that the statutory objective of "maintaining a comparable mix of families (by family size) are served, as would have been provided had the amounts not been used under the demonstration" is being achieved, the PHA will provide family size (i.e., not bedroom size) data in the table for the most recently completed Fiscal Year. For instance, a PHA submitting its MTW Supplement to the FY2021 Annual PHA Plan should include its FY 2019 local, non-traditional data since this is the most recently completed Fiscal Year. If a PHA houses no local, non-traditional household, then zeros must be inputted into the table.

HUD will verify compliance with the comparable mix statutory requirement for public housing and HCV programs through existing HUD systems.

G.5: Housing Quality Standards. PHAs are not required to enter any information into section G.5. This statutory requirement is certified to in the MTW Certifications of Compliance form for the HCV and local, non-traditional housing programs. The public housing program is monitored by HUD through the Public Housing Assessment System (PHAS) Physical Subsystem, or successor, despite the MTW PHA being exempt from an overall designation.

H. Public Comments

H.1: Public Comments. All PHAs are required, per the Annual PHA Plan regulations, to go through a public process prior to submitting the MTW Supplement to HUD. The MTW agency must consider, in consultation with the Resident Advisory Board (RAB) and tenant association, as applicable, all of the comments received at the public hearing. The comments received by the public, RABs, and tenant associations must be submitted by the MTW agency, along with the MTW agency's description of how the comments were considered, as a required attachment to the MTW Supplement.

As described above, PHAs must submit comments and responses for all Safe Harbor and Agency-Specific Waivers, which are to be held in an additional public meeting.

The public comment process must include the Supplement and all uploaded attachments.

I. Evaluations.

I.1: Evaluations. The MTW agency should fill in Table I.1, listing each evaluation of the MTW policies and providing contact information for the evaluator, the time period of the evaluation, and the names of available reports. The MTW agency should list internal evaluations that result in reports that could be shared upon request but may leave off evaluations meant for internal use only. The MTW agency should list all third-party evaluations, as applicable.

J. MTW Certifications of Compliance.

J.1: MTW Certifications of Compliance Form. The format for submission of the required MTW Certifications of Compliance is provided in this Form MTW Supplement. The preamble to the MTW Certifications of Compliance directs the MTW PHA to fill in the beginning of the Fiscal Year for which the certification is being made. This should be provided as the first day of the Fiscal Year to be covered by the Annual PHA Plan (for example, a FY2021 Annual PHA Plan for an MTW PHA with a Fiscal Year of January 1 – December 31, this would be January 1, 2021).

The MTW Certifications of Compliance must be signed by either the Chairperson or Secretary of the Board of the MTW PHA's legislative body. This certification cannot be signed by an employee unless authorized by the MTW PHA Board to do so. If this document is not signed by the Chairperson or Secretary, documentation such as the by-laws or authorizing board resolution must accompany this certification.

The MTW Certifications of Compliance must be submitted to HUD as part of the MTW Supplement for each annual submission and each revised annual submission.

RAB Comments

The HPHA presented the draft MTW Supplement for FY 26 to the Resident Advisory Board for review and comments on November 12, 2024, January 14, 2025, and March 11, 2025.

1. Proposed MTW Supplement Revision: The HPHA is requesting MTW Activity Waiver 17.c. in order to implement a housing development local, non-traditional activity. If approved, the HPHA will use MTW funding to acquire, renovate, and/or develop affordable units for low-income families that are not public housing units. The HPHA will not exceed and is not requesting a waiver of the HUD safe harbor of 10% of HAP budget on this activity.

RAB Comments

A member of the RAB asked how this might affect the ongoing redevelopment of Mayor Wright Homes.

HPHA Response

The implementation of this waiver will not affect Phase 1 of the Mayor Wright Homes redevelopment project. If HUD approves this waiver, the HPHA may explore the use of this funding flexibility during future redevelopment phases at Mayor Wright, Kuhio Park Low-Rises, and Kapaa. The HPHA anticipates the use of this waiver will have no effect on day-to-day public housing operations nor be detrimental to the financial viability of the public housing or Section 8 programs.

Public Testimony

On November 24, 2025, the HPHA published a public hearing notice in the Honolulu Star-Advertiser, The Garden Island, The Maui News, West Hawaii Today, and Hawaii Tribune Herald. A draft of the MTW Supplement for FY 26 was made available at all HPHA Asset Management Project offices and on the HPHA's website. A public hearing was held in-person and online on March 10, 2025.

The HPHA received no public testimony or comments on the MTW Supplement for FY 26.

Attachment B

RESOLUTION NO. 25-01

HAWAII PUBLIC HOUSING AUTHORITY
STATE OF HAWAII

RESOLUTION APPROVING THE HAWAII PUBLIC HOUSING AUTHORITY'S ANNUAL PUBLIC HOUSING AGENCY PLAN FOR FISCAL YEAR 2025-2026 AND MOVING TO WORK SUPPLEMENT FOR FISCAL YEAR 2025-2026

WHEREAS the Hawaii Public Housing Authority (HPHA) is required to submit an Annual Public Housing Agency (PHA) Plan to the U.S. Department of Housing and Urban Development (HUD) to be eligible to receive public housing operating and capital funds and Section 8 Housing Assistance Payments funds and administrative fees.

WHEREAS the Annual PHA Plan serves as a comprehensive guide to the HPHA's mission and the policies, programs, operations, and strategies it will use to meet local housing needs and other goals.

WHEREAS the HPHA was admitted as a participant in HUD's Moving to Work (MTW) Demonstration Program Expansion in 2021 as part of the Landlord Incentive Cohort, and is required to submit an MTW Supplement as an addendum to its Annual PHA Plans.

WHEREAS the HPHA's MTW Supplements provide HUD, program participants, and the public with updated information on all planned and ongoing MTW activities over each fiscal year.

WHEREAS, on January 16, 2025, the HPHA Board of Directors authorized the Executive Director to hold a public hearing on the draft Annual PHA Plan for Fiscal Year 2025-2026 and the draft MTW Supplement for Fiscal Year 2025-2026, and undertake all actions necessary to accept and respond to comments received from the public and the Resident Advisory Board.

WHEREAS the HPHA posted the draft Annual PHA Plan for Fiscal Year 2025-2026 and the draft MTW Supplement for Fiscal Year 2025-2026 on its website for a 45-day public comment period, made the drafts available at its administrative office and all Asset Management Project offices, and published a public hearing notice in a major newspaper on each island.

WHEREAS, on March 10, 2025, the HPHA held a public hearing to receive and consider feedback from the community regarding the Annual PHA Plan for Fiscal Year 2025-2026 and MTW Supplement for Fiscal Year 2025-2026.

WHEREAS, on November 12, 2024; January 14, 2025; and March 11, 2025, the HPHA met with the Resident Advisory Board to present all proposed changes to the draft Annual PHA Plan for Fiscal Year 2025-2026 and the draft MTW Supplement Fiscal Year 2025-2026.

NOW, THEREFORE, BE IT RESOLVED by the HPHA Board of Directors that:

1. The HPHA Board of Directors approves the Annual PHA Plan for Fiscal Year 2025-2026 and the MTW Supplement for Fiscal Year 2025-2026; and
2. The Executive Director is hereby authorized to take the required actions needed to submit the Annual PHA Plan for Fiscal Year 2025-2026 and the MTW Supplement for Fiscal Year 2025-2026 to HUD.

The UNDERSIGNED hereby certifies that the foregoing Resolution No. 25-01 was duly approved by the Directors of the Hawaii Public Housing Authority on March 20, 2025.

Adopted by the Board of Directors
On the date set forth above

____
Robert J. Hall
Chairperson

Approved by the Executive Director
March 20, 2025

FOR ACTION

MOTION: To **(1)** Approve the Agreement Regarding Transfer and Assignment of the Master Development Agreement ("MDA") for the Kuhio Park Terrace Low-Rise Project ("Project") Located at 1474 Linapuni Street, Honolulu, Hawaii, 98619, ("Property") Tax Map Key Nos. (1) 1-3-039-006 por. and (1) 1-3-039-008; and **(2)** Authorize the Executive Director to Consent to and Enter into the Assignment of the Master Development Agreement and Release to Transfer the Master Development of the Project from The Michaels Development Company I, L.P ("MDC"), a New Jersey Limited Partnership, to HCDC Kuhio Park 1 LLC, a Hawaii Limited Liability Company ("HCDC"), Subject to Review of the Department of the Attorney General

(The Board may go into Executive Session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(3) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities related to this motion.)

I. FACTS

A. On April 1, 2009, the Hawaii Public Housing Authority ("HPHA") issued a "Request for Proposals to Revitalize and Redevelop Kuhio Park Terrace and Kuhio Homes (RFP OED-2009-15).

B. The Michael's Organization responded to the RFP and was chosen by the HPHA as the developer.

C. HPHA and MDC entered into a Master Development Agreement in May 2011 for the development of the Kuhio Park Terrace and Kuhio Homes property ("Project").

D. Under the original MDA, MDC and HPHA completed the redevelopment of a portion of the Project that included approximately 555 residential units in 2 high-rise buildings and related amenities, more commonly known as the Kuhio Park Towers ("Towers").

E. Thereafter, HPHA and MDC entered into an Amended and Restated Master Development Agreement dated July 8, 2020 ("MDA") which updated and amended the original MDA to cover redevelopment of the remaining portion of the Project, including parcels that currently contain approximately 174 dwelling units in multiple low-rise buildings and an adjacent 6.4-acre parcel that currently contains a community center and baseball field.

F. As the master developer of the Project, MDC, with the cooperation and support of the HPHA, has undertaken substantial predevelopment activities, including site investigation, planning, design, permitting, 201H exemptions, financing, tax credits, approvals, and tenant relocation for the redevelopment of the Project.

G. MDC and the HPHA have mutually agreed that it is in the best interests of the Property and Project for MDC to transfer the development of the Project to HCDC Kuhio Park 1 LLC, a Hawaii limited liability company ("HCDC").

H. HCDC desires to undertake the master development of the Project.

II. DISCUSSION

A. MDC has presented the Agreement Regarding Transfer and Assignment of Master Development Agreement attached as Attachment A to the HPHA for review and approval.

B. The Agreement Regarding Transfer provides that MDC and HCDC will enter into an Assignment of the MDA as well as a General Assignment to consummate the assignment of the MDA from MDC to HCDC. Under the Assignment, HCDC will agree to reimburse MDC actual costs and expenses paid or incurred in connection with the Project less the amounts that HPHA has already reimbursed to MDC.

C. Under the Agreement Regarding Transfer MDC and the HPHA will work together to obtain consents from every contractor, consultant, and vendor assigning the Project Rights, which Consents shall provide that such contractors, consultants, and vendors fully release MDC and MDC Affiliates from and against any and all claims, losses, liabilities, actions, causes of action, demands, costs, expenses, and attorney's fees arising out of or related to the MDA and the Project.

D. The HPHA also agrees to work with MDC and HCDC to transfer any applications and requests for permits and approvals for the Project which are being processed to HCDC under the Transfer documents.

E. The transfer of the MDA to HCDC should allow the Project to continue to move along expeditiously, which is important because the deadline to close on financing has only been extended to June 30, 2025.

F. HCDC is currently under a Master Planning and Pre-Development Agreement with the HPHA to redevelop 10,000 affordable housing units under the Ka Lei Momi Redevelopment Project and is also the developer for the School Street master plan per Assignment approved in November 2023.

G. HCDC has been involved in the development of over 30,000 affordable housing units in nearly 310 communities throughout the U.S. and Puerto Rico using Low-income Housing Tax Credits. The firm has extensive experience not only with federal Section 42 Low Income Housing Tax Credits under the 4% and 9% programs, but also with tax-exempt mortgage-backed revenue bonds and various other federal, state and local housing finance programs and grants supporting affordable housing. The firm's principals also have successfully utilized 501(c)(3) bond financing to develop over 1,500 units across 10 properties including in Hawaii.

(End of Section)

III. RECOMMENDATION

That the Board of Directors **(1)** Approve the Agreement Regarding Transfer and Assignment of the Master Development Agreement ("MDA") for the Kuhio Park Terrace Low-Rise Project ("Project") Located at 1474 Linapuni Street, Honolulu, Hawaii, 98619, ("Property") Tax Map Key Nos. (1) 1-3-039-006 por. and (1) 1-3-039-008; and **(2)** Authorize the Executive Director to Consent to and Enter into the Assignment of the Master Development Agreement and Release to Transfer the Master Development of the Project from The Michaels Development Company I, L.P ("MDC"), a New Jersey Limited Partnership, to HCDC Kuhio Park 1 LLC, a Hawaii Limited Liability Company ("HCDC"), Subject to Review of the Department of the Attorney General

(The Board may go into Executive Session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(3) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities related to this motion.)

Attachment A: Agreement Regarding Transfer and Assignment of Master Development Agreement

Approved by the Board of Directors
on the date set forth above
[ ] As Presented [ ] As Amended

____
Robert J. Hall
Chairperson

AGREEMENT REGARDING
TRANSFER AND ASSIGNMENT OF MASTER DEVELOPMENT AGREEMENT

(Kuhio Park Low Rise – Honolulu, Hawaii)

This **AGREEMENT REGARDING TRANSFER AND ASSIGNMENT OF MASTER DEVELOPMENT AGREEMENT** ("**Agreement**") is made and entered into as of ____________________, 2025 (the "**Effective Date**"), by and among **THE MICHAELS DEVELOPMENT COMPANY I, L.P.**, a New Jersey limited partnership ("**TMO**"), **KUHIO PARK 2, LLC**, a Hawaii limited liability company ("**KP2**", and together with TMO, "**Michaels**"), **HAWAII PUBLIC HOUSING AUTHORITY**, a public body corporate and politic existing under the laws of the State of Hawaii ("**HPHA**"), and **HCDC KUHIO PARK 1 LLC**, a Hawaii limited liability company ("**HCDC**").

WITNESSETH:

A. On April 1, 2009, HPHA issued "RFP OED-2009-15 Request for Proposals to Revitalize and Redevelop Kuhio Park Terrace and Kuhio Homes. Thereafter, HPHA and TMO entered into a Master Development Agreement dated as of May 2011 (the "**Original MDA**") covering the redevelopment of certain real property in the City and County of Honolulu, State of Hawaii owned by HPHA and more commonly known as the Kuhio Park Terrace and Kuhio Homes property (the "**Kuhio Park Master Project**").

B. Under the Original MDA, TMO and HPHA completed the redevelopment of a portion of the Kuhio Park Master Project that included approximately 555 residential units in 2 high-rise buildings and related amenities, more commonly known as the Kuhio Park Towers (the "**KPT Towers Phase**").

C. Thereafter, HPHA and TMO entered into that certain Amended and Restated Master Development Agreement dated July 8, 2020 (the "**MDA**"), which updated and amended the Original MDA to cover redevelopment of the remaining portion of the Kuhio Park Master Project, including parcels that currently contain approximately 174 dwelling units in multiple low-rise buildings (the "**Low-Rise Site**") and an adjacent parcel that currently contains a community center and baseball field (the "**Additional Site**") (the Low-Rise Site and the Additional Site, collectively, the "**Property**", and the redevelopment thereof collectively, the "**Project**"). The Project is intended to be financed and constructed in 2 or more phases (each a "**Phase**").

D. Pursuant to the MDA, Michaels, with the cooperation and support of HPHA, has undertaken substantial predevelopment activities, including site investigation, planning, design, permitting, 201H exemptions, financing, tax credits and approvals, for the redevelopment of the Property and Project.

E. Michaels and HPHA have mutually agreed that it is in the best interests of the Property and Project for Michaels to transfer the redevelopment of the Property and Project to HCDC.

F. HCDC desires to undertake the redevelopment of the Property and Project.

G. Michaels, HPHA, and HCDC intend for this Agreement to provide the basic framework for more detailed documentation by and among such parties to be completed by the Transfer Date (as defined in this Agreement) to consummate the Transfer described in this Agreement (collectively, the "**Transfer Documentation**").

Now, therefore, in consideration of the mutual covenants contained herein, the parties hereby agree as follows:

1. Transfer of MDA. Subject to the terms and conditions set forth herein, Michaels hereby transfers to HCDC, and HCDC accepts from Michaels and assumes all of Michaels's existing and future rights, interests, covenants, and obligations in, to, and under the MDA or otherwise with respect to the Property and Project (the "**Transfer**").

(a) Financing Condition. The first Phase ("**Phase 1**") of the Project has been previously awarded $8,384,158 in annual federal low-income housing tax credits ("**LIHTC**") and $8,384,158 in annual state LIHTC, as well as $92,995,000 in low-income housing tax exempt bonds ("**Bonds**") and $48,556,752 in Rental Housing Revolving Fund ("**RHRF**") loan proceeds (LIHTC, Bonds and RHRF funds being collectively called, "**LIHTC Financing**"). Due to development and financing cost increases, the parties acknowledge and agree that additional LIHTC Financing will be necessary to complete the Phase 1. Accordingly, commencing on the date hereof and continuing for sixty (60) days from the Effective Date (the "**Commitment Date**"), HCDC will pursue investor purchase and loan commitments for the existing approved and estimated additional needed LIHTC Financing for the Phase 1 in such amounts and forms as determined by HCDC. Provided HCDC is diligently pursuing such commitments, the Commitment Date may be extended by HCDC for up to an additional sixty (60) days by providing written notice thereof to TMO. If: (i) TMO notifies HCDC in writing that HCDC has not provided evidence reasonably acceptable to TMO of HCDC's receipt of such commitments on or before the last day of the Commitment Date; or (ii) HCDC terminates this Agreement pursuant to Section 1(b) hereof, then on the first (1st) business day following the earlier of the Commitment Date or the termination date, in each case, time is of the essence, all of the rights, interests, covenants, and obligations in, to, and under the MDA or otherwise with respect to the Property and the Project will be automatically deemed re-transferred to Michaels, without warranty or recourse as to HCDC, as if this Agreement was void and the Transfer did not occur (the "**Retransfer**"). In the event of a Retransfer, each of TMO's and HPHA's respective rights and obligations under the MDA shall be automatically reinstated as if the Transfer to HCDC and any releases between HPHA and TMO did not occur. In addition, the parties agree to cooperate and execute and deliver such documents and take such further actions, if any, as may be reasonably necessary to effectuate the Retransfer; which obligation will survive the termination of this Agreement.

(b) Transfer Condition. For a period of sixty (60) days from the Effective Date (the "**Review Date**"), HCDC has the right to review all Project documents, contracts, plans, permits, and approvals obtained by Michaels prior to the Effective Date. If HCDC is not satisfied with its review of such diligence on or prior to the Review Date, HCDC shall have the right to (i) terminate this Agreement by providing TMO written notice of termination on or before the Review Date or (ii) proceed with the transfer and assume only such contracts that are acceptable to HCDC without any liability to, or recourse against, TMO or the TMO Affiliate. All contracts not expressly assumed by HCDC will be terminated by TMO.

(c) Exclusions. Notwithstanding anything to the contrary in this Agreement, HCDC shall not assume or otherwise accept any responsibility or liability whatsoever for any obligation, damages, demands, claims, or causes of action, arising from or relating to: (1) the Original MDA, the KPT Towers Phase or any rights, obligations, claims or liabilities relating thereto; or (2) any negligent or other act or omission by or on behalf of Michaels or any TMO affiliate whatsoever, except to the extent expressly set forth in the Transfer Documentation.

2. Predevelopment Cost Reimbursement. **(a)** Upon the closing of construction financing for the Phase 1 of the Project, which must occur on or before July 31, 2025 (the "**Closing Deadline**"), time being of the essence, HCDC shall reimburse Michaels for the predevelopment costs associated with Phase 1, together with reimbursement of one-third (1/3) of the predevelopment costs associated with the master planning of the entire Project (so long as TMO provides evidence that such master planning activities are attributable to and/or benefit Phase 1), all as set forth in the Initial Schedule of Costs attached hereto, and as may be supplemented in accordance with this Section 2 and Section 10 hereof. All such cost reimbursements shall be paid to TMO through escrow out of the Phase 1's construction financing proceeds as reasonably determined by HCDC and its lenders and tax credit investors and on such reasonable terms mutually acceptable to TMO and HCDC. If necessary to meet any closing conditions or requirements of HCDC's investors, lenders or any governmental agencies, and provided HCDC is making diligent efforts to satisfy all such conditions or requirements, HCDC will have the right to extend the Closing Deadline for up to ninety (90) additional days by providing written notice thereof to Michaels.

The amount of predevelopment costs reimbursed by HCDC shall also include such additional predevelopment costs, if any, paid or incurred by Michaels in connection with Phase 1 up to the Closing Deadline as set forth in an updated Final Schedule of costs to which TMO and HCDC shall mutually agree at least two (2) business days before the Closing Deadline. In the event that Phase 1 does not complete a financial closing of all debt and equity for the Project and reimburse Michaels for all such predevelopment costs by the Closing Deadline, HCDC shall have no obligation to reimburse Michaels for the predevelopment costs and the MDA will be automatically Retransferred to Michaels effective as of the first (1st) business day following the Closing Deadline, without further action on HCDC's part.

(b) If HCDC completes the Transfer and the closing of construction financing for Phase 1, HCDC further agrees to reimburse Michaels for the its HPHA-approved predevelopment costs paid or incurred by Michaels for each subsequent Phase and such Phase's applicable share of the master planning of the entire Project, in such amounts as mutually agreed by TMO and HCDC and accepted by HCDC's lenders and investors for such Phase, at the closing of its debt and equity financing for such Phase of the Project.

(c) HCDC's payment obligations in this Section 2 shall be guaranteed by Highridge Costa Development Company, LLC, a Delaware limited liability company ("**Guarantor**") pursuant to the Guaranty attached hereto as Exhibit A.

(d) This Section 2 will survive the Transfer.

3. **Developer Fee Sharing**. HCDC shall pay TMO fourteen percent (14%) (the "**TMO Share**") of HCDC's share of the Developer Fee (as defined in the MDA) applicable to Phase 1 to the extent HCDC's share of the Developer Fee is actually paid to and received by HCDC, subject and subordinate to HCDC first receiving and retaining without reduction to pay TMO's Share, an aggregate, nondeferred Developer Fee equal to $6,000,000.00 ("**Minimum HCDC Retained Developer Fee**"). HCDC's payment obligations in this Section 3 shall be guaranteed by Highridge Costa Development Company, LLC, a Delaware limited liability company ("**Guarantor**") pursuant to the Guaranty attached hereto as Exhibit A.

(a) **No Sharing During Construction Period**. The parties do not anticipate HCDC receiving the Minimum HCDC Retained Developer Fee until sometime after completion of construction and lease up of Phase 1. Accordingly, the parties agree that TMO will not be paid the TMO Share of the Developer Fee received by HCDC during the construction period.

(b) **Other Milestones**. With respect to HCDC's share of the Developer Fee applicable to Phase 1 that is payable upon achieving specific milestones ("**Milestone Developer Fee Payment**") in accordance with the development or financing agreements applicable to Phase 1, such as, for example, completion of the lease-up of the Phase and/or receipt of approved IRS Form(s) 8609 from Hawaii Housing Finance and Development Corporation ("**HHFDC**") or upon closing of permanent financing of such Phase, HCDC shall pay TMO the TMO Share of HCDC's Milestone Developer Fee Payment within ten (10) days following HCDC receipt of the same, subject and subordinate, however, to HCDC first receiving and retaining without reduction the Minimum HCDC Retained Developer Fee.

(c) **Limitations**. Payment of TMO's Share of HCDC's Developer Fee is limited to Phase 1 only. TMO hereby waives and releases its rights to receive any Developer Fee or other compensation or amount relating to any portion of the Project other than Phase 1. In addition, in the event HCDC determines that there will be insufficient construction period or particular Milestone Developer Fee Payments to assure HCDC will receive the Minimum HCDC Retained Developer Fee, HCDC will have the right to reduce and defer TMO's Share Developer Fee payments as may be necessary to assure HCDC receives the Minimum Retained Developer Fee prior to TMO being paid any share of the Developer Fee. Nothing herein is intended to limit or reduce HPHA's share of any Developer Fee owed to HPHA under the MDA.

(d) This Section 3 will survive the Transfer.

4. **(Omitted)**.

5. **HPHA and TMO Releases; Indemnity**. **(a)** Subject to the occurrence of a Retransfer as described under Section 1(a), HPHA and TMO and its affiliate, Kuhio Park 2, LLC ("**TMO Affiliate**") hereby fully release each other from and against any and all claims, losses, liabilities, actions, causes of action, demands, costs, expenses and attorney's fees arising out of or related to the MDA and the Project. Notwithstanding anything to the contrary, Michaels hereby agrees to indemnify, defend and hold HPHA, HCDC and Guarantor and its affiliates harmless from and against any and all claims, damages, expenses and losses brought by Vitus Development LLC, AHE Group, LLC and/or their respective affiliates and assigns arising out of or relating to the Original MDA, the MDA, this Agreement the Project or the Kuhio Park Master Project. The provisions of Section 5 will survive the Transfer.

(b) TMO and HPHA shall work together to obtain consents from every contractor, consultant and vendor relating to the assignment of the Project Rights (defined below) to HCDC (collectively, the "**Consents**"), which Consents shall provide that such contractors, consultants and vendors fully release TMO and the TMO Affiliate from and against any and all claims, losses, liabilities, actions, causes of action, demands, costs, expenses and attorney's fees arising out of or related to the MDA, the Project Rights and the Project.

6. **HCDC Release**. HCDC hereby fully releases TMO and the TMO Affiliate from and against any and all claims, losses, liabilities, actions, demands, costs, expenses and attorney's fees, arising out of the MDA, the Project or the Project Rights, excluding, however, the indemnity provisions in Section 5(a) and/or any matters arising out of or relating to TMO's or the TMO Affiliate's breach of representations and warranties under this Agreement or their negligent or wrongful acts or omissions. This Section 6 will survive the Transfer.

7. **Representations**. Notwithstanding anything to the contrary in this Agreement, TMO represents and warrants that it has not received any written notice from

HPHA of any actual breach of contract or liability against it in connection with the MDA and the Project. TMO further represents and warrants that it has not received any written notice from any contractor, subcontractor, consultant, supplier or other third party of any breach of contract, claim or liability alleged against TMO, the TMO Affiliate or HPHA relating to the Project, Property, MDA or third-party contract.

8. No Further Obligations. HPHA and HCDC agree that, except as provided in this Agreement (including, without limitation, the occurrence of a Retransfer), TMO and the TMO Affiliate shall have no further obligations or liability related to the MDA, Project and/or Project Rights from and after the Transfer. In the event of a Retransfer, HPHA and Michaels agree that, except as provided in this Agreement, HCDC and Guarantor shall have no further obligations or liability related to this Agreement, the MDA, the Project and/or Project Rights from and after the Retransfer.

9. HPHA Approval. HPHA hereby confirms and agrees that the Transfer contemplated herein, and any Retransfer, if applicable, fully satisfies and fully complies with Section 9.2 of the MDA and the provisions and requirements of all applicable laws, including Hawaii Revised Statutes Section 356D-12.5, and rules promulgated thereunder. In accordance with Section 9.2 of the MDA, HPHA, with the approval of its Board of Directors, hereby approves this Agreement. HPHA hereby releases HCDC from any and all liability for any claims, losses, liabilities, actions, causes of action, demands, costs and expenses and attorney's fees arising out of: (i) the Original MDA or the KPT Towers Project at any time; and (ii) the MDA or the Project, or resulting from the negligence or willful misconduct of TMO, including without limitation, any claims, losses, liabilities, actions, causes of action, demands, costs and expenses, occurring before the Effective Date of the Transfer or after the date of any Retransfer event.

10. Permits and Approvals. **(a)** Prior to the Review Date, TMO shall continue its ongoing tenant relocation work and continue to facilitate the processing of all pending applications and requests for permits and approvals for the Project and will notify the City and County of Honolulu ("**City**") and HHFDC of the Transfer, and if necessary and permissible, request the approval of the City and HHFDC to such Transfer; provided, however, that TMO makes no representation or warranty that any such approval will be granted. HPHA and HCDC shall cooperate and do all things requested by TMO, the City and/or HHFDC to facilitate the granting of such approvals. All reasonable third-party costs and expenses paid or incurred by TMO in connection with the continued tenant relocation work and processing of pending applications and requests described in this Section 10 shall be (i) included in the updated Final Schedule of Project Costs described in Section 1(a) above and (ii) to the extent not included in said updated Final Schedule of Project Costs, paid or reimbursed by HCDC to TMO on the Closing Date or thereafter, as the case may be; provided that in no event will TMO be obligated to incur costs exceeding $500,000 (the "**Cost Cap**") (but may do so in its sole discretion); and provided further, all costs must be approved by HPHA in order to qualify for reimbursement to TMO.

(b) Following the Effective Date and subject to the Cost Cap, TMO shall continue to cooperate and do all things reasonably requested by HCDC in pursuit of any tenant relocation work or applications and requests for permits and approvals for the Project that are pending as of the Effective Date so long as HCDC pays or reimburses TMO for the costs thereof in accordance with Section 10(a) hereof.

11. Authority. Each party represents and warrants to each other party that (i) this Agreement constitutes the legal, valid, and binding obligation of such party, enforceable against such party in accordance with its terms, (ii) such party has the right, power, authority, and capacity to execute and deliver this Agreement and to perform its obligations under this Agreement, and (iii) the execution by the signer(s) on behalf of such party of this Agreement has been duly and validly authorized by all necessary action by such party and the execution by the signer(s) on behalf of such party shall be binding on such party.

12. Publicity. The parties shall cooperate with one another on all public statements, however disseminated, written or oral, regarding their agreements set forth herein and/or the performance by either of them of their respective obligations hereunder. The parties each shall promptly review any proposed public statement and hereby agree not to withhold consent unreasonably to its dissemination. This Section 12 shall survive the termination of this Agreement and/or consummation of the Transfer.

13. Mutual Nondisparagement. Each party hereto agrees that such party and its respective officers, directors, employees, shareholders, partners, and affiliates, shall not disparage any other party hereto, and such other party's officers, directors, employees, shareholders, affiliates, attorneys, and agents, in any manner likely to be harmful to them or their business, business reputations or personal reputations. Notwithstanding the foregoing, nothing in this Agreement or any other agreement between the parties prohibits any party from responding accurately and fully to any request for information or disclosure of documents if required by law, court order, subpoena or other legal process, in any criminal, civil, or regulatory proceeding or investigation, or in any legal dispute between or among the parties. In addition, nothing in this provision or this Agreement is intended to prohibit or restrain the parties in any manner from making disclosures that are protected under the whistleblower provisions of federal or state law or regulation. Each of the parties hereto will mutually agree, in advance, on a public statement or press release regarding the Transfer. This Section 13 shall survive the termination of this Agreement and/or consummation of the Transfer.

14. Miscellaneous Provisions.

(a) Modifications. No modification of this Agreement shall be deemed effective unless in writing and signed by the parties hereto, and any waiver granted shall not be deemed effective except for the instance and in the circumstances particularly specified therein and unless in writing and executed by the party against whom enforcement of the waiver is sought.

(b) **Entire Agreement**. This Agreement and documents contemplated by this Agreement constitute the entire contract between the parties with regards to the Transfer. All terms and conditions contained in any other writings previously executed by the parties and all other discussions, understandings or agreements regarding the Transfer shall be deemed to be superseded hereby.

(c) **Successors and Assigns**. This Agreement shall be binding upon and inure to the benefit of the successors and assigns, if any, of the respective parties hereto.

(d) **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the State of Hawaii, and venue for any action relating to this Agreement shall be in the Circuit Court for the First Circuit, State of Hawaii.

(e) **Headings**. The descriptive headings of the sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any provisions hereof.

(f) **Time of the Essence**. Time is of the essence in this Agreement.

(g) **Business Day**. If the time for performance of any obligation under this Agreement expires on a Saturday, Sunday or state or federal holiday, the time for performance shall be extended to the next day that is not a Saturday, Sunday or state or federal holiday. For purposes of this Agreement, "**Business Day**" means Monday through Friday, excluding Saturdays, Sundays, federal or State of Hawaii holidays, and based by Hawaii Standard Time; and "**days**" shall mean calendar days unless otherwise specified.

(h) **Provisions Severable**. The provisions of this Agreement are severable, and if any one or more provisions may be determined to be judicially unenforceable, in whole or in part, the remaining provisions, and any partially unenforceable provisions, to the extent enforceable, shall nevertheless be binding and enforceable upon the parties hereto.

(i) **Counterparts; Facsimile Signatures**. This Agreement may be executed simultaneously or in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. Electronic signatures, such as by execution technologies such as DocuSign, and electronically delivered signatures, such as by email, shall be effective to bind the parties to this Agreement.

(j) **Notices**. All notices, requests, demands, and other communications hereunder shall be in writing, and shall be deemed to have been fully given if delivered or mailed first class, postage prepaid, to a party at the address furnished by such party to the other parties in writing.

(k) **Actions Necessary to Complete Transaction.** Each party hereby agrees to execute and deliver all such other documents or instruments and to take any action as may be reasonably required in order to effectuate the transactions contemplated by this Agreement.

(l) **Waiver**. Any waiver by any party of any breach of any term of condition of this Agreement shall not be deemed a waiver of any other breach of such term or condition, nor shall the failure of any party to enforce such provision constitute a waiver of such provision or of any other provision, nor shall such action be deemed a waiver or release of any other party for any claims arising out of or connected with this Agreement.

[SIGNATURES APPEAR ON FOLLOWING PAGES]

IN WITNESS WHEREOF, the parties have duly executed this Agreement by their duly authorized signatories effective on or as of the date written at the commencement of this Agreement.

HAWAII PUBLIC HOUSING AUTHORITY,
a public body and a body corporate and politic
existing under the laws of the State of Hawaii

By: ______________________________
Hakim Ouansafi, Executive Director

APPROVED AS TO FORM:

____
Linda L.W. Chow
Deputy Attorney General

[SIGNATURES CONTINUE ON FOLLOWING PAGES]

THE MICHAELS DEVELOPMENT COMPANY I, L.P.
a New Jersey limited partnership

By: The Michaels Development Holding Company, L.L.C.
its general partner

By: ______________________________
Mark Morgan, President

KUHIO PARK 2, LLC
a Hawaii limited liability company

By: Kuhio Park 2-Michaels, LLC, a Hawaii limited liability company, its managing member

By: ______________________________
Mark Morgan, President

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

HCDC KUHIO PARK 1 LLC, a Hawaii limited liability company,

By HCDC HAWAII DEVELOPMENT LLC,
a Hawaii limited liability company
Its Manager

By Highridge Costa Development Company, LLC,
a Delaware limited liability company, its Manager
Its Manager

By: ______________________
Mohannad H. Mohanna, President

Exhibit A

GUARANTY

This **GUARANTY** ("**Guaranty**") is dated and effective as of ______________, 2025, and is made and entered into by **HIGHRIDGE COSTA DEVELOPMENT COMPANY LLC**, a Delaware limited liability company ("**Guarantor**").

RECITALS

A. This Guaranty is being executed and delivered by Guarantor in favor of **THE MICHAELS DEVELOPMENT COMPANY I, L.P.**, a New Jersey limited partnership ("**TMO**"), pursuant to that certain Agreement Regarding Transfer and Assignment of Master Development Agreement dated ____________, 2025 (the "**Agreement**"), among TMO, Kuhio Park 2, LLC, a Hawaii limited liability company (together with TMO, "**Michaels**"), Hawaii Public Housing Authority, a public body corporate and politic existing under the laws of the State of Hawaii ("**HPHA**"), and **HCDC KUHIO PARK 1 LLC**, a Hawaii limited liability company ("**HCDC**"), pursuant to which Michaels agreed to transfer, and HCDC agreed to accept, certain redevelopment rights as to the Property and Project as defined in the Agreement. HPHA, as owner of the Property, consented to the Agreement.

B. Under the Agreement, HCDC agreed to pay TMO certain Phase 1 Predevelopment Costs and a portion of the Developer Fee applicable to Phase 1, as such terms are defined in the Agreement and subject to the terms and conditions of the Agreement. HCDC also agreed to cause Guarantor to execute this Guaranty to assure such payment to TMO.

C. Unless otherwise defined in this Guaranty, all capitalized terms used in this Guaranty have the same definitions as are set forth in the Agreement.

AGREEMENT

In consideration of the recitals (which are incorporated herein and made a part hereof), and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor agrees, covenants, represents and warrants as set forth below.

1. Guaranty. Guarantor hereby guarantees to HCDC the due, prompt, and full payment of: (a) the Phase 1 Predevelopment Costs; and (b) the TMO Share of HCDC's share of the Developer Fee applicable to Phase 1, as such terms are defined in the Agreement, in accordance with and subject to the terms and conditions set forth in Sections 2(a) and 3 of the Agreement (the "**Guaranteed Obligations**"). This Guaranty is an absolute guaranty of payment and not of collection. Notwithstanding the foregoing or anything to the contrary in this Guaranty, this Guaranty (and the Guaranteed Obligations) shall automatically terminate and be of no further force or effect upon the earlier to occur of (a) a Retransfer, as defined in the Agreement, (b) a termination of the Agreement pursuant to Section 1(b) of the Agreement or as a result of a default on the part of

Michaels, or (c) payment in full of the TMO Share of HCDC's share of the Developer as and to the extent required by the Agreement.

2. Waiver of Defenses. Guarantor waives:

(a) Any right to require TMO to proceed against HCDC or any other person or any security now or hereafter held by HCDC or to pursue any other remedy whatsoever.

(b) Any defense based upon any legal disability of TMO or any guarantor, or any discharge or limitation of the liability of TMO or any guarantor to HCDC, or any restraint or stay applicable to actions against TMO or any other guarantor, whether such disability, discharge, limitation, restraint or stay is consensual, or by order of a court or other governmental authority, or arising by operation of law or any liquidation, reorganization, receivership, bankruptcy, insolvency or debtor-relief proceeding, or from any other cause.

(c) All setoffs, counterclaims, presentment, demand, protest or notice of any kind, except for any notice which may be expressly required by the provisions of this Guaranty.

(d) Any defense based upon the negligence of TMO, including, without limitation, the failure to file a claim in any bankruptcy of HCDC or any guarantor.

(e) Any defense based upon TMO's delay in enforcing this Guaranty.

(f) All rights of subrogation, reimbursement, indemnity, all rights to enforce any remedy that TMO may have against HCDC, and all rights to participate in any security held by TMO for the Guaranteed Obligations until the Guaranteed Obligations have been paid and performed in full.

(g) Any defense based upon the death, incapacity, lack of authority or termination of existence or revocation hereof by any person or entity or persons or entities, or the substitution of any party hereto.

(h) Any defense based upon or related to Guarantor's lack of knowledge as to HCDC's financial condition.

(i) Any defense based upon any action taken or omitted by TMO in any bankruptcy or other insolvency proceeding involving HCDC, including any election to have TMO's claim allowed as secured, partially secured or unsecured, any action taken by the TMO in connection with a motion to assume, assign or reject the Agreement, any extension of credit by TMO to HCDC in any such proceeding, and the taking and holding by TMO of any security for any such extension of credit.

(j) All rights and defenses arising out of an election of remedies by TMO, even though that election of remedies destroys or impairs Guarantor's right of subrogation and/or reimbursement against HCDC.

5. Bankruptcy.

(a) Until all of the Guaranteed Obligations have been paid and performed in full, Guarantor shall not, without the prior written consent of TMO, commence, or join with any other person in commencing, any bankruptcy, reorganization, or insolvency proceeding against HCDC. The obligations of Guarantor under this Guaranty shall not be altered, limited, or affected by any proceeding, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, liquidation, or arrangement of HCDC, or by any defense HCDC may have by reason of any order, decree, or decision of any court or administrative body resulting from any such proceeding. No limitation upon or stay of the enforcement of any obligation of HCDC by virtue of any such proceeding shall limit or stay TMO's enforcement of Guarantor's payment or performance of such obligation under this Guaranty. In furtherance of the foregoing, Guarantor agrees that if acceleration of the time for payment of any amount payable by HCDC under the Agreement or in respect of the other Guaranteed Obligations is stayed for any reason, all such amounts which would be subject to acceleration shall nonetheless be deemed to be accelerated for purposes of this Guaranty and the full amount thereof shall be payable by Guarantor hereunder forthwith upon demand.

(b) Guarantor shall file in any bankruptcy or other proceeding in which the filing of claims is required or permitted by law all claims that Guarantor may have against HCDC relating to any indebtedness of HCDC to Guarantor, and will upon request assign to TMO all rights of Guarantor thereunder. In all such cases, whether in administration, bankruptcy, or otherwise, the person or persons authorized to pay such claim shall pay to TMO the amount payable on such claim. Guarantor hereby assigns to TMO all of the Guarantor's rights to any such payments or distributions to which Guarantor would otherwise be entitled; provided, however, that Guarantor's obligations hereunder shall not be satisfied except to the extent that TMO receives cash by reason of any such payment or distribution. If TMO receives anything hereunder other than cash, the same shall be held as collateral for amounts due under this Guaranty.

6. Costs and Expenses. The prevailing party in any suit or action arising out of or brought in connection with enforcement or defense of the rights and obligations under this Guaranty shall pay, upon demand, all reasonable out-of-pocket costs and expenses, including but not limited to attorneys' fees, costs and disbursements, incurred in any effort to collect, enforce or defend against collection and/or enforcement of any of the Guaranteed Obligations or this Guaranty, regardless whether any lawsuit is filed, including the representation of TMO in any insolvency, bankruptcy, reorganization or similar proceeding relating to HCDC or Guarantor. Until paid, such sums will bear interest from the date such costs and expenses are incurred at the rate of ten percent (10%) per annum. The obligations under this Section shall include payment of all such costs and expenses incurred in enforcing any judgments.

7. **Reinstatement**. The liability of Guarantor hereunder will be reinstated and revived, and the rights of TMO will continue, with respect to any amount at any time paid on account of the Guaranteed Obligations which TMO is thereafter required to restore or return or which is avoided in connection with the bankruptcy, insolvency or reorganization of HCDC or otherwise, all as though such amount had not been paid. The determination as to whether any such payment or performance must be restored or returned will be made by TMO in its reasonable discretion. Further, in such instance and upon demand from TMO, Guarantor will restore or return such payment or performance directly on TMO's behalf in furtherance of Guarantor's obligations hereunder.

8. **Subordination**. At any time when any Guaranteed Obligations are otherwise then payable or performable, any indebtedness of HCDC to Guarantor now or hereafter existing shall be, and such indebtedness hereby is, deferred, postponed and subordinated to payment and performance of the Guaranteed Obligations. Any payment made to Guarantor by HCDC or any third party with respect to the indebtedness subordinated hereunder at any time when a default of HCDC exists under the Agreement or while any Guaranteed Obligations are otherwise then payable or performable shall be held in trust by Guarantor for the benefit of TMO and shall be turned over to TMO promptly upon receipt thereof for application by TMO against the Guaranteed Obligations. At any time when any Guaranteed Obligations are otherwise then payable or performable, any lien, charge or claim which Guarantor now has or hereafter may have on or to any real or personal property of HCDC (including without limitation any real property subject of the Agreement, the personal property located thereon, any rights therein and related thereto, and the revenue and/or income realized therefrom) and any security for any loans, advances or other indebtedness of HCDC to Guarantor, shall be, and hereby is, subordinated to the payment and performance of the Guaranteed Obligations.

9. **Representations and Warranties**. Guarantor makes the following representations and warranties, which are deemed to be continuing representations and warranties until payment and performance in full of the Guaranteed Obligations.

(a) This Guaranty constitutes the legal, valid and binding obligation of Guarantor enforceable against Guarantor in accordance with its terms.

(b) Neither the execution and delivery of this Guaranty nor the consummation of the transaction contemplated hereby will, with or without notice and/or lapse of time, (i) constitute a breach of any of the terms and provisions of any note, contract, document, agreement or undertaking, whether written or oral, to which Guarantor is a party or to which Guarantor's property is subject; (ii) accelerate or constitute any event entitling the holder of any indebtedness of Guarantor to accelerate the maturity of any such indebtedness; (iii) conflict with or result in a breach of any writ, order, injunction or decree against Guarantor of any court or governmental agency or instrumentality; or (iv) conflict with or be prohibited by any federal, state, local or other governmental law, statute, rule or regulation.

(c) Guarantor will receive and acknowledges receiving substantial and material benefits from the Transfer under the Agreement, and the consideration received by Guarantor for this Guaranty is sufficient in all respects. Guarantor is executing and delivering this Guaranty upon and as a condition to TMO's execution and delivery of the Agreement and the Transfer, and for the other purposes as set forth herein, inclusive of the recitals to this Guaranty.

(d) There are no pending or, to the knowledge of Guarantor, threatened actions or proceedings before any court or administrative agency that could materially affect the financial condition or the ability of Guarantor to perform its obligations under this Guaranty.

10. Inducement; No Assignment. Guarantor acknowledges that the undertakings given in this Guaranty are given in consideration of TMO's entering into the Agreement and agreeing to the Transfer and that TMO would not agree to the Transfer but for the execution and delivery of this Guaranty. Guarantor's obligations hereunder are personal to Guarantor and Guarantor may not assign or delegate any of its obligations under this Guaranty.

11. HCDC's Financial Condition. Guarantor is relying upon its own knowledge and has made such investigation as Guarantor has deemed necessary with respect to HCDC's financial condition. Guarantor assumes full responsibility for keeping fully informed of the financial condition of HCDC and all other circumstances affecting HCDC's ability to pay and perform its obligations under the Agreement, and agrees that TMO will have no duty to report to Guarantor any information which TMO receives about HCDC's financial condition or any circumstances bearing on HCDC's ability to perform. Guarantor agrees that TMO has made no representations or assurances regarding HCDC's financial condition or HCDC's ability to pay and perform HCDC's obligations under the Agreement.

12. Default. The occurrence of any one or more of the following events shall, at the election of TMO, be deemed an event of default under this Guaranty: (a) Guarantor fails to pay any monetary Guaranteed Obligations within ten (10) business days after written demand from TMO; (b) Guarantor fails to perform, keep or observe any other term, provision, agreement or covenant contained in this Guaranty within thirty (30) days after written demand from TMO; (c) the commencement of any liquidation, reorganization, receivership, bankruptcy, assignment for the benefit of creditors or other similar proceeding by or against Guarantor; or (d) the death, legal incapacity, dissolution or termination of the Guarantor. Upon the occurrence of an event of default under this Guaranty, at the option of TMO, the Guaranteed Obligations shall be accelerated and shall all be due and payable and enforceable against Guarantor (regardless whether the Guaranteed Obligations are then due and payable under the Agreement or otherwise) and TMO may, in its sole discretion, in addition to any other right or remedy provided by law or at equity, all of which are cumulative and non-exclusive, proceed to suit against the Guarantor.

13. **Limitation of Liability**. Notwithstanding anything in this Guaranty or the Agreement to the contrary, in no event shall any person or entity other than Guarantor, including, without limitation, any direct or indirect owner, member, manager or other interest holder of or in Guarantor (each, a "**Non-Guarantor Party**"), be liable in any manner or to any extent under or in connection with this Guaranty or the Agreement, and no party or person claiming by, through or under any party seeking to enforce this Guaranty or the Agreement shall have any recourse to any assets or interests of any such Non-Guarantor Party to satisfy any liability, judgment or claim under this Guaranty or the Agreement.

14. **Severability**. If any one or more of the covenants, provisions or terms of this Guaranty is, in any respect, held to be invalid, illegal or unenforceable for any reason, the remaining portion thereof and all other covenants, conditions, provisions, and terms of this Guaranty will not be affected by such holding, but will remain valid and in force to the fullest extent permitted by law.

15. **Notices.** All notices, demands and other communications with, to, from or upon the Guarantor and TMO required or permitted hereunder shall be in writing, addressed to the parties at their respective addresses as follows: (a) with respect to TMO, to the notice address(es) for TMO under the Agreement; and (b) with respect to Guarantor, to Guarantor in care of HCDC at the notice address(es) for HCDC under the Agreement; or (c) as to either, at such other address as shall be designated in a written notice to the other complying with the terms of this Section.

16. **Miscellaneous**. No provision of this Guaranty or TMO's rights hereunder may be waived or modified nor can Guarantor be released from its obligations hereunder except by a writing executed by TMO. No such waiver shall be applicable except in the specific instance for which given. No delay or failure by TMO to exercise any right or remedy against HCDC or Guarantor will be construed as a waiver of that right or remedy. All remedies of TMO against HCDC and Guarantor are cumulative. This Guaranty shall be governed by and construed under the laws of the State of Hawaii. The provisions of this Guaranty will bind and benefit the heirs, executors, administrators, legal representatives, successors and assigns of Guarantor and TMO. This Guaranty constitutes the entire agreement between Guarantor and TMO with respect to its subject matter, and supersedes all prior or contemporaneous agreements, representations and understandings. All headings in this Guaranty are for convenience only and shall be disregarded in construing the substantive provisions of this Guaranty.

17. **Electronic Signatures**. This Guaranty may be executed and delivered by an electronic signature (including by PDF, DocuSign or other electronic means) or e-mail copy of the signed document, which electronic or e-mail copy shall be binding on Guarantor.

IN WITNESS WHEREOF, this Guaranty has been duly executed on behalf of Guarantor and delivered to TMO as of the date set forth above, to be effective as of the date set forth above.

GUARANTOR:

HIGHRIDGE COSTA DEVELOPMENT COMPANY LLC,
a Delaware limited liability company

By: ______________________
Name: MICHAEL COSTA
Its: CHAIR/CEO

Approved by the Executive Director
March 20, 2025

FOR ACTION

MOTION: To **(1)** Approve the Proposed Disposition and Development Agreement (DDA) for the Revitalization and Redevelopment of Kuhio Park Terrace Low-Rise Phase I Located at Tax Map Key Nos. (1) 1-3-039:006 por. and (1) 1-3-039:008; **(2)** Authorize the Executive Director to Enter into the DDA with KPLR Phase 1, LP, a Hawai'i Limited Partnership and Affiliate of Highridge Costa Development Company (HCDC); and **(3)** Authorize the Executive Director to Make Minimal or Ministerial Changes to the DDA with KPLR Phase 1, LP in Consultation with HPHA's Legal Counsel and Consultants

(The Board may go into Executive Session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(3) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities related to this motion.)

I. FACTS

A. On April 1, 2009, the Hawaii Public Housing Authority (HPHA) issued a "Request for Proposals to Revitalize and Redevelop Kuhio Park Terrace and Kuhio Homes (RFP OED-2009-15). Thereafter, HPHA and The Michaels Organization (TMO) entered into a Master Development Agreement dated as of May 2011 (Original MDA) covering the redevelopment of certain real property in the City and County of Honolulu, State of Hawaii owned by HPHA and more commonly known as the Kuhio Park Terrace and Kuhio Homes property (Kuhio Park Master Project).

B. Under the Original MDA, TMO and HPHA completed the redevelopment of a portion of the Kuhio Park Master Project that included approximately 555 residential units in 2 high-rise buildings and related amenities, more commonly known as the Kuhio Park Towers.

C. Thereafter, HPHA and TMO entered into an Amended and Restated Master Development Agreement dated July 8, 2020 (MDA), which updated and amended the Original MDA to cover redevelopment of the remaining portion of the Kuhio Park Master Project, including parcels that currently contain approximately 174 dwelling units in multiple low-rise buildings (Low-Rise Site) and an adjacent parcel that currently contains a community center and baseball field (Additional Site) (the Low-Rise Site and the Additional Site, collectively, the "Property", and the redevelopment thereof collectively, the “Project”). The Project is intended to be financed and constructed in 2 or more phases.

D. Pursuant to the MDA, TMO, with the cooperation and support of HPHA, has undertaken substantial predevelopment activities, including site investigation, planning, design, permitting, 201H exemptions, financing, tax credits and approvals, for the redevelopment of the Property and Project.

E. Michaels and Highridge Costa Development Company (HCDC) have mutually agreed to assign the redevelopment of the Property and Project to HCDC. HCDC desires to undertake the redevelopment of the Property and Project through its affiliate, KPLR Phase 1, LP.

F. The Master Development Agreement contemplates the revitalization and redevelopment of (i) one hundred seventy-four (174) units of federally subsidized low-income public housing situated on approximately 2.998 acres and (ii) 6.4 acres zoned P-2 (TMK No. (1) 3-039-007-000) currently improved with a recently developed community center and a baseball field, more particularly described in Exhibit A-3 of the Master Development Agreement (collectively, the “Property”), to consist of a minimum of four hundred sixty-nine (469) residential units and related site improvements and amenities.

G. Under the Master Development Agreement, the Master Developer will redevelop the Property in up to ten (10) phases (each, a “Development Phase”) with each Development Phase owned and developed pursuant to the terms of a disposition and development agreement and ground lease between HPHA and a Hawaii limited partnership or limited liability company formed by the Master Developer. This Agreement governs the second Development Phase (the “Project”) to be constructed on a portion of the Property described and depicted in Exhibit A attached hereto (the “Project Site”) by the Developer. The description attached as Exhibit A may be removed and replaced with a metes and bounds or other legal description for the Project Site mutually acceptable to the Parties prior to the Closing.

H. The permanent financing currently projected for Phase I closing includes:

Tax Credit Equity	$118,080,039
Permanent Financing	$ 36,353,335
Deferred Developer Fee	$ 3,068,515
City/Count Honolulu (HPHA Loan)	$ 8,000,000
RHRF Loan	$ 48,556,752
Total Sources	$214,058,642

I. HPHA and the newly assigned Developer desire to enter into the DDA to set forth their respective rights and obligations with respect to the above-described matters.

II. DISCUSSION

A. The DDA, included as Attachment A, provides that upon satisfaction of specified conditions, (i) HPHA will convey a leasehold interest in the Project Site under a ground lease to the Owner, KPLR Phase 1, LP; (ii) the Owner will own and operate the Project, and will lease the Rent-Restricted Units at the Project to income-qualified tenants at affordable rents pursuant to the requirements of the DDA, the Ground Lease, and other applicable financing programs; and (iii) subject to the rights of any leasehold mortgagee permitted in accordance with the terms of the Ground Lease, HPHA will have a Purchase Option and Right of First Refusal to purchase the Project and all interests in the Owner after the Tax Credit Compliance Period.

B. The major terms of the DDA have been agreed upon as follows:

1. The Redevelopment will consist of the construction on the Redevelopment Site of (i) three hundred four (304) residential units of which three hundred two (302) will be LIHTC units and two (2) will be managerial units.

2. A total of sixty-five (65) of the units in Phase I will be Section 8 Project-Based Voucher units (PBV Units) subsidized pursuant to a Section 8 Project-Based Voucher Housing Assistance Payments Contract (HAP Contract). At the Closing (as such term is defined herein), HPHA, as contract administrator for the U.S. Department of Housing and Urban Development (HUD), will enter into an Agreement to Enter Into a Housing Assistance Payments Contract with the Owner. The PBV Units shall be operated in accordance with all federal statutory, regulatory (24 CFR part 983) and programmatic requirements applicable to the PBV Units, executive order requirements, and HPHA's Section 8 Administrative Plan and Hawaii Administrative Rules, each as may be amended from time to time. The HAP Contract will have a term of not less than twenty (20) years.

3. HPHA will lease the Redevelopment Site to the Developer pursuant to an agreed upon Ground Lease. A Memorandum of Ground Lease will also be filed in the Bureau of Conveyances to memorialize the agreement of the parties to the Ground Lease. Although the form of Ground Lease is acceptable to HPHA and the

Developer, it will be subject to review and approval by HUD and the various financial lending entities (i.e. the Investment Partner, Senior Lender, and Hawaii Housing Finance and Development Corporation). Prior to financial closing, HPHA staff will request approval of the Ground Lease and other related closing documents.

4. Closing will occur once there is agreement on a construction financing plan, sustainability plan for meeting energy-efficiency requirements of the State, tax credit allocation, funding commitments, environmental review, and reimbursement of predevelopment costs. Closing documents will include regulatory agreements restricting the affordability of the rent restricted units, loan and financing documents for the construction and permanent financing of the Redevelopment, guarantees, and LIHTC and syndication documents.

5. Developer's responsibilities prior to Closing include: no outstanding material defaults; preparation of construction documents; issuance of all licenses, permits, and approvals necessary for construction of the Redevelopment; redevelopment plan certification; certification of compliance with accessibility laws; obtaining necessary financing commitments and documents and equity investors; approval of a property management plan and property management agreement; approval of a supportive services plan; approval of a resident and local hiring plan; approval of a relocation plan; developer guarantees; purchase option and right of first refusal; evidence of selection of third-party contractors, and payment of any owing ground lease payments. As part of the financing requirements, the Developer is responsible to provide a completion guaranty for the benefit of HPHA in a form approved by HPHA and the Guarantor (Performance and Completion Guaranty).

6. HPHA's responsibilities prior to Closing include: no material adverse site conditions; HPHA approval of the construction documents; title insurance; HPHA approval of financing documents; issuance of a ground lease; government approvals; HPHA's representations and warranties; recordation of final map; no litigation and no HPHA default.

7. For the Redevelopment, Developer and the HPHA shall be entitled to receive a developer fee, which is anticipated to equal $13,377,273 (Developer Fee). The developer fee, including deferred developer fee, will be shared pari passu as follows: the first nine percent (9%) shall be paid seven percent (7%) to Developer and two percent (2%) to HPHA and any remaining

developer fee shall be distributed 50% each to the Developer and HPHA.

8. HPHA will also approve a $7,500 annual asset management fee for the Redevelopment to an affiliate of the Developer with a 3% annual increase. This will be cumulative and will accrue annually.

9. HPHA will also be entitled to a $7,500 annual asset management fee for the Redevelopment with a 3% annual increase pursuant to an agreement with the Developer. This fee will be cumulative and will accrue annually.

10. HPHA and HCDC will be splitting the final 90% of cash flow, after payment of the RHRF loan and Ground Lease payment, 50/50 as an incentive management fee.

III. RECOMMENDATION

That the Board of Directors **(1)** Approve the Proposed Disposition and Development Agreement (DDA) for the Revitalization and Redevelopment of Kuhio Park Terrace Low-Rise Phase I Located at Tax Map Key Nos. (1) 1-3-039:006 por. and (1) 1-3-039:008; **(2)** Authorize the Executive Director to Enter into the DDA with KPLR Phase 1, LP, a Hawai'i Limited Partnership and Affiliate of Highridge Costa Development Company (HCDC); and **(3)** Authorize the Executive Director to Make Minimal or Ministerial Changes to the DDA with KPLR Phase 1, LP in Consultation with HPHA's Legal Counsel and Consultants

Attachment A: Proposed Disposition and Demolition Agreement for the Revitalization and Redevelopment of Kuhio Park Terrace Low-Rise Phase I And Exhibits

Prepared by: Andrew Tang, Housing Development Specialist AT.

Approved by the Board of Directors
on the date set forth above
[ ] As Presented [ ] As Amended

____
Robert J. Hall
Chairperson

DISPOSITION AND DEVELOPMENT AGREEMENT

for

REDEVELOPMENT OF
KUHIO PARK TERRACE LOW-RISE – PHASE I

by and among

HAWAII PUBLIC HOUSING AUTHORITY,

And

KPLR PHASE 1, LP

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DISPOSITION AND DEVELOPMENT AGREEMENT

This **DISPOSITION AND DEVELOPMENT AGREEMENT FOR REDEVELOPMENT OF KUHIO PARK TERRACE LOW-RISE – PHASE I** (this "**Agreement**") is entered into and effective as of ______, 2024 (the "**Effective Date**") by and among **HAWAII PUBLIC HOUSING AUTHORITY**, a public body corporate and politic, organized under the laws of the State of Hawaiʻi, including any successor in interest or assigns by act of the Authority, or by operation of law, or otherwise (the "**Authority**"), **KPLR Phase 1, LP**, a Hawaii limited partnership, (referred to herein as the "**Master Developer,**" "**Developer,**" or "**Owner**"). The Authority and the Developer/Owner are collectively referred to herein as the "**Parties**."

RECITALS HEREOF

A. These Recitals hereof refer to and utilize certain capitalized terms that are defined in Section 1.1 hereof. The Parties intend to refer to those definitions in connection with their use in these Recitals hereof. Any capitalized term that is used, but not otherwise defined in this Agreement, shall have the meaning given in the Master Development Agreement (as such term is defined herein).

B. On April 1, 2009, HPHA issued "RFP OED-2009-15 Request for Proposals to Revitalize and Redevelop Kuhio Park Terrace and Kuhio Homes. Thereafter, HPHA and The Michaels Development Company I, L.P. ("Michaels" or "MDC") entered into a Master Development Agreement dated as of May 2011 (the "**Original MDA**") covering the redevelopment of certain real property in the City and County of Honolulu, State of Hawaii owned by HPHA and more commonly known as the Kuhio Park Terrace and Kuhio Homes property (the "**Kuhio Park Master Project**").

C. Under the Original MDA, MDC and HPHA completed the redevelopment of a portion of the Kuhio Park Master Project that included approximately 555 residential units in 2 high-rise buildings and related amenities, more commonly known as the Kuhio Park Towers (the "**KPT Towers Phase**").

D. Thereafter, HPHA and MDC entered into that certain Amended and Restated Master Development Agreement dated July 8, 2020 (the "**MDA**"), which updated and amended the Original MDA to cover redevelopment of the remaining portion of the Kuhio Park Master Project, including parcels that currently contain approximately 174 dwelling units in multiple low-rise buildings (the "**Low-Rise Site**") and an adjacent parcel that currently contains a community center and baseball field (the "**Additional Site**") (the Low-Rise Site and the Additional Site, collectively, the "**Property**", and the redevelopment thereof collectively, the "**Project**"). The Project is intended to be financed and constructed in 2 or more phases (each a "**Phase**").

E. Pursuant to the MDA, Michaels, with the cooperation and support of HPHA, has undertaken substantial predevelopment activities, including site investigation, planning, design, permitting, 201H exemptions, financing, tax credits and approvals, for the redevelopment of the Property and Project.

F. Michaels and HPHA have mutually agreed that it is in the best interests of the Property and Project for Michaels to transfer the redevelopment of the Property and Project to KPLR Phase 1, LP.

G. KPLR Phase 1, LP desires to undertake the redevelopment of the Property and Project.

H. The Master Development Agreement contemplates the revitalization and redevelopment of (i) one hundred seventy-four (174) units of federally subsidized low-income public housing situated on approximately 2.998 acres and (ii) 6.4 acres zoned P-2 (TMK# (1) 3-039-007-000) currently improved with a recently developed community center and a baseball field, more particularly described in Exhibit A-3 of the Master Development Agreement (collectively, the "**Property**"), to consist of a minimum of four hundred sixty-nine (469) residential units and related site improvements and amenities.

I. Under the Master Development Agreement, the Master Developer will redevelop the Property in up to ten (10) phases (each, a "**Development Phase**") with each Development Phase owned and developed pursuant to the terms of a disposition and development agreement and ground lease between the Authority and a Hawaii limited partnership or limited liability company formed by the Master Developer. This Agreement governs the second Development Phase (the "**Project**") to be constructed on a portion of the Property described and depicted in Exhibit A attached hereto (the "**Project Site**") by the Developer. The description attached as Exhibit A may be removed and replaced with a metes and bounds or other legal description for the Project Site mutually acceptable to the Parties prior to the Closing.

J. The Project will consist of three hundred four (304) residential units (the "**Units**"). Of the Units, three hundred two (302) will be LIHTC units and two (2) will be managerial units as described with more particularity in the Scope of Development and Site Plan attached hereto as Exhibit B. A total of sixty-five (65) of the Units in Phase I will be non-Rental Assistance Demonstration ("**RAD**") program Section 8 Project-Based Voucher units (the "**PBV Units**") subsidized pursuant to a non-RAD Section 8 Project-Based Voucher Housing Assistance Payments Contract (the "**HAP Contract**"). At the Closing (as such term is defined herein), the Authority, as contract administrator for the U.S. Department of Housing and Urban Development ("**HUD**"), will enter into an Agreement to Enter Into a Housing Assistance Payments Contract (the "**AHAP**") with the Owner. The PBV Units shall be operated in accordance with all federal statutory, regulatory (24 CFR part 983) and programmatic requirements applicable to the PBV Units, executive order requirements, the Authority's Section 8 Administrative Plan, and Hawaii Administrative Rules chapter 17-2031, each as may be amended from time to time (the "**PBV Requirements**"). The HAP Contract will have a term of not less than twenty (20) years.

K. To facilitate the Project, this Agreement provides that upon satisfaction of specified conditions, (i) the Authority will convey a leasehold interest in the Project Site under a ground lease to the Owner; (ii) the Owner will own and operate the Project, and will lease the Rent-Restricted Units at the Project to income-qualified tenants at affordable rents pursuant to the requirements of this Agreement, the Ground Lease, and other applicable financing programs; and

(iii) subject to the rights of any leasehold mortgagee permitted in accordance with the terms of the Ground Lease, pursuant to the terms, conditions and limitations specified in Section 7.4 hereof, the Authority will have a Purchase Option and Right of First Refusal to purchase the Project and all interests in the Owner after the Tax Credit Compliance Period.

L. The Authority and the Developer desire to enter into this Agreement to set forth their respective rights and obligations with respect to the above-described matters.

In consideration of the foregoing Recitals hereof and underlying promises, which the Parties agree are good and valuable consideration, the Parties agree as follows:

ARTICLE I: DEFINITIONS

Section 1.1 Definitions. As used in this Agreement, the following terms shall have the meanings set forth below.

(a) "**Act**" means the United States Housing Act of 1937 (42 U.S.C. § 1437, *et seq.),* as amended from time to time, any successor legislation, and all implementing regulations issued thereunder or in furtherance thereof.

(b) "**Affiliate**" means, for the Developer, (i) any entity providing services for the Project whose management and operation is controlled by the Developer; (ii) any entity providing services for the Project in which an entity described in (i) has a controlling interest; (iii) any entity providing services for the Project a majority of whose voting equity is owned by the Developer, or for which the Developer serves as the managing member or general partner; or (iv) any entity in which, or with which, the Developer, its successors or assigns, is merged or consolidated, under applicable statutory provisions for merger or consolidation; provided that, the liabilities of the entities participating in such merger or consolidation are assumed by the entity surviving such merger or created by such consolidation.

(c) "**Agreement**" has the meaning given in the Preamble hereof.

(d) "**AHAP**" has the meaning given in the Recitals hereof.

(e) "**Architect**" means Lowney Architecture or any successor approved by the Authority.

(f) "**Authority**" has the meaning given in the Preamble hereof.

(g) "**Authority Asset Management Fee**" has the meaning given in Section 7.2 hereof.

(h) "**Authority Board**" means the Board of Directors of the Authority.

(i) "**Authority Indemnitees**" has the meaning given in Section 6.11(b) hereof.

(j) "**Authority Member**" has the meaning given in Section 2.2(b) hereof.

(k) “**Base Rent**” has the meaning given in Section 2.6(c) hereof.

(l) “**Base Rent Transition Date**” has the meaning given in Section 2.6(c) hereof.

(m) “**Certificate of Occupancy**” means the certificate issued by the City authorizing occupancy of the Project.

(n) “**City**” means the City and County of Honolulu, State of Hawai‘i.

(o) “**Claims**” has the meaning given in Section 2.2(c) hereof.

(p) “**Closing**” means the close of escrow for conveyance of a leasehold interest in the Project Site by the Authority to the Owner, pursuant to the applicable Ground Lease and Article III hereof, and the execution of the documents to finance the construction of the Project. Notwithstanding anything to the contrary contained herein, Closing is anticipated to occur by _________ and no later than _________ unless such date is otherwise extended by the Parties in writing.

(q) “**Closing Documents**” has the meaning given in Section 3.1(i) hereof.

(r) “**Code**” means the Internal Revenue Code of 1986, as amended.

(s) “**Concept Plan**” means the conceptual rendering of the improvements to be constructed as part of the Project attached hereto as Exhibit D, as the Parties may revise from time to time.

(t) “**Construction Documents**” shall include, or incorporate as they come into existence, for the Project: (a) the construction contract(s) and the general, special, and supplemental conditions to such contract(s) and (b) the plans and specifications (“**Plans and Specifications**”).

(u) “**Contractor**” means any person or entity, including consultants, who performs services in connection with the Project or supplies labor, materials, or equipment for use in connection with the Project, other than the Master Developer, any General Contractor, or any Affiliate of the General Contractor.

(v) “**CPR**” has the meaning given in Section 3.2(v) hereof.

(w) “**DCAB**” means the State of Hawai‘i Department of Health’s Disability and Communication Access Board.

(x) “**Design Documents**” has the meaning given in Section 5.2 hereof.

(y) “**Developer**” has the meaning given in the Preamble hereof.

(z) "**Developer Fee**" is defined in Section 4.4(a) hereof.

(aa) "**Development Contingencies**" shall have the meaning provided in Section 3.1 hereof.

(bb) "**Development Phase**" has the meaning given in the Recitals hereof.

(cc) "**Environmental Conditions**" means environmental conditions, including the presence of Hazardous Materials, geologic conditions, soils conditions, and water conditions.

(dd) "**Environmental Measures**" has the meaning given in Section 6.16 hereof.

(ee) "**Event of Default**" shall have the meaning set forth in Section 10.1 hereof with respect to the Developer and the meaning set forth in Section 10.2 hereof with respect to the Authority hereof.

(ff) "**Financing Documents"** has the meaning given in Section 3.2(f) hereof.

(gg) "**Financing Plan**" means the plan for financing the Project, including the development budget for the Project and sources and uses analysis, as further detailed in Section 4.1 hereof and attached hereto as Exhibit E, as such may be amended by mutual agreement of the Parties from time to time.

(hh) "**Fiscal Year**" has the meaning given in Section 7.3 hereof.

(ii) "**Gross Rental Income**" means the gross rental income derived from the Project.

(jj) "**Ground Lease**" means the ground lease for the Project Site to be executed and delivered in conjunction with the Closing for the Project. The Ground Lease shall be in substantially the form set forth in Exhibit F hereof; provided, however that the Parties acknowledge that the Owner's lenders and/or equity investors may request modifications to the form of Ground Lease prior to the Closing. The Ground Lease will be for a term of sixty-five (65) years and be treated as an operating lease for tax accounting purposes.

(kk) "**Guarantor**" means the Master Developer or, subject to written approval by the Authority, an affiliate of the Master Developer.

(ll) "**HAP Contract**" has the meaning given in the Recitals hereof.

(mm) "**Hazardous Materials**" means, without limitation, "hazardous substances" as defined by CERCLA; "hazardous wastes" as defined by RCRA; any hazardous, dangerous or toxic chemical, waste, pollutant, contaminant or substance ("pollutant") within the meaning of any Environmental Law prohibiting, limiting or otherwise regulating the use, exposure, release, emission, discharge, generation, manufacture, sale, transport, handling, storage, treatment, reuse, presence, disposal or recycling of such pollutant; petroleum crude oil or fraction thereof; any radioactive material, including any source, special nuclear or by-product material as defined in 42

U.S.C. Section 2011 et seq., and amendments thereto and reauthorizations thereof; asbestos-containing materials in any form or condition; and polychlorinated biphenyls in any form or condition.

(nn) "**Hazardous Materials Laws**" means any and all applicable federal, state and local statutes, ordinances, orders, rules, regulations, guidance documents, judgments, governmental authorizations or directives, or any other requirements of governmental authorities, as may presently exist, or as may be amended or supplemented, or hereafter enacted, relating to the presence, release, generation, use, handling, treatment, storage, transportation or disposal of Hazardous Materials, or the protection of the environment or human, plant or animal health, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 (42 U.S.C. § 9601), the Hazardous Materials Transportation Act (49 U.S.C. § 1801 *et seq*.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 *et seq*.), the Federal Water Pollution Control Act (33 U.S.C. § 1251 *et seq*.), the Clean Air Act (42 U.S.C. § 7401 *et seq*.), the Toxic Substances Control Act (15 U.S.C. § 2601 *et seq*.), the Oil Pollution Act (33 U.S.C. § 2701 *et seq*.), the Emergency Planning and Community Right-to-Know Act (42 U.S.C. § 11001 *et seq*.), the Porter-Cologne Water Quality Control Act (Cal. Water Code § 13000 e*t seq*.), the Toxic Mold Protection Act (Cal. Health & Safety Code § 26100, *et seq*.), the Safe Drinking Water and Toxic Enforcement Act of 1986 (Cal. Health & Safety Code § 25249.5 *et seq.*), the Hazardous Waste Control Act (Cal. Health & Safety Code § 25100 *et seq*.), the Hazardous Materials Release Response Plans & Inventory Act (Cal. Health & Safety Code § 25500 *et seq*.), and the Carpenter-Presley-Tanner Hazardous Substances Account Act (Cal. Health and Safety Code, Section 25300 *et seq*.).

(oo) "**HHFDC**" means the Hawaii Housing Finance and Development Corporation.

(pp) "**HUD**" has the meaning given in the Recitals hereof.

(qq) "**HUD Requirements**" means any and all applicable HUD statutes, laws, rules, regulations, notices, or requirements, including, but not, limited to the public housing requirements, the PBV Requirements, requirements of any HUD approval issue under Section 18 of the Act, HUD Safe Harbor Guidelines and the HUD General Conditions.

(rr) "**HUD Use Agreement**" shall mean any disposition agreement and/or use agreement and/or covenant running with the land required to be recorded to impose the HUD Requirements related to the disposition of the Project to the Owner.

(ss) "**Indemnification Claims**" has the meaning given in Section 6.11(b) hereof.

(tt) "**Investor Asset Management Fee**" has the meaning given in Section 7.2 hereof.

(uu) "**Investor Member**" means the entity selected by the Owner to make an equity contribution associated with the Low-Income Housing Tax Credits for the Project.

(vv) "**Low-Income Housing Tax Credit**" or "**LIHTC**" refers to the credit available under Section 42 of the Code, or state law.

(ww) "**Management Agent**" has the meaning given in Section 7.2 hereof.

(xx) "**Management Agreement**" has the meaning given in Section 7.2 hereof.

(yy) "**Management Fee**" has the meaning given in Section 7.2 hereof.

(zz) "**Managing Member**" means Kuhio Park 2 – Michaels, LLC, a Hawaii limited liability company, the managing member of the Owner.

(aaa) "**Master Developer**" has the meaning given in the Preamble hereof.

(bbb) "**Master Development Agreement**" or "**MDA**" has the meaning given in the Recitals hereof.

(ccc) "**Master Plan**" is defined in the Master Development Agreement.

(ddd) "**Memorandum of Ground Lease**" has the meaning given in Section 2.6(a) hereof.

(eee) "**Monetary Liens**" has the meaning given in Section 3.5 hereof.

(fff) "**Multi-Phase Predevelopment Loan**" the Multi-Phase Predevelopment Loan from the Authority to the Master Developer, dated April 21, 2021

(ggg) "**Official Records**" means the official records of the State of Hawai'i Bureau of Conveyances or the Office of Assistant Registrar of the Land Court for the State of Hawai'i.

(hhh) "**Net Cash Flow**" shall have the meaning set forth in the Operating Agreement, subject to the approval of the Authority, and be based on the terms outlined in Section 6.5 of the MDA.

(iii) "**Operating Agreement**" means the Owner's Amended and Restated Operating Agreement admitting the Investor Member and the Authority Member to the Owner in the form approved by the Authority.

(jjj) "**Owner**" has the meaning given in the Preamble hereof.

(kkk) "**PBV Requirements**" has the meaning given in the Recitals hereof.

(lll) "**PBV Units**" has the meaning given in the Recitals hereof.

(mmm) "**Permitted Title Exceptions**" means the following exceptions to title with respect to the Project Site: (a) applicable building and zoning laws and regulations; (b) the provisions of this Agreement; (c) the encumbrances resulting from the recordation of the Closing Documents; (d) any lien for current taxes or taxes accrued subsequent to the Closing; (e) the exceptions to title set forth in the Title Insurance Policy approved by the Owner; (f) any other conditions or exceptions caused by the Owner; and (g) such other conditions, covenants, restrictions or easements of record as may be approved by the Owner pursuant to Section 3.5(a) hereof.

(nnn) "**Permitted Title Exceptions Date**" has the meaning given in Section 3.5 hereof.

(ooo) "**Permitted Transfer**" has the meaning given in Section 8.5 hereof.

(ppp) "**Predevelopment Costs**" has the meaning given in Section 3.1 hereof.

(qqq) "**Predevelopment Loan**" has the meaning given in Section 3.2 hereof.

(rrr) "**Project**" means the three hundred two (302) residential units, two (2) manager units, and related amenities and improvements to be constructed pursuant to this Agreement and the Ground Lease, including community facilities, and infrastructure, and may, if the context requires, refer as well to the process of planning, financing and constructing such improvements. All of the Units will be LIHTC units. Sixty-five (65) of the Units will be Project-Based Voucher assistance units.

(sss) "**Project Site**" has the meaning set forth in the Recitals hereof.

(ttt) "**Post-Foreclosure Use Restriction**" means that following foreclosure or deed in lieu of foreclosure of the Owner's interest in the Project by any mortgagee permitted in accordance with the Ground Lease, that the Units at the Project must be reserved for occupancy by families at or below eighty percent (80%) of AMI.

(uuu) "**Purchase Options**" means the option described in Section 7.4 hereof.

(vvv) "**Purchase Option and Right of First Refusal Agreements**" has the meaning given in Section 7.4 hereof.

(www) "**RAD**" has the meaning given in the Recitals hereof.

(xxx) "**Redevelopment Site**" has the meaning given in the Recitals hereof.

(yyy) "**Regulatory Agreements**" means, collectively, as applicable, (i) any regulatory agreement to be entered into by the Developer and/or the Owner with HHDFC in connection with the use of Low-Income Housing Tax Credits for the initial construction of the Project (ii) any regulatory agreement entered into by the Developer and/or the Owner with the issuer of tax-exempt financing for the Project (iii) any regulatory agreement entered into for the Project under the HUD Requirements.

(zzz) "**Relocation Plan**" means the plan developed by the Owner and approved by the Authority to guide the relocation of the Project pursuant to all applicable laws and regulations an attached hereto as Exhibit M.

(aaaa) "**Rent Restricted**" means that the gross rent with respect to the residential units in the Project shall not exceed the lowest of: (a) thirty percent (30%) of the imputed income limitation applicable to such Units as calculated pursuant to Section 42(g)(2) of the Code, (b) the rents permitted pursuant to the Regulatory Agreements.

(bbbb) "**Right of First Refusal**" has the meaning given in Section 7.4 hereof.

(cccc) "**RFP**" has the meaning given in the Recitals hereof.

(dddd) "**Schedule of Performance**" means the summary schedule of actions to be taken by the Parties pursuant to this Agreement attached hereto as Exhibit C with specific major milestone deadlines, as it may be amended by mutual agreement of the Parties from time to time.

(eeee) "**Scope of Development**" means the description of the basic physical characteristics of the Project, including a basic site plan, which will serve as the basis for the Developer's application for City approvals and for the preparation of the Construction Documents. The Scope of Development is attached hereto as Exhibit B, as the Parties may revise from time to time.

(ffff) "**Section 3**" means Section 3 of the Housing and Urban Development Act of 1968, 12 U.S.C. 1701u, and its implementing regulations at 24 CFR Part 135.

(gggg) "**Tax Credit Compliance Period**" means the fifteen (15) year compliance period as described in Section 42(i)(1) of the Code starting with the first year of the credit period.

(hhhh) "**Transfer**" has the meaning given in Section 8.5 hereof.

(iiii) "**Title Company**" has the meaning given in Section 3.4 hereof.

(jjjj) "**Title Insurance Policy**" has the meaning given in Section 3.6 hereof.

(kkkk) "**Units**" has the meaning given in the Recitals hereof.

(llll) "**Work**" is the total construction of the Project as described in the Construction Documents.

Section 1.2 List of Exhibits. The following exhibits are attached hereto and incorporated into this Agreement by this reference:

Exhibit A	The Project Site Description
Exhibit B	Scope of Development
Exhibit C	Schedule of Performance
Exhibit D	Concept Plan
Exhibit E	Financing Plan
Exhibit F	Ground Lease
Exhibit G	Occupancy and Tenant Selection Plan

Exhibit H	Reserved
Exhibit I	Reserved
Exhibit J	Performance and Completion Guaranty
Exhibit K	Reserved
Exhibit L	Environmental Measures
Exhibit M	Relocation Plan

ARTICLE II: THE PROJECT

Section 2.1 Scope of Development. As more fully described in the Scope of Development attached hereto as Exhibit B agreed to by both Parties, the Project will consist of the construction on the Project Site of (i) three hundred four (304) Units of which three hundred two (302) shall be Rent Restricted, (ii) and two (2) will be resident manager units. The preliminary unit types, with their associated square footage, bedroom distribution and program designation (i.e. Public Housing, PBV or unrestricted) are described in Exhibit B hereof.

Section 2.2 Ownership Structure.

(a) Upon satisfaction of the conditions specified in Article III hereof, the Authority will lease the Project Site to the Owner pursuant to the Ground Lease. Subject to any legal obligations the Authority must fulfill as the current fee simple owner of the Project Site, and under this Agreement (including Section 2.6(a) hereof, the Developer shall be responsible for obtaining all necessary Land Use Entitlements (as defined in the Master Development Agreement) for the development of the Project Site, which approvals shall be obtained prior to the commencement of the term of the Ground Lease. The Authority agrees to cooperate fully with the Developer's efforts to obtain such Land Use Entitlements.

(b) In connection with the Closing for the Project, the Developer will enter into the Partnership Agreement to evidence the admission of the Investor, that will then own the principal equity interest in the Partnership. An affiliate of the Authority will serve as a special limited partner in the Partnership, unless the Authority is granted the ability to enter the Partnership as a General Partner prior to the close of construction financing. The Partnership Agreement shall be subject to the review and approval of the Authority, pursuant to Section 4.1(b).

(c) As a condition to the Closing for the Project, the Owner shall indemnify, defend and hold the Authority, and the respective board members, commissioners, directors, elected and appointed officers and officials, employees, agents, and contractors, harmless from and against all claims, losses, actions, demands, costs, expenses and attorney's fees (all of the foregoing, "**Claims**"), arising out of, attributable to or otherwise occasioned in whole or in part by the Owner, its agents, contractor's servants or employees, which constitute a breach of the Owner's obligations under this Agreement. If any party performing work for the Owner on the Project shall assert any claim against the Authority on account of any damage alleged to have been caused by reason of the negligent acts or intentional misconduct of the Owner, its agents, servants, employees or contractors (including, without limitation, its general construction contractor for the Project), the Owner shall defend at its own expense any suit based upon such claim; and if any judgment or claim against the Authority shall be allowed, the Owner shall pay or satisfy such judgment or claim and pay all reasonable costs and expenses in connection therewith including reasonable attorneys' fees. The obligations, indemnities, and liabilities of the Owner under this Section 2.2(c) shall not extend to any liability caused by the negligence or misconduct of the Authority or their employees, contractors, or agents. The foregoing indemnity shall also not apply to Claims arising from breach of the Operating Agreement, this Agreement or any of the Closing Documents or inaction by the Developer or the Owner.

Section 2.3 Financing. The Project's preliminary development budget is included in the Financing Plan attached hereto as Exhibit E. The Parties recognize that financial needs may arise which require budget revisions so that the Project may be accomplished, and the Parties will consider and pursue such revisions in good faith. The Developer shall use commercially reasonable efforts to obtain on Owner's behalf all financing required for the development of the Project. The Authority has no obligation to provide any financing for the construction or operation of the Project, except as expressly set forth herein. There shall be no lien or encumbrance on the Authority's fee interest in the Project Site except as required under the HUD Requirements, if applicable. Without limiting the generality of the foregoing, in no event shall the Authority's fee interest in the Project Site be encumbered by a mortgage or other security interest.

Section 2.4 The Developer's Designation. Subject to events of Force Majeure as defined in Section 10.1(b) hereof, the Developer will implement the Project in substantial accordance with the Schedule of Performance attached hereto as Exhibit C. The Developer and the Owner will develop the Project in the Owner's own name and for its own account, and not as agent or contractor of the Authority.

Section 2.5 Affordability Requirements. The Parties anticipate that two (2) of the Units will be manager units, and the Rent Restricted Units will be subject to occupancy and affordability restrictions imposed by the Regulatory Agreements and may be subject to restrictions applicable to other financing sources including those required as a condition to the disposition of the Project Site, other statutory or regulatory restrictions, or the agreements of the Parties. Pursuant to the Ground Lease, following foreclosure or deed in lieu of foreclosure of the Owner's interest in the Project by any mortgagee permitted in accordance with the terms of the Ground Lease, the Project shall thereafter be subject to Post-Foreclosure Use Restrictions and restricted for occupancy by households whose gross household income does not exceed eighty percent (80%) of Area Median Income for the County, adjusted for actual household size in accordance with all applicable restrictive covenants and regulatory requirements. This requirement shall be included in the Ground Lease, and subject to the requirements of all lenders and the Investor Member shall not be subordinated, and shall survive the foreclosure of any mortgage, deed of trust or other lien recorded against the Project or the Project Site.

Section 2.6 The Authority's Commitments. Upon the performance by the Developer of all its prior obligations with respect to the Project, as set forth herein, and upon such HUD approvals as may be required, the Authority shall take the following actions and execute and deliver such documents as are required to complete the Closing. At the Closing for the Project, the Owner shall reimburse the Authority for its actual out-of-pocket legal and consultant costs related to the negotiation of this Agreement, the Ground Lease and HUD approvals, as set forth in Section 3.1 hereof.

(a) Site Conveyance. Upon the Closing, the Authority will lease the Project Site pursuant to Section 3.4 hereof to the Owner pursuant to the Ground Lease which will be in substantially the same form as attached hereto as Exhibit F, which will have been negotiated and executed. The Ground Lease will provide for, without limitation, subject to final requirements of lenders and investors and HUD approval, as applicable, a term of not less than sixty-five (65) years. A memorandum evidencing the Ground Lease substantially in the form attached hereto as Exhibit F (the "**Memorandum of Ground Lease**"), will be recorded in the Official Records at the Closing for the Project prior to all financing documents. The Memorandum of Ground Lease will be subordinate to any Regulatory Agreement required under the HUD Requirements.

(b) Permission to Enter the Property. The Authority shall permit the Developer and the Owner, their contractors and agents to enter the Project Site prior to the Close of Escrow solely for purposes consistent with this Agreement; provided that, the Developer indemnifies the Authority Indemnitees against any liability arising in connection with such entry as set forth in Section 3.1 (a) below.

(c) Ground Lease Payments. The Parties agree to structure the Ground Lease as an operating lease for tax accounting purposes. During the Term, annual base rent ("**Base Rent**") shall be $293,560.00 per annum, increasing annually at the rate of two percent (2%), beginning the year following the Completion Date and continuing for the remainder of the term of the Ground Lease ("**Ground Lease Term**"), from seventy-five (75%) percent of the then available cash flow after payments of certain priority items as set forth, and in the manner and priority as set forth in the Operating Agreement. To the extent that available cash flow is insufficient to pay annual payments of the Base Rent, such unpaid amount shall accrue and be due and payable with the subsequent installment of the Base Rent. Any Base Rent for which there is insufficient cash flow available in any given year ("**Accrued Base Rent**") shall be deferred to the following year and be paid from subsequent years' cash flow (in the same priority) until paid in full and such amounts shall bear interest at the then existing long-term Applicable Federal Rate (as such term is defined in Section 1274(d) of the Code) ("**Applicable Interest Rate**"). Any Accrued Base Rent must be paid in full, in all events, on the earlier of (a) the "**Base Rent Transition Date**" which will be the later of [forty-two] years from the Commencement Date, (b) upon a sale, lease, assignment, mortgage, pledge, hypothecation or other transfer of all, or any portion, of the Demised Premises, or (c) the actual "Maturity Date" of any then-existing senior debt encumbering the Demised Premises. In the case of a sale or refinancing of the Project, the Owner shall pay the Accrued Base Rent in accordance with the Operating Agreement. After the Base Rent Transition Date, the Base Rent must be paid annually, in arrears, without regard to the availability of net cash flow. Base Rent and Accrued Base Rent are subordinate to the amounts due under the Leasehold Mortgages. On the sixteenth (16) year of the Ground Lease Term, and on each successive fifteen (15) year period thereafter, as such period may be determined by Landlord (each of which shall be a "**Rent Adjustment Date**"), the Base Rent shall be reopened and redetermined to reflect the fair market value of the Demised Premises as determined by a disinterested appraiser whose services shall be contracted by Lessor; provided, however, that the reset Base Rent shall never be less than the prior year's rental amount

ARTICLE III CONDITIONS PRECEDENT TO PERFORMANCE AT THE CLOSING

Section 3.1 Mutual Conditions Precedent to the Closing. The Parties' ability to perform responsibilities hereunder is substantially contingent upon actions by third parties over which the Developer and the Authority have limited control, upon factual circumstances which cannot be fully determined as of the date of this Agreement, and upon the negotiation of additional agreements (collectively, the "**Development Contingencies**"). The following Development Contingencies are conditions precedent to the obligations of both Parties to close escrow for the Project under Section 3.4 hereof:

(a) *Site Investigation; Due Diligence Investigation*. As set forth in the Schedule of Performance, the Developer and the Owner may make such investigations regarding the Project Site (including but not limited to Environmental Conditions on or about the Project Site as the Developer deems appropriate). From and after the Effective Date until the Closing or earlier termination of this Agreement, the Authority shall afford authorized representatives of the Developer and the Owner and their agents access to the Project Site for purposes of satisfying the Developer with respect to the condition of the Project Site and with respect to satisfaction of any conditions precedent contained herein, including, without limitation, site inspections and engineering and environmental surveys. The Developer shall indemnify, defend and hold harmless the Authority Indemnitees from and against any Claims arising in connection with physical damage to the property or other damage or injury to persons or property which results from the Developer's investigations except to the extent arising from the Authority's gross negligence or willful misconduct or for the discovery of pre-existing conditions (which indemnity and defense obligations shall survive the expiration or earlier termination of this Agreement).

(b) *Ground Lease*. The Ground Lease and the Memorandum of Ground Lease required by Section 2.6(a) hereof and in substantially the form attached hereto as Exhibit F shall have been executed by the Authority and the Owner.

(c) *Financing Plan*. The Developer and Authority have agreed upon the Financing Plan attached hereto as Exhibit E and any amendments thereto in accordance with Sections 2.4(c) of the Master Development Agreement.

(d) *Guaranty.* The form of guaranty in substantially the form attached hereto as Exhibit J shall have been executed and delivered by the guarantors.

(e) *Additional Agreements to be Negotiated*. The following agreements (the "**Closing Documents**") shall have been negotiated for the Project in substance and form satisfactory to the Parties and executed by the respective parties thereto:

(1) Regulatory Agreements, as applicable, restricting the affordability of the Rent Restricted Units in the Project;

(2) Conventional lender loan documents for the construction and permanent financing of the Project;

(3) LIHTC and syndication documents including the Operating Agreement and the Developer guarantees to the Investor;

(4) Purchase Option and Right of First Refusal Agreement as described in Section 7.4 hereof;

(5) Property Management Agreement; and

(6) Loan documents evidencing the Rental Housing Revolving Fund (RHRF) funds, if applicable.

(f) *Tax Credit Allocation*. The Owner shall have obtained from issuing agencies such allocations of Low-Income Housing Tax Credits as will allow it to attract equity investments, which, when combined with all other sources of financing, are sufficient for the feasible development of the Project as reflected in the Financing Plan.

(g) *Funding Commitments for the Closing*. The Project shall have received commitments for all of the sources of projected assistance as enumerated in the Financing Plan attached hereto as Exhibit E, or any substitute financing obtained by the Owner and reasonably acceptable to the Authority, including but not limited to the commitments described below, and, all on terms acceptable to the Owner, at the Closing, all construction loans and funding sources necessary to begin construction shall be in a position to close concurrently with the Closing:

(1) The commitment of a LIHTC equity investment at projected or other commercially reasonable rates;

(2) The commitment of private loans and other financing sources under projected or other commercially reasonable terms and conditions;

(3) The commitment of all projected assistance or reasonable substitutions therefor, including grants, loans, and land transfers from other governmental bodies.

(h) *Environmental Review*. The Developer shall complete all required environmental reviews prior to the time of the Developer's or its Affiliate's application for LIHTC with respect to the Project, prior to the Authority Board's consideration of this Agreement and prior to the Authority's execution of the Ground Lease. As of the date of this Agreement, the Parties agree that any environmental review in accordance with Section 2.5 of the Master Development Agreement shall have been completed. The Developer shall comply with any Environmental Measures required by applicable federal, state, and local authorities and those Environmental Measures attached hereto at Exhibit L.

(i) *Other Necessary Approvals*. The Developer and/or the Owner shall have received all other necessary government approvals and permits for the Project.

(j) *Reimbursement of Predevelopment Costs*. As of the Effective Date, the Developer and the Authority have agreed to fund certain predevelopment costs in the amount of $6,950,000 (the "**Predevelopment Costs**"). Pursuant to that certain Amended and Restated Phase-Related Predevelopment Loan Agreement effective May 16, 2024, the Authority has provided the Developer with a loan of $ 3,475,000, which is fifty percent of the Predevelopment Costs. In addition to the Predevelopment Costs, the Developer and the Authority have and expect to have additional pre-closing costs ("**Pre-Closing Costs**"). At the Closing, the Developer will (a) repay the Authority for the Amended and Restated Phase-Related Predevelopment Loan Agreement, (b) be reimbursed by the Owner for all of the Developer's share of Predevelopment Costs pursuant to Section 4.3(d) hereof and Pre-Closing Costs not to exceed $_______ ("**Pre-Closing Cost Limit**"), and (c) reimburse the Authority for its Pre-Closing Costs subject to the Pre-Closing Cost Limit.

Section 3.2 Conditions Precedent to the Authority's Performance at the Closing. The following are conditions precedent to the Authority's obligation to enter into the Ground Lease and close escrow:

(a) *No Defaults*. Neither the Developer nor the Owner shall be in material default under this Agreement, after the expiration of any notice and cure period, and shall have completed all of its material predevelopment obligations required to be completed pursuant to this Agreement prior to the Closing unless waived by the Authority.

(b) *Construction Documents*. The Developer shall have prepared, or will have seen to the preparation of, Construction Documents, including construction plans, budgets, schedules and a construction contract as provided in Article V hereof.

(c) *Permits and Approvals*. The Owner shall have obtained (in its own name or, where appropriate and with the approval of the Authority, in the name of the Authority) all licenses, easements, zoning and approvals, and all building and construction permits necessary for construction of the Project, including commitments to provide the utilities necessary for the Project to the extent lenders or Investor Member require such commitments to be in place prior to commencement of construction.

(d) Reserved.

(e) *Independent Report and Certification of Compliance with Accessibility Laws*. The Developer shall have provided the Authority with a written report from its Architect or an independent professional certifying that (i) it has reviewed the Plans and Specifications for the Project, (ii) the Plans and Specifications comply with all applicable state and federal requirements concerning accessibility including, but not limited to, Section 504 of the Rehabilitation Act of 1973, as amended, and the Americans with Disabilities Act of 1990, as amended, and (iii) stating the number and type of Units that will be accessible in accordance with applicable federal, state and local accessibility requirements, including guidelines adopted, or amended, by DCAB.

(f) *Financing Commitments and Documents*. Pursuant to Section 4.1(b) hereof, the Owner shall have provided to the Authority, for its review and approval, (a) evidence of firm financing commitments sufficient to complete the Project and (b) all legal documents required by lenders and the Investor Member for the Project as circulated to the financing participants, including, without limitation, all loan agreements, deeds of trust, mortgages, security instruments, covenants or restrictions to be recorded, promissory notes and partnership and/or operating agreements (the "**Financing Documents**"). Such Financing Documents shall not be finalized without the Authority's approval pursuant to Section 4.1(b) hereof.

(g) *Recording Order*. The Owner shall have submitted and the Authority shall have accepted a recording order for the Financing Documents and any use restriction or other lien or encumbrance to be filed against the Project Site.

(h) *Equity Investors*. The Owner shall have solicited Investors to join and make equity contributions to the Project as set forth in the Financing Plan. The Owner shall seek equity investment competitively so as to maximize the benefit to the Project, all factors considered, including, without limitation, the amount, timing, other terms of contribution and the totality of the Owner's past experiences with such Investors in prior transaction similar to those contemplated herein. The Owner shall disclose to the Authority any offers which are received; shall prepare for the Authority's review a comparative analysis of the offers; and shall give the Authority advance notice of which investor is proposed for selection. The Owner will give good faith consideration to any objections the Authority has to the selected Investor.

(i) *Payment of Predevelopment Loans*. The Developer shall have provided for the repayment from the Project financing (i) the applicable portion of the Multi-Phase Predevelopment Loan from the Authority and Master Developer, dated April 21, 2021, and (ii) the Amended and Restated Phase-Related Predevelopment Loan from the Authority to the Developer, dated May 16, 2024, as may be amended and restated, which repayment amount is estimated to be approximately $3,475,000.00 as set forth in the Financing Plan (the "**Predevelopment Loan**").

(j) *HUD Approvals*. The Authority shall have received all approvals required by HUD to dispose of the Project Site to the Owner.

(k) *Environmental Measures*. The Developer or the Owner shall have provided evidence of compliance with the Environmental Measures, if any, as defined in Section 6.16 hereof applicable as of the date of the Closing.

(l) *The Developer's Guarantees*. The Guarantor shall provide the guarantees required by Section 4.3(c) hereof and in substantially the same form as attached as Exhibit J herein.

(m) *Additional Requirements*. The Developer shall have provided to the Authority proof of insurance as required by Article IX hereof, the bonds required by Section 6.4 hereof, applicable Regulatory Agreements, copies of the conventional loan and other financing documents, and such other documents and instruments as reasonably requested by the Authority.

(n) *Operating Agreement; Organizational Documents*. The Authority shall have reviewed and approved, and the Parties each shall have executed, the Operating Agreement. The Owner shall deliver to the Authority fully-executed originals of the foregoing agreement. The Owner shall have provided to the Authority certified copies of the formation and organizational documents and a good standing certificate for the Owner and the Managing Member and any other members of the Owner.

(o) *Purchase Option and Right of First Refusal*. The Purchase Options and Right of First Refusal Agreement (as defined herein) for the Project shall have been executed.

(p) *Evidence of Compliance with MBE/WBE/DBE Policy*. The Developer has provided the Authority with satisfactory evidence that it has complied with the applicable components of the Authority's MBE/WBE/DBE Policy set forth in the Master Development Agreement.

(q) *Compliance with Davis-Bacon and Other Laws*. The Developer has included a provision in the Construction Documents to require the general construction contractor to comply with Davis-Bacon and other applicable laws concerning applicable wages and labor standards.

(r) *Evidence of Compliance with Section 3 Policy and Local Hiring Requirements*. The Developer has provided the Authority with satisfactory evidence of compliance with then applicable components of the Authority's Section 3 Policy and its local hiring and contracting plan submitted in accordance with the Master Development Agreement.

(s) *Evidence of Selection of Third-Party Contractors*. The Developer shall have provided the Authority with satisfactory evidence that the Construction Contractor and all Third-Party Contractors have been selected in accordance with Section 10.3 of the Master Development Agreement.

(t) *Capitalized Ground Lease Payment*. As applicable, the capitalized lease payment described in Section 2.6(c)(i) hereof shall have been paid and the seller promissory note for any unpaid portion of the capitalized lease payment shall have been executed and delivered to the Authority.

(u) *Final Condominium Property Regime Site Plan*. The Developer shall have caused a final Condominium Property Regime ("**CPR**") site plan along with any other required supporting documentation, in a form approved by the Authority, to be recorded no later than the Closing at the Developer's sole cost and expense.

The conditions set forth in this Section 3.2 shall have been satisfied as of the Closing, unless the Authority waives them in writing. If there is no waiver or satisfaction by the Closing, the Authority may terminate this Agreement upon written notice to the Developer and the Owner without further liability, except for such liability as may be provided for under any predevelopment loans or separate contracts to which the Authority and the Developer (and/or its Affiliate(s) are parties).

Section 3.3 <u>Conditions Precedent to the Developer's and the Owner's Performance at the Closing</u>. The following are conditions precedent to the Developer's obligation to lease the Project Site from the Authority and close escrow:

(a) *The Developer.*

(1) *The Project Site Condition Generally*. At the Closing, there shall be no material adverse condition at the Project Site and or material adverse changes in the condition of the Project Site since the execution of this Agreement that would materially adversely interfere with the Project's development.

(2) *Construction Documents*. The Authority shall have approved the Construction Documents required to be approved up to the time of the Closing.

(3) *Title Insurance*. The Title Company shall be prepared to issue to the Developer all title insurance required by Section 3.6 hereof to be delivered to the Developer.

(4) *Financing Documents*. The Authority shall have approved the Financing Documents pursuant to Section 4.1(b) hereof.

(5) *Ground Lease*. The Ground Lease shall have been executed by the Authority and the Owner such that the Owner shall concurrently with the Closing acquire a ground leasehold estate in the Project Site.

(6) *Government Approvals*. The Project shall have received (in its own name or, when appropriate and with the approval of the Authority, in the name of the Authority) all necessary governmental approvals and permits, including without limitation, all building and construction permits, licenses, easements, zoning and approvals necessary for the commencement of construction of the Project, including commitments to provide the utilities necessary for the Project, including any required HUD Approvals.

(7) *The Authority's Representation and Warranties*. At the Closing, the Authority's representations and warranties set forth in Section 11.2 hereof shall be true and correct in all material aspects as if made on and as of the Closing.

(8) *No Litigation*. No litigation or claim with any governmental entity shall have been filed and be pending which may have a material, adverse impact on the Project.

(9) *No Authority Default*. No Event of Default on the part of the Authority shall exist and be continuing under this Agreement and the Authority shall have completed all of its material predevelopment obligations required to be completed pursuant to this Agreement prior to the Closing unless waived by the Developer.

(10) *[Reserved]*.

The conditions set forth in this Section 3.3 shall be satisfied as of the Closing, unless the Developer and the Owner waive them in writing. If there is no waiver or satisfaction by the Closing, the Developer or the Owner may terminate this Agreement upon written notice to the Authority without further liability, except for such liability as may be provided for under the Master Development Agreement, any predevelopment loans, or separate contracts pursuant to this Agreement and except for continuing indemnities provided elsewhere in this Agreement.

Section 3.4 Delivery of Site.

(a) *The Authority's Obligation to Ground Lease*. Provided that the conditions precedent in Sections 3.1, 3.2 and 3.3 hereof have been satisfied or expressly waived, the Authority and the Developer shall instruct Old Republic Title Company (the "**Title Company**"), or other title company selected by mutual agreement, to complete the Closing as set forth below. Upon the Closing, the Authority shall deliver the Project Site to the Owner pursuant to the Ground Lease and subject only to the Permitted Exceptions.

(b) *Steps for the Closing*. The Closing shall be completed as follows:

(1) By the Closing date set forth on the Schedule of Performance, the Authority shall obtain approval from the Authority Board for the disposition of a ground leasehold interest in the Project Site to the Owner.

(2) On or before the Closing date, the Authority shall execute, acknowledge, deposit and deliver to the Title Company, as necessary and appropriate, the Ground Lease, the Memorandum of Ground Lease and Closing Documents to which the Authority is a party.

(3) On or before the Closing date, the Owner shall execute, acknowledge, deposit and deliver to the Title Company, as necessary and appropriate, the Ground Lease, the Memorandum of Ground Lease, and the agreements listed in Section 3.1(i) hereof.

(4) The Owner shall concurrently close on its construction financing and Investor Member equity for the Project.

(5) The Authority and the Owner shall instruct the Title Company to consummate the escrow and upon Closing, the Title Company shall record in the Official Records the Memorandum of Ground Lease and any other Closing Documents required to be recorded under the terms of this Agreement or the then applicable Financing Documents.

(6) The Title Company shall issue title policies to the Owner and the Authority, as required in Section 3.6 hereof.

(c) *Effect of the Closing*. Once the Closing has occurred, this Agreement will terminate and the Ground Lease and HUD Use Agreement will govern the Parties' obligations as to matters set forth in them. No termination of this Agreement, in and of itself, shall release the other Party from the obligations it has undertaken in the Ground Lease, the HUD Use Agreement, or any document between the Authority and Owner executed as a part of the Closing nor increase the rights and remedies it may have under such documentation.

Section 3.5 Conditions of Title.

(a) *Permitted Title Exceptions*. Within ninety (90) days following the execution of this Agreement (the "**Permitted Title Exceptions Date**"), the Developer shall provide written notice to the Authority of any matters shown on a preliminary title report for the Project Site that the Developer shall reasonably require to be removed from title prior to conveyance of the Project Site. Within sixty (60) days after the receipt of such notice from the Developer, the Authority shall deliver to the Developer a notice setting forth those disapproved exceptions the Authority agrees to use good faith efforts (with the Developer's assistance if required) to eliminate prior to the Closing. If the Authority refuses to eliminate any of the disapproved exceptions prior to the Closing, the Developer may elect: (i) to waive such disapproval(s) and to accept title to the leasehold interest in the Project Site subject to such exceptions; or (ii) to terminate this Agreement. Title exceptions for which the Developer does not provide notice of disapproval or for which the Developer waives such disapproval pursuant to this Section 3.5(a) shall constitute Permitted Title Exceptions. The Authority shall convey a leasehold interest in the Project Site to the Owner under and subject to the provisions of the Ground Lease and subject only to the Permitted Title Exceptions. At its expense, the Authority shall remove at or before the Closing all monetary liens (collectively, "**Monetary Liens**") including without limitation: (1) all delinquent taxes, bonds and assessments and interest and penalties thereon; and (2) all other monetary liens, whether or not shown on the preliminary title report (including judgment and mechanics' liens, whether or not liquidated, and mortgages and deeds of trust, with the Authority being fully responsible for any fees or penalties incurred in connection therewith). Monetary Liens shall not include a lien for non-delinquent general real property taxes prorated in accordance with this Agreement. Notwithstanding the foregoing, the Authority shall not be responsible for the removal of liens that result from the activities of the Developer or the Developer's employees, agents, or contractors.

(b) *New Title Matters*.

(1) From and after the Permitted Title Exceptions Date, the Authority shall not enter into any new agreements or contracts or modify any existing agreements or contracts related to or that may affect the Property without the Developer's prior written consent, unless the same shall be cancelable without penalty or premium upon not more than thirty (30) days' notice from the Authority. The Authority will cancel all such contracts and agreements, or any other service contracts prior to the Closing (unless otherwise agreed to by the Developer in writing).

(2) Without limiting the forgoing, the Authority shall be obligated, at the Authority's expense, to cure any title defect which is curable by the payment of money or the posting of a bond if such title defect arises after the Permitted Title Exceptions Date and on or before the Closing, and is caused solely by the Authority, its agents, contractors or employees.

(3) The Authority agrees to cooperate with the Developer to remove existing utility easements that materially and adversely affect the Project.

Section 3.6 Title Insurance to be Issued at the Closing. At the Owner's expense, the

Title Company shall issue to the Owner an ALTA extended coverage title insurance policy ("**Title Insurance Policy**") with such coinsurance or reinsurance and direct access agreements as the Owner may reasonably request, in an amount designated by the Owner, insuring that the leasehold estate in the Project Site is vested in the Owner subject only to the Permitted Title Exceptions, and with the ALTA form endorsements and such other endorsements as may be reasonably requested by the Owner and the Investor. The Authority shall execute and deliver at the Closing the Title Company's standard form affidavit and indemnity required in order to issue the Title Insurance Policy. The Title Company shall issue to the Authority an ALTA Lender's policy of title insurance in the amount of each loan provided by the Authority, insuring that each mortgage is a lien on the leasehold estate, and that the Memorandum of Ground Lease and the Purchase Option and Right of First Refusal have been recorded, in each case subordinate only to such documents as specified in this Agreement, and with such endorsements as may be reasonably requested by the Authority.

ARTICLE IV: FINANCING ARRANGEMENTS

Section 4.1 Financing Plan and Financial Commitments. The Parties acknowledge that subject to financing commitments and other requirements, the Developer shall use diligent efforts to obtain financing commitments consistent with the Financing Plan. The Financing Plan shall consist of the information set forth in Section 4.1(a) hereof. The items set forth in Sections 4.1(a)(1), (a)(2) and (a)(3) hereof shall be attached hereto as Exhibit E for the Project. The remaining information in Section 4.1(a) hereof shall be submitted by the Developer to the Authority.

(a) *Financing Plan*.

The Financing Plan shall consist of:

(1) the Project's approved budget, which budget shall include any amounts advanced as part of the Predevelopment Loan from the Authority pursuant to Section 6.1 of the Master Development Agreement allocated to the Project and to be repaid at the Closing.

(2) the sources and uses analysis for the period of the construction for the Project, including an analysis of subsidized financing necessary from public entities, if any;

(3) the sources and uses analysis from the date of the origination of the permanent loan, including an analysis of subsidized financing from public entities for the Project, if any;

(4) the twenty (20)-year cash flow projections for the Project, including an analysis from the date of the issuance of the Certificate of Occupancy;

(5) the initial operating budget for the Project, including without limitation an operating reserve fund and capital replacement reserve fund;

(6) all underlying assumptions for each of the above, including terms, conditions, and pricing of all debt and equity; and

(7) a rent schedule showing Units individually identified by number, bedroom size and rent amount.

(b) *Approvals*. The Developer shall also submit to the Authority for approval any revisions to the Financing Plan for the Project. The Developer shall submit to the Authority for review any and all commitments for financing necessary to undertake the construction of the Project and for permanent financing necessary for the Project. The Developer shall further submit to the Authority for its reasonable approval copies of any proposed partnership or operating agreements and funding agreements between the Developer and Investors; any documents proposed to be entered into by the Developer with respect to any subsidies; loan agreements; and all other documents that the Developer and its proposed construction lender(s) and permanent lender(s) propose to execute in connection with such financing for the Project. With the exception of Financing Documents that are subject to Section 3.2(f) hereof, if the Developer does not receive approval or disapproval of any document submitted pursuant to this paragraph within twenty-one (21) days, including the notice period required by Section 12.7(c) hereof, along with the specific reasons for any disapproval, such documents may be deemed approved by the Authority as further provided in, and subject to the requirements of, Section 12.7 hereof. Notwithstanding the foregoing, the Authority shall not withhold approval of Financing Documents that are consistent with the terms of the final approved Financing Plan and that do not materially and adversely affect the rights of the Authority as contemplated herein and in the Ground Lease.

(c) *No Subordination*. The Authority will not approve any subordination of its fee interest in the Project Site to the interests of any lender or other funder other than any Regulatory Agreement required by HUD. Notwithstanding the foregoing, the Authority's Purchase Option under Section 7.4 hereof shall be subordinate to the Owner's construction and permanent financing pursuant to commercially reasonable terms to be negotiated in good faith between the Authority and the Owner, and the Purchase Option shall also be subordinate to the RHRF loan (if any) and all regulatory agreements associated therewith, if required. The Ground Lease shall include a list of permitted subordinate liens.

Section 4.2 Intentionally Omitted.

Section 4.3 Financing for the Development.

(a) *The Authority's Assistance; Section 8 Project-Based Vouchers*. The Authority will assist and support in good faith the Developer's effort to obtain public and private financing for the Project, including seeking any necessary approvals or waivers from HUD to allow the use of project-based Section 8 funding and has awarded sixty-five (65) Section 8 Project-Based Vouchers to the Project subject to HUD Requirements and as described in that certain award letter dated June 24, 2024, but shall have no obligation to provide any financing for the Project other than the predevelopment loans described herein. Notwithstanding the foregoing, the Developer shall be primarily responsible for seeking all financing for the Project.

(b) *The Developer's Financial Information*. The Developer shall provide, and the Developer shall cause the Guarantor to provide, financial statements.

(c) *Guarantees*. The Guarantor or another Affiliate of Developer shall provide the Developer Guarantees pursuant to Section 6.3 of the Master Development Agreement.

(d) *Predevelopment Funding*. Pursuant to Section 6.1 of the Master Development Agreement, the Multi-Phase Predevelopment Loan, and/or the Predevelopment Loan, the Authority has provided or will provide a predevelopment loan for the Project in accordance with the Master Development Agreement. The Developer or the Developer's Affiliates shall be solely responsible for funding all predevelopment costs and expenses not covered by the Authority predevelopment loan that the Developer reasonably believes must be incurred and paid prior to the Closing. At Closing, the Developer (or the Developer's Affiliate, as applicable) shall be entitled to reimbursement of all predevelopment costs and expenses incurred, with interest at the Developer's actual cost of funds as may be permitted by lenders and investors. Without limiting the generality of the foregoing, Developer shall disclose to Authority in writing, and shall include in the Financing Plan, the interest rate, terms, and payee for any predevelopment loan that will be included in the development budget for the Project by an affiliate of the Developer.

Section 4.4 Amounts to be Paid to the Developer.

(a) To the extent supported by financing and allowable under HUD and State of Hawaii requirements, and subject to the approval of lenders and investors to the Project, the developer fee for the Project will be up to fifteen percent (15%) of total development costs, less approved reserves (such as operating reserves and replacement reserves) and less the developer fee itself. The developer fee, including deferred developer fee, will be shared pari passu as follows: the first nine percent (9%) shall be paid seven percent (7%) to Developer and two percent (2%) to HPHA and any remaining developer fee shall be distributed 50% each to the Developer and HPHA. If the developer fee is fifteen percent (15%), the Developer will receive a total fee of ten percent (10%) and HPHA will receive a total fee of five percent (5%). Milestones for payment of the developer fee shall be subject to lender and investor requirements. The Developer will certify that neither Developer nor any of its affiliates will receive fees related to the Project in addition to the developer fee other than disclosed related party fees such as property management fees. Proportionate payments of the Developer Fee from the Developer will become due immediately upon the Developer's receipt of the same in accordance with Section 6.4 of the Master Development Agreement.

(b) Except as expressly provided elsewhere herein, the Developer (and its Affiliates) shall not receive any additional payment for providing goods or services to the Project except with the express written consent of the Authority. The Developer will disclose any proposed relationship to the Authority and will provide the Authority with enough information about the terms and conditions of the proposed relationship to enable the Authority to evaluate its propriety and commercial reasonableness. Without limiting the generality of the foregoing, the Developer shall disclose to the Authority in writing and shall include in the Financing Plan, the interest rate, terms, and payee for any predevelopment loan that will be included in the development budget for the Project by an affiliate of the Developer.

(c) The Parties acknowledge that under Section 7.2 hereof, the Authority has approved the Management Agent. All proposed fees associated with property management, including without limitation, lease-up fees, management fees, accounting fees, set-up fees, reimbursement of eligible expenses, and charges for resident services and all such proposed fees shall be disclosed in writing to the Authority, shall be subject to the Authority's reasonable approval, and shall be included in the Financing Plan.

ARTICLE V: DESIGN

Section 5.1 Design in Conformance with Scope of Development and Concept Plan. In designing and constructing the Project, the Developer shall require the Architect to cause all subsequent design documents to be consistent with the Scope of Development, attached hereto as Exhibit B, the Concept Plan, attached hereto as Exhibit D approved by the Authority, and the accessibility requirements described in Section 5.11 hereof. The Scope of Development and the Concept Plan shall establish the baseline design standards from which the Developer shall prepare all subsequent Design Development Documents. The Project shall be designed to satisfy all of the Development Goals described in the Master Development Agreement. The Project shall be designed in a manner to achieve a density that is economically feasible, while also taking into consideration the views of community stakeholders. The Developer shall seek input from community stakeholders per the Master Development Agreement.

Section 5.2 Design Documents. The Developer shall cause its Architect to proceed diligently to prepare schematic Design Documents, Design Development Documents and Construction Documents for the Project, consistent with the Scope of Development and the Concept Plan, including, without limitation, such drawings as may reasonably be required to show the location, bulk, height, and other principal external features of the Project. In connection with its submittal to the Authority for its approval, the Developer shall provide to the Authority the Design Development Documents in the form and at each of the stages described in Section 5.3 hereof, as may reasonably be required by the Authority for its review. The Design Development Documents shall incorporate any conditions imposed by the City's planning and entitlements process.

Section 5.3 Submittal and Review of Design Development Documents. Within the times set forth in the Schedule of Performance, the Developer shall submit to the Authority the Design Development Documents in the following stages:

(a) *Design Development Drawings*. The Design Development Drawings shall be based on the Concept Plan and the Scope of Development. The Design Development Drawings shall indicate estimated structural dimensions, and delineation of site features and elevations, materials and colors, landscaping and other features. The drawings shall fix and describe all design features, as well as the size, character, and quality of the Project as to architectural, structural, and mechanical systems. Key details shall be provided in preliminary form. The Developer shall submit to the Authority ninety percent (90%) plans in accordance with the Schedule of Performance in Exhibit C attached hereto.

(b) *Final Plans and Specifications*. Final Plans and Specifications are to be a continuation of approved Design Development Drawings. The Plans and Specifications shall provide all the detailed information necessary to allow for the Developer to obtain the applicable building permits and shall provide all the detailed information necessary to obtain building or site permits to build the Project including complete building, site, and landscape requirements, standards, and specifications. The Developer shall provide material samples upon the reasonable request of the Authority.

Section 5.4 The Project's Approvals. Within the times set forth in Section 5.6 hereof, the Authority shall have the right to review and approve the Design Development Documents to ensure that the Project will be constructed with high-quality architectural design and materials and to ensure consistency with the Scope of Development and the provisions of this Agreement. The Authority shall have the right to review and approve the Design Documents associated with each phase of the design process. The Authority shall provide to the Developer written approval or disapproval. For purposes of this Article V, "approval" means approval of the Authority's Executive Director or his or her designee. The Authority approved the one hundred percent (100%) Construction Drawings dated April 24, 2024 and the "Issued for Construction" set of Construction Drawings dated October 2, 2024.

Section 5.5 Reserved.

Section 5.6 Approval Process. The Authority shall approve or disapprove submittals under this Article V within ten (10) business days of receipt of the submittal from the Developer. If the Authority disapproves a submittal of the Design Development Documents according to Section 5.4 hereof, the Authority shall submit a list of reasons for such disapproval to the Developer, together with its notice of disapproval. Upon receipt of such a list, the Developer shall have twenty (20) business days to resubmit a revised submission. Upon its receipt of a revised submission, the Authority shall have five (5) business days (or if the Authority Board action is required as soon as reasonably possible) to approve or disapprove of the revised design.

Section 5.7 No Change in Design Documents. Once the Authority has approved final construction drawings, the Developer shall not make any changes in those documents that would materially impact the matters outlined in Section 5.3 hereof, excluding any change required for compliance with building codes or other government health and safety requirements, without the prior written approval of the Authority, which approval shall be granted in the Authority's reasonable discretion and within the periods set out in Section 5.6 hereof. Notwithstanding anything to the contrary outlined in this Agreement, in no event shall the Authority's consent be required for any change orders associated with changes to the Scope of Development unless such change order (a) individually, increases the development budget by more than $250,000.00, or (b) such change order, when added to increases in the development budget caused by all previous change orders, increases the development budget by more than $500,000.00, or (c) represents a material change in the building materials or equipment or the structural or architectural design or appearance of the Project as provided in the Scope of Development and Concept Plan approved by the Authority. The Developer shall not make any material change required for compliance with building codes or other government health and safety requirements without giving prior notice to the Authority.

Section 5.8 Submittal and Review of Construction Contract. The Developer shall submit to the Authority for its approval the proposed construction contract and other Construction Documents for the Project prepared in accordance with Sections 6.8(f) and 7.2 of the Master Development Agreement.

Section 5.9 Additional Permits and Approvals. Within the times specified in the Schedule of Performance, the Developer shall obtain all permits and approvals that are required by local jurisdictions prior to the commencement of construction for the Project including building permits. All applications for such permits and approvals shall be consistent with the approved Design Documents. The Developer shall not commence construction under a building or site permit, excluding any necessary demolition work pursuant to a separate agreement regarding demolition, until the Authority has approved the Plans and Specifications. The Developer acknowledges that execution of this Agreement by the Authority does not constitute approval by the City of any required permits, applications, or allocations, and in no way limits the discretion of the City in the permit, allocation, and approval process.

Section 5.10 The Authority's Review. The Developer shall be solely responsible for all aspects of the Developer's conduct in connection with the Project, including, but not limited to, the quality and suitability of the Plans and Specifications, the supervision of construction work, and the qualifications, financial condition, and performance of all architects, engineers, contractors, subcontractors, suppliers, consultants, and property managers. Any review or inspection undertaken by the Authority regarding the Project is solely to determine whether the Developer is properly discharging its obligations to the Authority and should not be relied upon by the Developer or by any third parties as a warranty or representation by the Authority as to the quality of the design or construction of the Project.

Section 5.11 Accessibility Requirements. The design and operation of the Project shall meet the program accessibility requirements of Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR Part 8 or any applicable successor regulation, the Americans with Disabilities Act, and the Fair Housing Act and their implementing regulations. In addition, the Developer shall ensure that the percentage of the Units that are accessible complies with the requirements of Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR Part 8, subpart C or any applicable successor regulation. The Disability and Communication Access Board has certified the Project to comply with all federal, state, and local standards in a Certification received April 8, 2024.

ARTICLE VI: CONSTRUCTION

Section 6.1 Commencement of Construction. Subject to events of Force Majeure as defined in Section 10.1(b) hereof, the Developer and the Owner shall commence or cause to be commenced construction of the Project after the Closing and otherwise in accordance with the Schedule of Performance.

Section 6.2 Completion of Construction. The Developer and the Owner shall diligently prosecute, or cause to be prosecuted to completion, the construction of the Project, and shall complete or cause to be completed the construction of the Project no later than the time specified in the Schedule of Performance, subject to events of Force Majeure as defined in Section 10.1(b) hereof.

Section 6.3 Construction Pursuant to Plans.

(a) The Owner shall construct or cause to be constructed the Project substantially in accordance with the final construction drawings, and the terms and conditions of all City and other governmental approvals.

(b) The Developer shall submit or cause to be submitted for the Authority's approval any proposed change in the final construction drawings which materially changes the size, location or elevation of the Project or which would require an amendment to any approval or permits obtained from the City or other governmental agencies. The process for approving or disapproving change orders shall be negotiated further by the Authority, the Developer, and the Owner before the Closing.

(c) No change that is required for compliance with building codes or other laws, codes or regulations shall be deemed material. However, the Developer or the Owner must submit or cause to be submitted to the Authority, in writing, any change that is required for such compliance within ten (10) business days after making such change, and such change shall become a part of the approved Final Plans and Specifications.

Section 6.4 Construction Bonds. The Owner shall cause the contractor to procure and deliver to the Authority copies of labor and material (payment) bonds and performance bonds, or a dual bond which covers both payment and performance obligations, in a penal sum each of not less than one hundred percent (100%) of the scheduled cost of construction of the Project, and one hundred percent (100%) payment bond. Said bonds shall be issued by an insurance company that is licensed to do business in the State of Hawaii and has a rating equivalent to AAA or AA+ by an insurance company listed in the current year's Federal Register or as otherwise approved by the Authority. The labor and materials (payment) bond shall name the Authority as a dual-obligee or assignee.

Section 6.5 Compliance with Applicable Law. The Developer and Owner shall cause all work performed in connection with the Project to be performed in compliance with (a) all applicable laws, ordinances, rules, and regulations of federal, state, county, or municipal governments or agencies now in force or that may be enacted hereafter, (including, without limitation, the federal Davis-Bacon Act and Section 3 of the Housing and Community Development Act of 1974, as amended), and (b) all directions, rules and regulations of any fire marshal, health officer, building inspector, or other officer of every governmental agency now having or hereafter acquiring jurisdiction. The work shall proceed only after procurement of each permit, license, or other authorization that may be required by any governmental agency having jurisdiction, and the Developer and the Owner shall be responsible for the procurement and maintenance thereof.

Section 6.6 Non-Discrimination; Equal Opportunity; Section 3 Compliance. The Developer and Owner, for itself and its successors and assigns, and transferees agree that in the construction, operation, and management of the Project:

(a) The Developer and Owner will not discriminate against any employee or applicant for employment because of race, color, creed, religion, national origin, ancestry, disability, medical condition, age, marital status, sex, sexual orientation, gender identity, HIV status, or Acquired Immune Deficiency Syndrome (AIDS) condition or perceived condition, or retaliation for having filed a discrimination complaint (nondiscrimination factors). The Developer and Owner will take affirmative action to ensure that applicants are considered for employment by the Developer and Owner without regard to the nondiscrimination factors and that the Developer's and the Owner's employees are treated without regard to the nondiscrimination factors during employment including, but not limited to, activities of upgrading, demotion or transfer; recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Developer and Owner agree to post in conspicuous places, available to its employees and applicants for employment, the applicable nondiscrimination clause set forth herein;

(b) The Developer and Owner will ensure that its solicitations or advertisements for employment comply with the aforementioned nondiscrimination factors; and

(c) The Developer and Owner will cause the foregoing provisions to be inserted in all contracts for the construction, operation, or management of the Project entered into after the Effective Date of this Agreement; provided, however, that the foregoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw materials.

(d) To the extent applicable, the Developer and Owner will comply with Section 3 of the Housing and Urban Development Act of 1968, as amended by Section 915 of the Housing and Community Development Act of 1992, which is to "ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing federal, state, and local laws and regulations, be directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons" and will comply with the implementing regulations at 24 CFR Part 75 or any applicable successor regulations ("**Section 3 Requirements**"). The current Financing Plan does not include any source of funds that triggers Section 3 Requirements it being acknowledged that compliance with Section 3 Requirements is not a PBV Requirement. Should the Financing Plan change and the Owner obtains financing that does trigger Section 3 Requirements, the Owner shall (i) develop a hiring and contracting plan for complying with Section 3 and (ii) the Developer and Owner will cause the following Section 3 Clause to be included in all contracts related to the construction, operation, or management of the Project: "This document is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended by Section 915 of the Housing and Community Development Act of 1992, which requires that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State, and local laws and regulations, be directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons. [Name of contracting party] agrees to work in good faith with the Developer [Owner] to provide such opportunities during the implementation of the services required by this [contract or agreement] and to comply with the Resident and Local Hiring Plan established by the Developer [Owner].”

Section 6.7 Equal Opportunity/Non-Discrimination in Employment and Contracting Procedures, Including Utilization of Minority and Women Businesses. The Developer, the Owner and the Authority acknowledge and agree that it is the policy of the Authority to promote and ensure equal opportunity through employment and in the award of contracts and subcontracts for construction. During the period of this Agreement, the Developer and the Owner shall not discriminate based on race, color, creed, religion, national origin, ancestry, disability, medical condition, age, marital status, gender identity status, sex, sexual orientation, HIV status or Acquired Immune Deficiency Syndrome (AIDS) condition or perceived condition, in the hiring, firing, promoting or demoting of any person. Subject to the foregoing, the Developer and the Owner affirm their commitment to carry out the Section 3 compliance activities described in the Master Development Agreement.

(a) During the construction of the Project, the Developer and the Owner shall provide to the Authority such information and documentation as reasonably requested by the Authority.

(b) The Developer and the Owner shall use reasonable efforts to monitor and enforce, or shall cause its general contractor to monitor and enforce, the equal opportunity requirements imposed by this Agreement. If, after notice from the Authority and an opportunity to cure such failure as set forth in Article X hereof, the Developer and the Owner fail to use reasonable efforts to monitor or enforce these requirements, the Authority may declare a default under this Agreement and pursue any of the remedies available herein.

(c) As requested, the Authority shall provide such technical assistance necessary to implement this Section 6.7.

Section 6.8 Prevailing Wages. In the construction of the Project, for all on-site and adjacent construction activities, the Developer and the Owner shall pay and assure, as applicable, that all contractors and subcontractors pay the general prevailing rate of per diem wages, as determined by the U.S. Labor Department pursuant to the federal Davis-Bacon Act and implementing rules and regulations. The Developer and the Owner shall comply with all applicable reporting and recordkeeping requirements. The Developer and the Owner shall provide the Authority with any required reports confirming compliance with the Davis-Bacon Act or state prevailing wage requirements.

Section 6.9 Progress Reports. Until the Owner is entitled to the issuance of a Certificate of Occupancy by the City, the Developer shall provide the Authority with monthly progress reports regarding the status of the construction of the Project, including the Developer’s compliance with all applicable state and federal requirements including, but not limited to, Section 3 Program requirements and the requirements of the Authority’s local hiring requirements.

Section 6.10 Entry by the Authority. The Owner shall permit the Authority, through its officers, agents, or employees, to enter the Project Site with advance written notice, at all reasonable times and in a safe, unobtrusive manner to review construction work to determine that such work conforms with the approved Plans and Specifications or to inspect the Project for compliance with this Agreement. The Authority is under no obligation to (a) supervise construction, (b) inspect the Project, or (c) inform the Developer or the Owner of information obtained by the Authority during any review or inspection, and the Developer and the Owner shall not rely upon the Authority for any supervision, inspection, or information.

Section 6.11 Hazardous Materials.

(a) *Certain Covenants and Agreements*. The Developer hereby covenants and agrees that:

(1) The Developer shall not knowingly permit the Project or the Project Site or any portion thereof to be a site for the use, generation, treatment, manufacture, storage, disposal, or transportation of Hazardous Materials or otherwise knowingly permit the presence of Hazardous Materials in, on or under the Project in violation of any applicable law;

(2) The Developer shall keep and maintain the Project and each portion thereof in compliance with, and shall not cause or permit the Project or any portion thereof to violate, any Hazardous Materials Laws;

(3) Upon receiving actual knowledge of the same, the Developer shall immediately advise the Authority in writing of: (A) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against the Developer or the Project pursuant to any applicable Hazardous Materials Laws; (B) any and all Claims made or threatened by any third party against the Developer or the Project relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in the foregoing clause (A) and this clause (B) are hereinafter referred to as "**Hazardous Materials Claims**"); (C) the presence of any Hazardous Materials in, on or under the Project in such quantities which require reporting to a government agency; or (D) the Developer's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Project Site or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Project under any Hazardous Materials Laws. If the Authority reasonably determines that the Developer is not adequately responding to a Hazardous Material Claim, the Authority shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any such Hazardous Materials Claims and to have its reasonable attorney's fees in connection therewith paid by the Developer.

(4) Without the Authority's prior written consent, which shall not be unreasonably withheld or delayed, the Developer shall not take any remedial action in response to the presence of any Hazardous Materials on, under, or about the Project (other than in emergencies or as required by governmental agencies having jurisdiction), nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Materials Claims.

(5) Notwithstanding any contrary provision hereof, construction materials, gardening materials, household products, office supply products, and janitorial supply products

customarily used in the construction, maintenance, rehabilitation, or management of residential property, and which are used, stored, and disposed of in accordance with all applicable Hazardous Materials Laws may be used in connection with the construction and operation of the Project.

(b) *Indemnity*. Without limiting the generality of any other indemnification set forth herein, the Developer hereby agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to the Authority) the Authority, any affiliate of the Authority that participates as a member of the Owner, and the City, and their respective board members, commissioners, directors, elected and appointed officers and officials, employees, members, agents, consultants, volunteers and representatives (all of the foregoing, the "**Authority Indemnitees**") from and against any and all Claims arising directly or indirectly, in whole or in part, out of: (1) the failure of the Developer or any other person or entity, except for the Authority and the Authority Indemnitees, to comply with any Hazardous Materials Law relating in any way whatsoever to the handling, treatment, presence, removal, storage, decontamination, cleanup, transportation or disposal of Hazardous Materials into, on, under or from the Project subsequent to the conveyance of the Project Site to the Owner; (2) the presence in, on or under the Project of any Hazardous Materials or any releases or discharges of any Hazardous Materials into, on, under or from the Project which presence, discharge, or release occurred after the date of the Ground Lease; or (3) any activity carried out on, or undertaken on or adjacent to the Project subsequent to the conveyance of the Project Site to the Owner, by the Developer or any of its affiliates, employees, agents, contractors or subcontractors, or any third persons except for the Authority and the Authority Indemnitees, in connection with the handling, treatment, removal, storage, decontamination, cleanup, transport or disposal of any Hazardous Materials at any time located or present on or under the Project (collectively "**Indemnification Claims**").

The foregoing indemnity shall further apply to any residual contamination in, on, or under the Project or the Project Site, or affecting any natural resources, and to any contamination of any property or natural resources arising in connection with the generation, use, handling, treatment, storage, transport or disposal of any such Hazardous Materials, and irrespective of whether any of such activities were or will be undertaken in accordance with Hazardous Materials Laws. The provisions of this Section 6.11(b) shall survive expiration or earlier termination of this Agreement and shall remain in full force and effect, except that this indemnity shall not apply to contamination that first arises after termination of the Ground Lease or contamination caused by the gross negligence or willful misconduct of the Authority or affiliate of the Authority.

(c) *No Limitation*. The Developer and the Owner hereby acknowledge and agrees that the Developer's and Owner's duties, obligations, and liabilities under this Agreement, including, without limitation, under Section 6.11(b) hereof, are in no way limited or otherwise affected by any information the Authority may have concerning the Project Site and/or the presence in, on or under the Project Site of any Hazardous Materials, whether the Authority obtained such information from the Developer or the Owner or their investigations unless the Authority intentionally and knowingly withholds such information from the Developer.

(d) *Environmental Work*. After the Closing, the Owner shall be responsible for performing the work of any investigation and remediation that may be required by applicable law on the Project Site to develop the Project. The determination as to whether any such remediation is needed, and as to the scope and methodology thereof, shall be made by mutual agreement of the governmental agency with responsibility for monitoring such remediation, the Authority, and the Owner. During the term of the Ground Lease, the Owner shall notify the Authority promptly upon discovery of any actionable levels of Hazardous Materials, and any release thereof, and shall consult with the Authority to establish the extent of remediation to be undertaken and the procedures by which remediation thereof shall take place. The Owner shall comply with and shall cause its agents and contractors to comply with, all laws regarding the use, removal, storage, transportation, disposal, and remediation of Hazardous Materials. The investigation and remediation work shall be carried out in accordance with all applicable laws (including Hazardous Materials Laws) and such other procedures and processes as may be described in this Agreement.

(e) *The Owner's Right to Terminate*. If, before the Closing, the Owner discovers Hazardous Materials, the cost of remediation of which exceeds the amount of insurance proceeds available for payment to the Owner pursuant to any applicable insurance policy, then the Owner, subject to the conditions set forth below, shall have the right to terminate this Agreement by delivery of thirty (30) days' written notice to the Authority. Owner's right so to terminate this Agreement shall be subject to the condition precedent that Owner shall first have: (a) submitted to the Authority any and all information then available to Owner as to the nature and scope of the Hazardous Materials discovered and as to the cost estimated to remediate them, if any such cost estimate exists, and (b) offered to the Authority the right, within six (6) months after receipt of such information, or such longer period of time as may reasonably be required by the Authority to obtain competitive bids for the work, to elect, at its sole and absolute discretion, to cause such work to be performed, at the Authority's sole cost and expense, to the reasonable satisfaction of the Owner; provided however, the Parties will cooperate to expeditiously address Hazardous Materials discovered after the date upon which the Low-Income Housing Tax Credits are allocated to the Project and in all events shall avoid jeopardizing compliance with construction completion/placed in service deadlines. Unless the Owner makes a reasonable determination that the remediation work cannot be completed before any applicable construction completion or placed in service deadlines, if the Authority so elects and causes such work to be performed as soon as reasonably possible, then the Owner shall not have the right to terminate this Agreement under this Section 6.11(e).

Section 6.12 <u>AS-IS Conveyance</u>. The Ground Lease shall convey a leasehold interest in the Project Site in its "AS-IS, WHERE-IS, WITH ALL FAULTS" condition with no warranties or representations by the Authority concerning the condition of the Project Site, including without limitation, the presence or absence of any Hazardous Materials, except as expressly provided in writing. The Developer and the Owner hereby agree and acknowledge that except in the event of any fraud, misrepresentation, or withholding of information by the Authority: (i) neither the Authority, nor anyone acting for or on behalf of the Authority, has made any representation, statement, warranty or promise to the Developer or the Owner concerning the development potential or condition of the Project Site; (ii) in entering into this Agreement, the Developer and the Owner have not relied on any representation, statement or warranty of the Authority, or anyone acting for or on behalf of the Authority, other than as may expressly be contained in writing in this Agreement; (iii) all matters concerning the Project Site have been or shall be independently verified by the Developer and the Owner and that the Owner shall lease the Project Site based upon the Developer's prior examination thereof; and (iv) THAT THE OWNER SHALL LEASE

THE PROJECT SITE IN AN "AS IS" PHYSICAL CONDITION AND IN AN "AS IS" STATE OF REPAIR.

Section 6.13 City and Other Governmental Authority Permits. Before the commencement of construction or development of any buildings, structures, or other work of improvement upon the Project Site, the Developer shall secure or cause to be secured, on its behalf or on behalf of the Owner, as applicable, any and all permits or other authorizations, which may be required by the City or any other governmental agency regulating such construction, development or work, excluding demolition permits which shall be the responsibility of the Authority. The Authority shall provide all assistance deemed appropriate by the Authority to the Developer or the Owner, as appropriate, in securing these permits. Costs and fees associated with the Developer's performance under this Section 6.13 shall be a cost to the Project.

Section 6.14 Planning/Zoning Approvals for the Project Site. It shall be the responsibility of the Developer to ensure that the zoning of the Project Site shall be such as to permit the development and use of the Project Site in accordance with the provisions of this Agreement. The Authority shall cooperate with the Developer and the Owner, as appropriate, in seeking any variances, conditional use permits, parcel maps, or other discretionary approvals, excluding demolition permits which shall be the responsibility of the Authority, needed to implement this Agreement. Costs and fees associated with the Developer's performance under this Section 6.14 shall be a cost to the Project.

Section 6.15 Environmental Measures. The Parties have agreed to implement Environmental Measures in accordance with Exhibit L attached hereto ("**Environmental Measures**").

ARTICLE VII: OWNERSHIP, OPERATION AND DISPOSITION OF RENTAL DEVELOPMENT

Section 7.1 Ownership. Units developed pursuant to this Agreement shall be owned by the Owner, and all net income therefrom shall be subject to the terms and provisions of the documents governing the operation of the Project, including without limitation, the Ground Lease. The Project will be owned and operated by the Owner in which the managing member will be the Master Developer or its Affiliate and an affiliate of the Authority may participate in the Owner in accordance with Section 2.2(b) hereof.

Section 7.2 Property and Asset Management. The Owner, through a professional property manager or property management company, shall manage the Project or cause it to be managed pursuant to a management agreement and management plan that are subject to the Authority's review and approval. Any manager or management company retained to act as agent for the Owner in meeting the obligation of providing a property manager shall be subject to the prior written approval of the Authority, which approval shall not be unreasonably withheld or delayed. The Authority hereby approves Michaels Management-Affordable, LLC, a New Jersey limited liability company ("**Management Agent**"), as the Project's initial property manager. In exercising its approval rights hereunder, the Authority may require proof of ability and qualifications of the management company based upon (i) prior experience, (ii) assets, (iii) insurance coverage, and (iv) other factors determined by the Authority as reasonably necessary. Furthermore, upon sixty (60) days' prior written demand from the Authority for cause in the Authority's reasonable discretion, the Owner shall remove and replace a property management company. In any agreement with a property management company ("**Management Agreement**"), the Owner shall expressly reserve the right to terminate such agreement with cause. Notwithstanding the foregoing, the Authority agrees that the Management Agent shall be entitled to a sixty (60)-day notice of default and a reasonable opportunity to cure before any such termination. The Management Agent will receive a base management fee in accordance with HHFDC requirements not to exceed five percent (5%) of gross rents collected (the "**Management Fee**"). The Investor Member will be entitled to receive an annual asset management fee equal to $22,500 (the "**Investor Asset Management Fee**"). The Investor Asset Management Fee will increase at the rate of three percent (3%) annually. The Authority will be entitled to receive one percent (1%) of gross rental collections as an asset management fee pursuant to an asset management agreement between the Authority and the Owner (the "**Authority Asset Management Fee**"). The Authority Asset Management Fee will be calculated based on the Gross Rental Income and be increased at the rate of two percent (2%) annually. Fifty percent (50%) of such Authority Asset Management Fee may be paid to the Management Agent if the Management Agent achieves "high performer" as designated by HUD in its Public Housing Assessment System in accordance with Section 8.3(b) of the MDA. However, if the Management Agent charges a management fee (a base management fee or otherwise) that exceeds 5% of gross rents collected, the Authority shall receive and retain 100% of its Authority Asset Management Fee.

Section 7.3 Approval of Operating Budgets; Financial Statements; Books and Records. The Authority shall have the right to review and approve the annual operating budgets for the Project, which approval shall not be unreasonably withheld. The Owner shall submit to the Authority a proposed annual operating budget for the Project not later than ninety (90) days prior to the beginning of each fiscal year of the Owner (the "**Fiscal Year**") during the term of the Ground Lease. The proposed budget shall include a description of anticipated repairs and capital replacements to be undertaken in the next Fiscal Year. In addition, the Owner shall be required to annually submit to the Authority a copy of audited financial statements for the Project within ninety (90) days following the end of each Fiscal Year, but in no event later than April of each year, during the term of the Ground Lease. The Authority shall have the right to inspect all books and records related to the development, operation, and management of the Project.

Section 7.4 Purchase Option and Right of First Refusal. The Authority (directly or through an affiliate) shall have options (the "**Purchase Options**") to acquire the entire ownership interest in the Project (and the lessee's interest in the Ground Lease) after the Tax Credit Compliance Period. The aggregate price to be paid by the Authority or its affiliate shall be negotiated in connection with the Authority's approval of the Investor Member and shall be no less than the greater of the Right of First Refusal price or the fair market value of such property or interests unless Section 42 of the Code is amended to permit the price to be the same as the Right of First Refusal price as long as this is acceptable to the Investor Member. The Owner and the Authority shall make diligent efforts to structure the transaction with investors so as to minimize the exit tax liability, with a target level of such taxes mutually established by the Authority, the Owner that the Owner will make reasonable efforts not to exceed.

In addition to the Purchase Options, commencing upon the close of the Tax Credit Compliance Period, the Authority (either directly or through an affiliate) shall have a right of first refusal (the "**Right of First Refusal**") to acquire the entire ownership interest in the Project (and the lessee's interest in the Ground Lease) for the sum of the outstanding indebtedness, including member loans, and the Investor Member's exit tax liability. The Right of First Refusal shall provide that the Authority (or its affiliate) shall be entitled to exercise the Right of First Refusal within one hundred twenty (120) days following the Owner's or the Owner's receipt of an offer to purchase such interests in the Project (together with the lessee's interest in the Ground Lease) that each of the members of the Owner is prepared to accept.

The Developer shall be responsible for tax credit shortfalls and deficiencies that have arisen as a result of acts or occurrences that took place during the time that the Developer or its Affiliate has served as a member of the Owner and that the Investor Member is required to be paid upon exercise of either the Purchase Option or Right of First Refusal. The terms of the Purchase Option and Right of First Refusal shall be negotiated between the Parties and subject to the requirements and approval of the Investor Member prior to and as a condition precedent to the Closing and shall be set forth in Purchase Option and Right of First Refusal Agreements for the Project (the "**Purchase Option and Right of First Refusal Agreements**").

ARTICLE VIII: OBLIGATIONS THAT CONTINUE THROUGH AND BEYOND THE COMPLETION OF CONSTRUCTION; ASSIGNMENT AND TRANSFERS

Section 8.1 Maintenance. The Owner hereby agrees that, upon the Closing, and before completion of the construction of the Project, the Project Site shall be maintained in a neat and orderly condition to the extent practicable and according to industry health and safety standards.

Section 8.2 Non-Discrimination. The Owner covenants by and for itself and its successors and assigns acting as the Owner that there shall be no discrimination against or segregation of a person or a group of persons on account of race, color, religion, creed, sex, sexual orientation, gender identity, marital status, ancestry, or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Project Site or of the Project by the Owner, nor shall the Owner or any person claiming under or through the Owner establish or permit any such practice or practices of discrimination or segregation regarding the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessee or vendees of the Project Site or the Project.

Section 8.3 Mandatory Language in All Subsequent Deeds, Leases, and Contracts. All deeds, leases, or contracts entered into by the Owner on or after the date of execution of this Agreement as to any portion of the Project shall contain the following language:

(a) *In Deeds*: "Grantee herein covenants by and for itself, its successors and assigns that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, sex, sexual orientation, gender identity, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property herein conveyed nor shall the grantee or any person claiming under or through the grantee establish or permit any such practice or practices of discrimination or segregation regarding the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessee or vendees in the property herein conveyed. The foregoing covenant shall run with the land."

(b) *In Leases* (except for leases from the Management Agent to a residential tenant): "The lessee herein covenants by and for the lessee and lessee's heirs, personal representatives and assigns and all persons claiming under the lessee or through the lessee that his lease is made subject to the condition that there shall be no discrimination against or segregation of any person or a group of persons on account of race, color, religion, creed, sex, sexual orientation, gender identity, marital status, ancestry or national origin in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased nor shall the lessee or any person claiming under or through the lessee establish or permit any such practice or practices of discrimination or segregation regarding the selection, location, number, use or occupancy of tenants, lessees, sublessee, subtenants, or vendees in the land herein leased."

(c) *In Contracts*: "There shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, creed, sex, sexual orientation, gender identity, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property nor shall the transferee or any person claiming under or through the transferee establish or permit any such practice or practices of discrimination or segregation regarding the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessee, or vendees of the land."

Section 8.4 Employment Opportunity. During the operation of the Project, there shall be no discrimination by the Owner based on race, color, creed, religion, sex, sexual orientation, gender identity, marital status, national origin, ancestry, or handicap in the hiring, firing, promoting, or demoting of any person engaged in the operation of the Project.

Section 8.5 Transfer.

(a) For purposes of this Agreement, "**Transfer**" shall mean any sale, assignment, or transfer, whether voluntary or involuntary, of (i) any rights and/or duties under this Agreement, and/or (ii) any interest in the Project, including (but not limited to) a fee simple interest, a joint tenancy interest, a life estate, a partnership interest, a leasehold interest, a security interest, or an interest evidenced by a land contract by which possession of the Project is transferred and the Owner retains title. The term "**Permitted Transfer**" shall mean (a) the admission or withdrawal of the Investor Member in the Owner; (b) the transfer of interests in the Investor Member in the Owner; (c) the leasing of any single unit in the Project to a tenant in compliance with the Regulatory Agreements, as applicable; (d) the transfer of this Agreement to the Owner; (e) the removal of the members by the Investor Member pursuant to the terms of the Operating Agreement, (f) the granting of any security interests pursuant to the terms of financing for the Project pursuant to the approved Financing Plan, and (g) the substitution of an Affiliate of the Developer as a member of the Owner.

(b) No Transfer other than Permitted Transfers shall be permitted without the prior written consent of the Authority, which the Authority may withhold in its sole discretion. The

Authority will not unreasonably withhold consent to the granting of any easements necessary for the development of the Project Site as contemplated herein. The Authority may approve in writing other Transfers as requested by the Owner. In connection with such request, there shall be submitted to the Authority for review of all instruments and other legal documents proposed to effect any such Transfer. If a requested Transfer is approved by the Authority such approval shall be indicated to the Owner in writing. Such approval shall be granted or denied by the Authority within thirty (30) days of receipt by the Authority of the Owner's request for approval of a Transfer.

(c) The Operating Agreement shall provide that if a Transfer occurs due to a sale or refinancing of the Project, the Authority shall be entitled to Accrued Base Rent in accordance with the Ground Lease.

Section 8.6 Encumbrance of Property. Except as otherwise provided in this Agreement, neither the Developer nor the Owner shall engage in any financing or any other transaction creating any security interest or other encumbrance or lien upon the Project Site or part thereof other than a lien for current taxes, whether by express agreement or operation of law or allow any encumbrance or lien to be made on or attached to the Project Site, except with the prior written consent of the Authority. The Developer and/or the Owner shall notify the Authority in writing in advance of any financing secured by any deed of trust, mortgage, or other similar lien instrument that it proposes to enter into concerning the Project or the Project Site, and of any encumbrance or lien that has been created on or attached to the Project Site whether by voluntary act of the Developer, the Owner, or otherwise.

ARTICLE IX: INSURANCE

Section 9.1 The Developer or the Owner. The Developer and the Owner shall maintain and keep in full force and effect and shall cause all of its Contractors that will enter onto the Project Site to maintain and keep in full force and effect, during the term of this Agreement and the Ground Lease, the policies of insurance described in this Section 9.1. Each liability policy shall name the Authority, any affiliate of the Authority participating as a member in the Developer or the Owner, and their respective board members, commissioners, directors, elected and appointed officers and officials, employees, agents, and consultants as additional insureds. The property insurance policies shall name the Authority as loss payee as its interests may appear. Each policy shall be underwritten and issued by reputable companies authorized to do business in the State of Hawaii with an A.M. Best's rating of not less than A:VII, shall not be subject to cancellation without thirty (30) days' prior written notice to the Authority and shall be primary and non-contributing to any insurance carried by the Authority. Any language purporting to limit the insurer's liability for failure to give the required 30-day prior written notice shall be unacceptable to the Authority. The Developer and the Owner shall provide the Authority with certificates of insurance and endorsements evidencing the required insurance, and upon request, copies of all insurance policies. All liability policies shall be written on an occurrence basis.

(a) Commercial General Liability (CGL) insurance, insuring for legal liability of the Developer or the Owner, and caused by bodily injury, property damage, personal injury or advertising injury, contractual liability, and products and completed operations arising out of the ownership or management of the Project and including the costs to defend such actions brought against the Developer or the Owner. Limits of the policy shall be not less than Five Million. Dollars ($5,000,000.00) per occurrence; provided however, during the period before the start of construction such limit may be reduced to Two Million Dollars ($2,000,000.00). During construction, the Developer or the Owner shall be obligated to maintain CGL coverage consistent with the requirements of this paragraph with coverage in the amount of Two Million Dollars ($2,000,000.00) and the general contractor shall be required to maintain CGL coverage consistent with the requirements of this paragraph with coverage in the amount of Five Million Dollars ($5,000,000.00). Upon completion of construction, the Developer or the Owner shall be required to maintain CGL coverage consistent with the requirements of this paragraph with coverage in the amount of Five Million Dollars ($5,000,000.00);

(b) Worker's Compensation insurance, insuring for occupational disease or injury and employer's liability, and covering the Developer's or the Owner's full liability for statutory compensation to any person or persons who perform work for the Developer or the Owner or perform duties on the Project Site, and liability to the dependents of such persons. The policy will be in a form that complies with the worker's compensation acts and safety laws of the State of Hawaii. Worker's Compensation limits shall be not less than One Million Dollars ($1,000,000.00) per occurrence;

(c) Automobile Liability insurance, insuring for legal liability of the Developer or the Owner, and caused by bodily injury, property damage, or personal injury arising out of the ownership or use of motor vehicles, including uninsured motorist liability, and including the costs to defend such actions brought against the Developer. Limits of the policy shall be not less than One Million Dollars ($1,000,000.00) for each occurrence combined single limit per accident;

(d) Property insurance covering the Project, in a form appropriate for the nature of such property, covering all risks of loss, excluding earthquake, for one hundred percent (100%) of the replacement value, with a deductible, if any, acceptable to the Authority, naming the Authority as a loss payee, as its interests may appear. Flood insurance shall be obtained if required by applicable federal regulations; and

(e) Builder's Risk insurance, insuring for all risks of physical loss of or damage (including the perils of fire, vandalism, and malicious mischief, excluding the perils of earthquake, and excluding the perils of flood unless specifically required by the Authority) to the Project, and personal property of the Developer or the Owner used to maintain or service the Project construction. Policy limits will be estimated based on the Project's replacement value.

ARTICLE X: TERMINATION FOR CAUSE

Section 10.1 Events of Default by the Developer or the Owner.

(a) The following shall constitute an "**Event of Default**" by the Developer or the Owner:

(1) failure to use diligent efforts to comply with the Schedule of Performance

(other than due to Force Majeure as defined in Section 10.1(b) hereof) and such failure shall continue after expiration of the notice and cure period set forth in Section 10.3(a) hereof; or

(2) the material breach or failure to diligently pursue the obligations under this Agreement (other than due to Force Majeure as defined in Section 10.1(b) hereof) and such failure shall continue after expiration of the notice and cure period set forth in Section 10.3(a) hereof; or

(3) any fraud or willful misconduct on the part of the Developer, the Owner or any of their respective members; or

(4) if the Developer, the Owner, or any of their respective members (i) is or becomes insolvent or bankrupt or otherwise ceases to pay its debts as they mature or makes any arrangement with or for the benefit of its creditors or consents to or acquiesces in the appointment of a receiver, trustee or liquidator for the Project or for any substantial part of either; (ii) institutes any bankruptcy, winding up, reorganization, insolvency, arrangement or similar proceeding under the laws of any jurisdiction, or any such proceeding is instituted against the Developer or the Owner in any jurisdiction which is not stayed or dismissed within ninety (90) days after its institution; (iii) files any action or answer admitting, approving or consenting to any such proceeding; (iv) becomes subject to levy of any distress, execution or attachment upon its property which interferes with its performance hereunder, and the Developer or the Owner fails within ninety (90) days to discharge such levy, execution or attachment, or to substitute another entity (whether or not an Affiliate) acceptable to the Authority to perform the obligations of the Developer or the Owner without material delay in performance; or (v) is convicted of any criminal offense or violation of law.

(b) For purposes hereof, "**Force Majeure**" shall mean causes beyond the control and without the fault or negligence of the Developer. Such causes shall include without limitation: (i) acts of God, or of the public enemy, (ii) court order, acts, delays, failure or refusal to act on the part of a governmental entity in either its sovereign or contractual capacity, (iii) acts of a contractor other than the Developer, or subcontractor, in the performance of an agreement with the Authority (and not pursuant to a contract with the Developer), (iv) riots, war or acts of terrorism, (v) fires, (vi) floods or earthquakes, (vii) strikes or lockouts, (viii) freight embargoes, (ix) litigation, (x) non-issuance of permits, (xi) lack of HUD approval, (xii) unusually severe weather, (xiii) the presence of Hazardous Materials or archeological finds on the Project Site, (xiv) delays of subcontractors or suppliers at any tier arising from unforeseeable causes, or (xv) in connection with any action that the Authority is required to take pursuant to this Agreement, the Authority's failure to act within the applicable time period specified in this Agreement.

Section 10.2 <u>Events of Default by the Authority</u>.

(a) The following shall constitute an "**Event of Default**" by the Authority:

(1) if the Authority shall fail to perform its obligations under this Agreement and such failure shall continue after expiration of notice and cure periods set forth in Section 10.3(a) hereof; or

(2) any fraud or willful misconduct on the part of the Authority.

(b) It shall not be an Event of Default if any failure by the Authority arises due to Force Majeure. For purposes hereof, "**Force Majeure**" shall mean causes beyond the control and without the fault or negligence of the Authority. Such causes shall include without limitation: (i) acts of God, or of the public enemy, (ii) court order, acts, refusal, delay or failure to act on the part of a governmental entity (other than the Authority) in either its sovereign or contractual capacity, (iii) acts of another contractor or subcontractor in the performance of an agreement with the Developer (and not pursuant to a contract with the Authority or an affiliate of the Authority), (iv) riots, war or acts of terrorism, (v) fires, (vi) floods or earthquakes, (vii) strikes or lockouts, (viii) freight embargoes, (ix) litigation, (x) non-issuance of permits, (xi) lack of HUD approval (if applicable), (xii) unusually severe weather, (xiii) the presence of Hazardous Materials or archeological finds on the Project Site, or (xiv) delays of subcontractors or suppliers at any tier arising from unforeseeable causes.

Section 10.3 Procedure for Termination For Cause/Remedies.

(a) The occurrence of any event described in Sections 10.1(a)(1), 10.1(a)(2), 10.2(a)(1) or 10.2(a)(2) hereof shall not constitute an Event of Default unless the non-defaulting Party has delivered written notice of default to the defaulting Party, and such defaulting Party shall fail to cure the default within thirty (30) days from its receipt of such notice or, if such cure cannot reasonably be completed within such thirty (30) day period, fails to commence such cure or having commenced, does not prosecute such cure with diligence and dispatch to completion within a reasonable time period thereafter, provided that such time period does not exceed one hundred twenty (120) days. Notwithstanding the foregoing, if any event described in Sections 10.1(a)(1), 10.1(a)(2), 10.2(a)(1) or 10.2(a)(2) hereof occurs within thirty (30) days of the Closing, the defaulting Party shall have only until the Closing to cure such default.

(b) Upon the occurrence of an Event of Default by either Party, the non-defaulting Party shall be entitled to all remedies permitted by law or at equity, including but not limited to specific performance. No party shall be liable for consequential, punitive, or special damages, including lost profits.

(c) Except with respect to any rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the Parties to this Agreement, whether provided by law, in equity or by this Agreement, are cumulative, and not in derogation of other rights and remedies found in this Agreement, or after the Closing, in the Ground Lease. The exercise by either Party of any one or more of such remedies will not preclude the exercise by it, at the same or a different time, of any other such remedies for the same default or breach, or the exercise of any of such remedies for any other default or breach by the other Party. No waiver made by either Party with respect to the performance, or manner or time of performance, or any obligation of the other Party or any condition to its own obligation under this Agreement will be considered a waiver with respect to the particular obligation of the other Party or condition to its own obligation beyond those expressly waived to the extent of such waiver, or a waiver in any respect in regard to any other rights of the Party making the waiver or any other obligations of the other Party.

ARTICLE XI: REPRESENTATIONS AND WARRANTIES

Section 11.1 The Developer's Warranty of Good Standing and Authority. The Developer represents and warrants to the Authority as follows:

(a) *Organization*. The Developer is duly organized and validly existing under the laws of the State of New Jersey, is in good standing under the laws of the State of Hawaiʻi and has the power and authority to own its property and carry on its business as now being conducted. The Developer shall provide an opinion to this effect from its counsel at the time of execution of this Agreement.

(b) *Authority of the Developer*. The Developer has full power and authority to execute and deliver this Agreement, to execute and deliver the Ground Lease and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, and to perform and observe the terms and provisions of all of the above.

(c) *Authority of Persons Executing Documents*. This Agreement and all other documents or instruments executed and delivered or to be executed and delivered pursuant or in connection with to this Agreement, have been executed and delivered or will be executed and delivered, by persons who are duly authorized to execute and deliver the same for and on behalf of the Developer, and all actions required under the Developer's organizational documents and applicable governing law for the authorization, execution, delivery, and performance of this Agreement, the Ground Lease, and all other documents or instruments executed and delivered or to be executed and delivered pursuant to or in connection with this Agreement, have been duly taken or will have been duly taken (to the extent such actions are required) as of the date of execution and delivery of the above-named documents.

(d) *Valid and Binding Agreements*. This Agreement, the Ground Lease, and all other documents or instruments which have been executed and delivered or will be executed and delivered pursuant to or in connection with this Agreement constitute or, if not yet executed or delivered, will when so executed and delivered, constitute, legal, valid and binding obligations of the Developer, enforceable against it in accordance with their respective terms, subject to the laws affecting creditors' rights and principles of equity.

(e) *No Breach of Law or Agreement*. Neither the execution nor delivery of this Agreement, the Ground Lease, or any other documents or instruments executed and delivered, or to be executed or delivered, pursuant to or in connection with this Agreement, nor the performance of any provision, condition, covenant or another term hereof or thereof, will conflict with or result in a breach of any statute, rule or regulation, or any judgment, decree or order of any court, board, commission or agency whatsoever binding on the Developer, or any provision of the organizational documents of the Developer, or will conflict with or constitute a breach of or a default under any agreement to which the Developer is a party, or will result in the creation or imposition of any lien upon any assets or property of the Developer, other than liens established pursuant hereto.

(f) *Pending Proceedings*. Except as disclosed in writing to the Authority prior to execution of this Agreement, the Developer is not in default under any law or regulation or under any order of any court, board, commission, or agency whatsoever, and, to the best of its knowledge, there are no claims, actions, suits or proceedings pending or, to the knowledge of the Developer, threatened against or affecting the Developer or the Project at law or in equity, before or by any court, board, commission or agency whatsoever.

(g) *Financial Statements*. The financial statements of the Developer and other financial data and information furnished by the Developer to the Authority fairly present the information contained therein. As of the date of this Agreement, there has not been any adverse, material change in the financial condition of the Developer from that shown by such financial statements and other data and information.

Section 11.2 The Authority's Warranty of Good Standing and Authority. The Authority represents and warrants to the Developer that (i) the Authority is a duly organized, validly organized, public body, corporate and politic, and is in good standing under the laws of the State of Hawaiʻi, (ii) the Authority has all necessary power and authority under the laws of the State of Hawaiʻi, (iii) this Agreement has been duly entered into and is the legally binding obligation of the Authority, (iv) this Agreement will not violate any judgment, law, consent decree, or agreement to which the Authority is a party or is subject to, and will not violate any law or ordinance under which the Authority is organized, and (v) there is no claim pending, or to the best knowledge of the Authority, threatened, that would impede the Authority's ability to perform its obligations hereunder.

ARTICLE XII MISCELLANEOUS

Section 12.1 Term. This Agreement shall commence upon the Effective Date, and unless sooner terminated in accordance with the provisions herein shall terminate as to the Project upon the Closing. If there is a conflict between this Agreement and the Master Development Agreement, this Agreement shall control.

Section 12.2 Decision Standards. In any approval, consent, or other determination by any party required under this Agreement, the party shall act reasonably and in good faith, unless a different standard is explicitly stated. "Good faith" shall mean honesty in fact in the conduct or transaction concerned based on the facts and circumstances actually known to the individual(s) acting for the party. "Discretion," "sole discretion," "option," "election" or words of similar import in this Agreement denote the party's privilege to act in furtherance of the party's interest.

Section 12.3 Notices. Any notice or other communication given or made pursuant to this Agreement shall be in writing and shall be deemed given if (a) sent by overnight express delivery, or (b) mailed by registered or certified mail (return receipt requested), postage prepaid, to a party at its respective address set forth below (or at such other address as shall be specified by the party by like notice given to the other party):

If to the Authority: Hawaii Public Housing Authority
1002 North School Street
Honolulu, HI 96817

Attn: Hakim Ouansafi, Executive Director
Email: hakim.ouansafi@hawaii.gov

with a copy to:	Department of the Attorney General of the State of Hawaii 425 Queen Street Honolulu, HI 96813 Attn: Linda L.W. Chow Email: linda.l.chow@hawaii.gov
and a copy to:	Reno & Cavanaugh, PLLC 455 Massachusetts Avenue NW, Suite 400 Washington, DC 20001 Attn: Megan Glasheen Email: mglasheen@renocavanaugh.com
If to the Developer:	KPLR Phase 1, LP c/o Highridge Costa Development Company, LLC 330 West Victoria Street Gardena, California 90248 Attn: Mohannad H. Mohanna Email: moe.mohanna@housingpartners.com
	<u>For Registered/Certified Mail</u> KPLR Phase 1, LP c/o Highridge Costa Development Company, LLC 330 West Victoria Street Gardena, California 90248
with a copy to:	Settle Meyer Law LLLC Pioneer Plaza 900 Fort Street Mall, Suite 1800 Honolulu, Hawaii 96813 Attn: Scott W. Settle Email: ssettle@settlemeyerlaw.com
and a copy to:	Cox, Castle & Nicholson LLP 50 California Street, Suite 3200 San Francisco, California 94111 Attn: Christian D. Dubois Email: cdubois@coxcastle

All such notices and other communications shall be deemed given on the date of delivery to overnight courier or express delivery service, or deposit in the United States Mail, and shall be deemed to have been deemed given on deposit and deemed received on actual receipt or refusal (i) in the case of delivery by overnight courier or express delivery service, on the date following dispatch, and (ii) in the case of mailing, on the date specified in the return receipt therefor.

Section 12.4 Time of Performance. All performance dates (including cure dates) expire at 5:00 PM, Honolulu, Hawaii time, on the performance or cure day. A performance date that falls on a Saturday, Sunday, or holiday observed by the Authority is deemed extended to the next business day. All periods for performance specified in this Agreement in terms of days shall be calendar days, and not business days unless otherwise expressly provided in this Agreement.

Section 12.5 Amendment. Neither this Agreement nor any of its terms may be terminated, amended, or modified except by a written instrument executed by the Parties and, as applicable, the written approval of HUD.

Section 12.6 Litigation and Attorneys' Fees. Should any litigation be commenced between the Parties hereto concerning this Agreement, the subject matter of this transaction, or the rights and duties of either in relation thereto, each party shall pay their own attorneys' fees and costs of litigation. In case the State of Hawaiʻi shall, without any fault on its part, be made a party to any litigation commenced by or against the State of Hawaiʻi by a third party, Owner shall pay all costs, including reasonable attorney's fees, and expenses incurred by or imposed on the State of Hawaiʻi.

Section 12.7 The Authority Approvals.

(a) For all actions requiring the Authority's approval, the Developer shall submit the request for approval and supporting information with a notice that bears a bold face legend substantially as follows: "Important: Your Response is Required in [insert number of days from applicable provision of this Agreement] Days."

(b) The Authority shall have a specified number of days to respond in writing. The Authority's response, if not an approval, must include the basis for any objection and suggested modifications to obtain approval. For issues identified in this Agreement, this Agreement identifies the number of days that the Authority shall have to respond. For issues not specified, the amount of response time shall be stated in the notice and shall be proportionate to the type and magnitude of the decision. For example, but not in limitation, the decision time for emergency situations shall be shorter than the time for review and approval of budgets.

(c) If the Developer does not receive a response within the specified number of days, it may send the Authority a notice of non-response, which shall be delivered to the Executive Director of the Authority in accordance with the formal notice provisions hereof and which shall bear the bold-faced legend, "Important: Notice of Non-response." Following the giving of this notice, the Authority will have five (5) days in which to respond. If the Authority does not respond within such five (5) days, the Authority shall be deemed to have approved the action.

(d) [Reserved.]

Section 12.8 Representatives. To facilitate communication, the Parties to this Agreement shall designate a representative with responsibility for the routine administration of each Party's obligations under this Agreement. The Parties initially appoint the following as representatives:

Authority:	Hakim Ouansafi
Developer:	Mohannad H. Mohanna
Owner:	Mohonnad H. Mohanna

Section 12.9 Further Assurances. Each Party will promptly execute and deliver without further consideration such additional agreements and other documents as the other Parties may reasonably request to carry out the transactions contemplated herein, so long as the Parties' rights and obligations thereunder are not substantively affected, modified or otherwise altered by such additional agreements and other documents, except as mutually agreed to between the Parties. Whenever this Agreement requires any Party to submit matters to another Party for approval, and there is no time specified herein for such approval, the submitting Party may submit a letter requiring approval or rejection by the other Party of the documents or matter submitted within twenty (20) days after submission or within sixty (60) days of submission if the document or matter requires approval by the Authority Board (unless another time frame is expressly set forth herein), and unless rejected within the stated time such documents or matter shall be deemed approved. Except where such approval is expressly reserved to the sole discretion of the approving Party, all approvals required hereunder by any Party shall be reasonable and not unreasonably withheld, conditioned, or delayed.

Section 12.10 Counterparts. This Agreement may be executed on one or more counterparts, each of which shall be deemed an original, but all of which, when taken together, shall constitute one and the same instrument.

Section 12.11 Interpretation and Governing Law. This Agreement shall not be construed against the party who prepared it but shall be construed as though prepared by both Parties. This Agreement shall be governed by and construed in accordance with the laws of the State of Hawaiʻi. Any lawsuit to interpret or to enforce the terms of this Agreement or to collect damages as a result of any breach of this Agreement shall be filed in Hawaii state court in the County of Honolulu. This Agreement is subject to the HUD General Conditions attached as Exhibit I of the Master Development Agreement and the Hawaii General Conditions (AG-008 103D) attached as Exhibit J to the Master Development Agreement; provided, however, that only Sections 2, 4, 5, 8, 24, 25, 31, 33, and 42 of the Hawaii General Conditions shall apply to this Agreement. The Developer shall comply with the terms and provisions of this Agreement, the HUD Requirements to the extent applicable to the transactions contemplated herein, and the Hawaii General Conditions to the extent applicable to the transactions contemplated herein. If there is a direct conflict among any of the foregoing, the following order of precedence shall apply: (a) HUD Requirements, unless the Hawaii General Conditions are more restrictive than the HUD General Conditions regarding the provision under consideration, in which case the latter shall control with regard to such provision; (b) the terms and provisions of this Agreement; and (c) the Hawaiʻi General Conditions.

Section 12.12 Severability. In the event that any provision of this Contract is declared invalid or unenforceable by a court, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining terms of this Agreement.

Section 12.13 Final Agreement. This Agreement, together with Exhibits attached hereto, represents the final agreement of the Parties with respect to the subject matter hereof and may not be contradicted by evidence of prior or contemporaneous oral or written agreements of the Parties. There are no unwritten oral agreements between the Parties.

Section 12.14 Limitation of Liability. Except as may be expressly set forth herein, no present or future member, partner, shareholder, participant, employee, agent, commissioner, director, or officer of or in the Developer or any transferee shall have any personal liability, directly or indirectly, under or in connection with this Agreement; provided, however, that the foregoing shall not void or diminish the obligations of the Developer under this Agreement. No present or future employee, agent, commissioner, director, or officer of or in the Authority shall have any personal liability, directly or indirectly, under or in connection with this Agreement; provided, however, that the foregoing shall not void or diminish the obligations of the Authority under this Agreement.

Section 12.15 The Developer Not an Agent. Nothing in this Agreement shall be deemed to appoint the Developer as an agent for or representative of the Authority, and the Developer is not authorized to act on behalf of the Authority with respect to any matters except those specifically set forth in this Agreement. The Authority shall not have any liability or duty to any person, firm, corporation, or governmental body for any act of omission or commission, liability, or obligation of the Developer, whether arising from actions under this Agreement or otherwise.

Section 12.16 Conflict of Interest. The Developer represents and warrants that to its actual knowledge, no member, official, employee, agent, consultant, or contractor of the Authority or the City has any direct or indirect personal interest in this Agreement or participated in any decision relating to this Agreement which affects his or her personal interests or the interests of any corporation, partnership or other entity in which he or she is, directly or indirectly, interested. The Developer further represents and warrants to the Authority that it has not paid or given, and will not pay or give, to any third party (other than as specifically set forth in this Agreement) any money or other consideration for obtaining this Agreement.

Section 12.17 Waivers. All waivers of the provisions of this Agreement shall be in writing and signed by the appropriate authorized representatives of the Authority and the Developer, as applicable.

Section 12.18 Successors. This Agreement shall be binding upon and shall inure to the benefit of the heirs, executors, administrators, successors, and assigns of the Parties.

Section 12.19 Headings; Exhibits. The headings contained in this Agreement are inserted as a matter of convenience and for ease of reference only and shall be disregarded for all other purposes, including the construction or enforcement of this Agreement or any of its provisions. The Exhibits attached hereto are hereby incorporated into this Agreement by this reference.

Section 12.20 Construction. Whenever the context of any provisions hereof shall require it, words in the singular shall include the plural, words in the plural shall include the singular, and pronouns of any gender shall include the other genders. The terms “herein”, “hereof”, “hereto”, "hereunder" and similar terms refer to this Agreement and not to any particular section or subsection of this Agreement. The terms "include" and "including" shall be interpreted as if followed by the words "without limitation". All references in this Agreement to sums denominated in dollars or with the symbol "$" refer to the lawful currency of the United States of America, unless such reference specifically identifies another currency.

Section 12.21 Cumulative Rights. The rights, powers, options, and remedies given to the Parties under this Agreement shall be cumulative, except as otherwise specifically provided for in this Agreement.

Section 12.22 Business Licenses. The Developer has obtained or will obtain all licenses required to conduct its business in the City and State of Hawaiʻi and is not in default of any fees or taxes due to the State of Hawaii or the City.

[*Signature page(s) to follow*.]

IN WITNESS WHEREOF, the Parties have duly executed this Agreement by their duly authorized signatories effective on or as of the date written at the commencement of this Agreement.

<u>AUTHORITY</u>:

HAWAII PUBLIC HOUSING AUTHORITY,
a public body corporate and politic

By: ___________________________________
Hakim Ouansafi
Executive Director

APPROVED AS TO FORM:

____
Linda L.W. Chow
Deputy Attorney General

SIGNATURES CONTINUE ON FOLLOWING PAGE(S).

<u>DEVELOPER</u>:

KPLR PHASE 1, LP, a Hawaii limited partnership

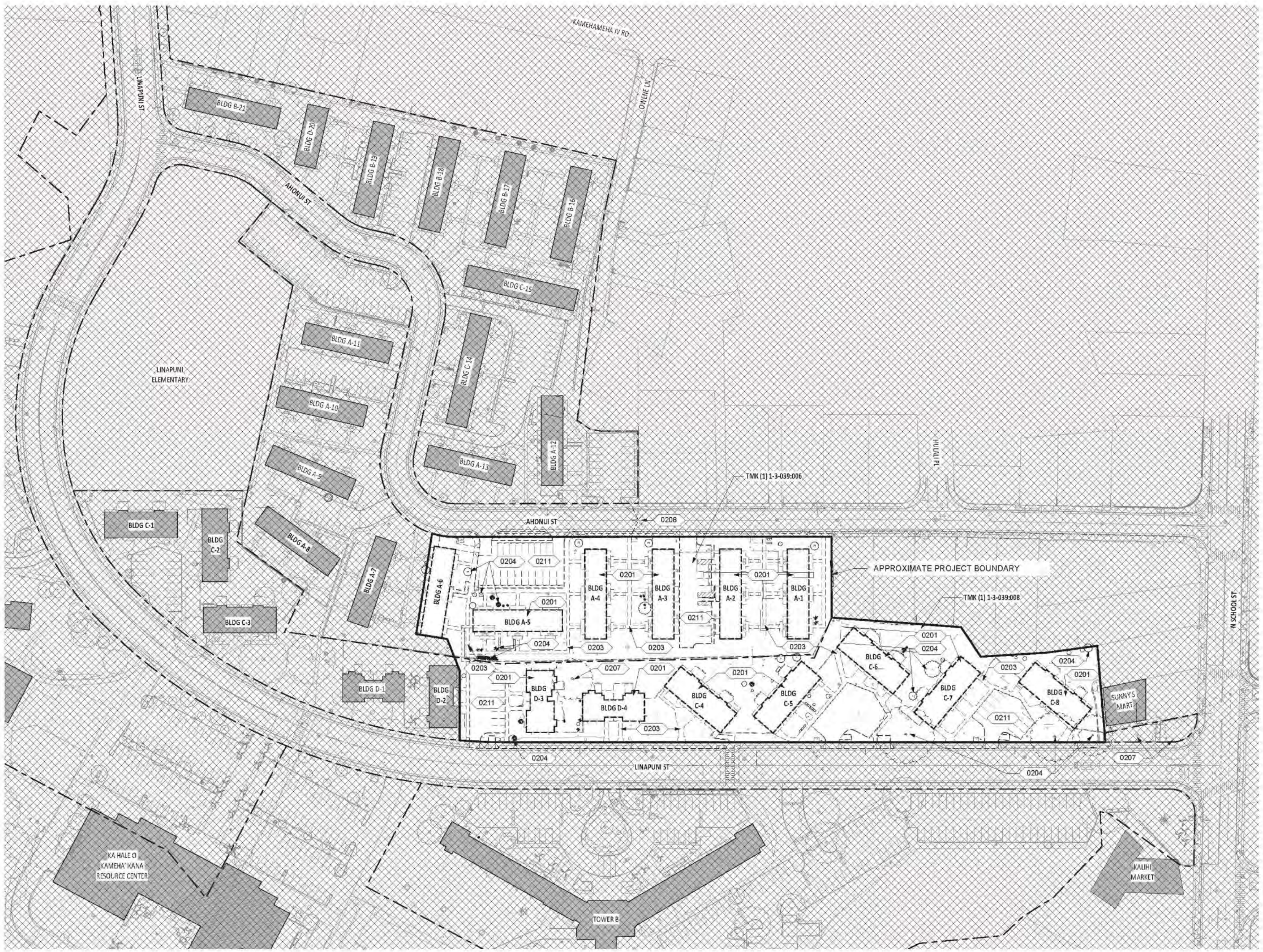
____
By:
Its:

<u>OWNER</u>:

KPLR PHASE 1, LP, a Hawaii limited partnership

____
By:
Its:

Exhibit A



① DEMOLITION SITE PLAN
1" = 50'-0"

0 50' 100'

3/14/2024 3:10:51 PM

SHEET NOTES

1. ALL ITEMS NOT SPECIFICALLY NOTED FOR REMOVAL SHALL BE PROTECTED IN PLACE.
2. CONTRACTOR TO VERIFY (E) CONDITIONS. IN CASE OF CONFLICT BETWEEN DRAWINGS AND (E) CONDITIONS, NOTIFY THE ARCHITECT.
3. SAFELY REMOVE ALL HAZARDOUS MATERIALS.

KEY NOTES

0201	REMOVE EXISTING BUILDING
0203	REMOVE EXISTING CONCRETE WALKWAY
0204	REMOVE EXISTING VEGETATION
0207	EXISTING TREES TO REMAIN
0208	REMOVE EXISTING GATE
0211	REMOVE EXISTING PARKING LOT

LEGEND

EXISTING BUILDING TO BE DEMOLISHED

EXISTING SITEWORK TO BE DEMOLISHED, REFER TO KEY NOTES ABOVE

EXISTING BUILDING TO REMAIN

AREA NOT IN SCOPE

PROPERTY LINE

PHASE 1 DEMOLISHED BUILDINGS

	2 BED	3 BED	4 BED	TOTAL
BLDG A-1	2	2	2	6
BLDG A-2	2	2	2	6
BLDG A-3	2	2	2	6
BLDG A-4	2	2	2	6
BLDG A-5	2	2	2	6
BLDG A-6	2	2	2	6
BLDG D-3			2	2
BLDG D-4			2	2
BLDG C-4			4	4
BLDG C-5			4	4
BLDG C-6			4	4
BLDG C-7			4	4
BLDG C-8			4	4
TOTAL	**12**	**12**	**36**	**60**

NOTE: UNIT NUMBERS ARE BASED ON AVAILABLE INFORMATION AND HAVE NOT BEEN FIELD VERIFIED.

lowney arch

KUHIO PARK LOW-RISES & HOMES REDEVELOPMENT - PHASE 1

HAWAII PUBLIC HOUSING AUTHORITY

1449 AHONUI ST, HONOLULU, HI 96819
TMK: 13039006, 13039008

DESCRIPTION: AFFORDABLE MULTI-FAMILY RENTAL HOUSING PROJECT, INCLUDING FOUR RESIDENTIAL BUILDINGS AND AMENITIES

PALEKANA PERMITS
THIRD PARTY CERTIFICATION

☐ BUILDING CODE ☐ ELECTRICAL CODE
☐ MECHANICAL CODE ☐ RESIDENTIAL CODE
☐ STRUCTURAL (NON-SINGLE/2-FAMILY DWELLINGS)

STAMP

This work was prepared by me or under my supervision and construction of the project will be under my observation. (Observation of construction as defined in Chapter 16-115. Subchapter 1 Definitions of the Hawaii Administrative Rules, Professional Engineers, Architects, Surveyors, and Landscape Architects.)

SIGNATURE APRIL 30, 2024

#	DATE	ISSUES & REVISIONS	BY

PROJECT NORTH TRUE NORTH

DRAWN BY: Author
PROJECT NUMBER: 20-410
SHEET ISSUE DATE: 08/30/23
SHEET TITLE:

DEMOLITION SITE PLAN

SHEET NUMBER
A-002

EXHIBIT B

Scope of Development

LOCATION: 1441 Ahonui Street & 1472 Linapuni Street, Kalihi, City & County of Honolulu, Island of Oahu, State of Hawaii

TAX MAP KEY: Division 1, Zone 1, Section 3, Plat 39, Parcels 06 and 08 (portion of).

SCOPE OF DEVELOPMENT: The subject property involves a proposed subdivision (via CPR) of the Kuhio Park Terrace property to create a 156,474 square foot (3.592 acre) stand-alone site. Phase 1 includes demolition of 13 buildings which will be replaced by four buildings for a total of 304 units (including two managers' units). Unit mix includes studios, 1 bedrooms, 2 bedrooms, 3 bedrooms and 4 bedrooms. Building 1 will be 8 levels with 103 units. Building 2 will be 6 levels with 59 units. Buildings 3 and 4 will be 6 levels with 71 units in each building.

BUILDING 1

LEVEL	UNITS/ FLOOR	STUDIO	1 BED	2 BED	3 BED	4 BED	AMENITY SPACE
8	13	0	2	4	4	3	
7	13	0	2	4	4	3	
6	13	0	2	4	4	3	
5	13	0	2	4	4	3	
4	13	0	2	4	4	3	
3	13	0	2	4	4	3	
2	13	0	2	4	4	3	
1	12	0	2	4	3	3	Lobby, Mail, Gathering Room
TOTAL	103	0	16	32	31	24	
UNIT MIX		0%	16%	31%	30%	23%	

ADA UNITS	STUDIO	1 BED	2 BED	3 BED	4 BED	TOTAL
6.5% MOBILITY	0	1	2	2	2	7
2% COMMUNICATION	0	1	1	1	1	4

BUILDING 2

LEVEL	UNITS/ FLOOR	STUDIO	1 BED	2 BED	3 BED	4 BED	AMENITY SPACE
6	11	0	3	5	2	1	
5	11	0	3	5	2	1	
4	11	0	3	5	2	1	
3	11	0	3	5	2	1	
2	11	0	3	5	2	1	
1	4	0	1	1	2	0	Lobby, Mail, Computer Lab, Fitness Room, Restrooms, Warming Kitchen, Bike Room, Multipurpose Room, Social Services, Mangement Suite
TOTAL	59	0	16	26	12	5	
UNIT MIX		0%	27%	44%	20%	8%	

ADA UNITS	STUDIO	1 BED	2 BED	3 BED	4 BED	TOTAL
6.5% MOBILITY	0	1	2	1	1	5
2% COMMUNICATION	0	1	1	1	1	4

BUILDING 3

LEVEL	UNITS/ FLOOR	STUDIO	1 BED	2 BED	3 BED	4 BED	AMENITY SPACE
6	12	4	4	4	0	0	
5	12	4	4	4	0	0	
4	12	4	4	4	0	0	
3	12	4	4	4	0	0	
2	12	4	4	4	0	0	
1	11	3	5	3	0	0	Lobby, Mail
TOTAL	71	23	25	23	0	0	
UNIT MIX		32%	35%	32%	0%	0%	

ADA UNITS	STUDIO	1 BED	2 BED	3 BED	4 BED	TOTAL
6.5% MOBILITY	1	2	2	0	0	5
2% COMMUNICATION	1	1	1	0	0	3

BUILDING 4

LEVEL	UNITS/ FLOOR	STUDIO	1 BED	2 BED	3 BED	4 BED	AMENITY SPACE
6	12	4	4	4	0	0	
5	12	4	4	4	0	0	
4	12	4	4	4	0	0	
3	12	4	4	4	0	0	
2	12	4	4	4	0	0	
1	11	3	5	3	0	0	Lobby, Mail
TOTAL	71	23	25	23	0	0	
UNIT MIX		32%	35%	32%	0%	0%	

ADA UNITS	STUDIO	1 BED	2 BED	3 BED	4 BED	TOTAL
6.5% MOBILITY	1	2	2	0	0	5
2% COMMUNICATION	1	1	1	0	0	3

PHASE 1 TOTALS

UNITS	STUDIO	1 BED	2 BED	3 BED	4 BED
304	46	82	104	43	29
	15%	27%	34%	14%	10%

ADA UNITS	STUDIO	1 BED	2 BED	3 BED	4 BED	TOTAL
6.5% MOBILITY	2	6	8	3	3	22
2% COMMUNICATION	2	4	4	2	2	14

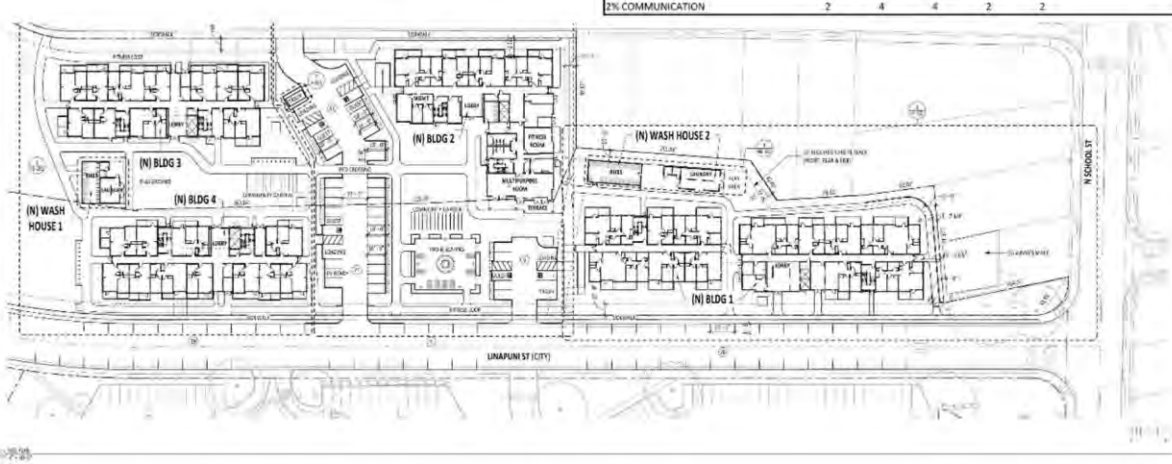


EXHIBIT C
SCHEDULE OF PERFORMANCE

Project Name: Kuhio Park (KPT)		End of July 2025 Closing	Status (as of 3/6/2025)	Latest Date for Completion
Thresholds to Request Honolulu City Council Authorization for Bond Issuance				
1	**Preconditions to be Satisfied:**			
	a.	Universal Assignment of Development Agreement, entitlements, permits, Environmental Assessement	completed, pending required HPHA board approval	3-Mar-25
	b	Significant/primary contracts that require individual assignment, assumption and consent (from the Consultants or Vendors)	to be drafted	5-Apr-25
	c	Site Control: Option to Lease with Developer	completed	3-Mar-25
	d	Evidence and Assignment of Building Permits	completed	3-Mar-25
	e	Disposition and Development Agreement (DDA) - approved by Developer and HPHA		7-Mar-25
2	**TEFRA Hearing**			
	a.	TEFRA Hearing - Original Bond Award Amount ($92,995,000)	completed	3/3/2025
	b	Bond Counsel to advise if another TEFRA Hearing required due to additional bonds		
3	**MF Bonds**			
	a.	Architect's certificate from Developer's Tax Certificate signed		15-May-25
	b.	Accountant's sign-off as to language of Certificate from Developer's Tax Certificate		1-Jun-25
	c.	Provision in Bond Documents for the Bond Admin. Fee payment including documentation on the fee calculation (bond balance)		1-Jun-25
	d.	List of amounts to be reimbursed with bond proceeds, by amount, item and date of expenditure		15-Jun-25
	e.	Final "good money/bad money" detail as to expenditure of bond proceeds		15-Jul-25
	f.	Final Sources and Uses Grid (what sources will pay which costs)		15-Jul-25
	g.	Detailed Expected Draw Schedule for Bonds		1-Jun-25
	h.	Bond Terms Finalized (except for perm loan rate lock)		1-Jun-25
4	**Appraisal**			15-May-25
	a.	Rental Housing Revolving Fund: Compliance with statutory 100% LTV requirement. Calculated as all debt senior to and including the Rental Housing Revolving Fund loan divided by the appraised value.		15-May-25
5	**ALTA Survey - draft circulate to all parties for review**			1-May-25
6	**Rental Housing Revolving Fund: Finding of No Significant Impact or Environmental Impact Statement requirement through the Office of Environmental Quality Control**			1-May-25
6	**Final Review Letter from Disability and Communication Access City Board (DCAB)** • If there are any changes or revisions to the DCAB approved plans, submit a certification from the Architect and the Project Owner that all changes and revisions were submitted to and approved by DCAB. –		completed	15-May-25
8	**Lender Credit Approval**			1-Jul-25
9	**Credit Enhancement Approval**			N/A
10	**LIHTC Equity**			
	a.	Federal LIHTC Investor Approval		1-Jul-25
	b.	State LIHTC Investor Approval		1-Jul-25
11	**HUD - Submittal Date for Final Approval**			
	a.	Disposition and Development Agreement (DDA) and Ground Lease		1-May-25
	b.	Subsidy Layering Review		1-May-25

	c	Condo Property Regime (CPR)			1-May-25
	d	HUD Declaration of Restrictive Covenants and Use Agreement			1-May-25
	e	Section 18 Approval Letter Amendments, if any			1-May-25
11	**Other Financing Sources (City/County Loan - HPHA) Funding Approval**				1-Jun-25
12	**Credit Enhancement Approval (if any)**				N/A
13	**Construction Contract Signed**				1-Jul-25
14	**HUD/USDA – Contracts and Loan Documents**				
	c.	Loan Documents Finalized –			N/A
	d.	Rental Assistance Contract Documents Finalized –			N/A
15	**Sign Off on Rental Housing Revolving Fund Documents:**				3-Jun-25
	a.	Owner/Developer			3-Jun-25
	b.	Credit Enhancement Provider			3-Jun-25
	c.	Underwriter/Bond Investor			3-Jun-25
	d.	LIHTC Investor			3-Jun-25
16	**Other Financing Sources (City/County Loan - HPHA) -$8,000,000**				3-Jun-25
	b.	Loan Documents Finalized –			3-Jun-25
17	**Counsel sign off for the following parties, that they have no open legal or business items:**				1-Jul-25
	a.	Developer			1-Jul-25
	b.	Credit Enhancement Provider			N/A
	c.	Bond Investor/Underwriter			1-Jul-25
	d.	LIHTC Investor			1-Jul-25
	e.	Other Financing Source Lender			1-Jul-25
City and County of Honolulu Committee Approval					24-Jun-25
City and County of Honolulu Full Council Approval					9-Jul-25
Hawaii Housing Finance and Development Corporation - Board Meeting to Authorize Closing					10-Jul-25
Thresholds to Schedule Bond Closing:					
18	**Document Submittals to Bond Issuer**				
	a.	Reserved			15-Jul-25
	b.	Corporate Documents – Project Owner and Constituent Entities			15-Jul-25
		1)	Partnership Agreement		15-Jul-25
		2)	Partnership Certificate		15-Jul-25
		3)	Articles of Incorporation or Articles of Organization		15-Jul-25
		4)	By Laws or Operating Agreement		15-Jul-25
19	**Issuer's Tax Certificate completed and all parties ready to sign**				15-Jul-25
20	**City officials available to sign documents during the proposed time frame**				15-Jul-25
21	**Title - Confirmation of availability of Gap Insurance at Close**				15-Jul-25
22	**Final list of documents to be recorded given to Title Company**				21-Jul-25
23	**ALTA Survey - Final**				21-Jul-25
24	**Sign off from Title Company that all recordable documents are in proper recordable order; recording schedule works**				23-Jul-25
25	**Final Est Settlement Statement - provided by Title for sign-off by all parties**				24-Jul-25
26	**Reservation of entire Bond Counsel fee - reflected in Final Est Settlement Statement**				24-Jul-25
27	**Final Executed Documents - circulated to be held in Escrow by counsel for Closing**				28-Jul-25
28	**Quiet Day - final verification of complete documents**				29-Jul-25
29	**Litigation Search - AG's Office provides confirmation of No Litigation**				30-Jul-25
30	**CLOSING**				30-Jul-25

Kuhio Low Rise Development Plan

Kuhio Park Terrace

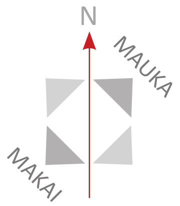
Kalihi, Oʻahu

CONCEPT DESIGN

April 7, 2022

SOLAR diagram

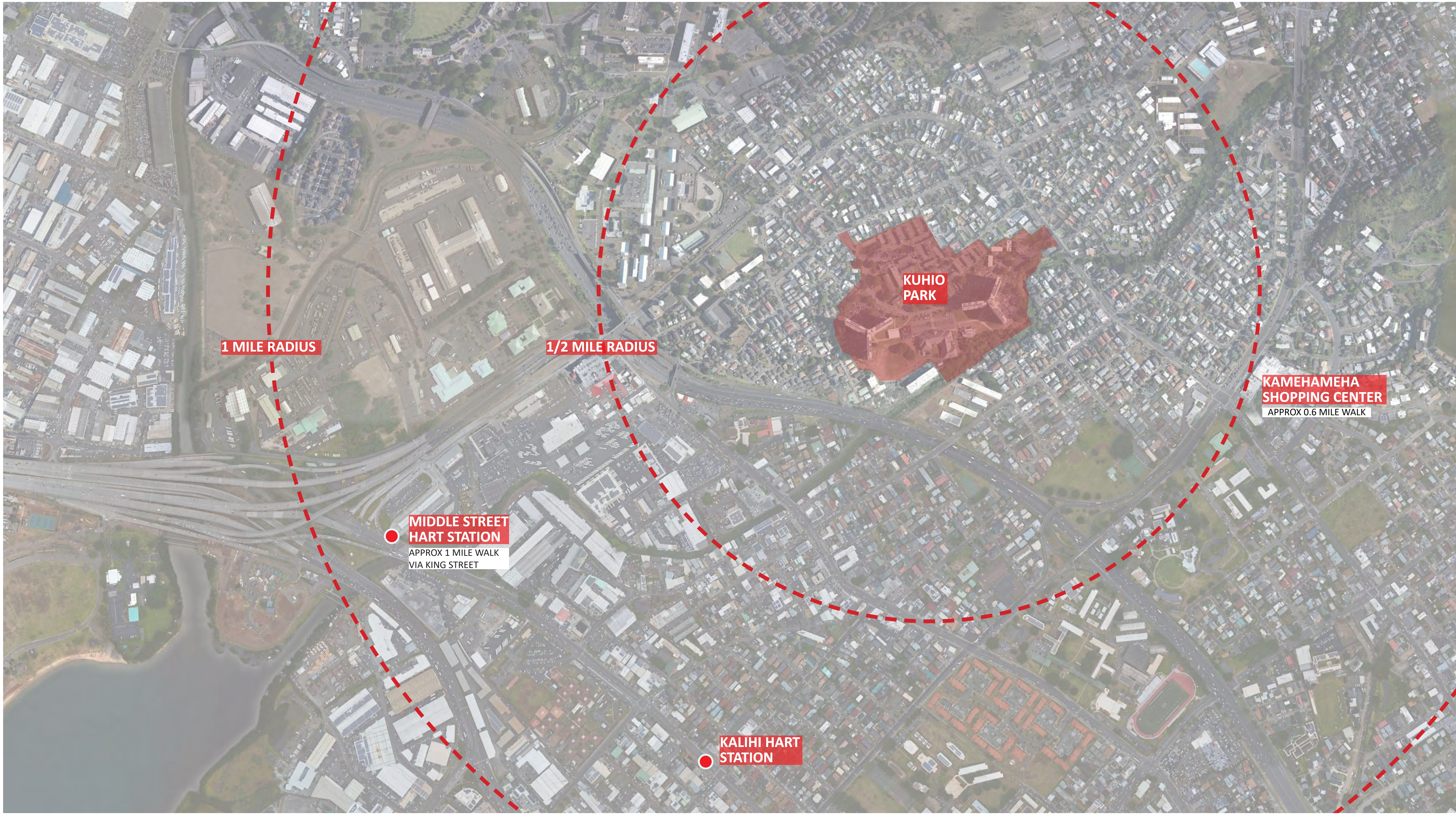
WIND flows from the north and mauka to makai.



AREA MAP & CLIMATE DATA

lowney arch

Michaels



WALKING DISTANCES

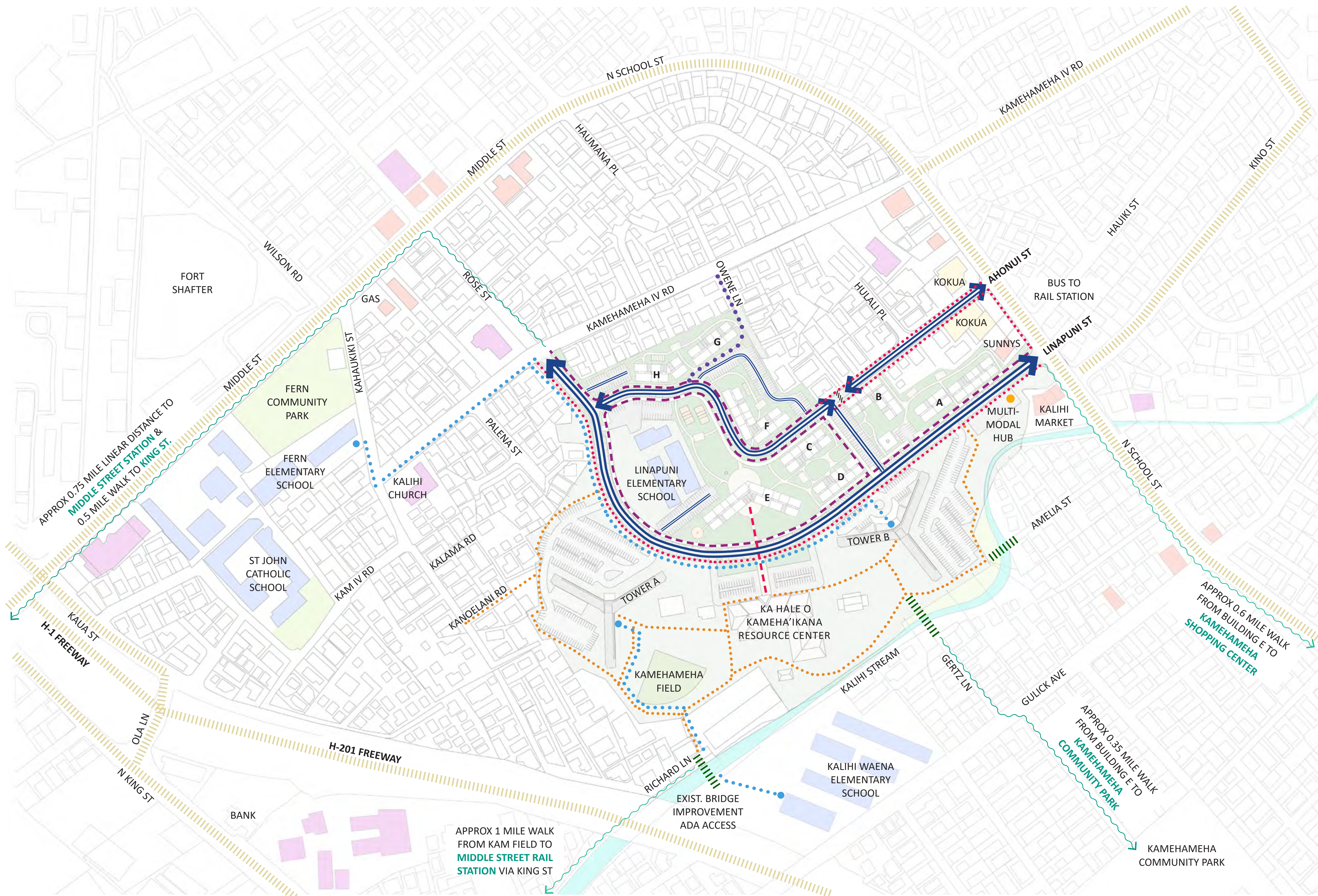
lowney
arch

KUHIO PARK NEIGHBORHOOD MAP

N
MAUKA
MAKAI

lowney arch

Michaels



PROJECT OPEN SPACE
OPEN SPACE
HEALTH
SCHOOL
RETAIL
RELIGIOUS
2-WAY VEHICULAR
12' WIDE PED & BIKE PATH
WALKING SCHOOL BUS
PEDESTRIAN & BIKE PATH
PEDESTRIAN PATH
FUTURE PED PATHS
POTENTIAL STREAM CROSSING
BUS ROUTE
PATH TO NEARBY LANDMARKS

*COMMUNITY MEETING BOARD #1

LOW RISE DEVELOPMENT PLAN | KUHIO PARK | KALIHI | APRIL 7, 2022

KUHIO NEIGHBORHOOD CONNECTIVITY

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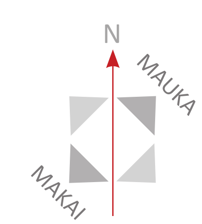
SCHOOL

WALKING SCHOOL BUS TO **KALIHI WAENA ELEMENTARY** APPROX .2 MILES

WALKING SCHOOL BUS TO **FERN ELEMENTARY** APPROX .5 MILES

NOTES

- LINAPUNI ELEMENTARY IS PRE-K TO 1ST GRADE
- TOWER A YOUTH ATTEND KALAKAUA INTERMEDIATE
- TOWER B YOUTH ATTEND DOLE MIDDLE SCHOOL.
- ALL ATTEND FARRINGTON HIGH SCHOOL



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Michaels

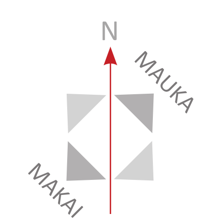
SCHOOL ROUTES

EXISTING BRIDGE AT RICHARD LANE:

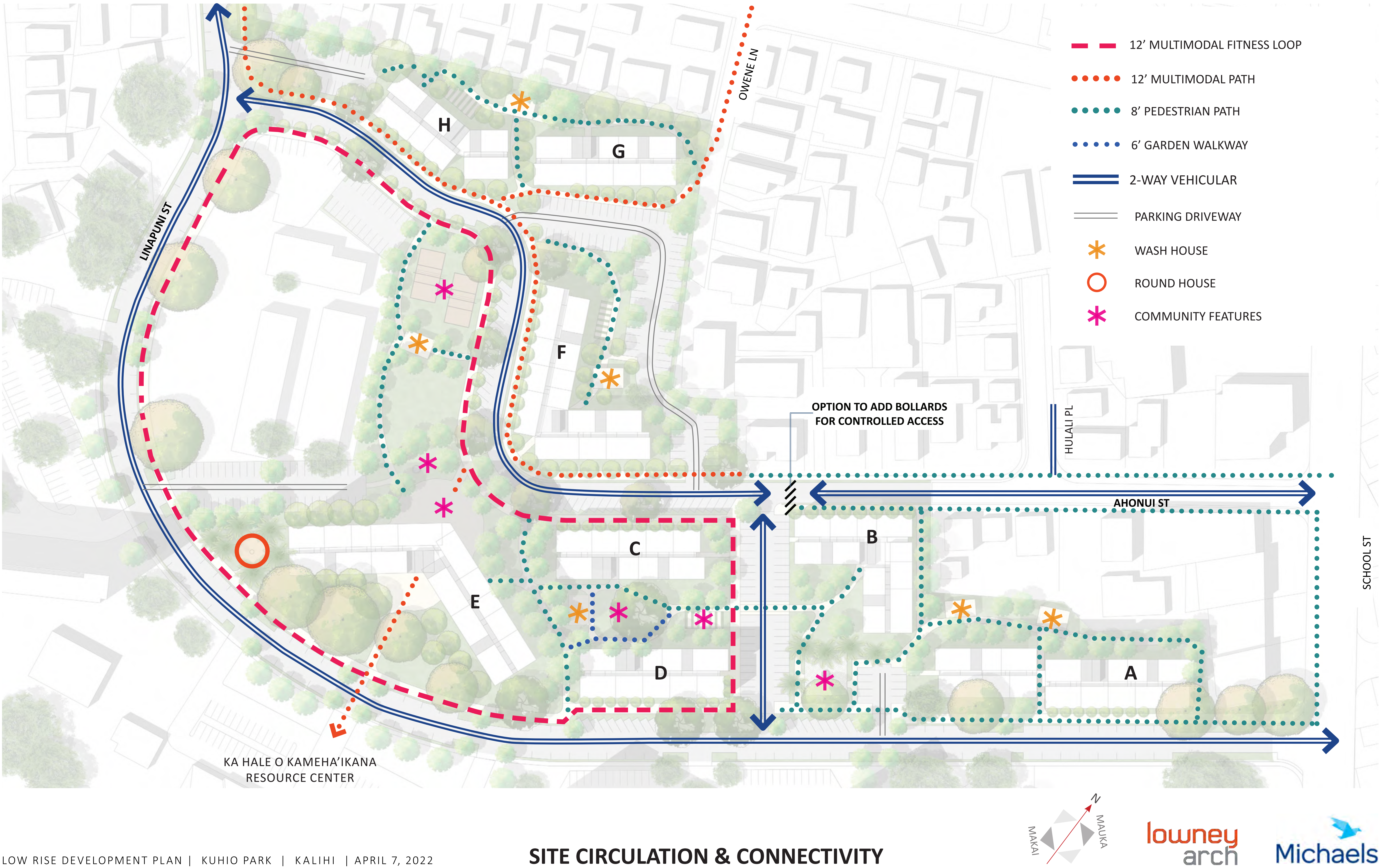
UPGRADE EXISTING BRIDGE, PROVIDE ADA ACCESSIBILITY

NEW POTENTIAL STREAM CROSSINGS AT GERTZ LN & AMELIA ST

EXISTING BRIDGE FROM KAMEHEMEHA FIELD TO RICHARD LANE:



BRIDGE CONNECTIONS



SITE CIRCULATION & CONNECTIVITY






EXISTING BUILDINGS


COMMUNITY OPEN SPACES

FITNESS LOOP - 12’ WIDE PERIMETER PATHWAY

MARKET HALE - TOWER BREEZEWAY

PLAY AREAS - NATURAL PLAYGROUND

SPORTS FIELDS - BASKETBALL & VOLLEYBALL

PUBLIC ART - LOCAL & COMMUNITY ARTISTS


GATHERING PLACES

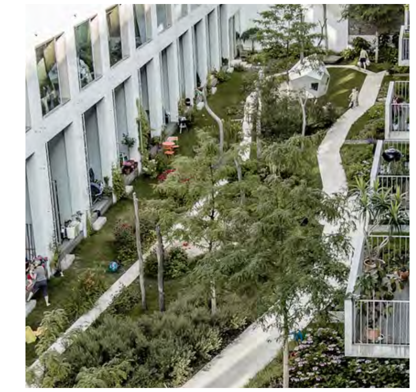
ROUND HOUSE & VILLAGE GREEN

WASH HOUSES - LAUNDRY, MAIL, AND MEETING AREAS

OUTDOOR DINING AREAS

KEIKI EDUCATIONAL ACTIVITIES

TOWER COMMUNITY CENTER SPACE



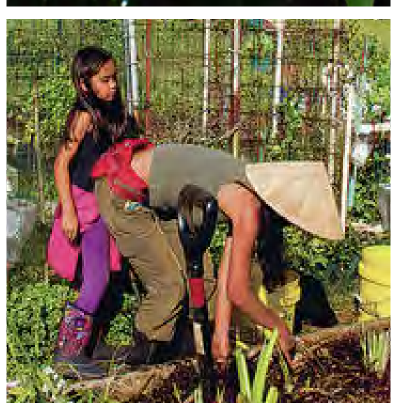

VILLAGE COURTYARDS

OUTDOOR LIVING ROOMS

IDENTITY - EACH COURTYARD WITH A SPECIFIC CANOPY TREE

SECURITY

INCREASED DENSITY & DIVERSITY OF UNIT TYPES

LANDSCAPE & SITE WORK

PRESERVE EXISTING TREE CANOPY

AGRICULTURAL **FRUIT TREES**

TEXTILE PLANTS - CULTURALLY SIGNIFICANT

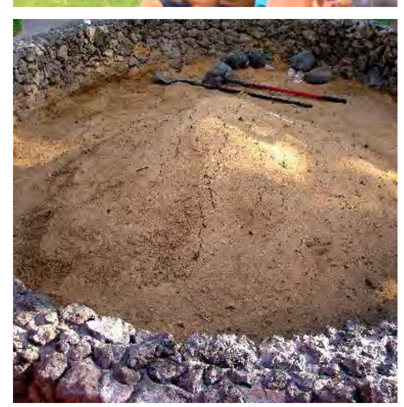
COMMUNITY GARDENS

LARGE CANOPY STREET TREES

PATHWAYS AND **‘LEI OF GREEN’**

COMPLETE STREETS

TRAFFIC CALMING MEASURES

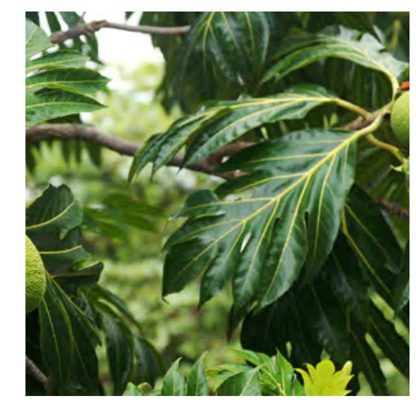
PACIFIC ISLAND CULTURE

‘WEAVING’ CONCEPT - CONNECTED GREENWAYS AND LINK TO PACIFIC ISLAND CULTURE

FORMS INSPIRED BY **TRADITIONAL STRUCTURES**

UNITY ACROSS CULTURES - GATHERING AROUND THE IMU

PERFORMANCES & CRAFTS




WELLNESS & SUSTAINABILITY

HEALTHY, WALKABLE, CONNECTED COMMUNITY

ACCESSIBILITY - ADA PATHS, EVERY BUILDING HAS ELEVATORS

STORM WATER MANAGEMENT & BIOSWALES

SOLAR ENERGY

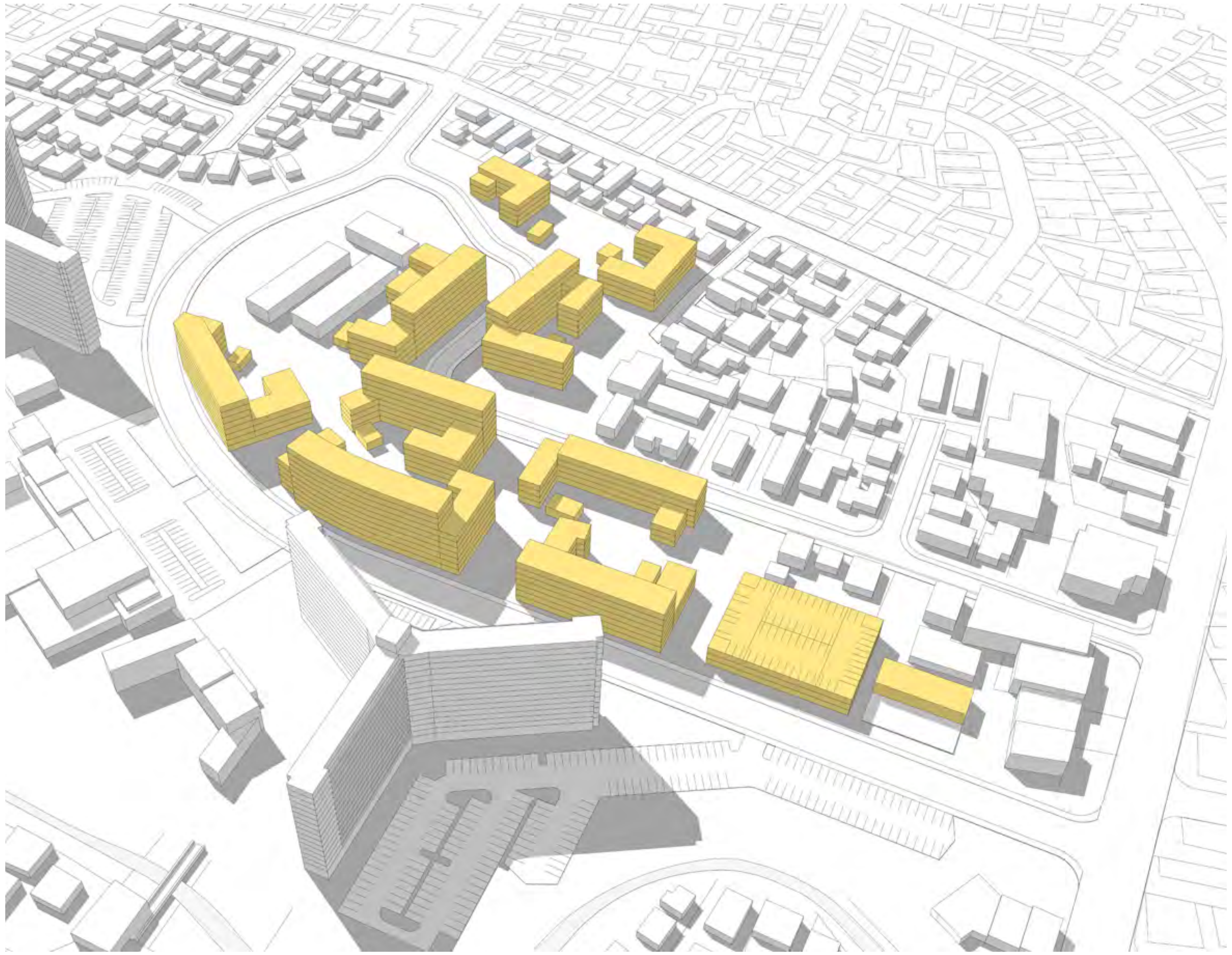
CNI MASTER PLAN GOALS

EXISTING
DISCONNECTED OPEN SPACE

CNI PLAN
COURTYARDS

PROPOSED
IMPROVED CONSOLIDATION
OF COMMUNITY OPEN SPACES

COMMUNITY OPEN SPACE



CNI PLAN
SINGLE-LOADED BLDGS, HIGH DENSITY SCHEME
APPROX 400 UNITS

PROPOSED
DOUBLE-LOADED BUILDINGS
APPROX 653 UNITS

DENSITY

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Michaels

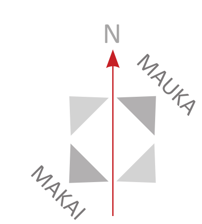
OPEN SPACE AMENITIES

EXISTING TREE CANOPY SERVES AS A COMMUNITY AMENITY

EXISTING SITE - SIGNIFICANT TREES

PROPOSED SITE - SIGNIFICANT TREES PRESERVED

EXISTING TREE CANOPY



WASH HOUSE
ROUND HOUSE
PRESERVED TREE
GARDEN PLOTS

*Approx unit counts may decrease slightly to allow for lobby and amenity spaces

**Approx parking count may decrease slightly to allow for trash, loading, and ADA

BLDG	LEVELS	UNITS
A	8	118
B	6	63
C	6	54
D	6	54
E	16	252
F	4	52
G	4	32
H	4	28
TOTAL*		**653**
TOTAL PARKING**		405

COMMUNITY MEETING BOARD #3

LOW RISE DEVELOPMENT PLAN | KUHIO PARK | KALIHI | APRIL 7, 2022

SITE PLAN

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OVERALL AERIAL VIEW

COMMUNITY MEETING BOARD #4

LOW RISE DEVELOPMENT PLAN | KUHIO PARK | KALIHI | APRIL 7, 2022

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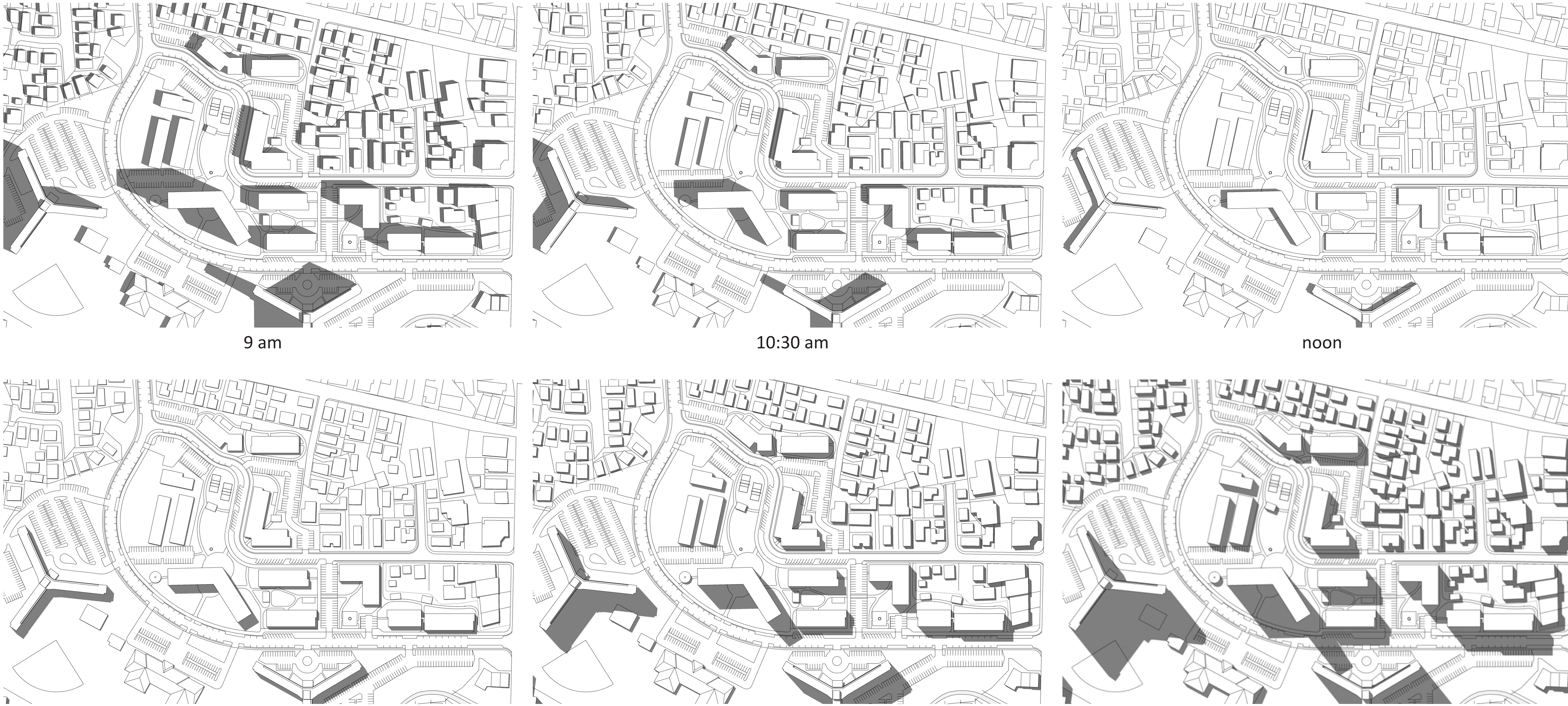
Michaels

SUMMER SOLSTICE



9 am

10:30 am

noon

1:30 pm

3 pm

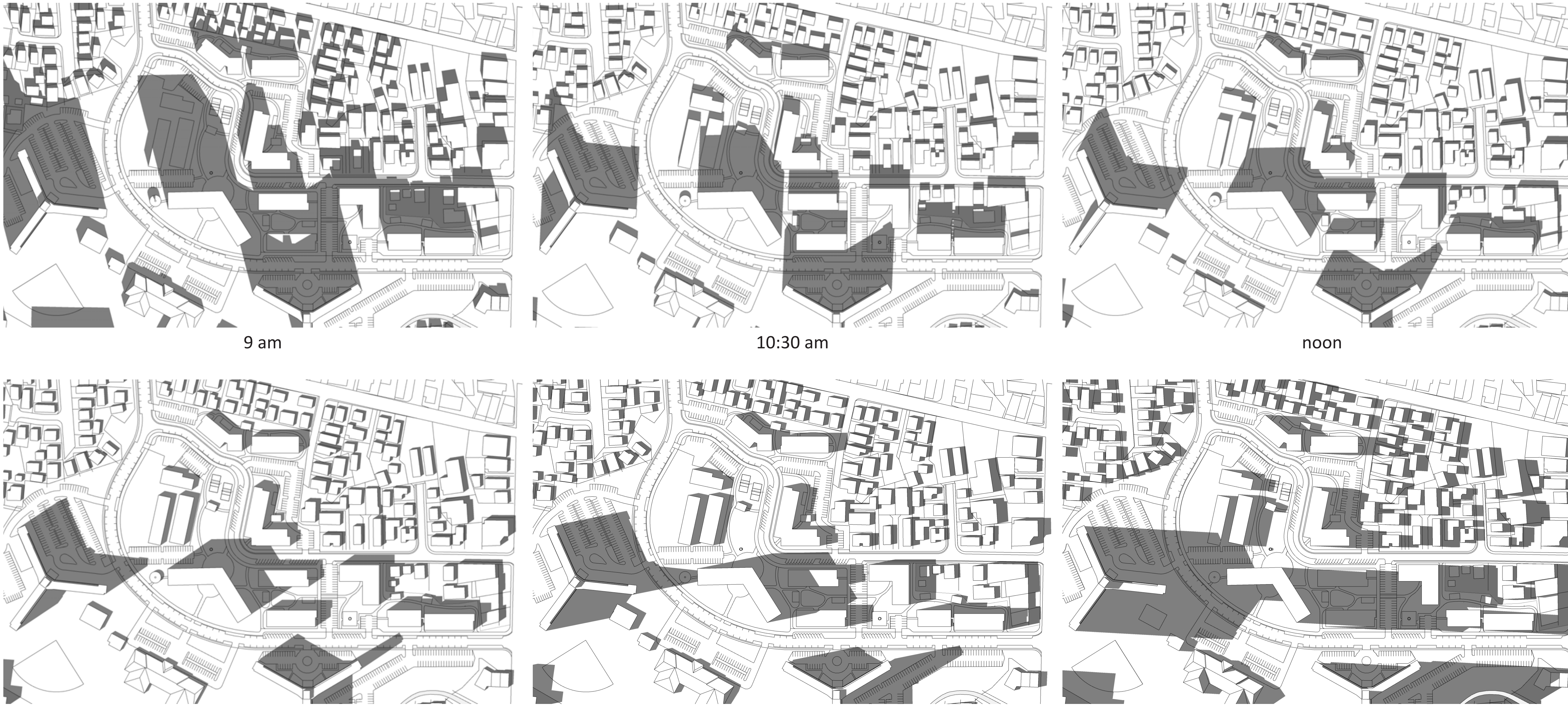
4:30 pm

SHADOW DIAGRAMS

lowney arch

Michaels

WINTER SOLSTICE



9 am

10:30 am

noon

1:30 pm

3 pm

4:30 pm

SHADOW DIAGRAMS

LANDSCAPE PLAN


coconut


monkeypod


plumeria variety


plumeria variety


puakenikeni


ulu


noni


mango


lychee


rambutan


starfruit


citrus (lime)


citrus (tangerine)


papaya


banana


cherimoya

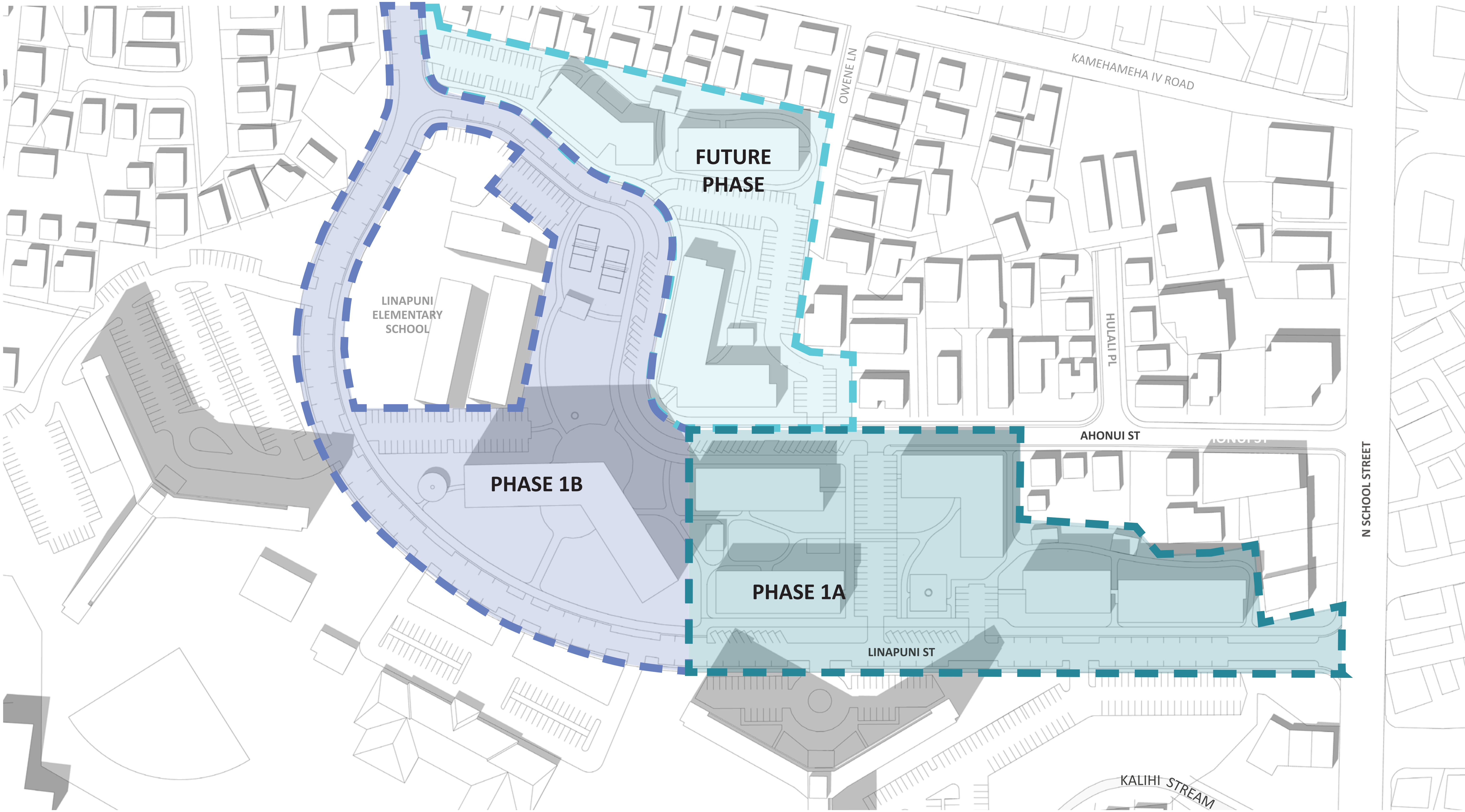

soursop


sapodilla

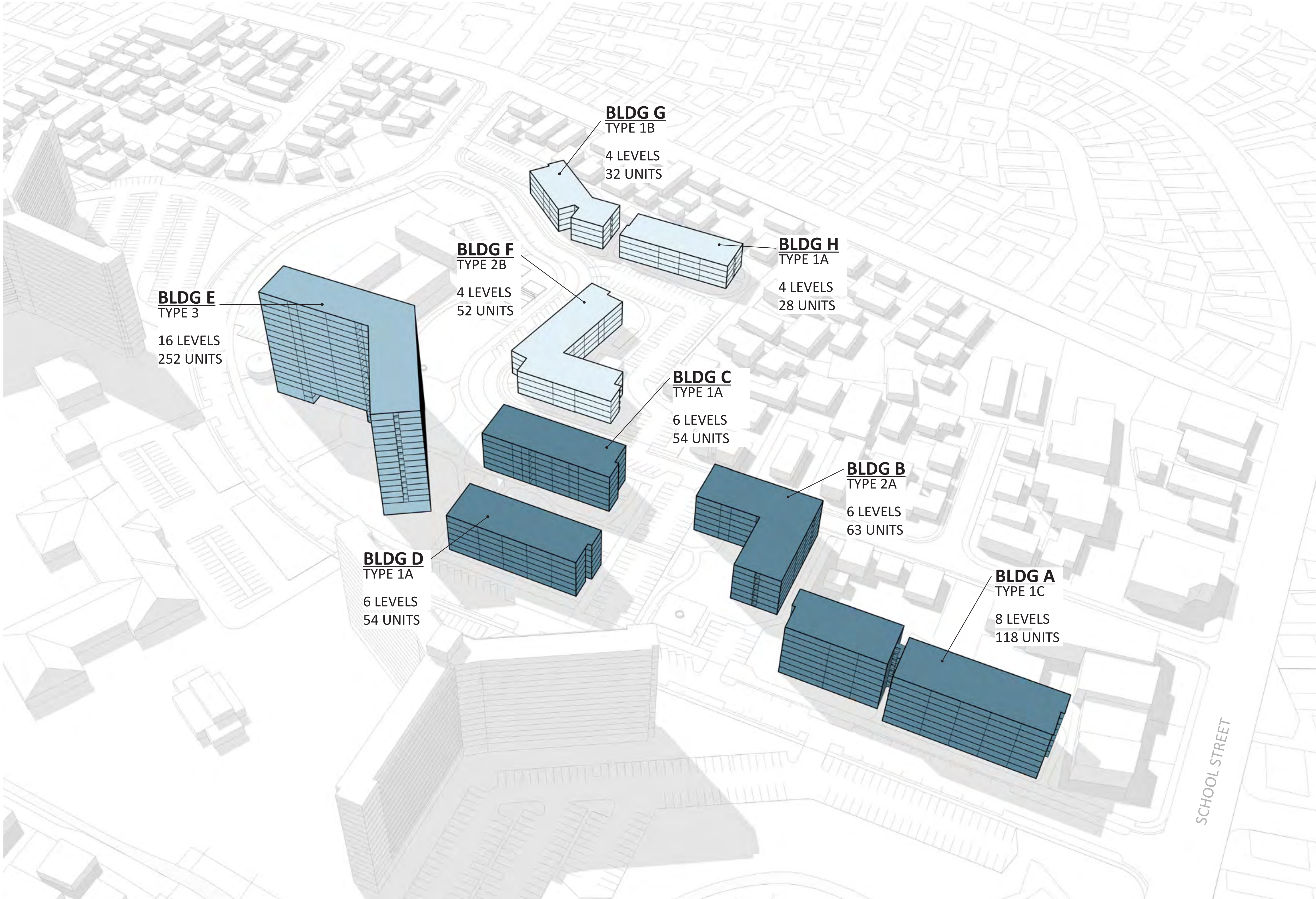

sapote


tamarind

LANDSCAPE PALETTE



PHASING PLAN



PHASING

PHASE 1A

PHASE 1B

FUTURE PHASE

BUILDING TYPE

TYPE 1 "BAR"

TYPE 2 "L"

TYPE 3 "V"

PROPOSED UNITS:

1 Bedroom	135	21%
2 Bedroom	288	44%
3 Bedroom	146	22%
4 Bedroom	76*	12%
5 Bedroom	8*	1%

Total units: 653

*Replacement units

**Ratios are still being studied and adjusted, particularly with respect to the current water allocation shortages.*

INCREASED HOUSING DIVERSITY

- 174 units to be made available as Section 18 units.
- 50 units to be designated as RAD units.
- The remaining balance to between 30% to 80% AMI.

PROGRAM SUMMARY

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EXISTING UNITS

BLDG	UNITS
1	6
2	6
3	6
4	6
5	6
6	6
C-4	4
C-5	4
C-7	4
C-8	4
D-3	2
D-4	2
TOTAL	**56**

PHASE 1A DEMOLITION PLAN

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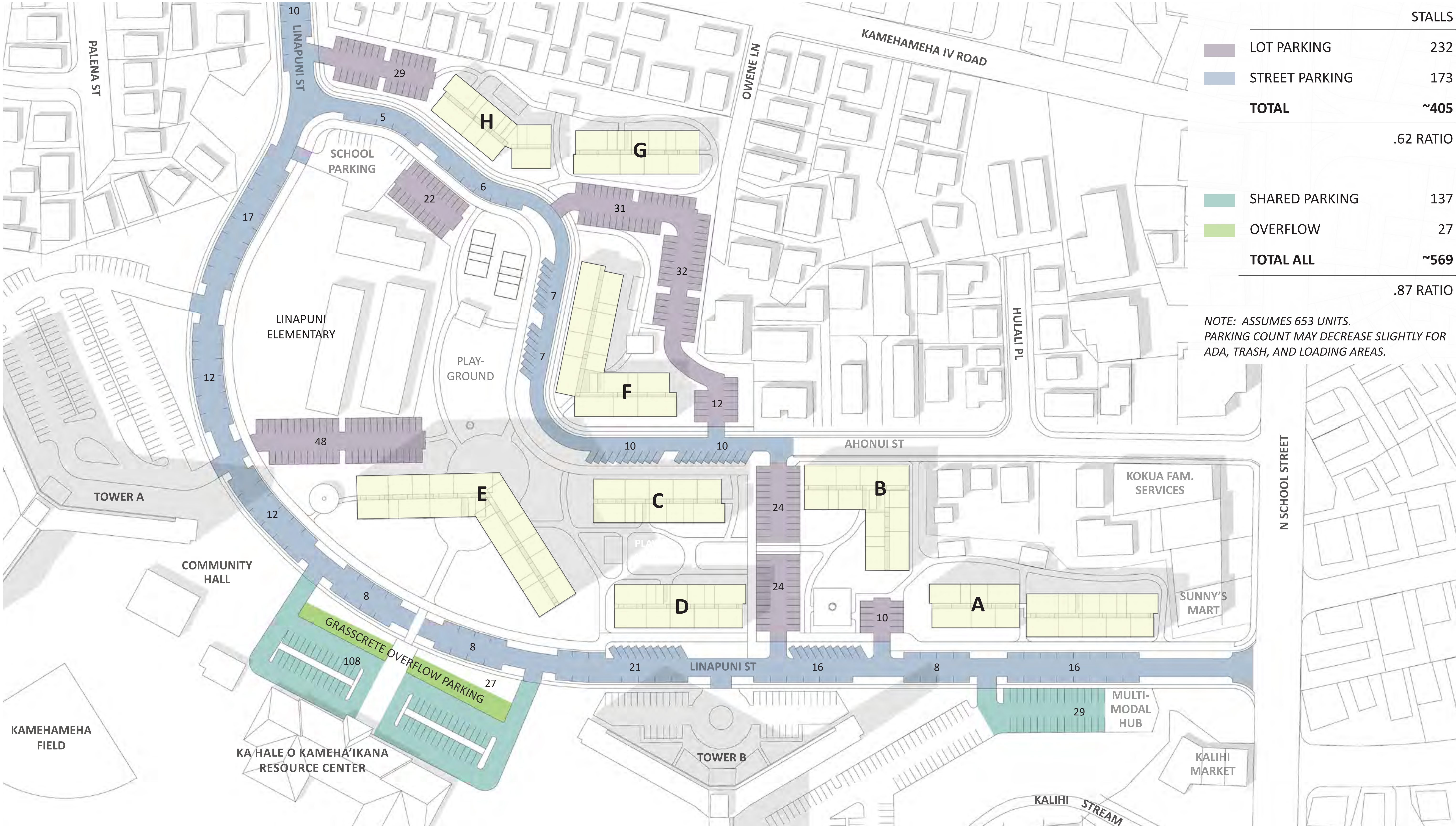
Michaels



	STALLS
LOT PARKING	232
STREET PARKING	173
TOTAL	**~405**
	.62 RATIO
SHARED PARKING	137
OVERFLOW	27
TOTAL ALL	**~569**
	.87 RATIO

NOTE: ASSUMES 653 UNITS. PARKING COUNT MAY DECREASE SLIGHTLY FOR ADA, TRASH, AND LOADING AREAS.

PARKING PLAN

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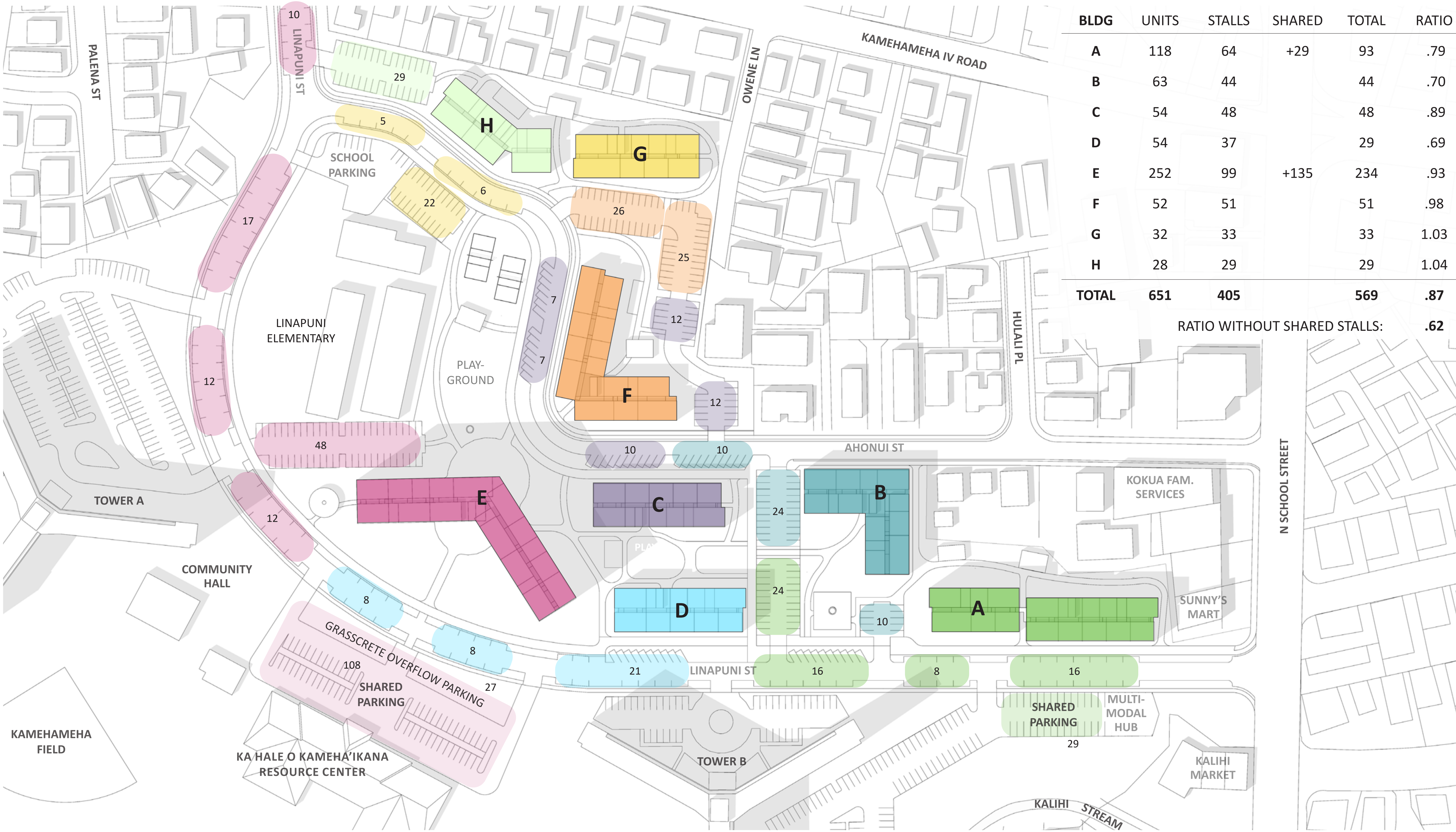
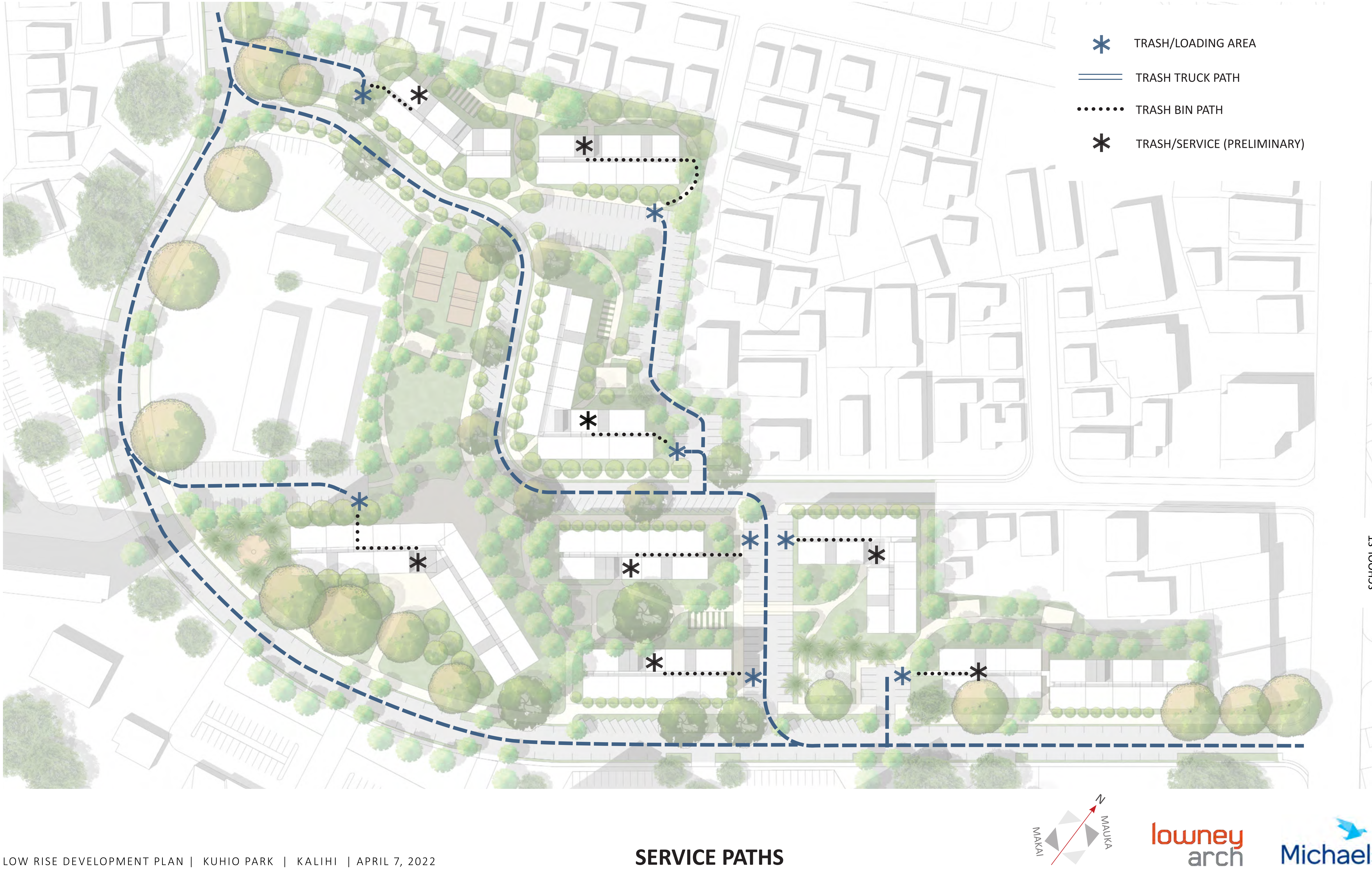
PARKING PLAN



BLDG	UNITS	STALLS	SHARED	TOTAL	RATIO
A	118	64	+29	93	.79
B	63	44		44	.70
C	54	48		48	.89
D	54	37		29	.69
E	252	99	+135	234	.93
F	52	51		51	.98
G	32	33		33	1.03
H	28	29		29	1.04
TOTAL	**651**	**405**		**569**	**.87**

RATIO WITHOUT SHARED STALLS: **.62**



SERVICE PATHS

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Michaels

OVERALL UNIT SIZE MATRIX

	Requested Overall Units		Planned Overall Units		Planned Ratio	Avg. Unit Size (nsf)		Average Size (gsf)*	
1 Bedroom	108	units	135	units	20.7%	554	nsf	598	gsf
2 Bedroom	269	units	288	units	44.1%	770	nsf	832	gsf
3 Bedroom	161	units	146	units	22.4%	1,011	nsf	1,092	gsf
4 Bedroom	79	units	76	units	11.6%	1,252	nsf	1,352	gsf
5 Bedroom	8	units	8	units	1.2%	1,493	nsf	1,612	gsf
	625	units	653	units	100.0%				

Amenity/support spaces — Average gsf/unit

*includes unit walls
**includes walls, corridors, utility, vertical circulation per floor

OVERALL UNIT MIX

	BLDG A	BLDG B	BLDG C	BLDG D	BLDG E	BLDG F	BLDG G	BLDG H	SUBTOTAL
1 Bedroom	24	11	12	12	56	8	8	4	135
2 Bedroom	48	36	24	24	112	20	12	12	288
3 Bedroom	38	10	18	18	42	8	8	4	146
4 Bedroom	8	6	-	-	42	12	-	8	76
5 Bedroom	-	-	-	-	-	4	4	-	8
Subtotal	118	63	54	54	252	52	32	28	653

NOTE: Approx unit counts may decrease slightly to allow for lobby and amenity spaces

BLDG A

Total units	Levels	Floor Plate		Total GSF	
118	8	17,000	gsf	136,000	gsf

1 Bedroom	20.3%	3	units/floor	24	units/bldg
2 Bedroom	40.7%	6	units/floor	48	units/bldg
3 Bedroom	32.2%	5	units/floor	38	units/bldg
4 Bedroom	6.8%	1	units/floor	8	units/bldg
5 Bedroom	0.0%	-	units/floor	-	units/bldg
	100.0%	15	units/floor	118	units
			Amenities (est.)	-	gsf

BLDG B

Total units	Levels	Floor Plate		Total GSF	
63	6	12,800	gsf	76,800	gsf

1 Bedroom	17.5%	2	units/floor	11	units/bldg
2 Bedroom	57.1%	6	units/floor	36	units/bldg
3 Bedroom	15.9%	2	units/floor	10	units/bldg
4 Bedroom	9.5%	1	units/floor	6	units/bldg
5 Bedroom	0.0%				
	100.0%	11	units/floor	63	units
			Amenities (est.)	3,000	gsf

BLDG C

Total units	Levels	Floor Plate		Total GSF	
54	6	9,900	gsf	59,400	gsf

1 Bedroom	22.2%	2	units/floor	12	units/bldg
2 Bedroom	44.4%	4	units/floor	24	units/bldg
3 Bedroom	33.3%	3	units/floor	18	units/bldg
4 Bedroom	0.0%	-	units/floor	-	units/bldg
5 Bedroom	0.0%	-	units/floor	-	units/bldg
	100.0%	9	units/floor	54	units
			Amenities (est.)	-	gsf

BLDG D

Total units	Levels	Floor Plate		Total GSF	
54	6	9,900	gsf	59,400	gsf

1 Bedroom	22.2%	2	units/floor	12	units/bldg
2 Bedroom	44.4%	4	units/floor	24	units/bldg
3 Bedroom	33.3%	3	units/floor	18	units/bldg
4 Bedroom	0.0%	-	units/floor	-	units/bldg
5 Bedroom	0.0%	-	units/floor	-	units/bldg
	100.0%	9	units/floor	54	units
			Amenities (est.)	-	gsf

BLDG E

Total units	Levels	Floor Plate		Total GSF	
252	16	20,130	gsf	289,320	gsf

1 Bedroom	22.2%	4	units/floor	56	units/bldg
2 Bedroom	44.4%	8	units/floor	112	units/bldg
3 Bedroom	16.7%	3	units/floor	42	units/bldg
4 Bedroom	16.7%	3	units/floor	42	units/bldg
5 Bedroom	0.0%	-	units/floor	-	units/bldg
	100.0%	18	units/floor	252	units
			Amenities (est.)	6,000	gsf

BLDG F

Total units	Levels	Floor Plate		Total GSF	
52	4	16,500	gsf	66,000	gsf

1 Bedroom	15.4%	2	units/floor	8	units/bldg
2 Bedroom	38.5%	5	units/floor	20	units/bldg
3 Bedroom	15.4%	2	units/floor	8	units/bldg
4 Bedroom	23.1%	3	units/floor	12	units/bldg
5 Bedroom	7.69%	1	units/floor	4	units/bldg
	100.0%	13	units/floor	52	units
			Amenities (est.)	3,000	gsf

BLDG G

Total units	Levels	Floor Plate		Total GSF	
32	4	9,800	gsf	39,200	gsf

1 Bedroom	25.0%	2	units/floor	8	units/bldg
2 Bedroom	37.5%	3	units/floor	12	units/bldg
3 Bedroom	25.0%	2	units/floor	8	units/bldg
4 Bedroom	0.0%	-	units/floor	-	units/bldg
5 Bedroom	12.5%	1	units/floor	4	units/bldg
	100.0%	8	units/floor	32	units
			Amenities (est.)	-	gsf

BLDG H

Total units	Levels	Floor Plate		Total GSF	
28	4	9,300	gsf	37,200	gsf

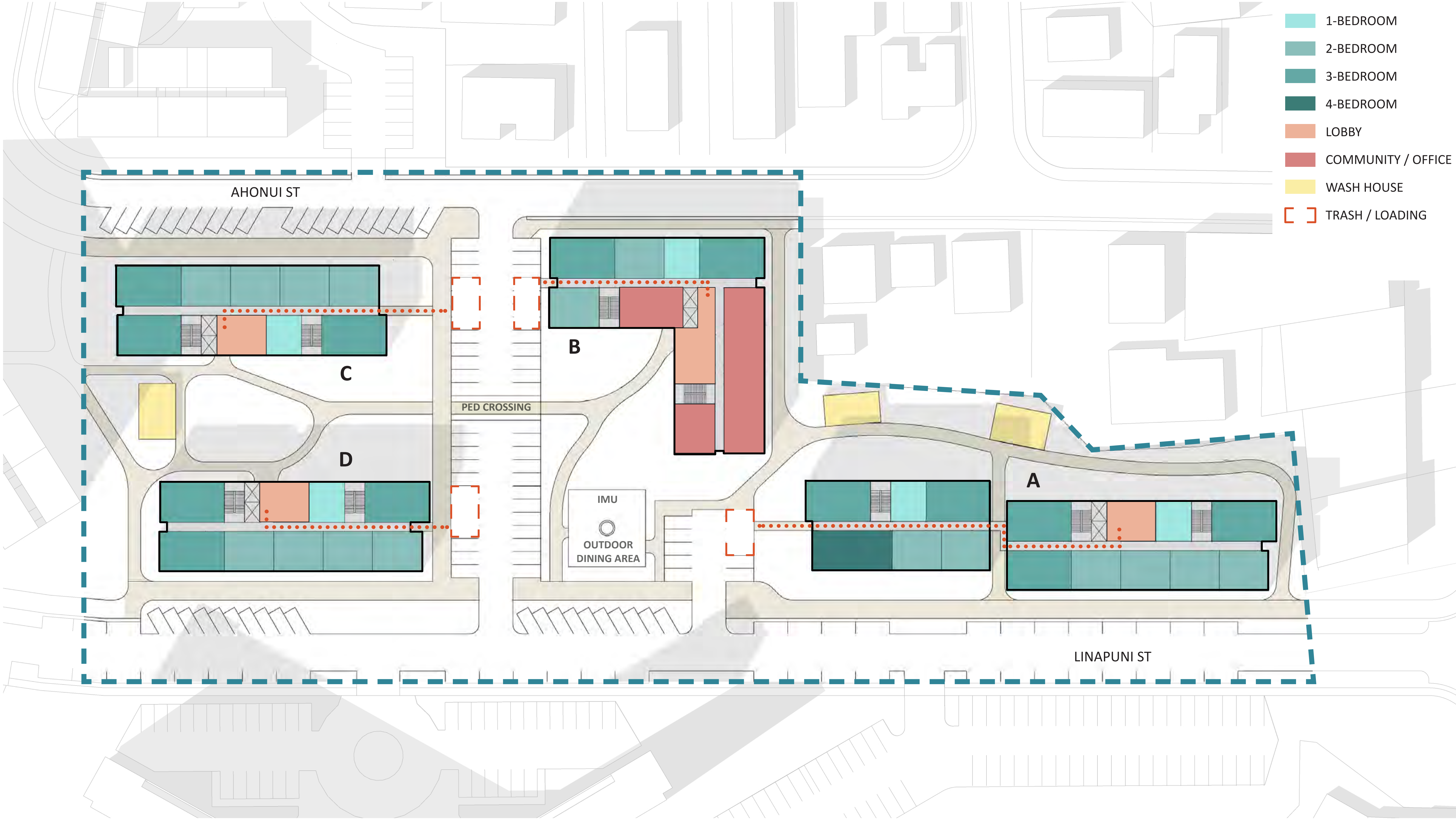
1 Bedroom	14.3%	1	units/floor	4	units/bldg
2 Bedroom	42.9%	3	units/floor	12	units/bldg
3 Bedroom	14.3%	1	units/floor	4	units/bldg
4 Bedroom	28.6%	2	units/floor	8	units/bldg
5 Bedroom	0.0%	-	units/floor	-	units/bldg
	100.0%	7	units/floor	28	units
			Amenities (est.)	-	gsf

UNIT MIX

BLDG	1BR	2BR	3BR	4BR	TOTAL
A	24	48	38	8	118
B	11	36	10	6	63
C	12	24	18	-	54
D	12	24	18	-	54
	59 (20%)	**132** (46%)	**84** (29%)	**14** (5%)	**289**

NOTE: Unit mix is still being studied and adjusted, particularly with respect to the current water allocation shortages.

PHASE 1A SITE PLAN



PHASE 1A SITE PLAN

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Michaels

PHASE 1A AERIAL

PHASE 1A AERIAL

lowney arch

Michaels

LOW RISE DEVELOPMENT PLAN | KUHIO PARK | KALIHI | APRIL 7, 2022

PHASE 1A AERIAL

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PHASE 1A - SCHOOL STREET ENTRY

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Michaels

The tower breezeway would accomodate the **Market Hale**, a multimodal space open to public events such as swap meets and performances.
Community spaces and management offices would be located in the tower, accessible from the breezway plaza.

PHASE 1B - TOWER BREEZEWAY

CONCEPT IMAGES

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LOCAL PRODUCE

FRUIT TREES

MARKET HALE

*COMMUNITY MEETING BOARD #5

LOW RISE DEVELOPMENT PLAN | KUHIO PARK | KALIHI | APRIL 7, 2022

COMMUNITY GARDENS & MARKET HALE

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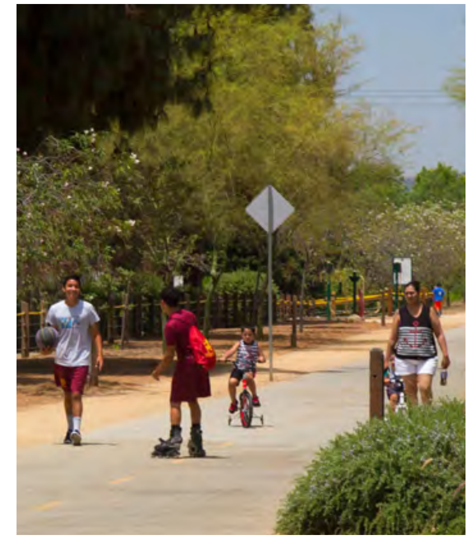
NATURAL PLAYGROUND

FITNESS LOOP



CULTURAL GAMES

WELLNESS FOR ALL AGES

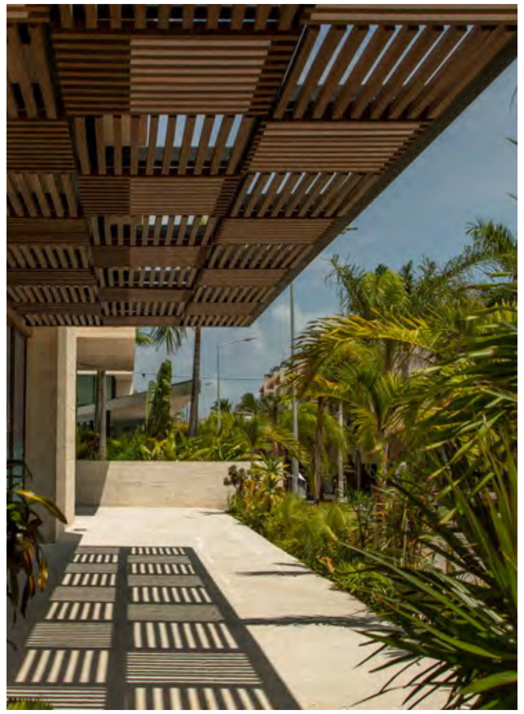
SPORTS

PLAY AREAS & RECREATION

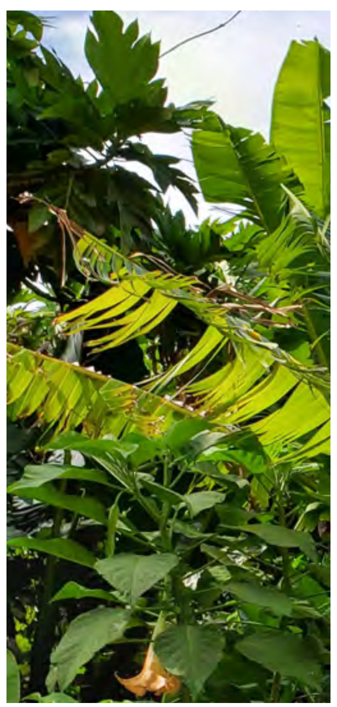
SHADE

WALKING PATHS

SCULPTURE & ART





NATIVE PLANTS

MONKEYPOD TREES & BENCHES

COURTYARDS

COMMUNITY MEETING BOARD #7

LOW RISE DEVELOPMENT PLAN | KUHIO PARK | KALIHI | APRIL 7, 2022

LANDSCAPING & PARKS

GATHERING AROUND THE IMU

OUTDOOR DINING

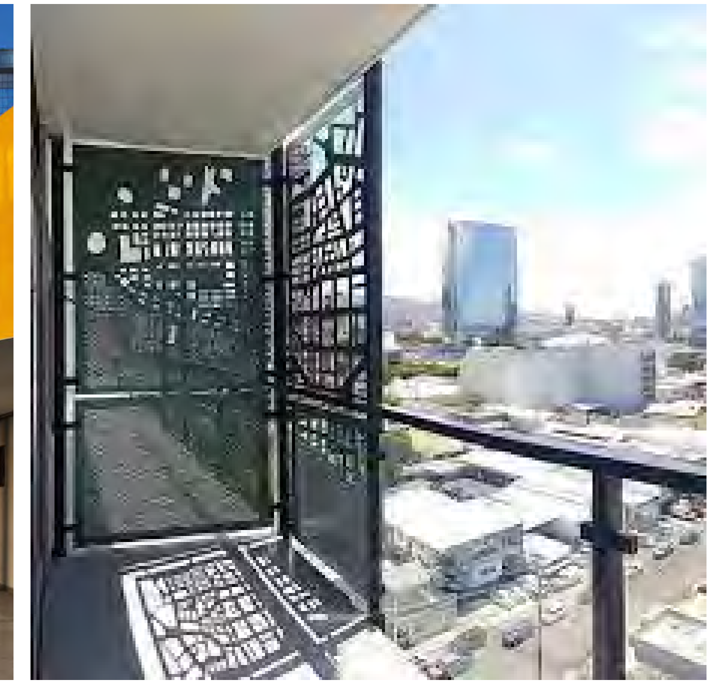
ROUND HOUSE

CULTURAL PERFORMANCES & CRAFTS

COMMUNITY MEETING BOARD #7

LOW RISE DEVELOPMENT PLAN | KUHIO PARK | KALIHI | APRIL 7, 2022

UNITY ACROSS CULTURES



ARCHITECTURAL PRECEDENTS

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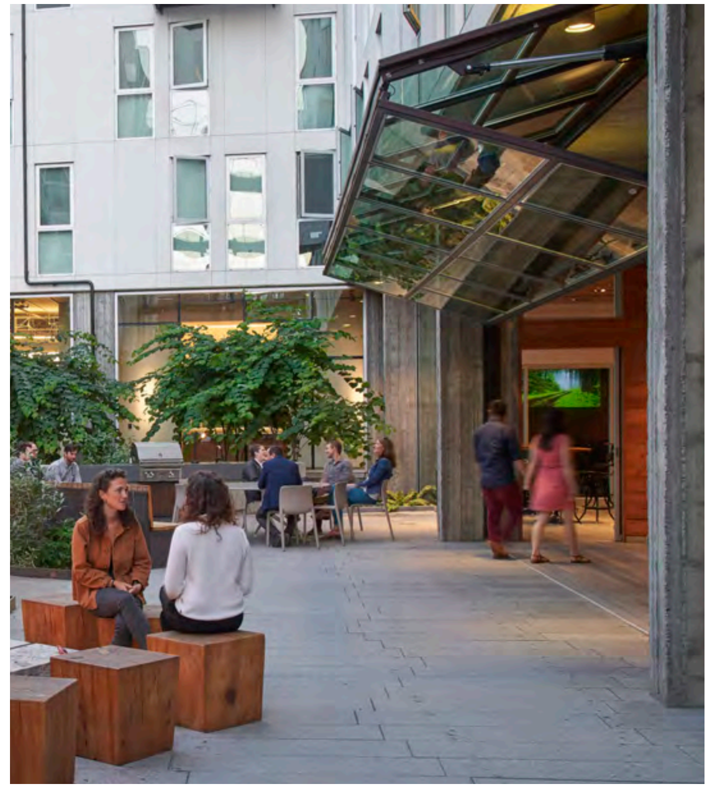
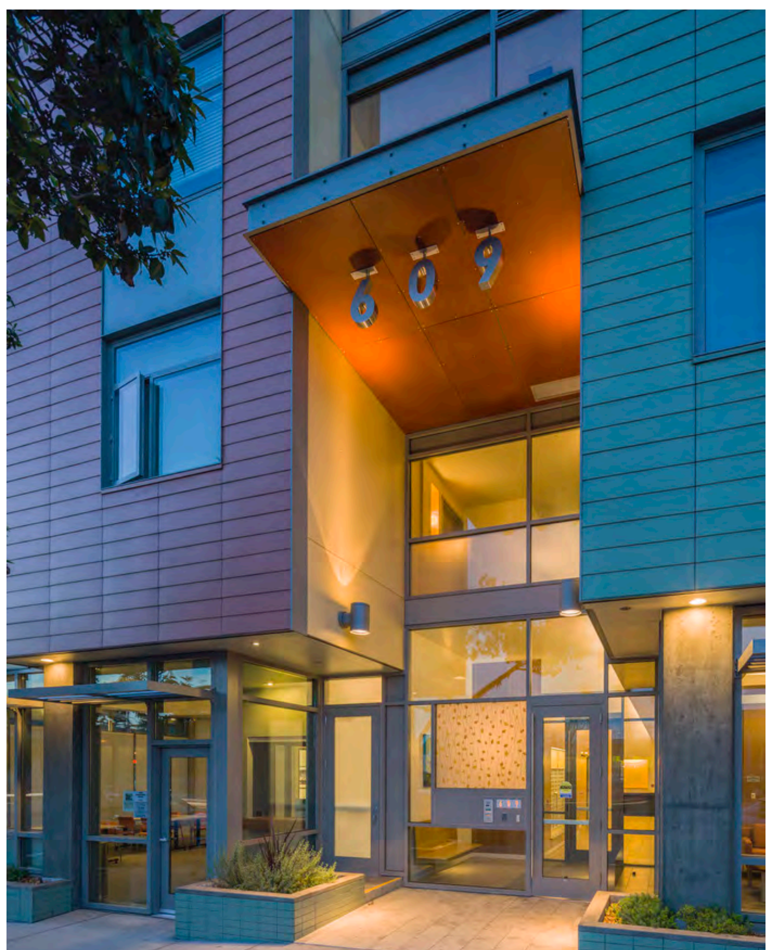
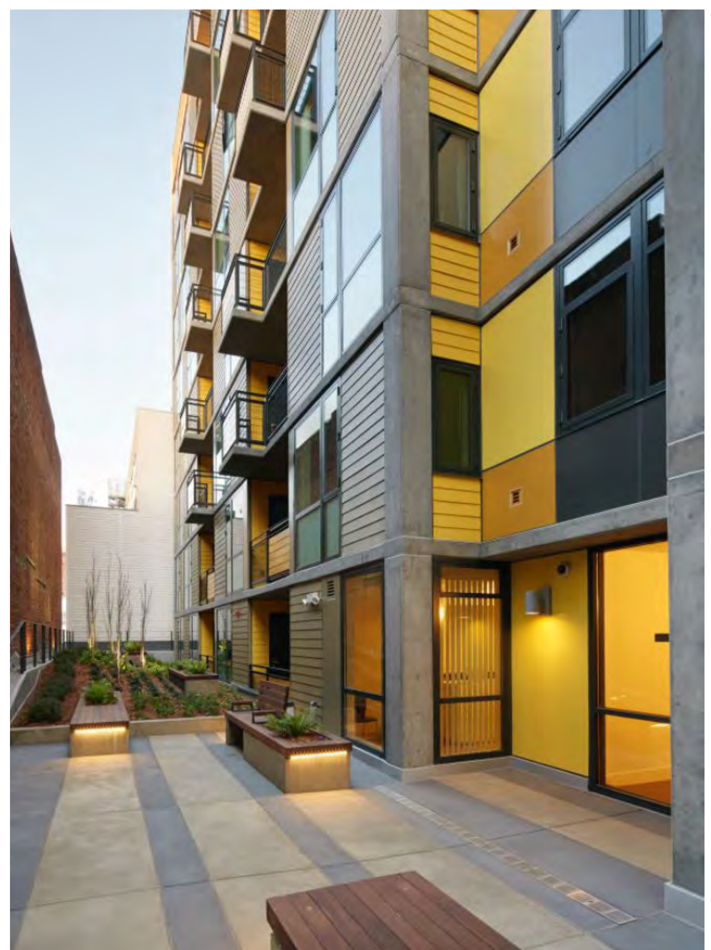
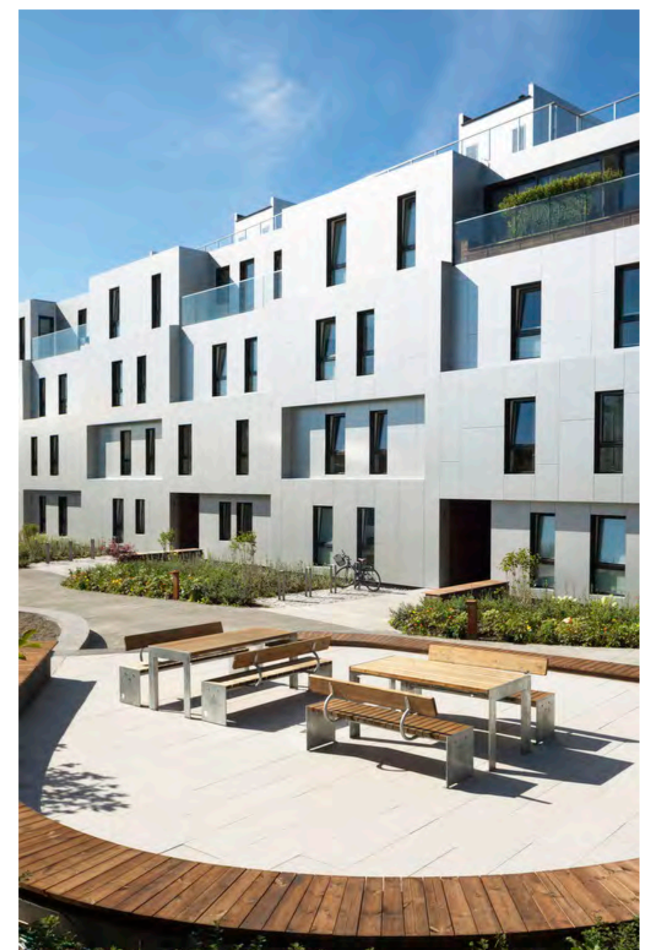
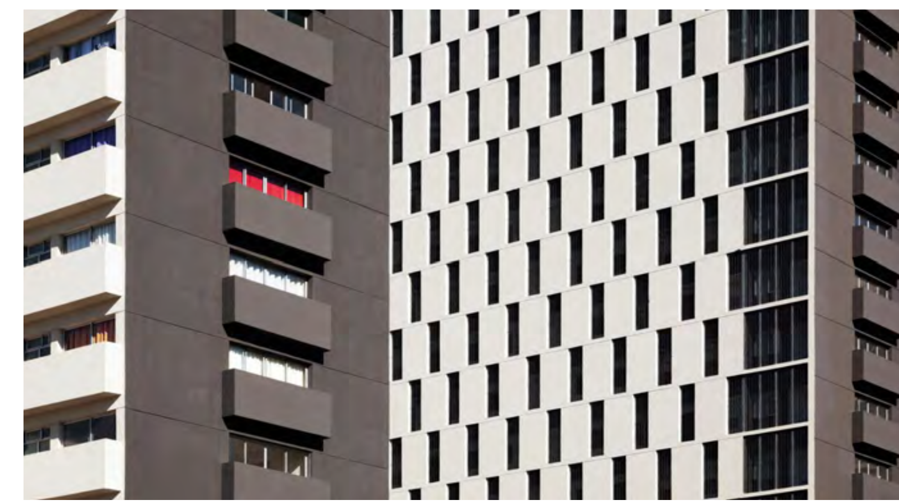
Michaels











INTERNAL USE

ARCHITECTURAL PRECEDENTS

lowney arch

Michaels

WARM MATERIALS

OPEN-AIR CORRIDORS

*INTERNAL USE

ARCHITECTURAL PRECEDENTS

EXHIBIT E
FINANCING PLAN

KPLR - Phase 1 03-Mar-25

PRO FORMA INCOME AND EXPENSE SUMMARY

Family/ New Construction / 6-8 stories / 4% Tax Credits

NUMBER OF UNITS	TYPE OF UNIT	SQUARE FOOTAGE	AMI		ALLOWED RENT/MO.	OPENING RENT/MO.	UTILITY ALLOW.	MONTHLY RENT	TOTAL RENT	RENT PER S.F.
			HUD		2024	RENTS				
31	0 BD - 1 BA - Flat	470	40.00%		975	975	97	878	27,218	1.87
15	0 BD - 1 BA - Flat	470	60.00%		1,462	1,462	97	1,365	20,475	2.90
10	1 BD - 1 BA - Flat	565	30.00%	PBV	1,936	1,936	110	1,826	18,260	3.23
20	1 BD - 1 BA - Flat	565	40.00%		1,044	1,044	110	934	18,680	1.65
52	1 BD - 1 BA - Flat	565	60.00%		1,566	1,566	110	1,456	75,712	2.58
18	2 BD - 1.5 BA - Flat	791	30.00%	PBV	2,511	2,511	152	2,359	42,462	2.98
2	2 BD - 1.5 BA - Flat	791	40.00%	PBV	2,511	2,511	152	2,359	4,718	2.98
15	2 BD - 1.5 BA - Flat	791	40.00%		1,253	1,253	152	1,101	16,515	1.39
68	2 BD - 1.5 BA - Flat	791	60.00%		1,879	1,879	152	1,727	117,436	2.18
18	3 BD - 2 BA - Flat	1,038	40.00%	PBV	3,409	3,409	192	3,217	57,906	3.10
10	3 BD - 2 BA - Flat	1,038	40.00%		1,448	1,448	192	1,256	12,560	1.21
14	3 BD - 2 BA - Flat	1,038	60.00%		2,172	2,172	192	1,980	27,720	1.91
17	4 BD - 2 BA - Flat	1,294	40.00%	PBV	4,079	4,079	231	3,848	65,416	2.97
1	4 BD - 2 BA - Flat	1,294	40.00%		1,615	1,615	231	1,384	1,384	1.07
11	4 BD - 2 BA - Flat	1,294	60.00%		2,442	2,442	231	2,211	24,321	1.71
1	2 BD - 1.5 BA - Flat	791	MGR		0	0	0	0	0	0.00
1	3 BD - 2 BA - Flat	1,038	MGR		0	0	0	0	0	0.00
Other		0								
Retail		0								
Other		103,276								
304	**Total**	335,650							530,783	

INCOME

				Per Unit/Mo
GROSS RENTAL INCOME			6,369,396	
RETAIL INCOME	Vacancy	20%	0	$0.00
OTHER INCOME			36,480	$10.00
INTEREST INCOME (5% On Interest Reserve)			0	$0.00
ADJUSTED GROSS INCOME			6,405,876	
VACANCY ALLOWANCE		6.00%	(384,053)	
EFFECTIVE GROSS INCOME			6,021,823	

OPERATING EXPENSES

			Operating Expenses	Per Unit/Yr
1	Personnel Costs		787,989	2,592
2	Administration/General		55,791	184
3	Marketing Expense		18,100	60
4	Repairs & Maintenance		170,651	561
5	Cleaning & Decorating		15,200	50
6	Contract Services		449,232	1,478
7	Professional Fees		48,258	159
8	Utilities		871,200	2,866
9	Real estate taxes		10,159	33
10	Insurance		524,400	1,725
11	Services and miscellaneous (business license, audit, HHFDC fees, etc)		28,690	94
12	Management Fee w/Supplemental	6.04%	363,457	1,196
			3,343,127	
	TOTAL OPERATING EXPENSES		(3,343,127)	$10,997
13	REPLACEMENT RESERVES		(91,200)	$300
	TOTAL OPERATING EXPENSES AND RESERVES		(3,434,327)	$11,297.13
	TOTAL OPERATING EXPENSES LESS TAXES AND RESERVES		(3,332,968)	$10,963.71

NET OPERATING INCOME	**2,587,496**

KPLR - Phase 1

03-Mar-25

DEVELOPMENT COSTS / SOURCES AND USES

Family/ New Construction / 6-8 stories / 4% Tax Credits

SOURCES OF FUNDS

CONSTRUCTION

TAX EXEMPT BONDS + TAXABLE BONDS	$117,377,988	After paydown at Const Compl
PAYDOWN AT COMPLETION	($45,235,078)	
HCDC PREDEVELOPMENT FUNDING	0	
COSTS PAID AT PERM CLOSING	12,210,853	
EQUITY	73,148,127	
CITY/COUNTY HONOLULU LOAN (HPHA)	8,000,000	
OTHER	0	
DEFERRED COSTS	0	
RHRF LOAN AWARDED	48,556,752	
TOTAL SOURCES	**$214,058,642**	

PERMANENT

TAX CREDIT EQUITY (LIMITED PARTNER)	$118,080,039	
PERMANENT FINANCING	36,353,335	
DEFERRED DEVELOPER FEE	3,068,515	HCDC receives 77.78% of the first 60% of the Dev Fee, remaining 40% is split 50%/50% HPHA receives 22.22% of the first 60% of the Dev Fee, remaining 40% is split 50%/50%
OTHER	0	
OTHER	0	
CITY/COUNTY HONOLULU LOAN (HPHA)	8,000,000	
RHRF LOAN AWARDED	48,556,752	
TOTAL SOURCES	**$214,058,642**	
	$0	

USES OF FUNDS

DEVELOPMENT COST BREAKDOWN

ACQUISITION & PRE DEVELOPMENT

PURCHASE PRICE	$0
CLOSING COSTS	125,000
LEGAL/BROKER	0
ARCHITECTURE / ENGINEERING / FEASIBILITY	10,505,848
PRE DEV. FIN. AND CARRY	0
SUBTOTAL	$10,630,848

CONSTRUCTION

FEES AND PERMITS	$2,736,000
ONSITE/OFFSITE	11,335,332
BASE CONSTRUCTION	130,992,333
EXTERIOR COMMON AREA	0
MODELS, REC. BUILDING, AND FURNISHINGS	750,000
GENERAL REQUIREMENTS	8,377,335
DEVELOPER OVERHEAD & FEE	13,377,273
BRIDGE LOAN FEES & INTEREST	19,924
CONSTR. INTEREST	7,426,165
ORIGINATION FEE	960,535
CONST FEES/APPRAISAL/TAXES/TITLE	5,481,426
PREDEVELOPMENT IMPROVEMENTS	0
CONSTRUCTION CONTINGENCY	10,695,659
SOFT COSTS/CONTINGENCY	1,000,000
SUBTOTAL	$193,394,765

LEASE UP AND SALES

OPERATING RESERVE	2,796,562
MARKETING/LEASING/LEGAL	3,602,874
LEASE UP PERIOD INTEREST & CARRY	1,848,303
PERMANENT FINANCING COSTS	241,032
OTHER	500,000
APPLICATION/MONITOR. FEES	1,044,258
SUBTOTAL	$10,033,029
TOTAL USES	**$214,058,642**
TOTAL USES ROUNDED	**$214,059,000**

KPLR - Phase 1 03-Mar-25
TAX CREDIT SUMMARY
Family/ New Construction / 6-8 stories / 4% Tax Credits

PROJECT COSTS		Actual or Estimated Costs	Acquisition Eligible Basis	Rehab/New Const Eligible Basis	Per Unit
LAND COST/ACQUISITION					
Purchase Price/Lse Incentive Pmt.		0	0	XXXXXXXX	-
Demolition		0	0	XXXXXXXX	-
Closing Costs		125,000	0	XXXXXXXX	411
Total Land Cost or Value		125,000	0		411
Demolition		1,485,982	XXXXXXXX	XXXXXXXX	4,888
Off-Site Improvements		0	XXXXXXXX	0	-
Total Acquisition Cost		1,610,982	0	0	5,299
NEW CONSTRUCTION					
Site Work		9,849,350	XXXXXXXX	9,849,350	32,399
Structures		122,896,118	XXXXXXXX	122,896,118	404,264
General Requirements		8,377,335	XXXXXXXX	8,377,335	27,557
P & P Bond		810,500	XXXXXXXX	810,500	2,666
Contractor Overhead/Profit		7,285,715	XXXXXXXX	7,285,715	23,966
Total New Construction Costs		149,219,018	0	149,219,018	490,852
ARCHITECTURAL FEES					
Design		6,097,438	XXXXXXXX	6,097,438	20,057
Supervision		1,080,000	XXXXXXXX	1,080,000	3,553
Total Architectural Costs		7,177,438	0	7,177,438	23,610
SURVEY AND ENGINEERING		3,012,287	0	3,012,287	9,909
CONST. INTEREST & FEES					
Construction Loan Interest	6.42%	7,446,089	XXXXXXXX	7,446,089	24,494
Origination Fees (Constr/Perm)		960,535	XXXXXXXX	133,408	3,160
RHRF Loan Origination Fee (0.5%)		242,784	XXXXXXXX	12,139	799
Bond Issuance Costs and Issuer Legal		570,284	XXXXXXXX	142,571	1,876
Conveyance Tax		17,142	XXXXXXXX	0	56
Insurance (includes OCIP vs CCIP)		4,295,000	XXXXXXXX	4,295,000	14,128
Title and Recording		300,000	XXXXXXXX	300,000	986.842
Total Construction Interest & Fees Cost		13,831,833	0	12,329,206	45,499
PERMANENT FINANCING					
Loan Origination Fee and Perm Loan Orig. Fee		0	XXXXXXXX	XXXXXXXX	-
Credit Enhancement & Application Fee		0	XXXXXXXX	XXXXXXXX	-
Title & Recording		100,000	XXXXXXXX	XXXXXXXX	329
Conversion Cost		31,032	XXXXXXXX	XXXXXXXX	102
Total Permanent Financing Costs		131,032	0	0	431
LEGAL FEES					
Lender Legal Costs Paid by Applicant		370,000	XXXXXXXX	92,500	1,217
Legal		2,072,693	XXXXXXXX	207,269	6,818
Total Attorney Costs		2,442,693	0	299,769	8,035
RESERVES					
Lease-Up Period Interest and Carry		1,848,303	XXXXXXXX	XXXXXXXX	6,080
Operating Reserve	6 mos OERDS	2,796,562	XXXXXXXX	XXXXXXXX	9,199
Total Reserve Costs		4,644,865	0	0	
TOTAL APPRAISAL COSTS		39,000	0	39,000	128
TOTAL HARD and SOFT CONTINGENCY COST	7.8%	11,695,659	0	10,526,093	38,473
OTHER					
Tax Credit App./Alloc./Monitoring Fees		1,044,258	XXXXXXXX	XXXXXXXX	3,435
Environmental Audit		316,123	XXXXXXXX	316,123	1,040
Local Dev. Impact Fees		2,736,000	XXXXXXXX	2,736,000	9,000
Permit Processing Fees		0	XXXXXXXX	0	-
Relocation		1,028,181	XXXXXXXX	XXXXXXXX	3,382
Marketing/Leasing/Accounting		502,000	XXXXXXXX	50,000	1,651
Common Area Furnishings and Equipment		750,000	XXXXXXXX	750,000	2,467
Other		500,000	XXXXXXXX	250,000	1,645
Total Other Costs		6,876,562	0	4,102,123	22,620
Subtotals		200,681,369	0	186,704,934	660,136
DEVELOPER COSTS	Dev Overhead:				
Developer Overhead + Fee (HCDC-66.67%)	$3,121,364	8,918,182	XXXXXXXX	8,918,182	29,336
Developer Overhead + Fee (HPHA-33.33%)	$891,818	4,459,091	XXXXXXXX	4,459,091	14,668
Total Developer Fee		13,377,273	0	13,377,273	44,004
TOTAL PROJECT COSTS		**214,058,642**	**0**	**200,082,207**	**704,140**

TOTAL ELIGIBLE BASIS			0	200,082,207
CREDIT UTIL. COMPETITION BASIS			0	200,082,207
UNADJUSTED ELIGIBLE BASIS				200,082,207
HIGH COST AREA ADJUSTMENT			1.00	1.30
TOTAL ADJUSTED ELIGIBLE BASIS			0	260,106,869
APPLICABLE PERCENTAGE			100%	100%
TOTAL CALCULATED QUALIFIED BASIS			0	260,106,869
VOLUNTARY BASIS REDUCTION		0%	0	0
BASIS VARIANCE			0	260,106,869
QUALIFIED BASIS FOR PRO FORMA			0	260,106,869
CREDIT PERCENTAGE		0	40.00%	**40.00%**
FEDERAL CREDITS CALCULATED			0	104,042,748
STATE CREDITS CALCULATED				52,021,374
TOTAL CREDITS CALCULATED			0	156,064,122
FEDERAL CREDITS ALLOCATED			0	104,042,748
STATE CREDITS ALLOCATED			0	52,021,374
TOTAL CREDITS ALLOCATED			0	156,064,122
TOTAL CREDITS AVAILABLE FOR SYNDICATION			0	156,064,122
FEDERAL TAX CREDIT EQUITY	**$0.8150**			84,786,360
STATE TAX CREDIT EQUITY	**$0.6400**			33,293,679
WEIGHTED AVERAGE TAX CREDIT PRICE			$0.7567	$0.7567
GROSS SYNDICATION PROCEEDS			0	118,080,039
SYNDICATION COSTS		0.00%	0	0
NET TAX CREDIT EQUITY PROCEEDS				**118,080,039**
NET TAX CREDIT FACTOR (WEIGHTED)				**0.7566**

KPLR - Phase 1

CONSTRUCTION AND LEASE-UP CASHFLOW

Family/ New Construction / 6-8 stories / 4% Tax Credits

USES

	CONTROL TOTAL	SUM TOTAL	Aug-24 Costs to date	Sep-24 Pre-Develop	Oct-24 Pre-Develop	Nov-24 Pre-Develop	Dec-24 Pre-Develop	Jan-25 Pre-Develop	Feb-25 Pre-Develop	Mar-25 Pre-Develop	Apr-25 Pre-Develop	May-25 Pre-Develop	Jun-25 Close Bonds	Jul-25 Soil Rem	Aug-25 Soil Rem	Sep-25 Soil Rem	Oct-25 Soil Rem	Nov-25 Soil Rem	Dec-25 Soil Rem	Jan-26 Const
														1	2	3	4	5	6	1
ACQUISITION & PREDEVELOPMENT																				
PURCHASE PRICE	-	-	-	-	-	-	-	-	-	-	-	-	-							-
CLOSING COSTS	125,000	125,000	-	-	-	-	-	-	-	-	-	-	125,000							-
LEGAL	-	-	-	-	-	-	-	-	-	-	-	-	-							-
ARCH. AND ENG.	10,505,848	10,505,848	-	-	-	-	-	100,000	100,000	250,000	600,000	1,100,000	2,087,354							223,875
PRE DEV. FIN. AND CARRY	-	-	-	-	-	-	-	-	-	-	-	-	-							-
CONSTRUCTION		-	-	-	-	-	-	-	-	-	-	-	-							-
FEES AND PERMITS	2,736,000	2,736,000	-	-	-	-	-	-	-	-	-	-	2,736,000							-
ONSITE/OFFSITE	11,335,332	11,335,332	-	-	-	-	-	-	-	-	-	-	-		933,333		933,333		933,333	198,496
BASE CONSTRUCTION	130,992,333	130,992,333	-	-	-	-	-	-	-	-	-	-	821,192							2,225,141
EXTERIOR COMMON AREA	-	-	-	-	-	-	-	-	-	-	-	-	-							-
MODELS AND REC. BLDG.	750,000	750,000	-	-	-	-	-	-	-	-	-	-	-							17,442
INDIRECT / ONSITE SUPERV.	8,377,335	8,377,335	-	-	-	-	-	-	-	-	-	-	-							194,822
DEVELOPER FEE (HCDC)	8,918,182	8,918,182	-	-	-	-	-	-	-	-	-	-	-	91,805	91,805	91,805	91,805	91,805	91,805	91,805
SUBDEVELOPER FEE (HPHA)	4,459,091	4,459,091	-	-	-	-	-	-	-	-	-	-	-	26,230	26,230	26,230	26,230	26,230	26,230	26,230
BRIDGE LOAN INTEREST & FEES	19,924	19,924	-	-	-	-	-	503	1,008	2,269	5,295	10,850	-							-
PREDEVELOPMENT IMPROVEMENTS	-	-	-	-	-	-	-	-	-	-	-	-	-							-
CONSTR. PERIOD INTEREST	7,426,165	7,426,165	-	-	-	-	-	-	-	-	-	-	-	41,410	41,410	41,410	41,410	41,410	41,410	41,410
ORIGINATION FEE	1,203,319	1,203,319	-	-	-	-	-	-	-	-	-	-	1,203,319							-
CONSTR. LOAN FEES/TAXES	5,481,426	5,481,426	-	-	-	-	-	-	-	-	-	-	5,481,426							-
CONSTR. CONTINGENCY & SOFT COSTS	11,695,659	11,695,659	-	-	-	-	-	-	-	-	-	-	-							271,992
LEASE UP AND SALES		-	-	-	-	-	-	-	-	-	-	-	-							-
OPERATING RESERVES	2,796,562	2,796,562	-	-	-	-	-	-	-	-	-	-	-							-
MARKETING/LEASING/LEGAL	3,602,874	3,602,874	-	-	-	-	-	-	-	-	-	-	3,100,874							-
LEASE UP PERIOD INT. & CARRY	1,848,303	1,848,303	-	-	-	-	-	-	-	-	-	-	-							-
PERMANENT FINANCING COSTS	241,032	241,032	-	-	-	-	-	-	-	-	-	-	241,032							-
SYNDICATION EXPENSE	500,000	500,000	-	-	-	-	-	-	-	-	-	-	500,000							-
TAX CREDIT APP./MONITOR. FEES	1,044,258	1,044,258	-	-	-	-	-	-	-	-	-	-	1,044,258							-
TOTAL	214,058,642	214,058,642	-	-	-	-	-	100,503	101,008	252,269	605,295	1,110,850	17,340,455	159,445	1,092,778	159,445	1,092,778	159,445	1,092,778	3,291,213
CUMULATIVE TOTAL			-	-	-	-	-	100,503	201,510	453,779	1,059,074	2,169,924	19,510,379	19,669,824	20,762,602	20,922,047	22,014,825	22,174,270	23,267,048	26,558,261
			Equity Balance:								0	0	11,808,004	11,926,039	12,044,073	12,162,108	12,280,143	12,398,178	12,516,213	12,634,247
			Const. Loan Balance:										7,702,375	7,743,785	7,743,785	7,743,785	7,743,785	7,743,785	7,743,785	7,743,785

SOURCES

	CONTROL TOTAL	SUM TOTAL	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26
			Equity Balance:		0	0	0	100,503	201,510	453,779	1,059,074	2,169,924	0							0
CONSTRUCTION																				
CONSTRUCTION LOAN	72,142,910	0	-	-	-	-	-	-	-	-	-	-	7,702,375	41,410	-	-	-	-	-	-
HCDC PREDEVELOPMENT FUNDING	0	0	-	-	-	-	-	100,503	101,008	252,269	605,295	1,110,850	(2,169,924)	-	-	-	-	-	-	-
COSTS PAID AT PERM CLOSING	12,210,853	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EQUITY	73,148,127	0	-	-	-	-	-	-	-	-	-	-	11,808,004	118,035	118,035	118,035	118,035	118,035	118,035	118,035
OTHER	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CITY/COUNTY HONOLULU LOAN (HPHA)	8,000,000	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RHRF LOAN AWARDED	48,556,752	0	-	-	-	-	-	-	-	-	-	-	-	-	974,743	41,410	974,743	41,410	974,743	3,173,178
TOTAL	214,058,642	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PERMANENT			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PERMANENT LOAN	36,353,335	36,353,335	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DEFERRED DEVELOPER FEE	3,068,515	3,068,515	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OTHER	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OTHER	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CITY/COUNTY HONOLULU LOAN (HPHA)	8,000,000	8,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RHRF LOAN AWARDED	48,556,752	48,556,752	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TAX CREDITS @ 0.7567	118,080,039	118,080,039	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	214,058,642	214,058,642	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PARTNERSHIP EQUITY FUNDING		(0)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MAXIMUM PARTNERSHIP EQUITY FUNDING		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equty Contribution %													**10%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Aggregate Equity Contribution %													**10%**	**10%**	**10%**	**10%**	**10%**	**10%**	**11%**	**11%**

KPLR - Phase 1

CONSTRUCTION AND LEASE-UP CASHFLOW

Family/ New Construction / 6-8 stories / 4% Tax Credits

USES

	CONTROL TOTAL	SUM TOTAL	Feb-26 Const	Mar-26 Const	Apr-26 Const	May-26 Const	Jun-26 Const	Jul-26 Const	Aug-26 Const	Sep-26 Const	Oct-26 Const	Nov-26 Const	Dec-26 Const	Jan-27 Const
			2	3	4	5	6	7	8	9	10	11	12	13
ACQUISITION & PREDEVELOPMENT														
PURCHASE PRICE	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CLOSING COSTS	125.000	125.000	-	-	-	-	-	-	-	-	-	-	-	-
LEGAL	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ARCH. AND ENG.	10.505.848	10.505.848	223.875	223.875	223.875	223.875	223.875	223.875	223.875	223.875	223.875	223.875	223.875	223.875
PRE DEV. FIN. AND CARRY	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CONSTRUCTION		-	-	-	-	-	-	-	-	-	-	-	-	-
FEES AND PERMITS	2.736.000	2.736.000	-	-	-	-	-	-	-	-	-	-	-	-
ONSITE/OFFSITE	11.335.332	11.335.332	216.219	233.942	251.665	269.388	287.110	304.833	322.556	340.279	358.002	375.725	393.448	411.170
BASE CONSTRUCTION	130,992,333	130,992,333	3,318,327	3,590,321	3,862,315	4,134,310	4,406,304	4,678,298	4,950,292	5,222,286	5,494,280	5,766,274	6,038,268	6,310,262
EXTERIOR COMMON AREA	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MODELS AND REC. BLDG.	750,000	750,000	18,999	20,556	22,114	23,671	25,228	26,786	28,343	29,900	31,458	33,015	34,572	36,130
INDIRECT / ONSITE SUPERV.	8.377.335	8.377.335	212.217	229.611	247.006	264.401	281.796	299.191	316.585	333.980	351.375	368.770	386.165	403.559
DEVELOPER FEE (HCDC)	8.918.182	8.918.182	91.805	91.805	91.805	91.805	91.805	91.805	91.805	91.805	91.805	91.805	91.805	91.805
SUBDEVELOPER FEE (HPHA)	4,459,091	4,459,091	26,230	26,230	26,230	26,230	26,230	26,230	26,230	26,230	26,230	26,230	26,230	26,230
BRIDGE LOAN INTEREST & FEES	19.924	19.924	-	-	-	-	-	-	-	-	-	-	-	-
PREDEVELOPMENT IMPROVEMENTS	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CONSTR. PERIOD INTEREST	7.426.165	7.426.165	41.410	41.410	41.410	41.410	41.410	41.410	41.410	49.823	65.948	83.950	125.345	168.751
ORIGINATION FEE	1,203,319	1,203,319	-	-	-	-	-	-	-	-	-	-	-	-
CONSTR. LOAN FEES/TAXES	5.481.426	5.481.426	-	-	-	-	-	-	-	-	-	-	-	-
CONSTR. CONTINGENCY & SOFT COSTS	11,695,659	11,695,659	296,277	320,562	344,847	369,132	393,417	417,702	441,987	466,272	490,557	514,842	539,127	563,412
LEASE UP AND SALES		-	-	-	-	-	-	-	-	-	-	-	-	-
OPERATING RESERVES	2.796.562	2.796.562	-	-	-	-	-	-	-	-	-	-	-	-
MARKETING/LEASING/LEGAL	3,602,874	3,602,874	-	-	-	-	-	-	-	-	-	-	-	-
LEASE UP PERIOD INT. & CARRY	1.848.303	1.848.303	-	-	-	-	-	-	-	-	-	-	-	-
PERMANENT FINANCING COSTS	241,032	241,032	-	-	-	-	-	-	-	-	-	-	-	-
SYNDICATION EXPENSE	500.000	500.000	-	-	-	-	-	-	-	-	-	-	-	-
TAX CREDIT APP./MONITOR. FEES	1,044,258	1,044,258	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	214,058,642	214,058,642	4,445,359	4,778,313	5,111,267	5,444,221	5,777,175	6,110,129	6,443,083	6,784,450	7,133,529	7,484,485	7,858,834	8,235,194
CUMULATIVE TOTAL			31.003.620	35.781.932	40.893.199	46.337.420	52.114.595	58.224.724	64.667.807	71.452.257	78.585.786	86.070.271	93.929.105	102.164.299
			12,752,282	12,870,317	12,988,352	13,106,386	13,224,421	13,342,456	13,460,491	13,578,525	13,696,560	13,814,595	13,932,630	14,050,664
			7.743.785	7.743.785	7.743.785	7.743.785	7.743.785	7.743.785	7.743.785	9.316.979	12.332.474	15.698.924	23.439.723	31.556.883

SOURCES

			0	0	0	0	0	0	0	0	0	0	0	0
CONSTRUCTION														
CONSTRUCTION LOAN	72,142,910	0	-	-	-	-	-	-	-	1,573,194	3,015,494	3,366,451	7,740,799	8,117,160
HCDC PREDEVELOPMENT FUNDING	0	0	-	-	-	-	-	-	-	-	-	-	-	-
COSTS PAID AT PERM CLOSING	12.210.853	0	-	-	-	-	-	-	-	-	-	-	-	-
EQUITY	73,148,127	0	118,035	118,035	118,035	118,035	118,035	118,035	118,035	118,035	118,035	118,035	118,035	118,035
OTHER	0	0	-	-	-	-	-	-	-	-	-	-	-	-
CITY/COUNTY HONOLULU LOAN (HPHA)	8,000,000	0	-	-	-	-	-	-	-	-	4,000,000	4,000,000	-	-
RHRF LOAN AWARDED	48.556.752	0	4.327.324	4.660.278	4.993.232	5.326.186	5.659.140	5.992.094	6.325.048	5.093.221	-	-	-	-
TOTAL	214,058,642	0	-	-	-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-	-	-
PERMANENT			-	-	-	-	-	-	-	-	-	-	-	-
PERMANENT LOAN	36,353,335	36,353,335	-	-	-	-	-	-	-	-	-	-	-	-
DEFERRED DEVELOPER FEE	3.068.515	3.068.515	-	-	-	-	-	-	-	-	-	-	-	-
OTHER	0	0	-	-	-	-	-	-	-	-	-	-	-	-
OTHER	0	0	-	-	-	-	-	-	-	-	-	-	-	-
CITY/COUNTY HONOLULU LOAN (HPHA)	8,000,000	8,000,000	-	-	-	-	-	-	-	-	-	-	-	-
RHRF LOAN AWARDED	48.556.752	48.556.752	-	-	-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-	-	-
TAX CREDITS @ 0.7567	118.080.039	118.080.039	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	214.058.642	214.058.642	-	-	-	-	-	-	-	-	-	-	-	-
PARTNERSHIP EQUITY FUNDING		(0)	0	0	0	0	0	0	0	0	0	0	0	0
MAXIMUM PARTNERSHIP EQUITY FUNDING		0	0	0	0	0	0	0	0	0	0	0	0	0
Equty Contribution %			**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Aggregate Equity Contribution %			**11%**	**11%**	**11%**	**11%**	**11%**	**11%**	**11%**	**11%**	**12%**	**12%**	**12%**	**12%**

KPLR - Phase 1

CONSTRUCTION AND LEASE-UP CASHFLOW

Family/ New Construction / 6-8 stories / 4% Tax Credits

USES

	CONTROL TOTAL	SUM TOTAL	Feb-27 Const	Mar-27 Const	Apr-27 Const	May-27 Const	Jun-27 Const	Jul-27 Const	Aug-27 Const	Sep-27 Const	Oct-27 Const	Nov-27 Const	Dec-27 Const
					1st Bldg Compl	1	2	3	4 2nd Bldg Compl	5	6	7	8 3rd Bldg Compl
			14	15	16	17	18	19	20	21	22	23	24
ACQUISITION & PREDEVELOPMENT													
PURCHASE PRICE	-	-	-	-	-	-	-	-	-	-	-	-	-
CLOSING COSTS	125,000	125,000	-	-	-	-	-	-	-	-	-	-	-
LEGAL	-	-	-	-	-	-	-	-	-	-	-	-	-
ARCH. AND ENG.	10,505,848	10,505,848	223,875	223,875	223,875	223,875	223,875	223,875	223,875	223,875	223,875	223,875	223,875
PRE DEV. FIN. AND CARRY	-	-	-	-	-	-	-	-	-	-	-	-	-
CONSTRUCTION		-	-	-	-	-	-	-	-	-	-	-	-
FEES AND PERMITS	2,736,000	2,736,000	-	-	-	-	-	-	-	-	-	-	-
ONSITE/OFFSITE	11,335,332	11,335,332	428,893	411,170	393,448	375,725	358,002	340,279	322,556	304,833	287,110	269,388	251,665
BASE CONSTRUCTION	130,992,333	130,992,333	6,582,256	6,310,262	6,038,268	5,766,274	5,494,280	5,222,286	4,950,292	4,678,298	4,406,304	4,134,310	3,862,315
EXTERIOR COMMON AREA	-	-	-	-	-	-	-	-	-	-	-	-	-
MODELS AND REC. BLDG.	750,000	750,000	37,687	36,130	34,572	33,015	31,458	29,900	28,343	26,786	25,228	23,671	22,114
INDIRECT / ONSITE SUPERV.	8,377,335	8,377,335	420,954	403,559	386,165	368,770	351,375	333,980	316,585	299,191	281,796	264,401	247,006
DEVELOPER FEE (HCDC)	8,918,182	8,918,182	91,805	91,805	91,805	91,805	91,805	91,805	91,805	91,805	91,805	91,805	91,805
SUBDEVELOPER FEE (HPHA)	4,459,091	4,459,091	26,230	26,230	26,230	26,230	26,230	26,230	26,230	26,230	26,230	26,230	26,230
BRIDGE LOAN INTEREST & FEES	19,924	19,924	-	-	-	-	-	-	-	-	-	-	-
PREDEVELOPMENT IMPROVEMENTS	-	-	-	-	-	-	-	-	-	-	-	-	-
CONSTR. PERIOD INTEREST	7,426,165	7,426,165	183,075	226,792	268,954	309,553	348,580	386,026	421,884	456,145	488,800	519,840	549,257
ORIGINATION FEE	1,203,319	1,203,319	-	-	-	-	-	-	-	-	-	-	-
CONSTR. LOAN FEES/TAXES	5,481,426	5,481,426	-	-	-	-	-	-	-	-	-	-	-
CONSTR. CONTINGENCY & SOFT COSTS	11,695,659	11,695,659	587,697	563,412	539,127	514,842	490,557	466,272	441,987	417,702	393,417	369,132	344,847
LEASE UP AND SALES		-	-	-	-	-	-	-	-	-	-	-	-
OPERATING RESERVES	2,796,562	2,796,562	-	-	-	-	-	-	-	-	-	-	-
MARKETING/LEASING/LEGAL	3,602,874	3,602,874	-	-	-	-	-	-	-	-	-	-	-
LEASE UP PERIOD INT. & CARRY	1,848,303	1,848,303	-	-	-	-	-	-	-	-	-	-	-
PERMANENT FINANCING COSTS	241,032	241,032	-	-	-	-	-	-	-	-	-	-	-
SYNDICATION EXPENSE	500,000	500,000	-	-	-	-	-	-	-	-	-	-	-
TAX CREDIT APP./MONITOR. FEES	1,044,258	1,044,258	-	-	-	-	-	-	-	-	-	-	-
						309,553	348,580	386,026	421,884	456,145	488,800	519,840	549,257
TOTAL	214,058,642	214,058,642	8,582,472	8,293,235	8,002,443	7,710,088	7,416,160	7,120,653	6,823,557	6,524,864	6,224,565	5,922,651	5,619,114
CUMULATIVE TOTAL			110,746,771	119,040,005	127,042,448	134,752,536	142,168,696	149,289,349	156,112,906	162,637,770	168,862,335	174,784,986	180,404,100
			19,954,666	20,072,701	20,190,736	20,308,771	20,426,805	20,544,840	20,662,875	20,780,910	20,898,945	21,016,979	21,135,014
			34,235,352	42,410,552	50,294,960	57,887,013	65,185,139	72,187,757	78,893,279	85,300,108	91,406,638	97,211,255	102,712,334

SOURCES

			Feb-27	Mar-27	Apr-27	May-27	Jun-27	Jul-27	Aug-27	Sep-27	Oct-27	Nov-27	Dec-27
			0	0	0	0	0	0	0	0	0	0	0
CONSTRUCTION													
CONSTRUCTION LOAN	72,142,910	0	2,678,470	8,175,200	7,884,408	7,592,053	7,298,126	7,002,618	6,705,522	6,406,829	6,106,530	5,804,616	5,501,079
HCDC PREDEVELOPMENT FUNDING	0	0	-	-	-	-	-	-	-	-	-	-	-
COSTS PAID AT PERM CLOSING	12,210,853	0	-	-	-	-	-	-	-	-	-	-	-
EQUITY	73,148,127	0	5,904,002	118,035	118,035	118,035	118,035	118,035	118,035	118,035	118,035	118,035	118,035
OTHER	0	0	-	-	-	-	-	-	-	-	-	-	-
CITY/COUNTY HONOLULU LOAN (HPHA)	8,000,000	0	-	-	-	-	-	-	-	-	-	-	-
RHRF LOAN AWARDED	48,556,752	0	-	-	-	-	-	-	-	-	-	-	-
TOTAL	214,058,642	0	-	-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-	-
PERMANENT			-	-	-	-	-	-	-	-	-	-	-
PERMANENT LOAN	36,353,335	36,353,335	-	-	-	-	-	-	-	-	-	-	-
DEFERRED DEVELOPER FEE	3,068,515	3,068,515	-	-	-	-	-	-	-	-	-	-	-
OTHER	0	0	-	-	-	-	-	-	-	-	-	-	-
OTHER	0	0	-	-	-	-	-	-	-	-	-	-	-
CITY/COUNTY HONOLULU LOAN (HPHA)	8,000,000	8,000,000	-	-	-	-	-	-	-	-	-	-	-
RHRF LOAN AWARDED	48,556,752	48,556,752	-	-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-	-
TAX CREDITS @ 0.7567	118,080,039	118,080,039	-	-	-	-	-	-	-	-	-	-	-
TOTAL	214,058,642	214,058,642	-	-	-	-	-	-	-	-	-	-	-
PARTNERSHIP EQUITY FUNDING		(0)	0	0	0	0	0	0	0	0	0	0	0
MAXIMUM PARTNERSHIP EQUITY FUNDING		0	0	0	0	0	0	0	0	0	0	0	0
		Equty Contribution %	**5%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
		Aggregate Equity Contribution %	**17%**	**17%**	**17%**	**17%**	**17%**	**17%**	**17%**	**18%**	**18%**	**18%**	**18%**

KPLR - Phase 1

CONSTRUCTION AND LEASE-UP CASHFLOW

Family/ New Construction / 6-8 stories / 4% Tax Credits

USES

			9	10	11	12 Final Bldg Compl	13	14	15	16	17	18	19
	CONTROL TOTAL	SUM TOTAL	Jan-28 Const	Feb-28 Const	Mar-28 Const	Apr-28 Const	May-28 Lease-Up	Jun-28 Lease-Up	Jul-28 Lease-Up	Aug-28 Lease-Up	Sep-28 Lease-Up	Oct-28 Lease-Up	Nov-28 Lease-Up
			25	26	27	28	1	2	3	4	5	6	7
ACQUISITION & PREDEVELOPMENT													
PURCHASE PRICE	-	-	-	-	-	-	-	-	-	-	-	-	-
CLOSING COSTS	125,000	125,000	-	-	-	-	-	-	-	-	-	-	-
LEGAL	-	-	-	-	-	-	-	-	-	-	-	-	-
ARCH. AND ENG.	10,505,848	10,505,848	223,875	223,875	223,875	223,875	-	-	-	-	-	-	-
PRE DEV. FIN. AND CARRY	-	-	-	-	-	-	-	-	-	-	-	-	-
CONSTRUCTION		-	-	-	-	-	-	-	-	-	-	-	-
FEES AND PERMITS	2,736,000	2,736,000	-	-	-	-	-	-	-	-	-	-	-
ONSITE/OFFSITE	11,335,332	11,335,332	233,942	216,219	198,496	180,773	-	-	-	-	-	-	-
BASE CONSTRUCTION	130,992,333	130,992,333	3,590,321	3,318,327	3,046,333	2,774,339	-	-	-	-	-	-	-
EXTERIOR COMMON AREA	-	-	-	-	-	-	-	-	-	-	-	-	-
MODELS AND REC. BLDG.	750,000	750,000	20,556	18,999	17,442	15,885	-	-	-	-	-	-	-
INDIRECT / ONSITE SUPERV.	8,377,335	8,377,335	229,611	212,217	194,822	177,427	-	-	-	-	-	-	-
DEVELOPER FEE (HCDC)	8,918,182	8,918,182	91,805	91,805	91,805	91,805	-	-	-	-	-	-	-
SUBDEVELOPER FEE (HPHA)	4,459,091	4,459,091	26,230	26,230	26,230	26,230	-	-	-	-	-	-	-
BRIDGE LOAN INTEREST & FEES	19,924	19,924	-	-	-	-	-	-	-	-	-	-	-
PREDEVELOPMENT IMPROVEMENTS	-	-	-	-	-	-	-	-	-	-	-	-	-
CONSTR. PERIOD INTEREST	7,426,165	7,426,165	577,043	603,187	627,683	385,787	-	-	-	-	-	-	-
ORIGINATION FEE	1,203,319	1,203,319	-	-	-	-	-	-	-	-	-	-	-
CONSTR. LOAN FEES/TAXES	5,481,426	5,481,426	-	-	-	-	-	-	-	-	-	-	-
CONSTR. CONTINGENCY & SOFT COSTS	11,695,659	11,695,659	320,562	296,277	271,992	247,707	-	-	-	-	-	-	-
LEASE UP AND SALES		-	-	-	-	-	-	-	-	-	-	-	-
OPERATING RESERVES	2,796,562	2,796,562	-	-	-	-	-	-	-	-	-	-	-
MARKETING/LEASING/LEGAL	3,602,874	3,602,874	-	-	-	-	50,200	50,200	50,200	50,200	50,200	50,200	50,200
LEASE UP PERIOD INT. & CARRY	1,848,303	1,848,303	-	-	-	-	286,897	260,214	233,531	206,848	180,165	170,162	170,162
PERMANENT FINANCING COSTS	241,032	241,032	-	-	-	-	-	-	-	-	-	-	-
SYNDICATION EXPENSE	500,000	500,000	-	-	-	-	-	-	-	-	-	-	-
TAX CREDIT APP./MONITOR. FEES	1,044,258	1,044,258	-	-	-	-	-	-	-	-	-	-	-
			577,043	603,187	627,683	385,787							
TOTAL	214,058,642	214,058,642	5,313,945	5,007,136	4,698,677	4,123,827	337,097	310,414	283,731	257,048	230,365	220,362	220,362
CUMULATIVE TOTAL			185,718,045	190,725,181	195,423,859	199,547,686	199,884,783	200,195,197	200,478,929	200,735,977	200,966,341	201,186,703	201,407,065
			21,253,049	21,371,084	21,489,118	70,848,024	71,185,121	71,495,535	71,779,266	72,036,314	72,266,679	72,487,041	72,707,403
			107,908,245	112,797,346	117,377,988	72,142,910	72,142,910	72,142,910	72,142,910	72,142,910	72,142,910	72,142,910	72,142,910

SOURCES

			0	0	0	0	0						
CONSTRUCTION													
CONSTRUCTION LOAN	72,142,910	0	5,195,911	4,889,101	4,580,642	(45,235,078)	-	-	-	-	-	-	-
HCDC PREDEVELOPMENT FUNDING	0	0	-	-	-	-	-	-	-	-	-	-	-
COSTS PAID AT PERM CLOSING	12,210,853	0	-	-	-	-	-	-	-	-	-	-	-
EQUITY	73,148,127	0	118,035	118,035	118,035	49,358,905	337,097	310,414	283,731	257,048	230,365	220,362	220,362
OTHER	0	0	-	-	-	-	-	-	-	-	-	-	-
CITY/COUNTY HONOLULU LOAN (HPHA)	8,000,000	0	-	-	-	-	-	-	-	-	-	-	-
RHRF LOAN AWARDED	48,556,752	0	-	-	-	-	-	-	-	-	-	-	-
TOTAL	214,058,642	0	-	-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-	-
PERMANENT			-	-	-	-	-	-	-	-	-	-	-
PERMANENT LOAN	36,353,335	36,353,335	-	-	-	-	-	-	-	-	-	-	-
DEFERRED DEVELOPER FEE	3,068,515	3,068,515	-	-	-	-	-	-	-	-	-	-	-
OTHER	0	0	-	-	-	-	-	-	-	-	-	-	-
OTHER	0	0	-	-	-	-	-	-	-	-	-	-	-
CITY/COUNTY HONOLULU LOAN (HPHA)	8,000,000	8,000,000	-	-	-	-	-	-	-	-	-	-	-
RHRF LOAN AWARDED	48,556,752	48,556,752	-	-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-	-
TAX CREDITS @ 0.7567	118,080,039	118,080,039	-	-	-	-	-	-	-	-	-	-	-
TOTAL	214,058,642	214,058,642	-	-	-	-	-	-	-	-	-	-	-
PARTNERSHIP EQUITY FUNDING		(0)	0	0	0	(0)	0	0	0	0	0	0	0
MAXIMUM PARTNERSHIP EQUITY FUNDING		0	0	0	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Equty Contribution %			**0%**	**0%**	**0%**	**42%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Aggregate Equity Contribution %			**18%**	**18%**	**18%**	**60%**	**60%**	**61%**	**61%**	**61%**	**61%**	**61%**	**62%**

KPLR - Phase 1

CONSTRUCTION AND LEASE-UP CASHFLOW

Familv/ New Construction / 6-8 stories / 4% Tax Credits

USES

	CONTROL TOTAL	SUM TOTAL	Dec-28 Lease-Up	Jan-29 Lease-Up	Feb-29 Perm Loan
			20	21	22
			8	9	10
ACQUISITION & PREDEVELOPMENT					
PURCHASE PRICE	-	-	-	-	-
CLOSING COSTS	125,000	125,000	-	-	-
LEGAL	-	-	-	-	-
ARCH. AND ENG.	10,505,848	10,505,848	-	-	-
PRE DEV. FIN. AND CARRY	-	-	-	-	-
CONSTRUCTION		-	-	-	-
FEES AND PERMITS	2,736,000	2,736,000	-	-	-
ONSITE/OFFSITE	11,335,332	11,335,332	-	-	-
BASE CONSTRUCTION	130,992,333	130,992,333	-	-	-
EXTERIOR COMMON AREA	-	-	-	-	-
MODELS AND REC. BLDG.	750,000	750,000	-	-	-
INDIRECT / ONSITE SUPERV.	8,377,335	8,377,335	-	-	-
DEVELOPER FEE (HCDC)	8,918,182	8,918,182	-	-	5,796,818
SUBDEVELOPER FEE (HPHA)	4,459,091	4,459,091	-	-	3,567,273
BRIDGE LOAN INTEREST & FEES	19,924	19,924	-	-	-
PREDEVELOPMENT IMPROVEMENTS	-	-	-	-	-
CONSTR. PERIOD INTEREST	7,426,165	7,426,165	-	-	-
ORIGINATION FEE	1,203,319	1,203,319	-	-	-
CONSTR. LOAN FEES/TAXES	5,481,426	5,481,426	-	-	-
CONSTR. CONTINGENCY & SOFT COSTS	11,695,659	11,695,659	-	-	-
LEASE UP AND SALES		-	-	-	-
OPERATING RESERVES	2,796,562	2,796,562	-	-	2,796,562
MARKETING/LEASING/LEGAL	3,602,874	3,602,874	50,200	50,200	50,200
LEASE UP PERIOD INT. & CARRY	1,848,303	1,848,303	170,162	170,162	-
PERMANENT FINANCING COSTS	241,032	241,032	-	-	-
SYNDICATION EXPENSE	500,000	500,000	-	-	-
TAX CREDIT APP./MONITOR. FEES	1,044,258	1,044,258	-	-	-
TOTAL	214,058,642	214,058,642	220,362	220,362	12,210,853
CUMULATIVE TOTAL			201,627,427	201,847,789	214,058,642
			72,927,765	73,148,127	0
			72,142,910	72,142,910	0

SOURCES

		CONTROL TOTAL	SUM TOTAL	Dec-28 Lease-Up	Jan-29 Lease-Up	Feb-29 Perm Loan
CONSTRUCTION						
CONSTRUCTION LOAN		72,142,910	0	-	-	(72,142,910)
HCDC PREDEVELOPMENT FUNDING		0	0	-	-	-
COSTS PAID AT PERM CLOSING		12,210,853	0	-	-	-
EQUITY		73,148,127	0	220,362	220,362	(73,148,127)
OTHER		0	0	-	-	-
CITY/COUNTY HONOLULU LOAN (HPHA)		8,000,000	0	-	-	(8,000,000)
RHRF LOAN AWARDED		48,556,752	0	-	-	(48,556,752)
TOTAL		214,058,642	0	-	-	-
				-	-	-
PERMANENT				-	-	-
PERMANENT LOAN		36,353,335	36,353,335	-	-	36,353,335
DEFERRED DEVELOPER FEE		3,068,515	3,068,515	-	-	3,068,515
OTHER		0	0	-	-	-
OTHER		0	0	-	-	-
CITY/COUNTY HONOLULU LOAN (HPHA)		8,000,000	8,000,000	-	-	8,000,000
RHRF LOAN AWARDED		48,556,752	48,556,752	-	-	48,556,752
				-	-	-
TAX CREDITS @	0.7567	118,080,039	118,080,039	-	-	118,080,039
TOTAL		214,058,642	214,058,642	-	-	-
PARTNERSHIP EQUITY FUNDING			(0)	0	0	0
MAXIMUM PARTNERSHIP EQUITY FUNDING			0	(0)	(0)	(0)
			Equty Contribution %	**0%**	**0%**	
			Aggregate Equity Contribution %	**62%**	**62%**	

KPLR - Phase 1
LEASE UP SCHEDULE
MONTHS 1 THROUGH 12 OF OPERATIONS
Family/ New Construction / 6-8 stories / 4% Tax Credits

LEASE UP PERIOD	Units	Lease-up Month 1 May-27	Lease-up Month 2 Jun-27	Lease-up Month 3 Jul-27	Lease-up Month 4 Aug-27	Lease-up Month 5 Sep-27	Lease-up Month 6 Oct-27	Lease-up Month 7 Nov-27	Lease-up Month 8 Dec-27	Lease-up Month 9 Jan-28	Lease-up Month 10 Feb-28	Lease-up Month 11 Mar-28
		1st Bldg				2nd Bldg				3rd Bldg		
Building 1 (Mid- Rise, 8 Stories)	103											
Building 2 (Low-Rise, 6 Stories, Leasing Office)	59											
Building 3 (Low-Rise, 6 Stories)	71											
Building 4 (Low-Rise, 6 Stories)	71											
	304											
NUMBER OF UNITS RENTED		25	41	57	73	89	105	121	137	153	169	185
PERCENT OF UNITS RENTED		8%	13%	19%	24%	29%	35%	40%	45%	50%	56%	61%
NUMBER OF UNITS QUALIFIED		25	41	57	73	89	105	121	137	153	169	185
PERCENT OF UNITS QUALIFIED		8%	14%	19%	24%	29%	35%	40%	45%	51%	56%	61%
POTENTIAL REVENUE												
RENTAL INCOME		530,783	530,783	530,783	530,783	530,783	530,783	530,783	530,783	530,783	530,783	530,783
RETAIL INCOME		0	0	0	0	0	0	0	0	0	0	0
MISCELLANEOUS INCOME		3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040
TOTAL POTENTIAL REVENUE		**533,823**	**533,823**	**533,823**	**533,823**	**533,823**	**533,823**	**533,823**	**533,823**	**533,823**	**533,823**	**533,823**
LESS: VACANCY		(521,169)	(491,281)	(461,393)	(431,505)	(401,618)	(371,730)	(341,842)	(311,954)	(282,066)	(252,178)	(222,291)
TOTAL PROJECT REVENUE		**12,654**	**42,542**	**72,430**	**102,318**	**132,205**	**162,093**	**191,981**	**221,869**	**251,757**	**281,645**	**311,532**
EXPENSES VARIABLE	20%	5,007	8,212	11,417	14,621	17,826	21,031	24,236	27,440	30,645	33,850	37,054
EXPENSES FIXED	80%	228,955	228,955	228,955	228,955	228,955	228,955	228,955	228,955	228,955	228,955	228,955
TOTAL EXPENSES		**233,962**	**237,167**	**240,372**	**243,577**	**246,781**	**249,986**	**253,191**	**256,395**	**259,600**	**262,805**	**266,009**
NET OPERATING INCOME		**(221,308)**	**(194,625)**	**(167,942)**	**(141,259)**	**(114,576)**	**(87,893)**	**(61,210)**	**(34,526)**	**(7,843)**	**18,840**	**45,523**
DEBT SERV. CONST. LOAN		0	0	0	0	0	0	0	0	0	0	0
DEBT SERV. BRIDGE LOAN		0	0	0	0	0	0	0	0	0	0	0
DEBT SERV. OTHER		0	0	0	0	0	0	0	0	0	0	0
DEBT SERV. 1ST LOAN (PERM.)		0	0	0	0	0	0	0	0	0	0	0
PROJECT CASHFLOW		(221,308)	(194,625)	(167,942)	(141,259)	(114,576)	(87,893)	(61,210)	(34,526)	(7,843)	18,840	45,523
LEASE UP PERIOD DRAWS		221,308	194,625	167,942	141,259	114,576	87,893	61,210	34,526	7,843	0	0
NET PROJECT CASHFLOW		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**18,840**	**45,523**

LEASE UP PERIOD	Lease-up Month 12 Apr-28	Lease-up Month 13 May-28	Lease-up Month 14 Jun-28	Lease-up Month 15 Jul-28	Lease-up Month 16 Aug-28	Lease-up Month 17 Sep-28	Stabilized Month 18 Oct-28	Stabilized Month 19 Nov-28	Stabilized Month 20 Dec-28	Stabilized Month 21 Jan-29	Stabilized Month 22 Feb-29
	Final Bldg										PERM. LOAN
NUMBER OF UNITS RENTED	201	217	233	249	265	281	286	286	286	286	286
PERCENT OF UNITS RENTED	66%	71%	77%	82%	87%	92%	94%	94%	94%	94%	94%
NUMBER OF UNITS QUALIFIED	201	217	233	249	265	281	297	302	302	302	302
PERCENT OF UNITS QUALIFIED	67%	72%	77%	82%	88%	93%	98%	100%	100%	100%	100%
POTENTIAL REVENUE											
RENTAL INCOME	530,783	530,783	530,783	530,783	530,783	530,783	530,783	530,783	530,783	530,783	530,783
RETAIL INCOME	0	0	0	0	0	0	0	0	0	0	0
MISCELLANEOUS INCOME	3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040
TOTAL POTENTIAL REVENUE	**533,823**	**533,823**	**533,823**	**533,823**	**533,823**	**533,823**	**533,823**	**533,823**	**533,823**	**533,823**	**533,823**
LESS: VACANCY	(192,403)	(162,515)	(132,627)	(102,739)	(72,852)	(42,964)	(32,004)	(32,004)	(32,004)	(32,004)	(32,004)
TOTAL PROJECT REVENUE	**341,420**	**371,308**	**401,196**	**431,084**	**460,971**	**490,859**	**501,819**	**501,819**	**501,819**	**501,819**	**501,819**
EXPENSES VARIABLE	40,259	43,464	46,668	49,873	53,078	56,283	57,239	57,239	57,239	57,239	57,239
EXPENSES FIXED	228,955	228,955	228,955	228,955	228,955	228,955	228,955	228,955	228,955	228,955	228,955
TOTAL EXPENSES	**269,214**	**272,419**	**275,624**	**278,828**	**282,033**	**285,238**	**286,194**	**286,194**	**286,194**	**286,194**	**286,194**
NET OPERATING INCOME	**72,206**	**98,889**	**125,572**	**152,255**	**178,938**	**205,622**	**215,625**	**215,625**	**215,625**	**215,625**	**215,625**
DEBT SERV. CONST. LOAN	0	(385,787)	(385,787)	(385,787)	(385,787)	(385,787)	(385,787)	(385,787)	(385,787)	(385,787)	0
DEBT SERV. BRIDGE LOAN	0	0	0	0	0	0	0	0	0	0	0
DEBT SERV. OTHER	0	0	0	0	0	0	0	0	0	0	0
DEBT SERV. 1ST LOAN (PERM.)	0	0	0	0	0	0	0	0	0	0	(187,500)
PROJECT CASHFLOW	72,206	(286,897)	(260,214)	(233,531)	(206,848)	(180,165)	(170,162)	(170,162)	(170,162)	(170,162)	28,125
LEASE UP PERIOD DRAWS	0	286,897	260,214	233,531	206,848	180,165	170,162	170,162	170,162	170,162	0
NET PROJECT CASHFLOW	**72,206**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**28,125**

KPLR - Phase 1

STABILIZED CASH FLOW - KPLR MDA

Family/ New Construction / 6-8 stories / 4% Tax Credits

03-Mar-25

			YEAR 1 2030	YEAR 2 2031	YEAR 3 2032	YEAR 4 2033	YEAR 5 2034	YEAR 6 2035	YEAR 7 2036	YEAR 8 2037	YEAR 9 2038	YEAR 10 2039	YEAR 11 2040	YEAR 12 2041	YEAR 13 2042	YEAR 14 2043	YEAR 15 2044
ANNUAL INCOME INCREASES			0.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
ANNUAL EXPENSE INCREASES			0.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
NUMBER OF UNITS AVAILABLE FOR RENT			304	304	304	304	304	304	304	304	304	304	304	304	304	304	304
VACANCY RATE			6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
REVENUE																	
RENTAL INCOME			6,369,396	6,496,784	6,626,720	6,759,254	6,894,439	7,032,328	7,172,974	7,316,434	7,462,763	7,612,018	7,764,258	7,919,543	8,077,934	8,239,493	8,404,283
MISCELLANEOUS INCOME			36,480	37,210	37,954	38,713	39,487	40,277	41,082	41,904	42,742	43,597	44,469	45,358	46,265	47,191	48,135
TOTAL POTENTIAL RENTAL INCOME			6,405,876	6,533,994	6,664,673	6,797,967	6,933,926	7,072,605	7,214,057	7,358,338	7,505,505	7,655,615	7,808,727	7,964,902	8,124,200	8,286,684	8,452,417
LESS: VACANCY			(384,053)	(391,734)	(399,569)	(407,560)	(415,711)	(424,026)	(432,506)	(441,156)	(449,979)	(458,979)	(468,159)	(477,522)	(487,072)	(496,814)	(506,750)
TOTAL REVENUE			6,021,823	6,142,259	6,265,104	6,390,407	6,518,215	6,648,579	6,781,551	6,917,182	7,055,525	7,196,636	7,340,568	7,487,380	7,637,127	7,789,870	7,945,667
OPERATING EXPENSES			(3,271,884)	(3,370,041)	(3,471,142)	(3,575,276)	(3,682,534)	(3,793,010)	(3,906,801)	(4,024,005)	(4,144,725)	(4,269,067)	(4,397,138)	(4,529,053)	(4,664,924)	(4,804,872)	(4,949,018)
PROPERTY TAXES (Special Assesments, Bonds, etc. only)			(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)
Management Fee (1% of Gross Income)			**(61,084)**	**(62,306)**	**(63,552)**	**(64,823)**	**(66,119)**	**(67,442)**	**(68,791)**	**(70,166)**	**(71,570)**	**(73,001)**	**(74,461)**	**(75,950)**	**(77,469)**	**(79,019)**	**(80,599)**
CAPITAL RESERVES			(91,200)	(93,024)	(94,884)	(96,782)	(98,718)	(100,692)	(102,706)	(104,760)	(106,855)	(108,992)	(111,172)	(113,396)	(115,664)	(117,977)	(120,336)
TOTAL EXPENSES + RESERVES			(3,434,327)	(3,535,529)	(3,639,737)	(3,747,040)	(3,857,530)	(3,971,303)	(4,088,456)	(4,209,090)	(4,333,309)	(4,461,219)	(4,592,931)	(4,728,558)	(4,868,216)	(5,012,027)	(5,160,113)
NET OPERATING INCOME			**2,587,496**	**2,606,730**	**2,625,367**	**2,643,367**	**2,660,684**	**2,677,276**	**2,693,094**	**2,708,092**	**2,722,216**	**2,735,417**	**2,747,638**	**2,758,822**	**2,768,911**	**2,777,843**	**2,785,555**
Add: Loan Debt Coverage Reserve		1.15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DEBT SERVICE 1ST		5.50%	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)
DEBT SERVICE RATIO ON 1ST LOAN			1.15	1.16	1.17	1.17	1.18	1.19	1.20	1.20	1.21	1.22	1.22	1.23	1.23	1.23	1.24
AVAILABLE CASH FLOW			**$ 337,499**	**$ 356,734**	**$ 375,371**	**$ 393,370**	**$ 410,688**	**$ 427,279**	**$ 443,098**	**$ 458,095**	**$ 472,220**	**$ 485,420**	**$ 497,641**	**$ 508,826**	**$ 518,915**	**$ 527,847**	**$ 535,558**
FEES																	
AVAILABLE CASH FLOW FOR FEE 1			337,499	356,734	375,371	393,370	410,688	427,279	443,098	458,095	472,220	485,420	497,641	508,826	518,915	527,847	535,558
PERCENTAGE APPLIED TO ADMIN FEE			100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
ASSET MANAGEMENT FEE- Fed & State LP		10,000	(10,000)	(10,300)	(10,609)	(10,927)	(11,255)	(11,593)	(11,941)	(12,299)	(12,668)	(13,048)	(13,439)	(13,842)	(14,258)	(14,685)	(15,126)
Amount Accrued			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
AVAILABLE CASH FLOW FOR FEE 2			327,499	346,434	364,762	382,443	399,433	415,687	431,158	445,796	459,552	472,373	484,202	494,983	504,657	513,162	520,432
PERCENTAGE APPLIED TO P'SHIP MGMT. FEE			100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
ASSET MANAGEMENT FEE- HPHA/HCDC		15,000	(15,000)	(15,450)	(15,914)	(16,391)	(16,883)	(17,389)	(17,911)	(18,448)	(19,002)	(19,572)	(20,159)	(20,764)	(21,386)	(22,028)	(22,689)
Amount Accrued			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ADDITIONAL CAPITAL CONTRIBUTION (DDF)																	-
CASH FLOW AVAILABLE FOR LOAN/LEASE PMTS			312,499	330,984	348,849	366,052	382,550	398,298	413,247	427,348	440,551	452,801	464,043	474,220	483,271	491,134	497,744
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	% OF AVAIL. LOAN/LSE CF	INT. RATE															
DEFERRED DEVELOPER FEE PYMT	100%	3.00%	(312,499)	(330,984)	(348,849)	(366,052)	(382,550)	(398,298)	(413,247)	(427,348)	(440,551)	(180,207)	-	-	-	-	-
SUBORDINATE PM FEE- HPHA/HCDC	100%	1.5% EGI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RHRF LOAN PAYMENTS	75%	0.25%	-	-	-	-	-	-	-	-	-	(204,446)	(348,032)	(355,665)	(362,453)	(368,350)	(373,308)
		AFR															
GROUND LEASE (Annual Pymt)	75.00%	4.55%	-	-	-	-	-	-	-	-	-	(51,111)	(87,008)	(88,916)	(90,613)	(92,088)	(93,327)
Annual Payment		**293,560**															
BALANCES																	
RHRF Loan Balance (YE)			48,678,144	48,799,839	48,921,839	49,044,143	49,166,754	49,289,671	49,412,895	49,536,427	49,660,268	49,579,973	49,355,890	49,123,615	48,883,971	48,637,831	48,386,118
Ground Lease Payment Balance (YE)			306,917	633,937	982,098	1,352,486	1,746,241	2,164,556	2,608,681	3,079,928	3,579,666	4,058,224	4,529,995	5,028,806	5,556,249	6,114,000	6,703,831
TOTAL			**48,985,061**	**49,433,776**	**49,903,936**	**50,396,629**	**50,912,994**	**51,454,226**	**52,021,576**	**52,616,355**	**53,239,935**	**53,638,197**	**53,885,886**	**54,152,422**	**54,440,220**	**54,751,831**	**55,089,949**
RESIDUAL CASH FLOW			**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**17,037**	**29,003**	**29,639**	**30,204**	**30,696**	**31,109**
			90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%
INCENTIVE MANAGEMENT FEE (HCDC/HPHA)			0	0	0	0	0	0	0	0	0	(15,333)	(26,102)	(26,675)	(27,184)	(27,626)	(27,998)
RESIDUAL CASH FLOW FOR DISTRIBUTION			**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,704**	**2,900**	**2,964**	**3,020**	**3,070**	**3,111**
GP DISTRIBUTION		0.01%	0	0	0	0	0	0	0	0	0	(0)	(0)	(0)	(0)	(0)	(0)
LPs DISTRIBUTION		99.99%	0	0	0	0	0	0	0	0	0	(1,704)	(2,900)	(2,964)	(3,020)	(3,069)	(3,111)

KPLR - Phase 1

STABILIZED CASH FLOW - KPLR MDA

Family/ New Construction / 6-8 stories / 4% Tax Credits

03-Mar-25

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REFI

		YEAR 16 2045	YEAR 17 2046	YEAR 18 2047	YEAR 19 2048	YEAR 20 2049	YEAR 21 2050	YEAR 22 2051	YEAR 23 2052	YEAR 24 2053	YEAR 25 2054	YEAR 26 2055	YEAR 27 2056	YEAR 28 2057	YEAR 29 2058	YEAR 30 2059
ANNUAL INCOME INCREASES		2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
ANNUAL EXPENSE INCREASES		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
NUMBER OF UNITS AVAILABLE FOR RENT		304	304	304	304	304	304	304	304	304	304	304	304	304	304	304
VACANCY RATE		6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
REVENUE																
RENTAL INCOME		8,572,368	8,743,816	8,918,692	9,097,066	9,279,007	9,464,587	9,653,879	9,846,957	10,043,896	10,244,774	10,449,669	10,658,663	10,871,836	11,089,273	11,311,058
MISCELLANEOUS INCOME		49,097	50,079	51,081	52,102	53,144	54,207	55,292	56,397	57,525	58,676	59,849	61,046	62,267	63,513	64,783
TOTAL POTENTIAL RENTAL INCOME		8,621,466	8,793,895	8,969,773	9,149,168	9,332,152	9,518,795	9,709,171	9,903,354	10,101,421	10,303,450	10,509,519	10,719,709	10,934,103	11,152,785	11,375,841
LESS: VACANCY		(516,885)	(527,223)	(537,767)	(548,522)	(559,493)	(570,683)	(582,096)	(593,738)	(605,613)	(617,725)	(630,080)	(642,682)	(655,535)	(668,646)	(682,019)
TOTAL REVENUE		8,104,581	8,266,672	8,432,006	8,600,646	8,772,659	8,948,112	9,127,074	9,309,616	9,495,808	9,685,724	9,879,439	10,077,027	10,278,568	10,484,139	10,693,822
OPERATING EXPENSES		(5,097,489)	(5,250,413)	(5,407,926)	(5,570,163)	(5,737,268)	(5,909,386)	(6,086,668)	(6,269,268)	(6,457,346)	(6,651,067)	(6,850,599)	(7,056,116)	(7,267,800)	(7,485,834)	(7,710,409)
PROPERTY TAXES (Special Assesments, Bonds, etc. only)		(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)
Management Fee (1% of Gross Income)		**(82,211)**	**(83,855)**	**(85,532)**	**(87,243)**	**(88,988)**	**(90,768)**	**(92,583)**	**(94,435)**	**(96,323)**	**(98,250)**	**(100,215)**	**(102,219)**	**(104,263)**	**(106,349)**	**(108,476)**
CAPITAL RESERVES		(122,743)	(125,198)	(127,702)	(130,256)	(132,861)	(135,518)	(138,229)	(140,993)	(143,813)	(146,689)	(149,623)	(152,616)	(155,668)	(158,781)	(161,957)
TOTAL EXPENSES + RESERVES		(5,312,602)	(5,469,626)	(5,631,319)	(5,797,822)	(5,969,276)	(6,145,831)	(6,327,639)	(6,514,855)	(6,707,642)	(6,906,165)	(7,110,596)	(7,321,110)	(7,537,890)	(7,761,123)	(7,991,001)
NET OPERATING INCOME		**2,791,979**	**2,797,047**	**2,800,687**	**2,802,824**	**2,803,382**	**2,802,281**	**2,799,435**	**2,794,761**	**2,788,166**	**2,779,559**	**2,768,843**	**2,755,917**	**2,740,678**	**2,723,016**	**2,702,821**
Add: Loan Debt Coverage Reserve	1.15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DEBT SERVICE 1ST	5.50%	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)
DEBT SERVICE RATIO ON 1ST LOAN		1.24	1.24	1.24	1.25	1.25	1.25	1.24	1.24	1.24	1.24	1.23	1.22	1.22	1.21	1.20
AVAILABLE CASH FLOW		**$ 541,982**	**$ 547,050**	**$ 550,690**	**$ 552,828**	**$ 553,386**	**$ 552,284**	**$ 549,439**	**$ 544,764**	**$ 538,170**	**$ 529,563**	**$ 518,847**	**$ 505,921**	**$ 490,681**	**$ 473,020**	**$ 452,825**
FEES																
AVAILABLE CASH FLOW FOR FEE 1		541,982	547,050	550,690	552,828	553,386	552,284	549,439	544,764	538,170	529,563	518,847	505,921	490,681	473,020	452,825
PERCENTAGE APPLIED TO ADMIN FEE		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
ASSET MANAGEMENT FEE- Fed & State LP	10,000	(15,580)	(16,047)	(16,528)	(17,024)	(17,535)	(18,061)	(18,603)	(19,161)	(19,736)	(20,328)	(20,938)	(21,566)	(22,213)	(22,879)	(23,566)
Amount Accrued		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
AVAILABLE CASH FLOW FOR FEE 2		526,403	531,003	534,162	535,804	535,851	534,223	530,836	525,603	518,434	509,235	497,909	484,355	468,468	450,141	429,259
PERCENTAGE APPLIED TO P'SHIP MGMT. FEE		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
ASSET MANAGEMENT FEE- HPHA/HCDC	15,000	(23,370)	(24,071)	(24,793)	(25,536)	(26,303)	(27,092)	(27,904)	(28,742)	(29,604)	(30,492)	(31,407)	(32,349)	(33,319)	(34,319)	(35,348)
Amount Accrued		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ADDITIONAL CAPITAL CONTRIBUTION (DDF)																
CASH FLOW AVAILABLE FOR LOAN/LEASE PMTS		503,033	506,933	509,369	510,267	509,548	507,131	502,932	496,862	488,830	478,743	466,502	452,006	435,149	415,822	393,911
		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
% OF AVAIL. LOAN/LSE CF	INT. RATE															
DEFERRED DEVELOPER FEE PYMT 100%	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SUBORDINATE PM FEE- HPHA/HCDC 100%	1.5% EGI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RHRF LOAN PAYMENTS 75%	0.25%	(377,275)	(380,199)	(382,027)	(382,700)	(382,161)	(380,349)	(377,199)	(372,646)	(366,623)	(359,057)	(349,877)	(339,004)	(326,362)	(311,866)	(295,433)
	AFR															
GROUND LEASE (Annual Pymt) 75.00%	4.55%	(94,319)	(95,050)	(95,507)	(95,675)	(95,540)	(95,087)	(94,300)	(93,162)	(91,656)	(89,764)	(87,469)	(84,751)	(81,590)	(77,967)	(73,858)
Annual Payment	**293,560**															
BALANCES																
RHRF Loan Balance (YE)		48,129,808	47,869,933	47,607,581	47,343,900	47,080,098	46,817,450	46,557,295	46,301,042	46,050,172	45,806,240	45,570,879	45,345,801	45,132,804	44,933,770	44,750,671
Ground Lease Payment Balance (YE)		7,327,606	7,987,294	8,684,967	9,422,811	10,203,128	11,028,346	11,901,020	12,823,842	13,799,648	14,831,425	15,922,315	17,075,630	18,294,853	19,583,652	20,945,887
TOTAL		**55,457,414**	**55,857,227**	**56,292,548**	**56,766,710**	**57,283,227**	**57,845,796**	**58,458,315**	**59,124,884**	**59,849,820**	**60,637,665**	**61,493,194**	**62,421,431**	**63,427,657**	**64,517,422**	**65,696,558**
RESIDUAL CASH FLOW		**31,440**	**31,683**	**31,836**	**31,892**	**31,847**	**31,696**	**31,433**	**31,054**	**30,552**	**29,921**	**29,156**	**28,250**	**27,197**	**25,989**	**24,619**
		90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%
INCENTIVE MANAGEMENT FEE (HCDC/HPHA)		(28,296)	(28,515)	(28,652)	(28,703)	(28,662)	(28,526)	(28,290)	(27,948)	(27,497)	(26,929)	(26,241)	(25,425)	(24,477)	(23,390)	(22,157)
RESIDUAL CASH FLOW FOR DISTRIBUTION		**3,144**	**3,168**	**3,184**	**3,189**	**3,185**	**3,170**	**3,143**	**3,105**	**3,055**	**2,992**	**2,916**	**2,825**	**2,720**	**2,599**	**2,462**
GP DISTRIBUTION	0.01%	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
LPs DISTRIBUTION	99.99%	(3,144)	(3,168)	(3,183)	(3,189)	(3,184)	(3,169)	(3,143)	(3,105)	(3,055)	(2,992)	(2,915)	(2,825)	(2,719)	(2,599)	(2,462)

KPLR - Phase 1

STABILIZED CASH FLOW - KPLR MDA

Family/ New Construction / 6-8 stories / 4% Tax Credits | -

03-Mar-25 | **REFI**

			YEAR 31 2060	YEAR 32 2061	YEAR 33 2062	YEAR 34 2063	YEAR 35 2064	YEAR 36 2065	YEAR 37 2066	YEAR 38 2067	YEAR 39 2068	YEAR 40 2069	YEAR 41 2070	YEAR 42 2071	YEAR 43 2072	YEAR 44 2073	YEAR 45 2074
ANNUAL INCOME INCREASES			2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
ANNUAL EXPENSE INCREASES			3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
NUMBER OF UNITS AVAILABLE FOR RENT			304	304	304	304	304	304	304	304	304	304	304	304	304	304	304
VACANCY RATE			6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
REVENUE																	
RENTAL INCOME			11,537,279	11,768,025	12,003,385	12,243,453	12,488,322	12,738,089	12,992,850	13,252,707	13,517,761	13,788,117	14,063,879	14,345,157	14,632,060	14,924,701	15,223,195
MISCELLANEOUS INCOME			66,078	67,400	68,748	70,123	71,525	72,956	74,415	75,903	77,421	78,970	80,549	82,160	83,803	85,480	87,189
TOTAL POTENTIAL RENTAL INCOME			11,603,358	11,835,425	12,072,133	12,313,576	12,559,848	12,811,044	13,067,265	13,328,611	13,595,183	13,867,087	14,144,428	14,427,317	14,715,863	15,010,180	15,310,384
LESS: VACANCY			(695,659)	(709,572)	(723,764)	(738,239)	(753,004)	(768,064)	(783,425)	(799,094)	(815,076)	(831,377)	(848,005)	(864,965)	(882,264)	(899,909)	(917,907)
TOTAL REVENUE			10,907,699	11,125,853	11,348,370	11,575,337	11,806,844	12,042,981	12,283,840	12,529,517	12,780,107	13,035,709	13,296,424	13,562,352	13,833,599	14,110,271	14,392,477
OPERATING EXPENSES			(7,941,721)	(8,179,973)	(8,425,372)	(8,678,133)	(8,938,477)	(9,206,632)	(9,482,830)	(9,767,315)	(10,060,335)	(10,362,145)	(10,673,009)	(10,993,200)	(11,322,996)	(11,662,685)	(12,012,566)
PROPERTY TAXES (Special Assesments, Bonds, etc. only)			(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)
Management Fee (1% of Gross Income)			**(110,645)**	**(112,858)**	**(115,115)**	**(117,418)**	**(119,766)**	**(122,161)**	**(124,604)**	**(127,097)**	**(129,638)**	**(132,231)**	**(134,876)**	**(137,573)**	**(140,325)**	**(143,131)**	**(145,994)**
CAPITAL RESERVES			(165,196)	(168,500)	(171,870)	(175,308)	(178,814)	(182,390)	(186,038)	(189,758)	(193,554)	(197,425)	(201,373)	(205,401)	(209,509)	(213,699)	(217,973)
TOTAL EXPENSES + RESERVES			(8,227,722)	(8,471,490)	(8,722,516)	(8,981,017)	(9,247,216)	(9,521,342)	(9,803,632)	(10,094,329)	(10,393,686)	(10,701,960)	(11,019,417)	(11,346,333)	(11,682,988)	(12,029,675)	(12,386,692)
NET OPERATING INCOME			**2,679,977**	**2,654,362**	**2,625,853**	**2,594,320**	**2,559,628**	**2,521,639**	**2,480,209**	**2,435,188**	**2,386,421**	**2,333,750**	**2,277,006**	**2,216,020**	**2,150,611**	**2,080,597**	**2,005,785**
Add: Loan Debt Coverage Reserve		1.15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DEBT SERVICE 1ST		5.50%	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	(2,249,996)	0	0	0	0	0
DEBT SERVICE RATIO ON 1ST LOAN			1.19	1.18	1.17	1.15	1.14	1.12	1.10	1.08	1.06	1.04	NA	NA	NA	NA	NA
AVAILABLE CASH FLOW			**$ 429,981**	**$ 404,366**	**$ 375,857**	**$ 344,323**	**$ 309,632**	**$ 271,642**	**$ 230,212**	**$ 185,191**	**$ 136,425**	**$ 83,753**	**$ 2,277,006**	**$ 2,216,020**	**$ 2,150,611**	**$ 2,080,597**	**$ 2,005,785**
FEES																	
AVAILABLE CASH FLOW FOR FEE 1			429,981	404,366	375,857	344,323	309,632	271,642	230,212	185,191	136,425	83,753	2,277,006	2,216,020	2,150,611	2,080,597	2,005,785
PERCENTAGE APPLIED TO ADMIN FEE			100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
ASSET MANAGEMENT FEE- Fed & State LP		10,000	(24,273)	(25,001)	(25,751)	(26,523)	(27,319)	(28,139)	(28,983)	(29,852)	(30,748)	(31,670)	(32,620)	(33,599)	(34,607)	(35,645)	(36,715)
Amount Accrued			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
AVAILABLE CASH FLOW FOR FEE 2			405,708	379,365	350,106	317,800	282,312	243,504	201,229	155,339	105,677	52,083	2,244,386	2,182,421	2,116,004	2,044,951	1,969,070
PERCENTAGE APPLIED TO P'SHIP MGMT. FEE			100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
ASSET MANAGEMENT FEE- HPHA/HCDC		15,000	(36,409)	(37,501)	(38,626)	(39,785)	(40,979)	(42,208)	(43,474)	(44,778)	(46,122)	(47,505)	(48,931)	(50,398)	(51,910)	(53,468)	(55,072)
Amount Accrued			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ADDITIONAL CAPITAL CONTRIBUTION (DDF)																	
CASH FLOW AVAILABLE FOR LOAN/LEASE PMTS			369,299	341,864	311,480	278,015	241,334	201,296	157,755	110,560	59,555	4,578	2,195,455	2,132,022	2,064,094	1,991,484	1,913,998
			31	32	33	34	35	36	37	38	39	40	41	42	43	44	45
	% OF AVAIL. LOAN/LSE CF	INT. RATE															
DEFERRED DEVELOPER FEE PYMT	100%	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SUBORDINATE PM FEE- HPHA/HCDC	100%	1.5% EGI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RHRF LOAN PAYMENTS	75%	0.25%	(276,974)	(256,398)	(233,610)	(208,511)	(181,000)	(150,972)	(118,316)	(82,920)	(44,667)	(3,433)	(1,646,592)	(1,599,017)	(1,548,070)	(1,493,613)	(1,435,499)
		AFR															
GROUND LEASE (Annual Pymt)	75.00%	4.55%	(69,244)	(64,100)	(58,402)	(52,128)	(45,250)	(37,743)	(29,579)	(20,730)	(11,167)	(858)	(411,648)	(399,754)	(387,018)	(373,403)	(358,875)
Annual Payment		**293,560**															
BALANCES																	
RHRF Loan Balance (YE)			44,585,574	44,440,640	44,318,131	44,220,416	44,149,966	44,109,369	44,101,326	44,128,659	44,194,314	44,301,367	42,765,529	41,273,426	39,828,539	38,434,498	37,095,085
Ground Lease Payment Balance (YE)			22,385,619	23,907,122	25,514,891	27,213,656	29,008,392	30,904,331	32,906,975	35,022,110	37,255,818	39,614,497	41,682,993	43,871,054	46,185,233	48,632,422	51,219,871
TOTAL			**66,971,193**	**68,347,761**	**69,833,022**	**71,434,071**	**73,158,358**	**75,013,700**	**77,008,301**	**79,150,769**	**81,450,133**	**83,915,864**	**84,448,522**	**85,144,480**	**86,013,772**	**87,066,920**	**88,314,956**
RESIDUAL CASH FLOW			**23,081**	**21,367**	**19,467**	**17,376**	**15,083**	**12,581**	**9,860**	**6,910**	**3,722**	**286**	**137,216**	**133,251**	**129,006**	**124,468**	**119,625**
			90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%
INCENTIVE MANAGEMENT FEE (HCDC/HPHA)			(20,773)	(19,230)	(17,521)	(15,638)	(13,575)	(11,323)	(8,874)	(6,219)	(3,350)	(257)	(123,494)	(119,926)	(116,105)	(112,021)	(107,662)
RESIDUAL CASH FLOW FOR DISTRIBUTION			**2,308**	**2,137**	**1,947**	**1,738**	**1,508**	**1,258**	**986**	**691**	**372**	**29**	**13,722**	**13,325**	**12,901**	**12,447**	**11,962**
GP DISTRIBUTION		0.01%	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(1)	(1)	(1)	(1)	(1)
LPs DISTRIBUTION		99.99%	(2,308)	(2,136)	(1,947)	(1,737)	(1,508)	(1,258)	(986)	(691)	(372)	(29)	(13,720)	(13,324)	(12,899)	(12,446)	(11,961)

KPLR - Phase 1

STABILIZED CASH FLOW - KPLR MDA

Family/ New Construction / 6-8 stories / 4% Tax Credits

03-Mar-25

			YEAR 46 2075	YEAR 47 2076	YEAR 48 2077	YEAR 49 2078	YEAR 50 2079	YEAR 51 2080	YEAR 52 2081	YEAR 53 2082	YEAR 54 2083	YEAR 55 2084	YEAR 56 2085	YEAR 57 2086	YEAR 58 2087	YEAR 59 2088	YEAR 60 2089
ANNUAL INCOME INCREASES			2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
ANNUAL EXPENSE INCREASES			3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
NUMBER OF UNITS AVAILABLE FOR RENT			304	304	304	304	304	304	304	304	304	304	304	304	304	304	304
VACANCY RATE			6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
REVENUE																	
RENTAL INCOME			15,527,659	15,838,212	16,154,976	16,478,076	16,807,637	17,143,790	17,486,666	17,836,399	18,193,127	18,556,990	18,928,129	19,306,692	19,692,826	20,086,682	20,488,416
MISCELLANEOUS INCOME			88,933	90,712	92,526	94,376	96,264	98,189	100,153	102,156	104,199	106,283	108,409	110,577	112,788	115,044	117,345
TOTAL POTENTIAL RENTAL INCOME			15,616,592	15,928,924	16,247,502	16,572,452	16,903,901	17,241,979	17,586,819	17,938,555	18,297,326	18,663,273	19,036,538	19,417,269	19,805,614	20,201,727	20,605,761
LESS: VACANCY			(936,266)	(954,991)	(974,091)	(993,573)	(1,013,444)	(1,033,713)	(1,054,387)	(1,075,475)	(1,096,984)	(1,118,924)	(1,141,303)	(1,164,129)	(1,187,411)	(1,211,159)	(1,235,383)
TOTAL REVENUE			14,680,326	14,973,933	15,273,411	15,578,880	15,890,457	16,208,266	16,532,432	16,863,080	17,200,342	17,544,349	17,895,236	18,253,140	18,618,203	18,990,567	19,370,379
OPERATING EXPENSES			(12,372,943)	(12,744,131)	(13,126,455)	(13,520,249)	(13,925,856)	(14,343,632)	(14,773,941)	(15,217,159)	(15,673,674)	(16,143,884)	(16,628,201)	(17,127,047)	(17,640,858)	(18,170,084)	(18,715,186)
PROPERTY TAXES (Special Assesments, Bonds, etc. only)			(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)	(10,159)
Management Fee (1% of Gross Income)			**(148,914)**	**(151,892)**	**(154,930)**	**(158,029)**	**(161,189)**	**(164,413)**	**(167,701)**	**(171,055)**	**(174,476)**	**(177,966)**	**(181,525)**	**(185,156)**	**(188,859)**	**(192,636)**	**(196,489)**
CAPITAL RESERVES			(222,332)	(226,779)	(231,315)	(235,941)	(240,660)	(245,473)	(250,382)	(255,390)	(260,498)	(265,708)	(271,022)	(276,442)	(281,971)	(287,611)	(293,363)
TOTAL EXPENSES + RESERVES			(12,754,348)	(13,132,961)	(13,522,859)	(13,924,377)	(14,337,864)	(14,763,677)	(15,202,183)	(15,653,763)	(16,118,807)	(16,597,717)	(17,090,907)	(17,598,804)	(18,121,847)	(18,660,489)	(19,215,197)
NET OPERATING INCOME			**1,925,978**	**1,840,971**	**1,750,553**	**1,654,502**	**1,552,593**	**1,444,590**	**1,330,248**	**1,209,317**	**1,081,535**	**946,632**	**804,329**	**654,337**	**496,356**	**330,078**	**155,182**
Add: Loan Debt Coverage Reserve		1.15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DEBT SERVICE 1ST		5.50%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DEBT SERVICE RATIO ON 1ST LOAN			NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
AVAILABLE CASH FLOW			**$ 1,925,978**	**$ 1,840,971**	**$ 1,750,553**	**$ 1,654,502**	**$ 1,552,593**	**$ 1,444,590**	**$ 1,330,248**	**$ 1,209,317**	**$ 1,081,535**	**$ 946,632**	**$ 804,329**	**$ 654,337**	**$ 496,356**	**$ 330,078**	**$ 155,182**
FEES																	
AVAILABLE CASH FLOW FOR FEE 1			1,925,978	1,840,971	1,750,553	1,654,502	1,552,593	1,444,590	1,330,248	1,209,317	1,081,535	946,632	804,329	654,337	496,356	330,078	155,182
PERCENTAGE APPLIED TO ADMIN FEE			100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
ASSET MANAGEMENT FEE- Fed & State LP		10,000	(37,816)	(38,950)	(40,119)	(41,323)	(42,562)	(43,839)	(45,154)	(46,509)	(47,904)	(49,341)	(50,821)	(52,346)	(53,917)	(55,534)	(57,200)
Amount Accrued			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
AVAILABLE CASH FLOW FOR FEE 2			1,888,162	1,802,021	1,710,434	1,613,180	1,510,031	1,400,750	1,285,094	1,162,808	1,033,631	897,291	753,507	601,991	442,440	274,544	97,982
PERCENTAGE APPLIED TO P'SHIP MGMT. FEE			100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
ASSET MANAGEMENT FEE- HPHA/HCDC		15,000	(56,724)	(58,426)	(60,178)	(61,984)	(63,843)	(65,759)	(67,731)	(69,763)	(71,856)	(74,012)	(76,232)	(78,519)	(80,875)	(83,301)	(85,800)
Amount Accrued			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ADDITIONAL CAPITAL CONTRIBUTION (DDF)																	
CASH FLOW AVAILABLE FOR LOAN/LEASE PMTS			1,831,438	1,743,595	1,650,255	1,551,196	1,446,188	1,334,992	1,217,363	1,093,045	961,775	823,279	677,275	523,471	361,565	191,243	12,182
			46	47	48	49	50	51	52	53	54	55	56	57	58	59	60
	% OF AVAIL. LOAN/LSE CF	INT. RATE															
DEFERRED DEVELOPER FEE PYMT	100%	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SUBORDINATE PM FEE- HPHA/HCDC	100%	1.5% EGI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RHRF LOAN PAYMENTS	75%	0.25%	(1,373,579)	(1,307,696)	(1,237,691)	(1,163,397)	(1,084,641)	(1,001,244)	(913,022)	(819,784)	(721,331)	(617,459)	(507,956)	(392,604)	(271,174)	(143,432)	(9,136)
GROUND LEASE (Annual Pymt)	75.00%	AFR 4.55%	(343,395)	(326,924)	(309,423)	(290,849)	(271,160)	(250,311)	(228,255)	(204,946)	(180,333)	(154,365)	(126,989)	(98,151)	(67,793)	(35,858)	(2,284)
Annual Payment		**293,560**															
BALANCES																	
RHRF Loan Balance (YE)			35,814,245	34,596,084	33,444,882	32,365,098	31,361,370	30,438,529	29,601,604	28,855,824	28,206,633	27,659,690	27,220,883	26,896,332	26,692,399	26,615,698	26,673,101
Ground Lease Payment Balance (YE)			53,955,199	56,846,420	59,901,956	63,130,661	66,541,842	70,145,279	73,951,250	77,970,554	82,214,539	86,695,127	91,424,841	96,416,836	101,684,931	107,243,639	113,108,199
TOTAL			**89,769,444**	**91,442,503**	**93,346,838**	**95,495,759**	**97,903,212**	**100,583,809**	**103,552,854**	**106,826,378**	**110,421,172**	**114,354,817**	**118,645,724**	**123,313,168**	**128,377,330**	**133,859,336**	**139,781,300**
RESIDUAL CASH FLOW			**114,465**	**108,975**	**103,141**	**96,950**	**90,387**	**83,437**	**76,085**	**68,315**	**60,111**	**51,455**	**42,330**	**32,717**	**22,598**	**11,953**	**761**
			90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%
INCENTIVE MANAGEMENT FEE (HCDC/HPHA)			(103,018)	(98,077)	(92,827)	(87,255)	(81,348)	(75,093)	(68,477)	(61,484)	(54,100)	(46,309)	(38,097)	(29,445)	(20,338)	(10,757)	(685)
RESIDUAL CASH FLOW FOR DISTRIBUTION			**11,446**	**10,897**	**10,314**	**9,695**	**9,039**	**8,344**	**7,609**	**6,832**	**6,011**	**5,145**	**4,233**	**3,272**	**2,260**	**1,195**	**76**
GP DISTRIBUTION		0.01%	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(0)	(0)	(0)	(0)	(0)
LPs DISTRIBUTION		99.99%	(11,445)	(10,896)	(10,313)	(9,694)	(9,038)	(8,343)	(7,608)	(6,831)	(6,010)	(5,145)	(4,233)	(3,271)	(2,260)	(1,195)	(76)

KPLR - Phase 1

STABILIZED CASH FLOW - KPLR MDA

Family/ New Construction / 6-8 stories / 4% Tax Credits

03-Mar-25

			YEAR 61 2090	YEAR 62 2091	YEAR 63 2092	YEAR 64 2093	YEAR 65 2094
ANNUAL INCOME INCREASES			2.0%	2.0%	2.0%	2.0%	2.0%
ANNUAL EXPENSE INCREASES			3.0%	3.0%	3.0%	3.0%	3.0%
NUMBER OF UNITS AVAILABLE FOR RENT			304	304	304	304	304
VACANCY RATE			6.00%	6.00%	6.00%	6.00%	6.00%
REVENUE							
RENTAL INCOME			20,898,184	21,316,148	21,742,471	22,177,320	22,620,867
MISCELLANEOUS INCOME			119,692	122,086	124,528	127,018	129,558
TOTAL POTENTIAL RENTAL INCOME			21,017,876	21,438,234	21,866,999	22,304,339	22,750,425
LESS: VACANCY			(1,260,090)	(1,285,292)	(1,310,998)	(1,337,218)	(1,363,962)
TOTAL REVENUE			19,757,786	20,152,942	20,556,001	20,967,121	21,386,463
OPERATING EXPENSES			(19,276,642)	(19,854,941)	(20,450,589)	(21,064,107)	(21,696,030)
PROPERTY TAXES (Special Assesments, Bonds, etc. only)			(10,159)	(10,159)	(10,159)	(10,159)	(10,159)
Management Fee (1% of Gross Income)			**(200,418)**	**(204,427)**	**(208,515)**	**(212,686)**	**(216,939)**
CAPITAL RESERVES			(299,230)	(305,215)	(311,319)	(317,545)	(323,896)
TOTAL EXPENSES + RESERVES			(19,786,449)	(20,374,742)	(20,980,583)	(21,604,497)	(22,247,025)
NET OPERATING INCOME			**(28,663)**	**(221,800)**	**(424,582)**	**(637,376)**	**(860,562)**
Add: Loan Debt Coverage Reserve		1.15	0	0	0	0	0
DEBT SERVICE 1ST		5.50%	0	0	0	0	0
DEBT SERVICE RATIO ON 1ST LOAN			NA	NA	NA	NA	NA
AVAILABLE CASH FLOW			**$ (28,663)**	**$ (221,800)**	**$ (424,582)**	**$ (637,376)**	**$ (860,562)**
FEES							
AVAILABLE CASH FLOW FOR FEE 1			0	0	0	0	0
PERCENTAGE APPLIED TO ADMIN FEE			100.00%	100.00%	100.00%	100.00%	100.00%
ASSET MANAGEMENT FEE- Fed & State LP		10,000	0	0	0	0	0
Amount Accrued			58,916	119,600	182,104	246,483	312,793
AVAILABLE CASH FLOW FOR FEE 2			0	0	0	0	0
PERCENTAGE APPLIED TO P'SHIP MGMT. FEE			100.00%	100.00%	100.00%	100.00%	100.00%
ASSET MANAGEMENT FEE- HPHA/HCDC		15,000	0	0	0	0	0
Amount Accrued			88,374	179,399	273,155	369,724	469,190
ADDITIONAL CAPITAL CONTRIBUTION (DDF)							
CASH FLOW AVAILABLE FOR LOAN/LEASE PMTS			0	0	0	0	0
	% OF AVAIL. LOAN/LSE CF	INT. RATE	61	62	63	64	65
DEFERRED DEVELOPER FEE PYMT	100%	3.00%	-	-	-	-	-
SUBORDINATE PM FEE- HPHA/HCDC	100%	1.5% EGI	-	-	-	-	-
RHRF LOAN PAYMENTS	75%	0.25%	-	-	-	-	-
GROUND LEASE (Annual Pymt)	75.00%	AFR 4.55%	-	-	-	-	-
Annual Payment		**293,560**					
BALANCES							
RHRF Loan Balance (YE)			26,739,784	26,806,633	26,873,650	26,940,834	27,008,186
Ground Lease Payment Balance (YE)			119,261,626	125,715,174	132,482,902	139,579,514	147,020,396
TOTAL			**146,001,409**	**152,521,807**	**159,356,551**	**166,520,348**	**174,028,582**
RESIDUAL CASH FLOW			**0**	**0**	**0**	**0**	**0**
			90.00%	90.00%	90.00%	90.00%	90.00%
INCENTIVE MANAGEMENT FEE (HCDC/HPHA)			0	0	0	0	0
RESIDUAL CASH FLOW FOR DISTRIBUTION			-	-	-	-	-
GP DISTRIBUTION		0.01%	0	0	0	0	0
LPs DISTRIBUTION		99.99%	0	0	0	0	0

EXHIBIT F

HPHA GROUND LEASE AGREEMENT

KUHIO PARK LOW RISES AND HOMES

HONOLULU, HAWAIʻI

<u>LANDLORD</u>:

Hawaii Public Housing Authority

1002 N. School St.
Honolulu, Hawaiʻi 96817

<u>TENANT</u>:

KPLR Phase 1, LP

c/o Highridge Costa Development Company, LLC
330 West Victoria Street
Gardena, California 90248

as of [DATE]

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HPHA GROUND LEASE
BETWEEN THE HAWAII PUBLIC HOUSING AUTHORITY AND KUHIO PARK 2, LLC

BASIC LEASE INFORMATION

DATE:	AS OF [DATE]
LANDLORD:	HAWAII PUBLIC HOUSING AUTHORITY
TENANT:	KPLR Phase 1, LP, a Hawaii limited partnership
PREMISES:	CERTAIN PREMISES SITUATED IN THE CITY AND COUNTY OF HONOLULU, STATE OF HAWAI'I, AS MORE PARTICULARLY DESCRIBED IN EXHIBIT "A"
ANNUAL BASE RENT:	$[293,560.00]
COMMENCEMENT DATE:	[DATE]
TERM:	THE PERIOD BEGINNING OF THE COMMENCEMENT DATE AND ENDING ON 65 YEARS, AS MAY BE EXTENDED
LANDLORD'S ADDRESS FOR NOTICES:	1002 N. SCHOOL ST. P.O. BOX 17907 HONOLULU, HAWAI'I 96817 ATTN: EXECUTIVE DIRECTOR
TENANT'S ADDRESS FOR NOTICES:	

The Basic Lease Information is part of the Lease; however, if any of the Basic Lease Information contradicts any provision of the Lease, the provisions of the Lease will prevail.

HPHA GROUND LEASE AGREEMENT

THIS HPHA GROUND LEASE AGREEMENT (this "**Lease**") effective as of________,2024 is by and between the HAWAII PUBLIC HOUSING AUTHORITY, a public body corporate and politic organized and existing pursuant to Chapter 356D of the Hawaii Revised Statutes, with a chief executive office located at 1002 N. School Street, Honolulu, Hawaiʻi 96817 ("**Landlord**"), and KPLR Phase 1, LP, a Hawaiʻi limited partnership, located at c/o Highridge Costa Development Company, LLC, 330 West Victoria, Gardena, California 90248 ("**Tenant**").

ARTICLE 1- RECITALS

A. Landlord is the fee simple owner of the land located in the City and County of Honolulu, State of Hawaiʻi, situated on a portion of TMK Parcels (1) 1-3-039:006 and (1) 1-3-039:008, Condominium Unit Numbers 1-4, as more particularly described in Exhibit A and A-1, attached hereto and incorporated herein by this reference (the "**Demised Premises**").

B. Landlord selected The Michaels Development Company I, L.P., a New Jersey limited partnership ("**Michaels**"), an experienced developer of distressed public and affordable housing projects, to undertake the redevelopment of the Kuhio Park Terrace and Kuhio Homes public housing development (the "**Redevelopment**") and Landlord and Michaels entered into that certain Master Development Agreement, effective on or about May 2011 (the "**Original Development Agreement**"), which the Original Development Agreement was amended and Restated by that certain Amended and Restated Master Development Agreement – Revitalization and Redevelopment of Kuhio Park Terrace and Kuhio Park Homes dated as of July 8, 2020, as may be further amended ("**Redevelopment Agreement**"). Tenant is an affiliate of Michaels.

C. Under the Redevelopment Agreement, the Redevelopment will include up to ten (10) phases and involve (i) redevelopment of one hundred seventy-four (174) units of federally subsidized low-income public housing situated on approximately 2.998 acres and (ii) 6.4 acres zone P-2 (TMK# (1)3-039-007-000) currently improved with a recently developed community center and a baseball field, more particularly described in Exhibit A-3 of the Redevelopment Agreement, to consist of a minimum of four hundred sixty-nine (469) residential units and related site improvements and amenities. Each development phase will be owned and developed under the terms of a disposition and development agreement ("**Disposition and Development Agreement**") and ground lease between the Landlord and a Hawaiʻi limited partnership of limited liability company formed by the Master Developer. This Lease is in furtherance of the second phase of the Redevelopment.

D. The Landlord applied to the United States Department of Housing and Urban Development ("**HUD**") for permission to dispose of existing buildings at Kuhio Park Terrace Low-Rises and Kuhio Homes inclusive of the Demised Premises, which HUD approved by letter dated August 12, 2024.

E. Michaels entered into a Transfer Agreement with HCDC Kuhio Park 1 LLC, a Hawaiʻi limited liability company ("Tenant") on February 26, 2025, subject to further agreement and approval by Landlord. Landlord, through its Board of Directors, approved the Transfer Agreement and authorized the Landlord to enter into the Transfer Agreement and this Lease.

F. In accordance with the Redevelopment Agreement, the redevelopment will be undertaken in phases. Phase 1, which is also known as *Kuhio Park Terrace Low-Rise* ("**Phase 1**") will consist of three hundred four (304) residential units (the "**Units**") across an anticipated four (4) buildings each of which will be a condominium unit. Of the Units, three hundred two (302) will be low-income housing tax credit ("**LIHTC**") units administered in accordance with Section 42 of the Internal Revenue Code, as amended (the "**Code**"), and two (2) will be managerial units. A total of sixty-five (65) of the Units will be non-Rental Assistance Demonstration ("**RAD**") program Section 8 Project-Based Voucher units (the "**PBV Units**") subsidized pursuant to a non-RAD Section 8 Project-Based Voucher Housing Assistance Payments Contract (the "**HAP Contract**"). At the closing of the Project's construction financing, the Authority, as contract administrator for the U.S. Department of Housing and Urban Development ("**HUD**"), will enter into an Agreement to Enter Into a Housing Assistance Payments Contract (the "**AHAP**") with the Owner. The PBV Units shall be operated in accordance with all federal statutory, regulatory (24 CFR part 983), and programmatic requirements applicable to the PBV Units, executive order requirements, and the Authority's Section 8 Administrative Plan, each as may be amended from time to time (the "**PBV Requirements**"). The HAP Contract will have a term of not less than twenty (20) years.

G. Tenant wishes to ground lease from Landlord, pursuant to this Lease, the Demised Premises, on which Tenant will construct Phase 1 of the Redevelopment.

NOW, THEREFORE, in consideration of these presents, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant hereby enter into this Lease on the terms and conditions set forth herein.

ARTICLE 2- DEFINITIONS

Capitalized terms used in this Lease and not otherwise defined shall have the meanings referred to below.

"**Act**" - Means the United States Housing Act of 1937, as amended from time to time, and any subsequent legislation.

"**Additional Rent**" - See Section 18.1

"**Agreement**" - shall mean this Lease.

"**AHAP**" See Article 1.

"**Base Rent**" - See Section 7.1.

"**Base Rent Transition Date**" – See Section 7.1.

"**Certificate of Insurance**" – See Section 9.1.

"**City**" - See Section 4.2

"**Commencement Date**" - See Basic Lease Information

"**Completion Date**" – Means _________, 202_, as may be extended with the Landlord's and Tenant's approval (such approval not to be unreasonably withheld, delayed, or conditioned) as a result of negotiated or required change orders requiring additional time to construct the Premises.

"**Condominium Documents**" – Means the Declaration of Condominium Property Regime dated [________], and recorded in the Land Court as Document No. [________], By-Laws of the Association of Unit Owners of Kuhio Park Low Rise dated [__________], and recorded in the Land Court as Document No. [________], and Condominium Map No. [__________].

"**Controlling Interest**" - See Section 12.4

"**Debt Service Coverage Ratio**" – See Section 18.6(a).

"**Demised Premises**" – See Article 1.

"**Disposition and Development Agreement**" – See Article 1.

"**Entitlement Approvals**" – See Section 10.1.

"**Environmental Laws**" – See Exhibit C.

"**Environmental Report**" - See Section 5.1(g) and Exhibit E.

"**Event of Default**" - See Section 18.2.

"**Fiscal Year**" – Means each fiscal year of Tenant.

"**Force Majeure Event**" – See Section 18.5.

"**Governmental Authorities**" - See Section 4.2.

"**HAP Contract**" - See Article 1.

"**Hazardous Materials**" – See Exhibit C.

“**HUD**” - See Article 1.

“**Improvements**” - Means all buildings, structures, and other permanent improvements now or hereafter erected on, over, or under the Demised Premises, including all walkway and road improvements, parking areas and facilities, landscaping improvements of whatever nature, utility and sewage lines (to the extent of Tenant’s interest therein) and the appurtenances to all of the foregoing made in accordance with the approved Plans and Specifications, as may be amended from time to time.

“**Investor Member**” - Means the Tax Credit Investor, in its capacity as the investor member of Tenant, and its successors and assigns.

“**Land Court**” – Means the Office of the Assistant Registrar of the Land Court of the State of Hawai‘i.

“**Landlord**” - See Preamble.

“**Lease**” - See Preamble.

“**Leasehold Mortgage**” - See Section 13.1

“**Leasehold Mortgagee**” - See Section 13.1

“**LIHTC**” - See Article 1.

“**Management Agent**” - Means Michaels Management – Affordable LLC, New Jersey limited liability company, and its successors and assigns.

“**Managerial Default**” – See Section 18.6(a).

“**Operating Agreement**” - Means that certain Amended and Restated Operating Agreement of Tenant of substantially even date herewith.

“**Operating Budget**” – See Section 8.2.

“**Operating Expenses**” – Means all costs and expenses attributable to or incurred in connection with the operation, maintenance, and repair of the Demised Premises and Improvements.

“**Permitted Encumbrances** – Means all mortgages, easements, and other encumbrances permitted to exist with regard to the title to the Property, as set forth on Exhibit F, attached hereto and incorporated herein by this reference, or as otherwise jointly agreed to by Landlord and Tenant.

"**Plans and Specifications**" - Means all those plans and specifications for the Improvements to be constructed on the Demised Premises and all associated work, as approved by the Landlord, as may be amended from time to time.

"**Purchase Option and Right of First Refusal Agreement**" – shall mean the document negotiated between Landlord and Tenant, which sets forth the terms of the purchase option.

"**Premises**" – Means the Demised Premises and the Improvements.

"**PBV Requirements**" - See Article 1.

"**PBV Units**" - See Article 1.

"**RAD**" - See Article 1.

"**Redevelopment Agreement**" - See Article 1.

"**Regulatory Default**" — See Article 18.4(a).

"**Rent**" - Means, collectively, Base Rent and Additional Rent.

"**Rent Adjustment Date**" – See Section 7.1.

"**Tax Credit Investor**" – Means, ____.

"**Tax Credit Requirements**" - Means any applicable matters required by Section 42, the Hawaii Housing Finance and Development Corporation ("**HHFDC**") or any agreement with a condition of receipt of tax credits, whether or not such requirement is explicitly stated in Section 42, regulations thereunder, or HHFDC requirements.

"**Tax Credit Units**" - See Section 4.1.

"**Tenant**"- See Preamble.

"**Term**" - See Section 6.1.

"**Transfer**" - See Section 12.1.

"**Units**" - See Article 1.

ARTICLE 3- DEMISE OF LEASEHOLD INTEREST

Section 3.1 Lease to Tenant. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Demised Premises, upon the terms and conditions stated herein. The Demised Premises are leased:

(a) subject only to:

(i) any state of facts an accurate survey of the Premises would show;

(ii) any state of facts a personal inspection would show (provided, however, that Landlord is unaware of any latent defects to the Demised Premises not disclosed to Tenant);

(iii) the Permitted Encumbrances;

(iv) present and future zoning laws, ordinances, resolutions and regulations of any governmental authority and all present and future ordinances, statutes, laws, regulations and orders of all boards, bureaus, departments, agencies, commissions and bodies of any municipal, county, state or federal sovereign, or any applicable exemptions therefrom;

(v) the effect of all present and future municipal, state or federal laws, orders and regulations relating to the Tenant, sub-lessees or occupants of the Demised Premises;

(vi) rules and regulations contained in the Condominium Documents; and

(vii) rights of former residents of Kuhio Park Terrace and Kuhio Homes to occupy the Demised Premises pursuant to the Relocation Plan and Management Plan.

(b) Together with the right to pass and repass over all existing and future ways and public areas located on, in or appurtenant to the Demised Premises and/or shown on the ALTA/ACSM Land Title Survey Subdivision Map set forth in Exhibit A, and the right to use such other portions of the Demised Premises and all utilities and service conduits and facilities thereon to facilitate the construction of the Improvements pursuant to the Plans and Specifications.

(c) This Lease is subject to the prior approval of HUD and the Investor Member and Senior Lender. The Lease will not be effective until approval from the above-named entities is received.

Section 3.2 Services by Landlord. Except as otherwise provided herein, it is expressly agreed that Landlord is not and shall not be required under this Lease to render any services of any kind to Tenant. Nothing herein shall modify the terms of any separate agreement between Tenant and Landlord.

Section 3.3 Quiet Enjoyment. Tenant, upon paying the Rent and other charges herein provided for and observing and keeping all covenants, agreements, and conditions of this Lease on its part to be kept, shall quietly have and enjoy the Demised Premises during the term of this

Lease without hindrance or molestation by anyone claiming by or through Landlord, subject, however, to the exceptions, reservations, and conditions of this Lease, including Permitted Exceptions.

ARTICLE 4- IMPROVEMENTS

Section 4.1 Improvements to be Constructed. Tenant shall construct the Improvements or cause the Improvements to be constructed on the Demised Premises, at its sole expense no later than the Completion Date, subject to a Force Majeure Event. Upon completion, the Improvements shall, subject to a Force Majeure Event, include a total of three hundred two (302) housing units which shall be available for rental for the period required by the Tax Credit Requirements to households with incomes at or below sixty percent (60%) of the area median income (the "**Tax Credit Units**") at initial occupancy. Of the Tax Credit Units, sixty-five (65) shall be PBV Units operated in accordance with the PBV Requirements as described by Section 8(o)(13) of the Act, as amended, and its implementing regulations and guidance as may be modified by HUD pursuant to and for the term of the HAP Contract applicable to the PBV Units and any extensions of that contract. Tenant shall take no action to effectuate any material amendments, modifications, or any other material alterations to the Plans and Specifications without Landlord's prior written consent, which shall not be unreasonably withheld, conditioned, or delayed.

Section 4.2 Compliance with Laws. The Improvements shall be constructed in good and workmanlike manner and conformance with all applicable laws, ordinances, codes, orders, rules, and regulations of all governmental authorities, agencies or departments having jurisdiction over the Improvements (collectively, "**Governmental Authorities**"), including, insofar as applicable, Landlord, the United States Government, including but not limited to HUD, the City and County of Honolulu (the "**City**"), and the State of Hawaiʻi.

Section 4.3 Approvals, Permits, and Licenses. Tenant shall apply for, assume all costs of, and prosecute, with reasonable diligence, all necessary approvals, permits, and licenses required for the construction, development, use, utility easements, operation, and occupancy of the Improvements, all in substantial accordance with the Plans and Specifications. Landlord agrees to cooperate with and publicly support Tenant's efforts to obtain such permits and licenses that are in substantial accordance with the Plans and Specifications. If required, Landlord shall consent and allow Tenant to apply for and prosecute, with reasonable diligence, all necessary approvals, permits, and licenses required for the construction, development, use, operation, and occupation of the Improvements, in the name of Landlord, at Tenant's sole cost and expense. Tenant shall ensure that the Improvements are built in substantial conformance with the Plans and Specifications, excepting any change required for compliance with building codes or other government health and safety requirements. Tenant must obtain Landlord's consent for any individual change order exceeding $50,000.00 and aggregate change orders exceeding $250,000.00. Additionally, Tenant shall cause its general contractor to procure and deliver to Landlord copies of labor and material (payment) bonds and performance bonds, or a dual bond which covers both payment and performance obligation, in a penal sum each of not less than one hundred percent (100%) of the scheduled cost of construction of Phase I, and one hundred percent (100%) payment bond. Said bonds must be issued by an insurance company that is licensed to do business in the State of Hawaiʻi and has a rating equivalent to AAA or AA+ by an insurance company listed in the current year's Federal Register or as otherwise approved by Landlord. The labor and materials (payment) bond must name Landlord as a dual-obligee or assignee.

Section 4.4 Ownership of Improvements. Landlord and Tenant acknowledge and agree that during the entire Term, Tenant shall be the owner of the Improvements, and as such, Tenant shall be entitled to all depreciation deductions and LIHTCs and other benefits for income tax purposes relating to the Improvements and the Demised Premises. At the expiration of the Term by the passage of time or otherwise, indefeasible fee simple title in and to the Improvements shall automatically vest in Landlord.

Section 4.5 Public Improvements. Landlord hereby represents and confirms that the Demised Premises are currently serviced by Linipuni Street which is a public street owned by the City.

ARTICLE 5- REPRESENTATIONS AND WARRANTIES

Section 5.1 Landlord's Representations and Warranties. Landlord hereby represents and warrants to Tenant that

(a) Landlord owns fee simple good and marketable title to the Demised Premises, free and clear of all liens, charges, encumbrances, encroachments, easements, restrictions, leases, tenancies, occupancies or agreements, and other matters affecting title, except for the Permitted Encumbrances.

(b) Landlord has full right, power, and authority to make, execute, deliver, and perform its obligations under this Lease. Landlord has obtained all required and necessary consents and approvals to enter into this Lease with Tenant. The entry by Landlord into this Lease with Tenant and the performance of all of the terms, provisions, and conditions contained herein does not and will not violate or cause a breach or default under any agreement or obligation to which Landlord is a party or by which it is bound.

(c) There are no unpaid special assessments of which Landlord has received notice, or of which Landlord is otherwise aware for sewer, sidewalk, water, paving, gas, electrical or utility improvements or other capital expenditures, matured or unmatured, affecting the Demised Premises.

(d) Except for the right of the residents displaced as a result of Phase 1 or the Redevelopment as a whole as described in the Redevelopment Agreement, the Disposition and Development Agreement, and for the Purchase Option and Right of First Refusal Agreement executed on substantially even date herewith, Landlord is not obligated under any contract, lease, or agreement, oral or written, with respect to the ownership, use, operation, management, maintenance, lease, sale or financing of the Demised Premises, other than ongoing obligations pursuant to the Redevelopment Agreement, Multi-Phase Predevelopment Loan and/or the Phase Related Predevelopment Loan Agreement Kuhio Park Terrace Low Rise Phase 1.

(e) Except as disclosed to Tenant in writing, to the best of Landlord's knowledge, there is no action, suit, litigation, or proceeding pending or, to Landlord's knowledge, threatened against Landlord and/or the Demised Premises which could prevent or impair Landlord's entry into this Lease and/or performance of its obligations hereunder.

(f) The person signing this Lease on behalf of Landlord is duly and validly authorized to do so.

(g) Except as may be referenced in those environmental reports attached at Exhibit E hereto (the "**Environmental Report**"), to the best of Landlord's information, knowledge, and belief, there are no Hazardous Materials or underground storage tanks located in, on, or under the Premises. Except as may be referenced in the Environmental Report, to the best of Landlord's information, knowledge, and belief, no notice from any governmental authority or any person has ever been issued to Landlord, its agents, or employees, claiming any violation of any Environmental Law with respect to the Premises.

(h) Landlord has received no notice and has no knowledge, nor has Landlord been otherwise advised, of any pending or threatened Condemnation (as herein defined) relating to all or any part of the Premises.

(i) There are no fee mortgages on the Premises, nor will Landlord place fee mortgages on the Premises, during the term of this Lease without the written consent of the Leasehold Mortgagees (as hereinafter defined).

Section 5.2 Tenant's Representations and Warranties. Tenant hereby warrants and represents to Landlord that:

(a) Tenant is a duly organized, lawfully existing limited liability company and is in good standing under the laws of the State of Hawai‘i.

(b) Tenant has the full right, power, and authority to make, execute, deliver, and perform its obligations under this Lease.

(c) Tenant's execution and delivery of this Lease has been authorized by all requisite action on the part of Tenant and its managing member, and the execution and delivery of this Lease by Tenant and the performance of its obligations hereunder will not violate or contravene any agreement or obligation to which Tenant is a party or by which it is bound.

(d) There is no action, suit, litigation, or proceeding pending or, to Tenant's knowledge, threatened against Tenant or any Tenant affiliate which could prevent or impair Tenant's entry into this Lease and/or the full and complete performance of its obligations hereunder.

(e) The person signing this Lease on behalf of Tenant is duly and validly authorized to do so.

ARTICLE 6- TERM

Section 6.1 Term of Lease. The term of this Lease shall be, unless sooner terminated in accordance with the provisions hereof, for a period commencing upon the Commencement Date and ending on [_____], 2090 (the "**Term**"), provided, however, that the Term may be extended for an additional ten (10) years at the option of the Tenant, or Leasehold Mortgagee on behalf of the Tenant, by giving written notice to the Landlord at least six (6) months before the expiration of the Term.

ARTICLE 7- PAYMENTS BY TENANT

Section 7.1 Base Rent. The parties agree to account for this Lease as an operating lease for tax accounting purposes. During the Term, annual base rent ("**Base Rent**") shall be $[293,560.00] per annum, increasing annually at the rate of two percent (2%), beginning the year following the Completion Date and continuing for the remainder of the Term, from seventy-five (75%) percent of the then available cash flow after payments of certain priority items as set forth, and in the manner and priority as set forth in, Section __ of the Tenant's Operating Agreement attached at Exhibit A-2 hereto. To the extent that available cash flow is insufficient to pay annual payments of the Base Rent, such unpaid amount shall accrue and be due and payable with the subsequent installment of the Base Rent. Any Base Rent for which there is insufficient cash flow available in any given year ("**Accrued Base Rent**") shall be deferred to the following year and be paid from subsequent years' cash flow (in the same priority) until paid in full and such amounts shall bear interest at the then existing long-term Applicable Federal Rate (as such term is defined in Section 1274(d) of the Code) ("**Applicable Interest Rate**"). Any Accrued Base Rent must be paid in full, in all events, on the earlier of (a) the "**Base Rent Transition Date**" which will be the later of [forty-two] years from the Commencement Date, (b) upon a sale, lease, assignment, mortgage, pledge, hypothecation or other transfer of all, or any portion, of the Demised Premises, or (c) the actual "Maturity Date" of any then-existing senior debt encumbering the Demised Premises. In the case of a sale or refinancing of Phase I, the Tenant shall pay the Accrued Base Rent in accordance with Section ___ of the Tenant's Operating Agreement attached at Exhibit A-3 hereto. After the Base Rent Transition Date, the Base Rent must be paid annually, in arrears, without regard to the availability of net cash flow. The parties acknowledge and agree that the Base Rent provided herein constitutes fair market rent for the right to use the Demised Premises and agree to account for payment thereof as an expense for tax and accounting purposes. Base Rent and Accrued Base Rent are subordinate to the amounts due under the Leasehold Mortgages. On the sixteenth (16) year of the Term, and on each successive fifteen (15) year period thereafter, as such period may be determined by Landlord (each of which shall be a "**Rent Adjustment Date**"), the Base Rent shall be reopened and redetermined to reflect the fair market value of the Demised Premises as determined by a disinterested appraiser whose services shall be contracted by Lessor; provided, however, that the reset Base Rent shall never be less than the prior year's rental amount.

Section 7.2 Reserved.

Section 7.3 Payments by Tenant. Unless otherwise expressly set forth in this Lease, during the Term, all costs, expenses, liabilities, charges, or other deductions whatsoever with respect to the Demised Premises and the construction, ownership, leasing, operation, maintenance, repair, rebuilding, use, or occupation of the Demised Premises or the Improvements or both, or with respect to any interest of Landlord in the Demised Premises or this Lease, shall be the responsibility of and paid by Tenant.

ARTICLE 8- TAXES: OPERATING EXPENSES

Section 8.1 Taxes. During the Term, Tenant shall pay any real property taxes which are assessed against the Premises by any taxing authority and any payments required by any cooperation agreement providing for payments in lieu of taxes which now exist or at any time in the future may be entered into by Tenant with the City. Landlord has paid and shall pay all other local, state, or federal taxes assessed against Landlord, if any; local, state, or federal capital levy of Landlord, if any; or sales, excise, franchise, gift, estate, succession, inheritance taxes, of Landlord, if any.

Section 8.2 Operating Budget. Tenant shall provide Landlord, not later than ninety (90) days before the beginning of each Fiscal Year, a proposed operating budget for the Demised Premises (the "**Operating Budget**") for review and written approval. The proposed Operating Budget shall set forth (a) the projected operating income and Operating Expenses for the Demised Premises, (b) the proposed capital replacements and expenses, and (c) the proposed withdrawals from various reserves, including but not limited to, the capital replacement reserve (as defined in Tenant's Operating Agreement), to meet capital and operating requirements. Landlord will respond to the proposed Operating Budget within sixty (60) days. With respect to items 8.2(b) and 8.2(c), Landlord must provide explicit written approval. Once the Operating Budget is approved by the Landlord, Landlord shall have the right to propose reasonable amendments to the Operating Budget. Landlord and Tenant agree to cooperate to resolve any differences regarding the proposed Operating Budget. In addition, Tenant shall be required to annually submit to Landlord a copy of audited financial statements for Phase I within ninety (90) days following the end of each Fiscal Year, but in no event later than April of each Year, during the Term. Landlord shall have the right to inspect all books and records related to the development, operation, and management of Phase I.

Section 8.3 Adjustments. Residential tenant rents and other revenues, taxes, and Operating Expenses, payable with respect to the Premises for the month in which the Commencement Date occurs shall be prorated as of the Commencement Date. Residential tenant rents and other charges which at the Commencement Date are past due shall not be prorated and Tenant shall retain those amounts, as and when collected by Tenant. The right to receive and collect all residential tenant rents and profits, delinquent or otherwise, shall be transferred to Tenant as of the Commencement Date. Tenant shall provide Landlord with a status report as to the collection of delinquent residential tenant rents each month for three months after the Commencement Date.

All other income and Operating Expenses of the Premises, including, without limitation, public utility charges, maintenance, management, and other service charges, and all other normal operating charges shall be prorated as of the Commencement Date based upon the best available information. The obligation of the parties to adjust, post-Commencement Date, Operating Expenses as of the closing date, to the extent unknown or not provided for at the execution of this Lease, shall be paid by the party responsible therefor within thirty (30) days after written demand has been made. Such demand shall include a copy of the invoice(s) for which payment or reimbursement is sought.

ARTICLE 9- INSURANCE

Section 9.1 Tenant's Insurance.

(a) Tenant agrees, at its sole expense, to procure and maintain at all times during the term of this Lease the types of insurance specified in Exhibit B hereto, and on the terms specified below, to protect Landlord from the liability arising from the negligence of the Tenant, its officers, subcontractors, joint venture, members, partners, agents or employees. The insurance carriers used by Tenant must be authorized to conduct business in the State of Hawaiʻi and shall have a BEST Rating of not less than an "A-" except where noted. The insurance provided shall cover all operations under this Lease, whether performed by Tenant, its agents, or its subcontractors. In the event of the failure or insolvency of any insurer of Tenant which results in the failure of such insurer to pay for a claim that would otherwise be covered under Tenant's policy of insurance with the same, Tenant shall indemnify and hold Landlord harmless from and against any claims, suits, liability and damages which might result therefrom, including but not limited to reasonable attorneys' fees and the costs of defending the same.

(b) Certificates of Insurance. Before the issuing of the Notice to Proceed by the Landlord, Tenant and its Sub-Contractors shall furnish Landlord with satisfactory evidence (subject to the approval of Landlord) that Tenant and its Sub-Contractors have the insurance coverage set forth in Exhibit B, and which shall name Landlord and the State of Hawaiʻi as additional named insureds. Tenant will immediately provide written notice to the Landlord should any of the insurance policies evidenced on its Certificate of Insurance form be canceled, limited in scope, or not renewed upon expiration.

(c) All insurance policies shall contain the following clauses:

(i) "The State of Hawai‘i, the HPHA, its elected and appointed officials, officers, and employees are added as additional insured with respect to operations performed for the State of Hawai‘i and HPHA."

(ii) "It is agreed that any insurance maintained by the State of Hawai‘i will apply in excess of, and not contribute with, insurance provided by this policy."

Tenant shall advise all insurers of the contract provisions regarding insurance and other requirements of this Lease. The failure of Tenant to notify insurers of the contract provisions shall not relieve Tenant from its insurance obligations under this Lease. Nonfulfillment of the insurance provisions shall constitute a breach of this Lease and the Landlord retains the right to stop work until satisfactory evidence of insurance is provided.

(d) Renewal Certificates of Insurance, requested endorsements, or such similar evidence is to be received by the Landlord before the expiration of insurance coverage. At the Landlord's option, following non-compliance and reasonable opportunity to cure (but no less than fifteen (15) days) the Landlord may purchase insurance on behalf of Tenant and will charge back all costs to Tenant. The receipt of any certificate does not constitute agreement by the Landlord that the insurance requirements in the Lease have been fully met or that the insurance policies indicated on the certificate comply with the requirements of the Lease. The Tenant shall provide thirty (30) days written notice to be given to Landlord if coverage is to be substantially changed, canceled, or non-renewed.

(e) If any of the required insurance is underwritten on a claims-made basis, the retroactive date shall be before or coincident with the date of this Lease and the Certificate of Insurance shall state the coverage is "claims made" and also the Retroactive Date. Tenant shall maintain coverage for the duration of this Lease. Any extended reporting period premium (tail coverage) shall be paid by Tenant.

(f) Not less than annually, Tenant shall provide to Landlord certificate(s) of insurance naming Landlord as an additional insured, and a certified copy of the insurance policies obtained pursuant hereto. It is further agreed that Tenant shall provide Landlord thirty (30) days prior written notice if any of the following conditions occur: aggregate erosion in advance of the Retroactive Date, cancellation, and/or non-renewal.

(g) Tenant shall require all subcontractors to carry the insurance required herein or Tenant may provide the coverage for any or all of its subcontractors, and if so, the evidence of insurance submitted shall so stipulate and adhere to the same requirements and conditions as outlined in this Section 9.1. Evidence of such coverage must be submitted to

Landlord not later than fifteen (15) days before the date on which such subcontractor is to begin work on the Demised Premises.

(h) Tenant expressly understands and agrees that any insurance or self-insurance programs maintained by Landlord shall be only for the benefit of Landlord and shall apply in excess of and will not contribute with insurance provided by Tenant under this Lease.

Section 9.2 Waiver of Insured Claims. Each of Landlord and Tenant hereby waives the right of recovery against the other for loss or injury against which the waiving party is protected by insurance, but only to the extent of such insurance.

ARTICLE 10- USE OF DEMISED PREMISES: COVENANTS RUNNING WITH THE LAND

Section 10.1 Permitted Use. Tenant will cause the Demised Premises to be used only in the manner permitted by the following, each and to the extent applicable to the Demised Premises: (i) any documents including modifications, renewals, or replacements required by the Tax Credit Requirements including the Extended Low-Income Housing Commitment recorded or to be recorded in the land records of the City, to which reference may be had; (ii) any documents including modifications, renewals or replacements required by the HAP Contract applicable to the Project Based Section 8 program pursuant to the U.S. Housing Act of 1937, as amended, including the PBV Requirements; (iii) any Condominium Documents, including modifications, renewals or replacements thereof, recorded or to be recorded in the Land Court; (iv) any approvals under Haw. Rev. Stat. 201H-38 and associated regulatory agreements ("**Entitlement Approvals**"); and (v) the Declaration of Restrictive Covenants and Use Agreement. Such covenants contained herein are intended to create covenants running with the land and shall also be binding upon Tenant's successors and assigns, including any entity which succeeds to Tenant's interest in the Demised Premises by foreclosure or an instrument in lieu of foreclosure, so long as such covenant remains in effect.

Section 10.2 Compliance with Laws. Tenant shall not use or occupy, or suffer or permit any portion of the Premises to be used or occupied, in violation of any law, ordinance, order, rule, regulation, certificate of occupancy, or other governmental requirements. Tenant shall comply with applicable laws and all rules, orders, regulations, and requirements of the board of fire underwriters or insurance service office, or any other similar body having jurisdiction over the Premises.

ARTICLE 11- ENVIRONMENTAL COVENANTS AND INDEMNITIES

Section 11.1 Tenant's Environmental Covenants. Without limiting any of Tenant's other covenants, agreements, and obligations set forth in this Lease, Tenant hereby specifically covenants and agrees to fulfill the obligations set forth below with respect to environmental matters:

(a) Tenant shall comply with all Environmental Laws (as defined in Exhibit C) applicable to Tenant's use of the Premises. All required governmental permits and licenses issued to Tenant and associated with the Premises and the Improvements shall remain in effect or shall be renewed promptly, and Tenant shall comply therewith. All Hazardous Materials present, handled, generated, or used by Tenant on the Premises which are removed from the Premises by Tenant shall be transported and disposed of lawfully.

(b) Tenant shall provide Landlord with copies of all forms, notices, and other information received by or on behalf of Tenant concerning any releases, spills, or other incidents relating to Hazardous Materials or any violations of Environmental Laws at or relating to the Premises when and as supplied to any government agency.

(c) Tenant shall not itself, and Tenant shall not permit any other person, including third parties with whom Tenant contracts in regard to this Lease, to bring onto the Premises any Hazardous Materials (other than quantities or such substances, including gasoline, diesel fuel, cleaning products and the like, as are customary and necessary to prosecute construction of the Improvements, any repair, maintenance or replacement thereof, and customarily used by residential tenants when living in and maintaining their units). Tenant shall be liable for the consequences of, and responsible for proper removal and lawful disposal, at its sole cost and expense, any Hazardous Materials brought onto the Premises by Tenant, its agents, contractors, subcontractors, servants, employees, or invitees, resulting from a default under this Section and shall be responsible for all costs and expenses associated with the remediation of any such Hazardous Materials on the Premises.

(d) If Tenant or any subcontractor encounters any Hazardous Materials on the Premises, Tenant shall immediately notify Landlord in writing and comply with all laws, ordinances, regulations, and orders of all governmental, regulatory, and other public and quasi-public agencies, authorities, and entities having jurisdiction over the same with respect thereto.

<u>Section 11.2</u> <u>Landlord's Environmental Covenants</u>. Without limitation of any of Landlord's other covenants, agreements, and obligations under this Lease, Landlord hereby specifically covenants and agrees to fulfill the responsibilities set forth below with respect to environmental matters:

(a) From and after the Commencement Date, Landlord shall not be liable for any Hazardous Materials on the Premises unless the Landlord or its agents, contractors, or employees caused such Hazardous Materials to be on the Premises after the Commencement Date, or the Landlord had actual knowledge of such Hazardous Materials and failed to disclose the same to Tenant and Michaels in writing before the Commencement Date, or such Hazardous Materials are brought onto the Premises by the Landlord or any of its agents, contractors or employees after the Commencement Date.

(b) Landlord shall comply with all Environmental Laws applicable to Landlord relative to the Premises. All required governmental permits and licenses issued to Landlord and associated with the Premises shall remain in effect or shall be renewed promptly, and Landlord shall comply therewith.

(c) Landlord shall provide Tenant with copies of all forms, notices, and other information received by or on behalf of Landlord concerning any releases, spills, or other incidents relating to Hazardous Materials or any violations of Environmental Laws at or relating to the Premises when and as supplied to any governmental agency.

(d) Without limiting any responsibilities of the Landlord and Tenant under this Lease, to the extent there are any unforeseen remediation costs with respect to the Premises, Landlord will work in good faith with the Tenant to identify third-party funding sources to pay for such unforeseen remediation costs.

Section 11.3 Tenant's Environmental Indemnity Tenant covenants and agrees to and shall indemnify, defend and hold Landlord free and harmless from and against any losses, liabilities, penalties, claims, fines, litigation, demands, costs, judgments, suits, proceedings, damages, disbursements or expenses (including reasonable attorneys' fees and expenses) which may at any time be imposed upon, reasonably incurred by or asserted or awarded against Landlord in connection with or arising from:

(a) any Hazardous Materials which are first placed on, in, or under all or any portion of the Premises by Tenant its agents, contractors, subcontractors, servants, employees, or invitees during the period defined herein as the Term; or

(b) any violation of any Environmental Laws by Tenant, or its employees, agents, contractors, or subcontractors at or relating to the Premises.

(c) Tenant shall indemnify and hold harmless Landlord, its officers, employees, agents, contractors, and directors from all claims, actions, demands, costs, expenses, and attorneys' fees arising out of, attributable to or otherwise occasioned, in whole or in part, by an act or omission of Tenant or its agents, contractors, subcontractors, servants, employees, or invitees, which shall constitute a breach of the Tenant's obligations under this Lease. If any party performing work for the Tenant on the Premises shall assert any claim against the Landlord on account of any damage alleged to have been caused because of the negligent acts or intentional misconduct of the Tenant, its agents, servants, employees, invitees or contractors (including, without limitation, its construction contractor), Tenant shall defend at its own expense any suit based upon such claim, and if any judgment or claim against Landlord shall be allowed, Tenant shall immediately pay or satisfy such judgment or claim and pay all costs and expenses in connection therewith. The obligations, indemnities, and liabilities of Tenant under this Section 11.3 shall not extend to any liability caused by the negligence of Landlord, or its officers, employees, directors, contractors, representatives, invitees, or agents, nor to any Hazardous Materials with respect to which the Landlord had actual knowledge but did not disclose in writing to Tenant. Tenant's liability hereunder shall not be limited to any provisions or limits of insurance set forth in this Lease. Tenant shall not be liable for any claims that result from the action or inaction of Landlord or its officers, employees, directors, contractors, representatives, invitees, or agents with respect to their obligations under this Lease or any other agreement between the parties.

Section 11.4 Intentionally Omitted.

Section 11.5 Survival. The agreements, representations, and warranties of Landlord and Tenant respectively in this Article 11 shall survive the expiration or early termination of this Lease.

ARTICLE 12- ASSIGNMENTS AND TRANSFERS

Section 12.1 Consent Required. Except as expressly provided herein, Tenant shall not, without the prior written consent of Landlord, assign, transfer or otherwise convey this Lease or any interest herein or in the Premises or the Improvements (a "**Transfer**"), except insofar as permitted by, and subject to the terms and conditions of, applicable laws and regulations. Any attempted assignment by Tenant without such consents, except for a transfer to Landlord, shall be null and void without further action required by Landlord. Subleases of the residential units or commercial space in the Improvements to residential or commercial tenants, respectively, is permitted.

Section 12.2 Subsequent Assignment. In cases where Landlord's consent is required, Landlord's consent to one Transfer shall not be construed as a waiver of the requirement of its consent to any subsequent assignment.

Section 12.3 Request for Consent. If Tenant requests Landlord's consent to a specific Transfer, Tenant shall provide to Landlord such information as may reasonably be required by Landlord.

Section 12.4 Transfer by Tenant. It shall be deemed to be a Transfer requiring the approvals set forth in Section 12.1 above upon any attempt by Tenant to (a) demolish all or any material portion of the Improvements, or (b) make or permit any voluntary or involuntary, total or partial, sale, lease, assignment, conveyance, mortgage, pledge, hypothecation, encumbrance, or other transfer of any portion or all of the Demised Premises without the prior written consent of Landlord, which Landlord consent shall not be unreasonably conditioned, withheld or delayed. Notwithstanding anything in this Lease to the contrary, by its execution of this Lease, Landlord shall be deemed to have consented to (i) a lease of any unit in the Premises, (ii) the execution, delivery, and recordation of the Leasehold Mortgages (as hereinafter defined), and the lien created thereby, (iii) the transfer of Tenant's leasehold interest in the Demised Premises and fee ownership interest in the Improvements by foreclosure or deed or assignment in lieu thereof (or any leasehold equivalent thereof) pursuant to a mortgage of the Premises that has been approved by Landlord (including the Leasehold Mortgages), and (iv) normal uses associated with the construction and operation of the Premises, including, without limitation, granting utility easements, access easements, and/or similar type easements.

No transfer, conveyance, or assignment shall be made, without the prior written approval of the Landlord, of (i) any interest of a general partner, managing member, or controlling stockholder (any such interest being referred to as a "**Controlling Interest**") in Tenant, or (ii) a Controlling Interest in any entity which has a Controlling Interest in Tenant, or (iii) before payment in full of all equity contributions, any other interest in the Tenant, or any member thereof (any such interest being referred to as a "**Non-Controlling Interest**").

Notwithstanding the foregoing, Landlord consent is not required for the transfer of any Non-Controlling Interest in the Tenant (regardless of whether payment in full of all equity contributions has been made to Tenant) provided that the Tenant: (i) provides the Landlord with prior written notice of such transfer and (ii) certifies to the Landlord that the new partner, member or stockholder, as appropriate, remains obligated to fund its equity contribution in accordance with the terms of the Landlord-approved organizational documents of the Tenant.

Landlord will not unreasonably withhold, delay, or condition a request by Tenant for consent to an internal reorganization of the corporate, company, or partnership structure of Tenant or any members of Tenant, including the exercise by a member of its right to remove the managing member and to designate a substitute managing member of Tenant under the terms of Tenant's Operating Agreement.

Notwithstanding the foregoing, the Landlord agrees that no prior approval is required for (i) the exercise by the Investor or its affiliates of their rights to remove the managing member and to designate the Investor Member as the substitute managing member of Tenant under the terms of the Tenant's Operating Agreement, provided that the Landlord is given prior written notice of the default under the Operating Agreement and of the exercise of the removal and appointment right therein (the "**Notice**").

The Landlord's consent is not required for the pledge by the managing member of the Tenant to the Investor Member and/or a Leasehold Mortgagee (as hereinafter defined), and their successors and assigns, of the managing member's interest in the Tenant, as security for the performance of all of the managing member's obligations under the Operating Agreement and the approved mortgage loan (as and if applicable).

ARTICLE 13- LEASEHOLD FINANCING AND TAX CREDIT INVESTOR

Section 13.1 Right to Mortgage. On even date herewith, Tenant has granted one or more mortgages of its interest in the Lease to lenders (each, a "**Leasehold Mortgagee**") and, in connection therewith, has collaterally assigned this Lease to such lenders. Future mortgages of the Premises shall be subject to the prior written approval of Landlord, which approval shall not be unreasonably withheld, conditioned, or delayed. In no event shall Landlord ever be required to execute any such mortgage or any note secured thereby or any other obligation securing any such note, or to subordinate Landlord's fee interest in the Demised Premises or any portion thereof to the lien of any such mortgage. The Leasehold Mortgagee(s) as of the date hereof are listed on Exhibit D attached hereto and incorporated herein by this reference. Landlord hereby consents to the Assignments of Leases and Rents to such Leasehold Mortgagees.

Notwithstanding any provision of this Lease to the contrary, after the Commencement Date, Tenant may, subject to the written consent of Landlord (such consent not to be unreasonably withheld, delayed, or conditioned), refinance any loan which is superior and/or subordinate to the Leasehold Mortgages (as hereinafter defined), so long as (i) the principal balance of the superior and/or subordinate loan being refinanced ("**New Loan**") does not exceed the outstanding balance of the original superior and/or subordinate loan, as the case may be, at the time of such refinancing plus the reasonable cost of such refinancing, (ii) the maker of the New Loan is an institutional or governmental lender and (iii) the New Loan is on the then-existing market terms and conditions for loans of its type, and such terms and conditions are reasonably acceptable to Landlord, such acceptance not to be unreasonably withheld, delayed or conditioned. The parties agree that additional and/or substitute mortgages of the Premises shall be subject to the approval of Landlord, which approval shall not be unreasonably withheld, conditioned, or delayed. In no event shall Landlord ever be required to execute any such mortgage or any note secured thereby or any other obligation securing any such note, or to subordinate Landlord's fee interest in the Demised Premises or any portion thereof to the lien of any such mortgage.

Section 13.2 Consent Required for Termination and Amendments.

(a) No cancellation, termination, surrender, or modification of this Lease by agreement between Landlord and Tenant, shall be effective as to any Leasehold Mortgagee unless consented to in writing by such Leasehold Mortgagee, which consent shall not be unreasonably withheld, conditioned, or delayed.

(b) The right of the Tenant to treat this Lease as terminated upon the Landlord's bankruptcy under Section 365(h)(A)(i) of Chapter 11 of the U.S. Bankruptcy Code or any successor statute may not be exercised by the Tenant without the expressed prior written consent of the Leasehold Mortgagee.

Section 13.3 Default Notice. Landlord, upon providing Tenant with any notice of default under this Lease shall at the same time provide a copy of such notice to every Leasehold Mortgagee of whom it has knowledge pursuant to notice from Tenant or pursuant to Exhibit D. From and after the date on which such notice has been given to a Leasehold Mortgagee, such Leasehold Mortgagee shall, have the same cure period as Tenant plus an additional sixty (60) days, and shall have the option (but not the obligation) to remedy any default or cause the same to be remedied, as is given Tenant. Landlord shall accept such payment or performance by or at the instigation of such Leasehold Mortgagee as if the same had been done by Tenant. Tenant authorizes any and each Leasehold Mortgagee to take any such action at such Leasehold

Mortgagee's option and does hereby authorize entry upon the Premises by the Leasehold Mortgagee for such purpose. Further, as to any non-monetary default, Leasehold Mortgagee shall have one hundred eighty (180) days after receipt of such written notice from Landlord, and a reasonable time after the expiration of said one hundred eighty (180) days if it shall have commenced foreclosure or another appropriate proceeding in the nature thereof within said one hundred eighty (180) day period and is diligently prosecuting the same, within which to endeavor to cure such default; and notwithstanding any other provision of this Lease, all rights of Landlord to terminate this Lease upon the default by Tenant are and shall continue to be at all times while Tenant is indebted to Leasehold Mortgagee, subject to and conditioned upon Landlord's first having given Leasehold Mortgagee written notice of such default and Leasehold Mortgagee's failure to cure such default within the time and upon the conditions stated above after receiving such written notice of default.

Section 13.4 Notice to Leasehold Mortgagee. Notwithstanding anything to the contrary contained herein, if any default or failure to provide required insurance shall occur which entitles Landlord to terminate this Lease, Landlord shall have no right to terminate this Lease except in accordance with the provisions of Section 18.3 hereof and Section 13.3.

Section 13.5 Assumption of Tenant's Obligations. For purposes of this Article 13, the making of a leasehold mortgage (a "**Leasehold Mortgage**" or "**Leasehold Mortgages**") to a Leasehold Mortgagee shall not be deemed to constitute a Transfer of this Lease or Tenant's interest created hereby, nor shall any Leasehold Mortgagee, as such, be deemed to be an assignee or transferee of this Lease or of Tenant's interests under this Lease so as to require such Leasehold Mortgagee, as such, to assume the performance of any of the terms, covenants or conditions on the part of Tenant to be performed hereunder, but a Leasehold Mortgagee may become the holder of Tenant's leasehold estate and fee ownership of the Improvements and succeed to Tenant's interest in this Lease by foreclosure of its Leasehold Mortgage or as a result of the assignment of this Lease in lieu of foreclosure, and any purchaser at any sale of Tenant's interest under this Lease in any proceeding for the foreclosure of any mortgage or the assignee or transferee of Tenant's interest in this Lease under any instrument of assignment or transfer in lieu of the foreclosure of any mortgage shall be deemed to be an assignee or transferee approved by Landlord and shall be deemed to have agreed to perform all of the terms, covenants and conditions on the part of Tenant to be performed hereunder, but only for so long as such purchaser or assignee is the owner of Tenant's interest in this Lease and Tenant's fee ownership interest in the Improvements.

Section 13.6 Non-curable Defaults. Nothing in this Article 13 shall require any Leasehold Mortgagee or its designee as a condition to the exercise of rights provided under this Article 13 to cure any default of Tenant not reasonably susceptible of being cured by such Leasehold Mortgagee or its designee. The foregoing shall not be deemed to excuse a Leasehold Mortgagee from performing covenants relating to the condition of the Premises or other similar matters requiring access to and/or control of the Premises from and after such time as such Leasehold Mortgagee acquires Tenant's interest in this Lease and the Improvements by foreclosure or otherwise.

Section 13.7 No Merger. So long as any Leasehold Mortgage exists, unless all Leasehold Mortgagee(s) shall otherwise expressly consent in writing, the fee title to the Demised

Premises and the leasehold estate of Tenant therein shall not merge by operation of law but shall remain separate and distinct, notwithstanding the acquisition of said fee title and said leasehold estate by any single owner, other than by termination of this Lease by Landlord in compliance with the provisions of this Article 13.

Section 13.8 Landlord's Fee to Remain Unsubordinated. Landlord and Tenant expressly acknowledge and agree that Landlord shall have no obligation under this Lease or otherwise to subordinate the fee title of Landlord in the Demised Premises or any rights of Landlord in this Lease to the leasehold estate of Tenant created by this Lease or to join any such mortgage or encumbrance or otherwise in any manner that would subordinate the fee title of Landlord in and to the Demised Premises or the interest of Landlord under this Lease. Notwithstanding anything herein to the contrary, Landlord agrees not to mortgage or otherwise encumber its fee interest in the Premises.

Section 13.9 Sale, Mortgage, or Conveyance of the Demised Premises. Upon any sale, mortgage, or conveyance of the fee interest in the Demised Premises by Landlord during the Term hereof, any such sale or conveyance of all or any part of the fee interest in the Demised Premises shall be subject to this Lease, and all of the provisions hereof.

Section 13.10 Notice to Tax Credit Investor. So long as any Tax Credit Investor is an Investor Member of Tenant, Landlord agrees, simultaneously with the giving of each notice hereunder, to give a duplicate copy thereof to such Tax Credit Investor; provided that a failure on the part of Landlord to give such notice to such Tax Credit Investor at its address set forth in Section 19.10 hereof, shall not affect the validity and effectiveness of the notice to the Tenant. Each Tax Credit Investor will have the same cure period as Tenant, plus thirty (30) days after the giving of the notice aforesaid to such Tax Credit Investor for remedying the default or causing the same to be remedied as is given Tenant after notice to such Tax Credit Investor plus an additional 30 days, and Landlord agrees to accept such performance on the part of such Tax Credit Investor as though the same had been done or performed by Tenant.

Section 13.11 Tax Credit Investor's Opportunity to Replace Tenant's Managing Member. Landlord agrees that it will take no action to effect a termination of this Lease because of any Event of Default without first giving to each Tax Credit Investor named in Section 19.10 hereof or who has provided Landlord with written notice of such Tax Credit Investor's name and address, reasonable time, not to exceed sixty (60) days to replace Tenant's managing member and cause the new managing member to cure such default, provided, that (a) as a condition of such forbearance, the Landlord receives notice of the substitution of a new managing member of the Tenant within thirty (30) days following notice to the Tax Credit Investor, (b) the Tenant, following such substitution of managing member, shall thereupon proceed with due diligence to cure such Event of Default, and (c) if the Event of Default relates to the completion of construction of the Demised Premises or any part thereof or occupancy thereof, then the extended cure period shall be limited to the period, if any, before the date by which the Improvements or parts thereof must be placed in service in order to preserve LIHTCs for the Premises.

Section 13.12 Leasehold Mortgagee's Right to New Lease. In the event of the termination of this Lease before this Lease's expiration date (except pursuant to Article 17 hereof) or the occurrence of an uncurable Event of Default, Landlord agrees, provided the Event of Default has been cured by the entitled party pursuant to Sections 13.3 or 13.10 above, or Section 13.6 applies, that it will enter into a new lease of the Demised Premises with the curing Leasehold Mortgagee or Tax Credit Investor, as applicable, for a period equal to the remainder of the Term, effective as of the date of such termination, at the Base Rent and Additional Rent and upon the covenants, agreements, terms, provisions and limitations herein contained; provided, however, such Leasehold Mortgagee or Tax Credit Investor (a) makes written request upon Landlord for such new lease within sixty (60) days from the date of notice of such termination, and (b) pays or causes to be paid to Landlord at the time of the execution and delivery of such new lease any sums which at the time of the execution and delivery thereof be due under this Lease but for such termination, and pays or causes to be paid any expenses including reasonable counsel fees, court costs and costs and disbursements incurred by Landlord in connection with any such termination and in connection with the execution and delivery of such new lease. If Landlord receives more than one written request for a new lease in accordance with the provisions of this Section 13.12, then such new lease shall be entered under the request of the first lien leasehold mortgagee, and the rights hereunder of any leasehold mortgagee whose permitted mortgage is subordinate to the first lienholder's permitted mortgage shall be subordinated in order of their respective recorded priority.

Any new lease made under this Section 13.12 shall be and remain an encumbrance on the fee title to the Demised Premises having the same priority thereon as this Lease and shall without implied limitation be and remain before any mortgage or any lien, charge, or encumbrance of the fee of the Demised Premises created by Landlord.

Section 13.13 No Personal Liability. No Leasehold Mortgagee, any successor or assignee thereof, or any purchaser at any sale of Tenant's interest under this Lease in any foreclosure proceeding shall ever have any liability under this Lease before it acquires record title to the Tenant's interest in the Lease and only so long as it holds record title.

ARTICLE 14- MAINTENANCE AND REPAIR

Section 14.1 Tenant's Obligations. Tenant shall, at its sole cost and expense (but nevertheless as a portion of Operating Expenses), maintain the Improvements, reasonable wear and tear excepted, and make repairs, restorations, and replacements to the Improvements, including without limitation, the heating, ventilating, air conditioning, mechanical, electrical, elevator, and plumbing systems, structural, roof, walls, and foundations, and the fixtures and appurtenances to the Improvements as and when needed to preserve them in good working order and condition, and regardless of whether the repairs, restorations, and replacements are ordinary or extraordinary, foreseeable or unforeseeable, capital or non-capital, or the fault or not the fault of Tenant, its agents, employees, invitees, visitors, and contractors. All such repairs, restorations, and replacements will be in quality and class, as elected by Tenant, either equal to the original work or installations, or otherwise consistent with the standard then applicable to residential apartment projects within the geographical area of the Improvements at such time, but in no event of less quality or class than the original work or installations. Unless Landlord, its representatives, agents, contractors, invitees, and/or employees were the cause of the need for the maintenance, repair, replacement, or improvement, Landlord shall not be required to perform or pay for any maintenance, or make or pay for any repairs, replacements, or improvements of any kind whatsoever to the Premises or the Improvements of any part thereof during the term of this Lease.

ARTICLE 15- ALTERATIONS

Section 15.1 Non-Structural Alterations. Except for the construction of the Improvements as currently planned, Tenant may make any non-structural alterations, additions, or improvements to the Improvements, without Landlord's consent.

Section 15.2 Structural Alterations. Tenant shall obtain the prior written consent of Landlord, which Landlord consent shall not be unreasonably withheld, conditioned, or delayed, for any structural alterations, additions, or improvements to the Improvements having a cost over $200,000 (such consent shall not be unreasonably withheld, delayed, or conditioned so long as, in the judgment of Landlord, such alterations, additions or improvements will not violate this Lease), unless carried out in accordance with the Plans and Specifications.

Section 15.3 No Liens. Tenant shall not have any right, authority or power to bind Landlord, the Premises or any other interest of Landlord in the Demised Premises and will pay or cause to be paid all costs and charges for work done by it or caused to be done by it, in or to the Premises, for any claim for labor or material or any other charge or expense, lien or security interest incurred in connection with the development, construction or operation of the Improvements (unless caused by Landlord, its representatives, agents, contractors, and/or employees) or any change, alteration or addition thereto done by Tenant or caused to be done by Tenant. Any lien that is not released or bonded over within ninety (90) days after the filing thereof shall constitute an Event of Default under Section 18.2. Landlord shall have the right to remove any such liens against the Premises, and to defend any action against the same, and Tenant shall reimburse Landlord for the cost of such removal, the costs of defending the same, including, but not limited to, attorneys fees in connection therewith.

Section 15.4 Permitted Contests. Notwithstanding anything to the contrary contained in this Lease, Tenant shall have the right to contest or object in good faith to any claim, demand, tax, imposition, lien, levy, assessment, or the like by appropriate legal proceedings that are not materially prejudicial to Landlord, but this shall not be deemed or construed as in any way relieving, modifying or providing any extension of time with respect to Tenant's covenant to pay and comply with any such claim, demand, tax, imposition, lien, levy, assessment, or the like, unless Tenant shall have given prior written notice to Landlord of Tenant's intent to so contest or object thereto, and unless (i) Tenant pays when due any portion of the claim, demand, tax, imposition, lien, levy, assessment, or the like to which Tenant does not object, (ii) Tenant furnishes, if required, such bond, surety, insurance, undertaking or other security in connection therewith as reasonably required by Landlord, to stay such proceeding, (iii) Tenant at all times prosecutes the contest with due diligence, and (iv) Tenant pays, promptly following a final determination of the amount of such claim, demand, tax, imposition, lien, levy, assessment, or the like due and owing by Tenant, the amount so determined to be due and owing by Tenant. If Tenant contests any claim, demand, tax, imposition, lien, levy, assessment, or the like, as contemplated above, Landlord shall reasonably cooperate with Tenant, provided, however, Landlord incurs neither cost nor liability in connection with such cooperation.

ARTICLE 16- SURRENDER

Section 16.1 Expiration of Term. At the end of the Term of this Lease (whether upon the expiration or other termination), Tenant shall surrender the Demised Premises, together with the Improvements in their then "as-is" condition, provided that Tenant has maintained the Demised Premises, (including without limitation any required casualty/condemnation restoration) under the terms of this Lease. At Landlord's option, Tenant shall execute a deed and a bill of sale for the Improvements at the time of such surrender.

ARTICLE 17- CASUALTY: CONDEMNATION

Section 17.1 Restoration, Casualty, or Condemnation. If any act or occurrence of any kind or nature shall result in material damage to or loss or destruction of the Improvements, in whole or in part, (including any taking by condemnation, sale in lieu of condemnation, or any other manner for any public or quasi-public purpose (collectively, "**Condemnation**"), or the Improvements are damaged or destroyed by fire, earthquake, flood, act of God or other casualty (collectively "**Casualty**")), and without diminution of any obligation of the Tenant in respect thereof under the approved Leasehold Mortgages, the Tenant, to the extent that insurance proceeds or condemnation proceeds and other funds, if any, made available (including, without limitation, by further advance under the approved Leasehold Mortgages) permit, shall promptly cause the restoration, reconstruction, and/or repair of the Improvements as nearly as possible to its value, condition, and character immediately before such taking or casualty. Leasehold Mortgagee shall have the right to participate in the adjustment of losses as to Casualty insurance proceeds and all insurance proceeds shall be delivered to Leasehold Mortgagee to be applied as provided in the Leasehold Mortgage loan documents. In the event of a Condemnation, the amount to which Tenant is entitled shall be no less than the total amount of the Award reduced by the value of the land and Landlord's reversionary interest in the Improvements and Tenant's portion shall be delivered to Leasehold Mortgagee to be applied as provided in the Leasehold Mortgage loan documents. Landlord's portion shall be limited to the value of the land and its reversionary interest in the Improvements. Leasehold Mortgagee shall have the right to supervise and control the receipt and disbursement of Condemnation awards, and the right to participate in any Condemnation proceedings and settlement discussions. Landlord shall have no right to terminate this Lease as a result of any Condemnation or Casualty without the approval of the Leasehold Mortgagees.

ARTICLE 18- DEFAULT; REMEDIES

Section 18.1 Landlord's Right to Perform.

(a) Landlord's Option. If Tenant fails to pay when due amounts payable under this Lease or to perform any of its other obligations under this Lease within the time permitted for its performance (following the expiration of all applicable notice and cure periods), then Landlord, after thirty (30) days' prior written notice to Tenant and without waiving any of its rights under this Lease, may (but will not be required to) pay such amount or perform such obligation.

(b) Additional Rent. All amounts so paid by Landlord under Section 18.1 of this Lease, and all reasonable out-of-pocket costs and expenses including reasonable legal fees and the costs of Landlord to enforce its rights hereunder, incurred by Landlord in connection with the performance of any such obligations shall be payable by Tenant to Landlord within thirty (30) days after demand therefore and shall constitute "**Additional Rent**" with interest thereon at the Applicable Interest Rate per annum from the date of Landlord's having made each such payment or incurred each such cost or expense, and shall be payable by Tenant to Landlord. Landlord shall provide Tenant with invoices and other reasonable evidence of the amounts paid or incurred by Landlord in connection with the exercise of its rights under this Article.

Section 18.2 Events of Default. At the option of Landlord, the occurrence of any of the following events shall constitute an Event of Default by Tenant

(a) Tenant defaults in the due and punctual payment of any Additional Rent, and such default continues for thirty (30) days after written notice from Landlord;

(b) Subject to a Force Majeure Event, Tenant vacates or abandons the Demised Premises for more than thirty (30) consecutive days; provided, however, that if Tenant fails to occupy the Premises following a casualty, such failure in and of itself shall not be deemed an Event of Default under this Section 18.2(b);

(c) This Lease or the Demised Premises or any part of the Demised Premises are taken upon execution or by another process of law directed against Tenant, or are taken upon or subjected to any attachment by any creditor of Tenant or claimant against Tenant, and such attachment is not discharged or bonded within sixty (60) days after Tenant receives notice of its levy;

(d) Tenant makes any assignment in violation of this Lease which is not cured within thirty (30) days after notice thereof to Tenant;

(e) Subject to Sections 18.4 and 18.6 with respect to any Regulatory Default or Managerial Default, respectively (as each such term is defined herein), the failure by Tenant to observe or perform any other provision of this Lease to be observed or performed by Tenant other than those described in Sections 18.2(a) through 18.1(e) above, if such failure continues for thirty

(30) days after written notice thereof by Landlord to Tenant; provided, however, that if the nature of the default is such that it cannot be cured within such thirty (30) day period, no default shall be deemed to exist if Tenant commences the curing of the default promptly within such thirty (30) day period and thereafter diligently prosecutes the same to completion. The thirty (30) day notice described herein shall be in lieu of and not in addition to, any notice required under law now or hereafter in effect requiring that notice of default be given before the commencement of an unlawful detainer or other legal proceeding. Notwithstanding the foregoing, a notice of intent to cancel insurance coverage by an insurer shall be an Event of Default for which there shall be a fifteen (15) day cure period.

(f) Tenant has filed against it a petition for bankruptcy, insolvency, or similar action under state or federal law, and such petition shall not have been vacated within ninety (90) days after filing; or is adjudicated bankrupt or insolvent, under any present or future statute, law, regulation, either state or federal, and such judgment or decree is not vacated or set aside within ninety (90) days after such determination.

(g) Tenant makes an assignment for the benefit of creditors, or shall submit in writing its inability to pay its debts generally as they become due.

(h) Any attachment, execution, or lien, other than a mortgage preapproved by Landlord, whether voluntary or involuntary, including mechanics liens, is filed against the Leased Premises and is not discharged or dissolved by a bond within ninety (90) days.

(i) Tenant files a voluntary petition for bankruptcy, insolvency, or similar action under state or federal law; or Tenant consents to, or acquiesces in, the appointment of a receiver, liquidator, or trustee of itself or the whole or any substantial part of its properties or assets or a court of competent jurisdiction enters an order, judgment or decree appointing a receiver, liquidator or trustee of Tenant, or the whole or any substantial part of the property or assets of Tenant, and such order, judgment or decree shall remain unvacated or not set aside or unstayed for ninety (90) days;

(j) Tenant fails to comply with the insurance requirements under Article 9 which is not cured within thirty (30) days after notice thereof to Tenant.

Section 18.3 Landlord's Right To Terminate Upon Tenant Default. Subject to Leasehold Mortgagee's and Tax Credit Investor's rights under Article 13 (including the right to notice and cure), in the event of any Event of Default by Tenant exists as provided in Section 18.2 above, Landlord shall have the right without further notice or demand to Tenant except as provided in Section 18.2 (Tenant hereby irrevocably waiving all notices and demands except as provided in Section 18.2, statutory or otherwise), to terminate this Lease and Tenant's right to possession of the Demised Premises without terminating Tenant's liabilities under this Lease, in which event ownership of all of the Improvements shall immediately vest in Landlord and Landlord shall be entitled to receive from Tenant such amounts as may be permitted from time to time by applicable law. Notwithstanding anything herein to the contrary, if an Event of Default occurs under this Lease as a result of a bankruptcy filing by or against Tenant, the Landlord hereby agrees to terminate the Tenant's interest in this Lease and the Demised Premises while maintaining the existence of the Lease itself with the applicable Leasehold Mortgagee (at its option) acting as Tenant.

Section 18.4 Regulatory Default. Notwithstanding anything herein to the contrary, the following shall apply to any failure by Tenant to observe or perform any provision of this Lease which would constitute an Event of Default under Article 10 hereof if not cured within the period specified therein:

(a) Upon a determination by Landlord that Tenant has materially breached or defaulted on any obligation under Article 10 hereof or has failed to comply with the terms of the Loan Documents (a "**Regulatory Default**"), Landlord shall notify Tenant of (i) the nature of the Regulatory Default, (ii) the actions required to be taken by Tenant to cure the Regulatory Default, and (iii) the time (a minimum of thirty (30) days or such additional period as may be reasonable under the circumstances but in no event more than ninety (90) days), within which Tenant shall respond with reasonable evidence to Landlord that all such required actions have been taken. During any period in which a Leasehold Mortgage is in place, Landlord shall give any Leasehold Mortgagee(s) of which Landlord has received notice from Tenant a duplicate copy of any notice described in this subsection in accordance with the provisions of Section 19.10 hereof, and Landlord shall grant to the Tax Credit Investor and any such Leasehold Mortgagee(s) the right to cure the Regulatory Default in accordance with the provisions hereof.

(b) If Tenant, the Management Agent (if applicable), the Tax Credit Investor, or the Leasehold Mortgagee (if applicable) shall have failed to respond or take the appropriate corrective action with respect to a Regulatory Default to the reasonable satisfaction of Landlord within the applicable period, then Landlord shall have the right to seek appropriate equitable remedies (such as specific performance, injunctive relief, or the appointment of a receiver to take over and operate the Property from any court having jurisdiction), to cause the Demised Premises to once again comply with Article 10 and Section 18.4.

(c) In addition to and not in limitation of the foregoing, if Landlord shall determine that a Regulatory Default shall have occurred because of a default by Management Agent, and that Tenant (or, as applicable, the Management Agent) and the Leasehold Mortgagee(s) have failed to respond or take corrective action to the reasonable satisfaction of Landlord within the applicable cure period, then Landlord may require Tenant to, and Tenant shall promptly, take such actions as are necessary to terminate the appointment of Management Agent pursuant to the terms of its management agreement and to appoint a successor Management Agent of the Demised Premises, subject to any requirements of any Leasehold Mortgagee(s) and the Tax Credit Investor.

(d) The provisions of this Section 18.4 shall constitute the exclusive remedy of Landlord hereunder in the event of any such Regulatory Default (provided that such Regulatory Default, other than a default under Article 10 of this Lease, does not otherwise constitute a default under this Lease (i.e. Tenant's failure to maintain insurance would otherwise constitute a default hereunder), and provided further that nothing herein shall impair or waive Landlord's rights under separate agreements between the parties). Accordingly, notwithstanding any provision to the contrary contained in this Agreement, the rights and remedies of Landlord because of the occurrence of any such Regulatory Default, shall be limited to those expressly set forth in this Section 18.4.

Section 18.5 Force Majeure Event If the Landlord or Tenant fails to perform one or more of its obligations under this Agreement, then that party's performance of that term, covenant, or act is excused for the period of the delay and the party delayed shall be entitled to perform such term, covenant or act within the appropriate period after the expiration of the period of such delay, if and to the extent that that party proves: (a) that its failure to perform was caused by an impediment beyond its reasonable control; and (b) that it could not reasonably have been expected to have taken the occurrence of the impediment into account at the time of the conclusion of the contract; and (c) that it could not reasonably have avoided or overcome the effects of the impediment. The party invoking this clause shall be presumed to have established the conditions described in the preceding paragraph in the case of the occurrence of one or more of the following impediments: war (whether declared or not), armed conflict or the serious threat of the same (including but not limited to hostile attack, blockade, military embargo), hostilities, invasion, act of a foreign enemy, extensive military mobilization; civil war, riot, rebellion, revolution, military or usurped power, insurrection, civil commotion or disorder, mob violence, act of civil disobedience; act of terrorism, sabotage or piracy; act of authority whether lawful or unlawful, compliance with any law or governmental order, rule, regulation or direction, curfew restriction, expropriation, compulsory acquisition, seizure of works, requisition, nationalization; act of God or natural disaster such as but not limited to violent storm, cyclone, typhoon, hurricane, tornado, blizzard, earthquake, volcanic activity, landslide, tidal wave, tsunami, flood, damage or destruction by lightning, drought; explosion, fire, destruction of machines, equipment, factories and of any kind of installation, prolonged break-down of transport, telecommunication or electric current; general labor disturbance such as but not limited to boycott, strike and lock-out, go-slow, occupation of factories and premises; shortage or inability to obtain critical material or supplies to the extent not subject to the reasonable control of the subject party ("Force Majeure Event"). This provision shall become effective only if the party failing to perform notifies the other party within a reasonable time of the extent and nature of the Force Majeure Event, limits delay in performance to that required by the Force Majeure Event, and takes all reasonable steps to minimize damages and resume performance.Managerial Default.

(a) Tenant shall ensure that the Premises and the Units shall be operated in a manner that shall satisfy the Tax Credit Requirements and PBV Requirements. Additionally, Tenant shall prioritize maintaining high occupancy and rent collection rates, low turnover and operating expense ratios, positive resident engagement and timely responsiveness to resident complaints to fulfill the parties' shared goal of providing a clean, safe and vibrant community for its residents. Provided, however, that Tenant shall: (i) maintain Phase 1's ratio of cash flow available to the principal and interest payments on the Tenant's debt (the "**Debt Service Coverage Ratio**") at no less than 1.0:1 based on audited financial statements; (ii) provide Landlord with an income and expense statement within one hundred twenty (120) days of the end of each calendar year; (iii) maintain rent collection at a level that is not less than ninety percent (90%) of the approved Operating Budget; (iv) maintain, after lease-up, no less than fifty-nine (59) of the PBV Units leased on a monthly basis; (v) complete no less than ninety percent (90%) of resident emergency work orders within 24 hours of receipt of such work orders; and (vi) maintain a monthly average of completing at least seventy-five percent (75%) of work orders within two (2) days of receiving the same. Upon determination by Landlord that Tenant or the Management Agent has breached or defaulted on any obligation under this Section 18.6 (a "**Managerial Default**"), Landlord shall notify Tenant of (i) the nature of the Managerial Default, (ii) the actions required to be taken by Tenant to cure the Managerial Default, and (iii) the time (a minimum of thirty (30) days or such additional period as may be reasonable under the circumstances but in no event more than ninety (90) days) within which Tenant shall respond with reasonable evidence to Landlord that all such required actions have been taken. During any period in which a Leasehold Mortgage is in place, Landlord shall give any Leasehold Mortgagee(s) of which Landlord has received notice from Tenant a duplicate copy of any notice described in this subsection in accordance with the provisions of Section 19.10 hereof, and Landlord shall grant to the Tax Credit Investor and any such Leasehold Mortgagee(s) the right to cure the Managerial Default in accordance with the provisions hereof.

(b) If Tenant, the Management Agent, the Tax Credit Investor, or the Leasehold Mortgagee(s) (if applicable), shall have failed to respond or take the appropriate corrective action with respect to a Managerial Default to the reasonable satisfaction of Landlord within the applicable period, then Landlord shall have the right to require Tenant to, and Tenant shall promptly, take such actions as are necessary to terminate the appointment of the Management Agent pursuant to the terms of its management agreement and to appoint a successor Management Agent of the Demised Premises, subject to any requirements of any Leasehold Mortgagee(s) and the Tax Credit Investor.

ARTICLE 19- MISCELLANEOUS

Section 19.1 No Brokers. Landlord and Tenant represent and warrant to each other that neither has dealt with any broker or finder with regard to the Demised Premises or this Lease. Landlord and Tenant will each indemnify, defend, and hold the other harmless from and against any loss, liability, and expense (including attorneys' fees and court costs) arising out of claims for fees or commissions in connection with this Lease. This indemnification shall survive the termination of this Lease.

Section 19.2 Recordation. Landlord and Tenant shall record a memorandum of this Lease in the Bureau of Conveyances of the State of Hawaiʻi. At the expiration of the Term, Landlord and Tenant shall execute a quitclaim termination of Tenant's interest in this Lease.

Section 19.3 Transfer of Landlord's Interest. Landlord shall not voluntarily transfer all or any portion of its interest in Landlord's Estate if the same would cause a violation or breach of any legal requirement or any agreement or contract to which Landlord is a party by which Landlord is bound.

Section 19.4 No Waiver. No waiver of any condition or agreement in this Lease by either Landlord or Tenant will imply or constitute a further waiver by such party of the same or any other condition or agreement. No act or thing done by Landlord or Landlord's agents during the Term will be deemed an acceptance of a surrender of the Demised Premises, and no agreement to accept such surrender will be valid unless in writing signed by Landlord. No payment by Tenant, nor receipt from Landlord, of a lesser amount than the Additional Rent, or other charges or fees due as stipulated in this Lease will be deemed to be anything other than payment on account of the same, and to the earliest due of the same. No endorsement or statement on any check, or any letter accompanying any check or payment as Rent, will be deemed an accord and satisfaction. Landlord will accept such check for payment without prejudice to Landlord's right to recover the balance of such Rent or to pursue any other remedy available to Landlord. Except as otherwise provided in this Lease, if this Lease is assigned, or if the Demised Premises or any part of the Demised Premises are sublet or occupied by anyone other than Tenant, Landlord may collect rent from the assignee, subtenant, or occupant and apply the net amount collected to the Rent reserved in this Lease. No such collection will be deemed a waiver of the covenant in this Lease against assignment and subletting, or the acceptance of the assignee, subtenant, or occupant as Tenant, or a release of Tenant from the complete performance by Tenant of its covenants in this Lease.

Section 19.5 Joint and Several Liability. If Tenant or Landlord is composed of more than one signatory to this Lease, each party will be jointly and severally liable with each other party for payment and performance according to this Lease.

Section 19.6 Captions, Exhibits, Gender, Etc. The captions are inserted in this Lease only for convenience of reference and do not define, limit, or describe the scope or intent of any provisions of this Lease. The exhibits to this Lease are incorporated into this Lease and are a part hereof. Unless the context clearly requires otherwise, the singular includes the plural, and vice versa, and the masculine, feminine, and neuter adjectives include one another.

Section 19.7 Entire Agreement. This Lease, including all attached exhibits, contains the entire agreement between Landlord and Tenant with respect to its subject matter. Except for those which are specifically set forth in this Lease, no representations, warranties, or agreements have been made by Landlord or Tenant to one another with respect to this Lease. In the event of any inconsistency between this Lease and the documents executed in connection with any Leasehold Mortgage with Landlord acting as the Leasehold Mortgagee, this Lease shall control.

Section 19.8 Amendment. This Lease may be amended only by a written instrument executed by Landlord and Tenant (subject to the rights of any Leasehold Mortgagee, and/or the Tax Credit Investor, as applicable), the approval of which both Landlord and Tenant mutually agree not to unreasonably withhold, delay or condition.

Section 19.9 Severability. If any provision of this Lease is found by a court of competent jurisdiction to be illegal, invalid, or unenforceable, the remainder of this Lease will not be affected and shall continue in full force and effect; and in lieu of each provision found to be illegal, invalid, or unenforceable, there will be added to this Lease a provision as similar to such illegal, invalid, or unenforceable provision as may be possible.

Section 19.10 Notices. Any notice, request, demand, consent, approval, or other communication required or permitted under this Lease shall be in writing and shall be deemed given when received, if (i) delivered by hand, (ii) sent by registered or certified mail, return receipt requested, (iii) sent by recognized overnight delivery service such as Federal Express, or (iv) transmitted by facsimile or electronic mail, provided such notice is also sent simultaneously in the manner provided for in (i), (ii), or (iii) above, addressed as follows:

If to Tenant: A) For Personal and Overnight Deliveries:

KPLR Phase 1, LP
c/o Highridge Costa Development Company, LLC
330 West Victoria Street
Gardena, CA 90248
Attn: Mohannad H. Mohanna, President

B) For Reg/Certified Mail:

KPLR Phase 1, LP
c/o Highridge Costa Development Company, LLC
330 West Victoria Street
Gardena, CA 90248
Attn: Mohannad H. Mohanna, President

With copies to: Settle Meyer Law LLLC
Pioneer Plaza
900 Fort Street Mall, Suite 1800
Honolulu, Hawaiʻi 96813

	Attn: Scott W. Settle
and	Cox, Castle & Nicholson LLP 50 California Street, Suite 3200 San Francisco, California 94111 Attn: Christian D. Dubois
If to Landlord:	Hawaii Public Housing Authority 1002 N. School St. P.O. Box 17907 Honolulu, Hawai'i 96817 Attn: Executive Director Fax: (808) 832-4679
With copies to:	Reno & Cavanaugh, PLLC 455 Massachusetts Avenue, NW Suite 400 Washington, DC 20001 Attn: Megan Glasheen, Esq. Fax: (202) 783-0550
and:	Department of the Attorney General, State of Hawaiʻi 425 Queen Street Honolulu, Hawaiʻi 96813 Attn: Linda L.W. Chow
If to Investor Member:	
With a copy to:	
If to Leasehold Mortgagee:	As listed in Exhibit D

A party may change its address by giving written notice to the other party as specified herein. Set forth in Exhibit D attached hereto are notice addresses for the Leasehold Mortgagee(s) and the Investor Member, as of the date hereof.

Section 19.11 Litigation Fees. Tenant shall be liable for the reasonable and actual legal expenses of Landlord in connection with any collection of Additional Rent or other impositions owed under this Lease, the remedying of any default under this Lease, or any termination of this Lease where such collection, remedying or termination results from an Event of Default.

Payment of any litigation cost or expense shall be determined by applicable state and federal law and may be subject to HUD approval. Settlement of any such litigation may be subject to HUD's approval.

Section 19.12 Waiver of Jury Trial. Landlord and Tenant hereby waive trial by jury in any action, proceeding or counterclaim brought by either of them against the other on all matters arising out of this Lease.

Section 19.13 Governing Law and Venue. This Lease will be governed by and construed in accordance with the internal laws of the State of Hawaiʻi, without regard to principles of conflicts of laws.

Section 19.14 Binding Effect. This Lease will inure to the benefit of, and will be binding upon, Landlord's successors and assigns except as otherwise provided in this Lease. This Lease will inure to the benefit of, and will be binding upon, Tenant's successors and assigns so long as the succession or assignment is permitted under the terms of this Lease.

Section 19.15 Cumulative Rights. Except as expressly limited by the terms of this Lease, all rights, powers, and privileges conferred hereunder shall be cumulative and not restrictive of those provided at law or in equity.

Section 19.16 Relationship of Parties. The parties hereto expressly declare that, in connection with the activities and operations contemplated by this Lease, they are neither partners nor joint venturers, nor does a principal-agent relationship exist between them. Nothing contained in any agreement or contract between the parties hereto, nor any act of HUD, Landlord, or Tenant will be deemed or construed to create any relationship of third party beneficiary, principal and agent, limited or general partnership, joint venture, or any association or relationship involving HUD.

Section 19.17 Non-Merger. Except upon expiration of the Term or termination of this Lease under an express right of termination set forth herein, there shall be no merger of either this Lease or Tenant's estate created hereunder with the fee estate of the Demised Premises or any part thereof because of the fact that the same person may acquire, own or hold, directly or indirectly, (x) this Lease, Tenant's estate created hereunder or any interest in this Lease or Tenant's estate (including the Improvements), and (y) the fee estate in the Demised Premises or any part thereof or any interest in such fee estate (including the Improvements), unless and until all persons, including any assignee of Landlord, having an interest in (1) this Lease or Tenant's estate created hereunder, and (2) the fee estate in the Demised Premises or any part thereof; shall join in a written instrument affecting such merger and shall duly record the same.

Section 19.18 Counterparts. This Agreement may be executed in counterparts and all such counterparts shall be deemed to be originals and together shall constitute the same instrument.

Section 19.19 Limited Liability. Tenant shall look solely to Landlord's interest in the Demised Premises for the satisfaction of any claims against Landlord or its employees, agents, or assigns for the satisfaction of any claims arising under this Lease. Notwithstanding anything contained in this Lease to the contrary, no partner, member, officer, director, employee, or agent of Tenant, or any affiliate thereof, shall be personally liable to Landlord, or any successor in interest or person claiming by, through or under Landlord for any default, obligation, or breach, or for or on account of any amount that may become due, or in any claim, cause or action whatsoever under the terms of this Lease.

Section 19.20 Cooperation. Landlord and Tenant agree that they will cooperate in all respects in furtherance of the Demised Premises and Phase I. In particular, Landlord recognizes that the nature of the redevelopment process and the varied sources of project funding make it extremely difficult to anticipate every potential provision that may be required in this Lease. From time to time, Tenant may request modifications to the Lease to satisfy the requirements of financing sources, which financing sources including without limitation, private lenders, equity sources, and government agencies. Landlord will use all reasonable efforts to accommodate the requests of such financing sources and will not unreasonably withhold, condition, or delay its approval and execution of modifications to this Lease which do not materially and adversely alter the basic terms hereof. Nothing herein shall impose upon Landlord any requirement to approve any modification or amendment to the Lease which would violate or contravene any applicable laws or any contract or agreement to which Landlord is a party or which is binding on Landlord. Landlord agrees that it will, upon request of Tenant, from time to time, but not more frequently than once a year, enter into an amended and restated lease combining into one document the entire Lease and all amendments and modifications theretofore entered into.

Section 19.21 Estoppel Certificate. Each party agrees from time to time, upon no less than twenty (20) days prior written notice from the other or upon request from any Leasehold Mortgagee or any permitted assignee, to execute, acknowledge, and deliver to the other or to such Leasehold Mortgagee or assignee a statement certifying to its knowledge that (i) this Lease is unmodified and in full force and effect (or if there have been any modifications, that the same is in full force and effect as modified and stating the modifications), (ii) the dates to which the Rent has been paid, and that no additional Rent or other payments are due under this Lease (or if additional Rent or other payments are due, the nature and amount of the same); and (iii) whether there exists any uncured default by the other party or any defense, offset, or counterclaim against the other party, and, if so, the nature of such default, defense, offset or counterclaim. Any such statement delivered under this Section 19.21 may be relied upon by any prospective purchaser or holder of a mortgage of the leasehold interest hereunder from Tenant or any prospective assignee of any such holder of a Leasehold Mortgage.

Section 19.22. Progress Reports. Until Tenant is entitled to the issuance of a Certificate of Occupancy by the City, Tenant must provide Landlord with monthly progress reports regarding the status of the construction of the Redevelopment, including Tenant's compliance with all applicable state and federal requirements.

Section 19.23. Relationship of Parties. Nothing herein contained shall be deemed or construed by the parties hereto, or by any third party, as creating the relationship of principal and agent or of partnership or a joint venture between the parties hereto, or any relationship of third party beneficiary, it being understood and agreed that no provision contained herein, nor any acts of the parties herein, shall be deemed to create any relationship between the parties hereto other than the relationship of Landlord and Tenant.

[SIGNATURES ON THE FOLLOWING PAGE.]

IN WITNESS WHEREOF, and intending to be legally bound hereby, Landlord and Tenant have executed this Lease as of the effective date of the Lease set forth above.

LANDLORD:

HAWAII PUBLIC HOUSING AUTHORITY,
a Hawai‘i public body corporate and politic

By:____________________________________
Name: Hakim Ouansafi
Title: Executive Director

APPROVED AS TO FORM:

____
Linda L.W. Chow
Deputy Attorney General

TENANT:

KPLR Phase 1, LP, a Hawai‘i limited partnership

By:____________________________________
Name:
Title:

STATE OF HAWAII)
) ss.
CITY AND COUNTY OF)

On this _____ day of ________, ____, before me appeared_____________, to me personally known, who, being by me duly sworn or affirmed did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

NOTARY CERTIFICATION: The foregoing instrument is identified or described as the Ground Lease is dated _________________, and contained ___ pages at the time of this acknowledgment/certification in the First Circuit of the State of Hawaii.

____
Name: ___________________________
Notary Public, State of Hawai‘i
My commission expires: _______________

STATE OF HAWAI‘I)
) ss.
CITY AND COUNTY OF HONOLULU)

On this _____ day of ____________, before me appeared _____________, to me personally known, who, being by me duly sworn or affirmed did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

NOTARY CERTIFICATION: The foregoing instrument is identified or described as the Ground Lease is dated ___________, and contained ___ pages at the time of this acknowledgment/certification in the First Circuit of the State of Hawaii.

____
Name: ___________________________
Notary Public, State of Hawai‘i
My commission expires: _______________

EXHIBIT A

LEGAL DESCRIPTION OF DEMISED PREMISES

The real property situated in the City and County of Honolulu, State of Hawaii, more particularly described as follows:

FIRST: Unit Nos. as shown in Exhibit A-1 attached hereto of that certain Condominium Project known as Kuhio Park Low Rise, as shown on Condominium Map No. _____, and described in the Declaration of Condominium Property Regime of Kuhio Park Low Rise ("Declaration") recorded __________ in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. _______________, and in the Bureau of Conveyances of the State of Hawaii, as Document No. _____________, as the same may be amended.

Together with appurtenant easements as follows:

(a) Non-exclusive easements in the common elements designed for such purposes for ingress to, egress from, utility services for and support of said unit; in the other common elements for use according to their respective purposes; in the other common elements and units for encroachments and the maintenance thereof as set forth in the Declaration.

(b) Exclusive easements to use other limited common elements appurtenant thereto designated for its exclusive use by the Declaration.

(c) Easements for encroachments and the maintenance thereof as set forth in the Declaration.

SECOND: An undivided interest as shown in Exhibit A-1 attached hereto in all common elements of the project and in the land upon which said project is located as established for said unit by the Declaration, or such other percentage interest as hereinafter established for said unit by any amendment of the Declaration as tenant in common with the other owners and tenants thereof.

THE LAND UPON WHICH SAID CONDOMINIUM IS LOCATED IS DESCRIBED AS FOLLOWS:

Tax Map Key No. (1) 1-3-039:006:

FIRST:

All of that certain parcel of land, being portion(s) of the land(s) described in and covered by unrecorded Royal Patent Grant 3286, Land Commission Award Number 7151 to Kanemakua, unrecorded Royal Patent Grant Number 1253, Land Commission Award Number 1207 to Hopuia, unrecorded Royal Patent Number 1499, Land Commission Award Number 1198, Apana 1 to Kaohele, unrecorded Royal Patent Number 2522, Land Commission Award Number 1292, Apana 3 to U. Kanakanui for Kailihiwa and unrecorded Royal Patent Number 1497, Land Commission Award Number 1677, Apana 1 to Pao, unrecorded Royal Patent Number 3273 to Aniani, unrecorded Royal Patent Number 3293 to Aiona and unrecorded Royal Patent Number

6264, Land Commission Award Number 1290 to Ilipaka for Kahoopii; and Lot 1-A, as shown on Map 2, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, with Land Court Application No. 958 of Tim Sheu Ing; Lot 2-A, as shown on Map 2, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, with Land Court Application No. 958 of Tim Sheu Ing; Lot 2-B-3, as shown on Map 8, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, with Land Court Application No. 1331 of Charles Sadao Umeda; Lot 3-B, as shown on Map 3, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, with Land Court Application No. 958 of Tim Sheu Ing, situate, lying and being at Kaluaopalena, Kalihi, Honolulu, City and County of Honolulu, State of Hawaii, bearing Tax Key Number (1) 1-3-039-006 and containing an area of 151,165 square feet, more or less.

Excepting and excluding there from all of and Lot 1-A, as shown on Map 2, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, with Land Court Application No. 958 of Tim Sheu Ing; Lot 2-A, as shown on Map 2, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, with Land Court Application No. 958 of Tim Sheu Ing; Lot 2-B-3, as shown on Map 8, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, with Land Court Application No. 1331 of Charles Sadao Umeda; Lot 3-B, as shown on Map 3, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, with Land Court Application No. 958 of Tim Sheu Ing.

SECOND:

All that certain parcel of land situate at Kalihi, Honolulu, City and County of Honolulu, State of Hawaii, described as follows:

LOT 1-A, area 1,435 square feet, more or less, as shown on Map 2, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 958 of Tim Sheu Ing.

LOT 2-A, area 3,519 square feet, more or less, as shown on Map 2, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 958 of Tim Sheu Ing.

LOT 3-B, area 14,844 square feet, more or less, as shown on Map 3, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 958 of Tim Sheu Ing.

Being the property described in and covered by Transfer Certificate No. 114,462.

THIRD:

All that certain parcel of land situate at Kalihi, Honolulu, City and County of Honolulu, State of Hawaii, described as follows:

LOT 2-B-3, area 348 square feet, more or less, as shown on Map 8, filed in the Office of the

Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 1331 of Charles Sadao Umeda.

Being the property described in and covered by Transfer Certificate No. 117,007.

Being the premises acquired by:

QUITCLAIM DEED

Recorded :	in the Bureau of Conveyances, State of Hawaii, in Book 2777, Page436
Grantor :	UNITED STATES OF AMERICA, acting by and through the Public Housing Administration
Grantee :	HAWAII HOUSING AUTHORITY, a public body corporate and politic organized and existing under the laws of the Territory of Hawaii.

<u>Tax Map Key No. (1) 1-3-039:008:</u>

All of that certain of parcel of land (being portion(s) of the land described in and covered by Royal Patent 4542, Land Commission Award Number 818, Apana 6 to Heirs of George Beckley; Royal Patent Number 1253, Land Commission Award Number 1207 to Hopuia; Royal Patent 672, Land Commission Award Number 1541 to Kamoku; Royal Patent Grant Number 3270 to Kale; Royal Patent 71, Land Commission Award Number 4887, Apana 3 to Sam Thomas; Royal Patent 6888, Land Commission Award Number 3237, Apana 5 to Hewahewa; Royal Patent 604, Land Commission Award Number 803, Apana 6 to A. Adams; Royal Patent 4545, Land Commission Award Number 818, Part 7, Apana 13 to Heirs of George Beckley; Royal Patent 3400, Land Commission Award Number 7155 to Kawauke, Royal Patent Number 4164, Land Commission Award Number 1313-B, Apana 2 to Kauwahi and Royal Patent Number 4545, Land Commission Award Number 818, Part 7 to Heirs of George Beckley) being PARCEL 1-B, situate, lying and being at Kaliawa, Kaluaopalena, Kukahi, Kionawawana, Paapaa, Kalihi, Honolulu, City and County of Honolulu, State of Hawaii, bearing Tax Key Designation (1) 1-3-039-008 and containing an area of 144,493 square feet, more or less.

Being the premises acquired by:

QUITCLAIM DEED

Recorded :	in the Bureau of Conveyances, State of Hawaii, in Book 2777, Page 436
Grantor :	UNITED STATES OF AMERICA, acting by and through the Public Housing Administration
Grantee :	HAWAII HOUSING AUTHORITY, a public body corporate and politic organized and existing under the laws of the Territory of Hawaii

NOTE: Act 337, Session Laws of Hawaii 1987, effective July 1, 1987, bifurcated the HAWAII HOUSING AUTHORITY into two separate state agencies knows as the HOUSING FINANCE AND DEVELOPMENT CORPORATION and the Hawaii Housing Authority.

NOTE: Act 380, Session Laws of Hawaii 1997, effective July 1, 1998, HOUSING FINANCE AND DEVELOPMENT CORPORATION transferred all functions, powers, duties, and authority, relating to appropriate housing functions and public housing to HOUSING AND COMMUNITY DEVELOPMENT CORPORATION OF HAWAII.

NOTE: Act 180, Session Laws of Hawaii, effective July 1, 2006, HOUSING AND COMMUNITY DEVELOPMENT CORPORATION OF HAWAII transferred all functions, powers, duties, and authority, relating to appropriate housing functions and public housing to HAWAII PUBLIC HOUSING AUTHORITY. CONFIRMATION OF OWNERSHIP dated April 8, 2016, recorded April 13, 2016 in the Bureau of Conveyances, State of Hawaii, as Document No. A-59470641.

EXHIBIT A-1

CPR UNIT NO. & COMMON INTEREST PERCENTAGE

UNIT NO.	PERCENTAGE INTEREST (%)
1	[___]
2	[___]
3	[___]
4	[___]

EXHIBIT A-2

DISTRIBUTION OF CASH FLOW

- First, to pay any asset management or other fees due to the Investor;
- Second, to repay any Investor loans or Investor taxes and penalties from LIHTC shortfalls or recapture, as required by the Investor;
- Third, to pay any deferred Developer Fee in accordance with Section 6.4
- Fourth, pay any additional amounts owed to the Investor;
- Fifth, to replenish any Authority and Developer approved Development Phase reserves;
- Sixth, seventy-five percent (75%) of the remaining cash flow to repay the HHFDC RHRF loan;
- Seventh, seventy-five percent (75%) of the remaining cash flow to repay any Authority or Authority-instrumentality loans or notes, including any ground lease payments;
- Eighth, to repay any loans made by the Developer-controlled general partner/managing member of the Owner;
- Ninth, to pay the balance of any remaining funds fifty percent (50%) to the Authority or its designated Affiliate and fifty percent (50%) to the Developer controlled general partner/managing member of the Owner.

The Developer and Authority agree that the cash flow distribution for each Development Phase will be subject to the consent of the selected Investor, but agree to work together cooperatively and in good faith to reflect the above distribution in the limited partnership or operating agreement of each Owner.

EXHIBIT A-3

DISTRIBUTION UPON SALE OR REFINANCE

[insert final section from operating agreement]

EXHIBIT B

INSURANCE REQUIREMENTS

A. The Tenant will provide Comprehensive General Liability, Comprehensive Automobile Liability, Employers Liability and Errors and Omissions Liability coverage to protect itself and the Landlord. The State of Hawaiʻi, the Landlord, its employees and representatives must be included as an additional insured on all policies. The policies will provide limits of coverage acceptable to the Landlord and will be provided by highly rated insurance companies acceptable to the Landlord.

B. Waiver of Subrogation in favor of the State of Hawaiʻi shall be included for the General Liability, Automobile Liability, and Workers Compensation policies. Tenant shall endorse such policies to a waiver of any right to subrogation against the State of Hawaiʻi and their respective employees and agents by each insurer under each required policy described herein. When required by the insurer or should a policy condition not permit the Tenant to enter into a pre-loss agreement to waive subrogation without an endorsement, Tenant shall notify the insurer and request that the policy be endorsed with a Waiver of Transfer of Rights of Recovery Against Others, or its equivalent. This Waiver of Subrogation requirement shall not apply to any policy, which includes a condition specifically prohibiting such an endorsement, or voids coverage should the Tenant enter into such an agreement on a pre-loss basis.

C. Before the execution of the Lease, the Tenant shall furnish to the Landlord certificate(s) of insurance as evidence of the existence of the following insurance coverage in amounts not less than the amounts specified. This insurance must be maintained throughout the entire Term.

i. Workers' Compensation

The Tenant shall carry Workers' Compensation insurance in such form and amount to satisfy, the applicable State Workers' Compensation Law. Workers' Compensation must be issued by an admitted carrier authorized to do business in the State of Hawaiʻi.

ii. Fidelity Bond

The Tenant shall obtain and maintain, at its sole expense during the term of this Contract, a fidelity bond at a minimum of $500,000.00, or the minimum amount required by the applicable program, which shall cover all officers, employees, and agents of the Tenant and which shall protect the Tenant against loss because of, including but not limited to, fraud, dishonesty, forgery, theft, larceny, embezzlement, wrongful abstraction or misappropriation or any other dishonest criminal or fraudulent act, wherever committed and whether committed directly or with others. The Tenant shall furnish, at no cost or expense to the Landlord, a certificate of such coverage, within thirty days from the award of the Contract.

iii. Errors and Omissions

The Tenant shall cause the Management Agent to obtain and maintain errors and omissions professional liability coverage at its own expense at a minimum of $1,000,000.00 per occurrence and $2,000,000.00 annual aggregate.

iv. Liability Insurance

The Tenant shall maintain the following minimum insurance limits and coverage:

Coverages	Limits
Commercial General Liability	$2,000,000 single limits per occurrence for bodily injury and personal property damage
Personal Injury Liability	$1,000,000.00 single limits per occurrence. $2,000,000.00 for general aggregate
Automobile Insurance	Bodily injury liability limits of $1,000,000.00 each person and $1,000,000.00 per accident and property damage liability limits of $1,000,000.00 per accident OR $2,000,000.00 combined single limit
Workers' Compensation as required by laws of the State of Hawai'i	Insurance to include Employer's Liability. Both such coverages shall apply to all employees of the Tenant and to all employees of sub-contractors in case any sub-contractor fails to provide adequate similar protection for all its employees

EXHIBIT C

CERTAIN DEFINITIONS

"Environmental Laws" means any applicable present or future federal, state or local law, ordinance, rule, regulation, permit, license or binding determination of any governmental authority relating to, imposing liability or standards concerning, or otherwise addressing the environment, health or safety, including, but not limited to: the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq. ("CERCLA"); the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq. ("RCRA"); the Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq. ("TOSCA"); the Clean Air Act, 42 U.S.C. Section 7401 et seq.; and the Clean Water Act, 33 U.S.C. Section 1251 et seq. and any so-called "Superfund" or "Superlien" law; and the Occupational Safety and Health Act, 29 U.S.C. Section 651 et seq. ("OSHA"), and Chapter 343 of the Hawaii Revised Statutes, as each is from time to time amended and hereafter in effect

"Hazardous Materials" means:

(a) "hazardous substances" as defined by CERCLA;

(b) "hazardous wastes," as defined by RCRA;

(c) any hazardous, dangerous or toxic chemical, waste, pollutant, contaminant or substance ("pollutant") within the meaning of any Environmental Law prohibiting, limited or otherwise regulating the use~ exposure, release, emission, discharge, generation, manufacture, sale, transport, handling, storage, treatment, reuse, presence, disposal or recycling of such pollutant;

(d) petroleum crude oil or fraction thereof;

(e) any radioactive material, including any source, special nuclear or by-product material as defined in 42 U.S.C. Section 2011 et seq. and amendments thereto and reauthorizations thereof;

(f) asbestos-containing materials in any form or condition; or

(g) polychlorinated biphenyls in any form or condition.

EXHIBIT D

NOTICE ADDRESSES LEASEHOLD MORTGAGEES

[To be completed]

1. Hawaii Housing Finance and Development Corporation
677 Queen Street
Suite 300
Honolulu, Hawaiʻi 96813
Attn: Executive Director
Phone: (808) 587-0600
Fax: (808) 587-0600

EXHIBIT E

ENVIRONMENTAL REPORTS

1. Limited Phase I Environmental Site Assessment at Kuhio Park Terrace Brownfields Site, Honolulu, Hawaii, dated August 2003, updated September 2003, prepared by AMEC Earth and Environmental, Inc. (AMEC)

2. Limited Phase I Environmental Site Assessment, Kuhio Park Terrace, Honolulu, Hawaii, dated July 2004, revised June 2005, prepared by AMEC

3. Sampling and Analysis Plan – Draft Site Assessment at Kuhio Park Terrace, Brownfields Site, Honolulu, Hawaii, dated February 2004, prepared by AMEC

4. Sampling and Analysis Plan Site Assessment at Kuhio Park Terrace, Honolulu, Hawaii, dated September 2004, prepared by AMEC

5. Phase I Environmental Site Assessment, Kuhio Park Terrace Towers A and B 1475 Linapuni Street (Portion of TMK No.: [1] 1-3-39: Parcel 1) Honolulu, Oahu Hawaii, dated April 26, 2010, prepared by Bureau Veritas North America, Inc.

6. Multi-Increment Soil Sampling, Portion of Kuhio Park Terrace Property (Tax Map Key No: [1] 1-3-039: Parcel 001 [Portion]) Honolulu, Oahu, Hawaii, dated June 21, 2010, prepared by Bureau Veritas North America, Inc. (Bureau Veritas)

7. Field Sampling Plan for Targeted Brownfields Assessment of Kuhio Park Terrace Property at 1518 to 1532 Linapuni Street, Buildings C-1 through C-8 and D-1 through D-4, Honolulu, HI, dated August 2010, prepared by Ecology and Environment, Inc.

8. Environmental Hazard Management Plan, Portion of Kuhio Park Terrace Property, TMK: (1) 1-3-39: 001 (Portion), Honolulu, Oahu Hawaii, dated September 2010, prepared by EnviroServices & Training Center, LLC

9. Phase I Environmental Site Assessment, Kuhio Park Terrace Property, Buildings C-1 through C-8 and D-1 through D-4, 1472 to 1592 Linapuni Street, Honolulu, Oahu, Hawaii, dated October 2010, prepared by Ecology and Environment, Inc.

10. Additional Multi-Increment Soil Sampling, Kuhio Park Terrace Property (Tax Map Key No: [1] 1-3-039: Parcel 001 [Portion]) Honolulu, Oahu, Hawaii, dated November 11, 2010, prepared by Bureau Veritas

11. Targeted Brownfields Assessment Report for Kuhio Park Terrace Property, Buildings C-1 through C-8 and D-1 through D-4, 1472 to 1592 Linapuni Street, Honolulu, Oahu, Hawaii, dated December 2010, prepared by Ecology and Environment, Inc.

12. Soil Management Plan, Portion of Kuhio Park Terrace Property (TMK No: [1] 1-3-039: Parcel 001 [Portion]) Honolulu, Oahu, Hawaii, dated November 23, 2010, prepared by Bureau Veritas

13. Remedial Action Work Plan, Kuhio Park Terrace Property, Tax Map Key (TMK) Number: (1) 1-3-39: 001 (Portion), Honolulu, Oahu Hawaii, dated March 21, 2011, prepared by Bureau

Veritas

14. Revised Remedial Action Workplan, Kuhio Park Terrace Property, Tax Map Key (TMK) Number: (1) 1-3-39: 001 (Portion), Honolulu, Oahu Hawaii, dated May 11, 2012, prepared by Bureau Veritas

15. Environmental Hazard Evaluation and Environmental Hazard Management Plan, Portion of Kuhio Park Terrace Property, Buildings C-1 through C-8 and D-1 through D-4, TMK: (1) 1-3-39: Parcel 8, Honolulu, Oahu Hawaii, dated September 2012, prepared by EnviroServices & Training Center, LLC

16. Environmental Hazard Management Plan, Kuhio Park Terrace Property, TMK Number: (1) 1-3-039: Parcels 007, 009, and 010, Honolulu, Oahu Hawaii, dated September 6, 2013, prepared by Bureau Veritas

17. No Further Action with Institutional Controls Determination Letter, Kuhio Park Terrace Buildings D1 and D2, prepared by the HDOH, HEER Office, dated September 10, 2013

18. Soil Sampling and Analysis Plan, Kuhio Park Terrace, Linapuni Street and Ahonui Street, Honolulu, Hawaii 96817, dated September 15, 2015, Revised September 30, 2015, prepared by ENPRO Environmental

19. Notice of Finding of No Significant Impact published in the Star-Advertiser and accepted by the Governor of the State of Hawaii dated January 23, 2024.

20. Phase I Environmental Site Assessment prepared by Ford & Associates, Inc., for Michaels Development dated March 16, 2022

21. Phase I Environmental Site Assessment Updated prepared by Ford & Associates, Inc., for Michaels Development dated July 23, 2024

22. Mitigation Plan prepared by PBR Hawaii & Associates Inc for Michaels Development dated October 25, 2023

23. Hazardous Materials Assessment Survey Report prepared by Ford & Associates, Inc., for Kuhio Park 2, LLC dated May 13, 2024.

24. Site Investigation Work Plan prepared by Ford & Associates, Inc. for Kuhio Park 2, LLC dated August 15, 2024

25. Draft Interim Construction Environmental Hazard Management Plan prepared by Ford & Associates, Inc, for Kuhio Park 2, LLC dated February 6, 2025

EXHIBIT F

PERMITTED ENCUMBRANCES
[TO BE PROVIDED]

Permitted Encumbrances shall be as set forth in Schedule B to the Title Guaranty of Hawaii, Inc. Lender's Title Policy in the amount of $____________, File No. FC______________________, as issued by First American Title Insurance Company
.

EXHIBIT G

PERFORMANCE AND COMPLETION GUARANTY
(Kuhio Park Terrace Low-Rise Phase 1)

This **PERFORMANCE AND COMPLETION GUARANTY** (this "**Guaranty**") is entered into as of ______, 2025, by **HIGHRIDGE COSTA DEVELOPMENT COMPANY, LLC**, a Delaware limited liability company ("**Guarantor**"), for the benefit of **HAWAII PUBLIC HOUSING AUTHORITY**, a public body corporate and politic, organized under the laws of the State of Hawaii ("**HPHA**").

RECITALS:

HCDC KUHIO PARK 1, LLC, a Hawaii limited partnership, (the "**Tenant**") has entered into that certain HPHA Ground Lease Agreement for Kuhio Park Low Rises and Homes Phase 1 with the HPHA dated as of substantially even date herewith (the "**Ground Lease**"), which obligates the Tenant to, among other things, complete construction of a 304-unit affordable housing development.

As a condition to entering into the Ground Lease, HPHA requires that Guarantor execute this Guaranty.

Guarantor will directly or indirectly derive a material financial benefit from the Tenant entering into the Ground Lease.

NOW, THEREFORE, in order to induce HPHA to enter into the Ground Lease, and in consideration thereof, Guarantor agrees as follows:

Defined Terms. Capitalized terms used but not defined in this Guaranty shall have the meanings assigned to them in the Ground Lease.

Scope of Guaranty. Guarantor represents to HPHA that Guarantor has a direct or indirect ownership interest in Tenant and/or will otherwise derive a material financial benefit from the Tenant entering into the Ground Lease. Guarantor hereby does jointly, severally and unconditionally guaranty to HPHA the following (collectively, the "**Guaranteed Obligations**"):

that Tenant will complete the Improvements in accordance with the Plans and Specifications;

that in the event that the sum of the proceeds of the loans secured by the Leasehold Mortgagees available for disbursement, the equity contributions available for disbursement from the Tax Credit Investor, and the net cash flow available from the Premises are, or at any time become, in the judgment of the HPHA, insufficient to pay all costs for the completion of the Improvements, then the Tenant will pay such costs;

that Tenant will pay and discharge, or otherwise release, all mechanic's and materialmen's liens or claims therefor imposed or alleged against the Premises to the end that there shall be no mechanic's, materialmen's or other like liens or claims outstanding against the Premises;

that Tenant shall cause the construction of the Improvements at all times to comply with all applicable existing building, zoning, use and environmental protection laws and ordinances as may be necessary to enable the use and occupancy of the Premises for its intended purposes

If Tenant shall fail to duly and punctually perform and observe any of the Guaranteed Obligations, then upon written demand by the HPHA or its designee, Guarantor forthwith will itself, at its own expense, do, promptly perform and observe such Guaranteed Obligations provided, however, (a) to the extent that the Guarantor's ability to continue and complete construction of the Improvements is impacted by the _______________(the "**Construction Lender**") failure to advance funds to the Guarantor under the Tenant's loan agreement with the Construction Lender, the HPHA agrees to delay enforcement of this Guaranty for up to 180 days to allow the Guarantor to obtain replacement financing, and (b) obligations imposed on the Guarantor under this Guaranty are limited to the extent that Guarantor certifies to HPHA, and HPHA confirms the basis for such certification (such confirmation not to be unreasonably withheld, conditioned or delayed), that the cost to complete the Improvements, when combined with financing costs and the construction costs (including all costs incurred as of the date of such determination and the projected costs to complete the Improvements) (collectively, "**Total Construction Costs**"), exceeds one hundred and twenty percent (125%) of the budget approved by HPHA, Leasehold Mortgagees, and the Tax Credit Investor at Closing (the "**Guaranty Limit**"). If the Guaranty Limit is reached this Guaranty shall terminate in accordance with Section 16 of this Guaranty.

In the case of any payment to be made by Guarantor, such payment shall be made within five (5) days following written demand therefor, and any amounts not paid within such time shall accrue interest at the long term applicable federal rate from the earlier of the date of demand therefor or such other date as may be provided under the Ground Lease.

[Reserved]

Guaranty of Payment and Performance. Guarantor's obligations under this Guaranty constitute an unconditional and continuing guaranty of payment and performance and not merely a guaranty of collection. Guarantor hereby irrevocably and unconditionally covenants and agrees that Guarantor is liable for the Guaranteed Obligations as a primary obligor.

Unconditional Guaranty. The obligations of Guarantor under this Guaranty shall be performed without demand by HPHA and shall be unconditional irrespective of the genuineness, validity, regularity or enforceability, in whole or in part, of the Ground Lease, and without regard to any other circumstance which might otherwise constitute a legal or equitable discharge of a surety, a guarantor, a borrower or a mortgagor. Guarantor hereby waives the benefit of all principles or provisions of law, statutory or otherwise, which are or might be in conflict with the terms of this Guaranty and agrees that Guarantor's obligations shall not be affected by any circumstances, whether or not referred to in this Guaranty, which might otherwise constitute a legal or equitable discharge of a surety, a guarantor, a borrower or a mortgagor. Guarantor hereby waives the benefits of any right of discharge under any and all statutes or other laws relating to a guarantor, a surety, a borrower or a mortgagor, and any other rights of a guarantor, a surety, a borrower or a mortgagor, thereunder. Without limiting the generality of the foregoing, Guarantor hereby waives, to the fullest extent permitted by law, presentment, demand for payment, protest, all notices with respect to this Guaranty which may be required by statute, rule of law or otherwise to preserve HPHA's rights against Guarantor under this Guaranty, including, but not limited to, notice of acceptance, notice of any amendment of the Ground Lease, notice of the occurrence of any default or Event of Default, notice of intent to accelerate, notice of acceleration, notice of dishonor, notice of foreclosure, notice of protest, and notice of the incurring by Tenant of any obligation or indebtedness. Guarantor also waives, to the fullest extent permitted by law, all rights to require HPHA to (a) proceed against the Tenant or any other guarantor of Tenant's payment or performance with respect to the Indebtedness (an "**Other Guarantor**"), (b) if the Tenant or any Other Guarantor is a partnership, proceed against any general partner of the Tenant or the Other Guarantor, or (c) pursue any other remedy it may now or hereafter have against the Tenant, or, if the Tenant is a partnership, any general partner of Tenant. Guarantor further waives, to the fullest extent permitted by applicable law, (a) any defenses that could arise with respect to an amendment or modification of the Guaranteed Obligations by operation of law, action of any court or the amendment of any of the Ground Lease, (b) any defense that HPHA has waived any Guaranteed Obligation by failing to enforce any right or remedy hereunder, or to promptly enforce any such right or remedy and (c) any other event or circumstance that may constitute a defense of Guarantor to payment of the Guaranteed Obligations.

Joint and Several Liability. If more than one person executes this Guaranty, the obligations of those persons under this Guaranty and any Other Guarantor shall be joint and several. HPHA, in its sole and absolute discretion, may (a) bring suit against Guarantor, or any one or more of the persons constituting Guarantor, and any Other Guarantor, jointly and severally, or against any one or more of them; (b) compromise or settle with any one or more of the persons constituting Guarantor or any Other Guarantor for such consideration as HPHA may deem proper; (c) release one or more of the persons constituting Guarantor, or any Other Guarantor, from liability; and/or (d) otherwise deal with Guarantor and any Other Guarantor, or any one or more of them, in any manner, and no such action shall impair the rights of HPHA to collect from Guarantor any amount guaranteed by Guarantor under this Guaranty. Nothing contained in this paragraph shall in any way affect or impair the rights or obligations of Guarantor with respect to any Other Guarantor.

[Reserved]

[Reserved]

Preference. If any payment by the Tenant is held to constitute a preference under any applicable bankruptcy, insolvency, or similar laws, or if for any other reason HPHA is required to refund any sums to Guarantor, such refund shall not constitute a release of any liability of Guarantor under this Guaranty. It is the intention of HPHA and Guarantor that Guarantor's obligations under this Guaranty shall not be discharged except by Guarantor's performance of such obligations and then only to the extent of such performance.

Reinstatement. If at any time any payment of any amounts due under this Guaranty is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of Guarantor or otherwise, Guarantor's obligations hereunder with respect to such payment shall be reinstated as though such payment has been due but not made at such time.

Guarantor's Financial Condition.

Guarantor hereby represents and warrants to HPHA that as of the date hereof and throughout the term of this Guaranty, and after giving effect to this Guaranty and the contingent obligation evidenced hereby, Guarantor is and will be solvent and has and will have (i) assets which, fairly valued, exceed its obligations, liabilities and debts (excluding contingent liabilities), and (ii) property and assets sufficient to satisfy and repay its obligations and liabilities. Guarantor hereby covenants and agrees that during the term of this Guaranty, except for the payment of employee salaries and benefits, distributions and dividends in the ordinary course of business, it shall not sell, pledge, mortgage or otherwise transfer any of its assets, or any interest therein, which, when taken in the aggregate are on terms materially less favorable than would be obtained in an arms-length transaction for fair consideration.

Guarantor hereby represents and warrants to HPHA that all financial statements and other financial data previously delivered to HPHA in connection with this Guaranty relating to the Guarantor are true, correct and complete in all material respects. Such financial statements fairly present the financial positions of all Persons who are the subjects thereof as of the respective dates thereof. Guarantor further represents and warrants to HPHA that, except as previously disclosed to HPHA in writing, no material adverse change has occurred as of the date hereof in such financial position, or in the business, operations, assets, management, ownership or condition (financial or otherwise) of Guarantor, since the respective dates of such financial statements and financial data. Except as otherwise previously disclosed to HPHA in writing, Guarantor has no knowledge of any material contractual obligations of Guarantor which might have a material adverse effect upon the ability of Guarantor to perform Guarantor's obligations under this Guaranty.

Guarantor shall furnish or cause to be furnished to HPHA: as soon as available and in any event within one hundred eighty (180) days after the end of each fiscal year of Guarantor, copies of the following financial statements of Guarantor for such fiscal year, prepared and audited by an independent certified public accountant acceptable to HPHA in accordance with generally accepted accounting principles: (A) a balance sheet as of the end of such fiscal year (including supporting schedules), and (B) a statement of income and capital accounts for such fiscal year. Notwithstanding the foregoing, the financial statements of any individual Guarantor, if any, are not required to be audited by an independent certified public accountant.

Guarantor shall from time to time, upon written request by HPHA, deliver to HPHA Lender such other financial statements as HPHA may reasonably require.

Marital and Residency Status. **N/A**

Financial Covenants. N/A

Term of Guaranty. Subject to the provisions of Section 10 (Preference) and Section 11 (Reinstatement), this Guaranty shall automatically terminate on the earlier to occur of (a) the Completion Date or (b) date the Guarantor provides a certification to the HPHA that Total Construction Costs exceed the Guaranty Limit, and HPHA has confirmed the basis for such certification (such confirmation not to be unreasonably conditioned, withheld or delayed) or (c) termination of the Ground Lease.

Determinations by HPHA. Except to the extent expressly set forth in this Guaranty to the contrary, in any instance where the consent or approval of HPHA may be given or is required, or where any determination, judgment or decision is to be rendered by HPHA under this Guaranty, the granting, withholding or denial of such consent or approval and the rendering of such determination, judgment or decision shall be made or exercised by HPHA, as applicable (or its designated representative) at its sole and exclusive option and in its sole and absolute discretion.

Governing Law. This Guaranty shall be governed by and enforced in accordance with the laws of the Property Jurisdiction, without giving effect to the choice of law principles of the Property Jurisdiction that would require the application of the laws of a jurisdiction other than the Property Jurisdiction.

Consent to Jurisdiction and Venue. Guarantor agrees that any controversy arising under or in relation to this Guaranty shall be litigated exclusively in the Property Jurisdiction. The state courts and authorities with jurisdiction in the Property Jurisdiction shall have exclusive jurisdiction over all controversies which shall arise under or in relation to this Guaranty. Guarantor irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise. However, nothing herein is intended to limit HPHA's right to bring any suit, action or proceeding relating to matters arising under this Guaranty against Guarantor or any of Guarantor's assets in any court of any other jurisdiction.

Successors and Assigns. This Guaranty shall be binding upon Guarantor and its heirs, legal representatives, successors, successors-in-interest and assigns, as appropriate, and shall inure to the benefit of the HPHA and its respective successors, successors-in-interest and assigns. The terms used to designate any of the parties herein shall be deemed to include the heirs, legal representatives, successors, successors-in-interest and assigns, as appropriate, of such parties. References to a "person" or "persons" shall be deemed to include individuals and entities. Guarantor acknowledges and agrees that any HPHA, at its option, may assign its respective rights and interests under this Guaranty and the Ground Lease in whole or in part and upon such assignment all the terms and provisions of this Guaranty or the Ground Lease shall inure to the benefit of such assignee to the extent so assigned. Guarantor may not assign or delegate its rights, interests or obligations under this Guaranty without first obtaining HPHA's prior written consent.

Severability. The invalidity, illegality or unenforceability of any provision of this Guaranty shall not affect the validity, legality or enforceability of any other provision, and all other provisions shall remain in full force and effect.

Expenses. Guarantor shall pay to HPHA, upon demand, the amount of any and all expenses, including, without limitation, reasonable attorneys' fees (including reasonable time charges of attorneys who may be employees of HPHA), which HPHA may incur in connection with (a) the exercise or enforcement of any of its rights hereunder, (b) the failure by Guarantor to perform or observe any of the provisions hereof, or (c) the breach by Guarantor of any representation or warranty of Guarantor set forth herein. Guarantor shall also pay to HPHA any such expenses, interest on such expenses computed at the long term applicable federal rate of interest.

Remedies Cumulative. In the event of Guarantor's default under this Guaranty, HPHA may exercise all or any one or more of its rights and remedies available under this Guaranty, at law or in equity. Such rights and remedies shall be cumulative and concurrent, and may be enforced separately, successively or together, and the exercise of any particular right or remedy shall not in any way prevent HPHA from exercising any other right or remedy available to HPHA. HPHA may exercise any such remedies from time to time as often as may be deemed necessary by HPHA.

No Agency or Partnership. Nothing contained in this Guaranty shall constitute HPHA as a joint venturer, partner or agent of Guarantor, or render HPHA liable for any debts, obligations, acts, omissions, representations or contracts of Guarantor.

Entire Agreement; Amendment and Waiver. This Guaranty contains the complete and entire understanding of the parties with respect to the matters covered herein. Guarantor acknowledges that Guarantor has received a copy of the Ground Lease. This Guaranty may not be amended, modified or changed, nor shall any waiver of any provision hereof be effective, except by a written instrument signed by the party against whom enforcement of the waiver, amendment, change, or modification is sought, and then only to the extent set forth in that instrument. No specific waiver of any of the terms of this Guaranty shall be considered as a general waiver.

Further Assurances. Guarantor shall at any time and from time to time, promptly execute and deliver all further instruments and documents, and take all further action that may be reasonably necessary or desirable, or that HPHA may reasonably request, in order to protect any right or interest granted by this Guaranty or to enable HPHA to exercise and enforce its rights and remedies under this Guaranty.

Notices; Change of Guarantor's Address. All notices, requests, demands, consents, and other communications required or permitted to be given or made hereunder shall be in writing and shall be deemed to have been duly given if mailed, certified first class mail, postage prepaid, return receipt requested, or by Federal Express or other receipted courier service, or hand delivered, to the party to whom the same is so given or made, at the address of such party as set forth below, which address may be changed by notice to the other parties hereto duly given pursuant hereto. Notice by overnight courier service or hand delivery shall be deemed to have been given and received upon delivery. Notice by first class certified or registered mail shall be deemed to have been given and received two (2) business days after being sent. A party may change its address by giving written notice to the other party as specified herein.

If to Guarantor:

Highridge Costa Development Company, LLC
330 W. Victoria Street
Gardena, California 90248
Attn: Mohannad H. Mohanna

With a copy to:

Settle Meyer Law LLLC
900 Fort Street Mall, Suite 1800
Honolulu, Hawaii 96813
Attn: Scott W. Settle, Esq.

If to HPHA:

Hawaii Public Housing Authority
1002 N. School St.
P.O. Box 17907
Honolulu, Hawai'i 96817
Attn: Executive Director

With a copy to:

Department of the Attorney General, State of Hawai`i
425 Queen Street
Honolulu, Hawai‘i 96813
Attn: Deputy Attorney General

Counterparts. To the extent Guarantor consists of more than one party, this Guaranty may be executed in multiple counterparts, each of which shall constitute an original document and all of which together shall constitute one agreement.

Captions. The captions of the sections of this Guaranty are for convenience only and shall be disregarded in construing this Guaranty.

[Reserved]

[Reserved]

Waiver of Trial by Jury. TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, EACH OF GUARANTOR AND HPHA (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS GUARANTY OR THE RELATIONSHIP BETWEEN THE PARTIES THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

Time of the Essence. Time is of the essence with respect to this Guaranty.

34. **Limitation on Recourse**. All obligations of Guarantor under this Guaranty shall be recourse obligations of such Guarantor only, payable solely and only from the assets of the Guarantor. No member, manager, shareholder, owner, trust, director, officer, agent, employee, attorney or consultant of Guarantor, including any person executing this Guaranty on behalf of

Guarantor, shall be liable personally under this Guaranty.

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IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Performance and Completion Guaranty or caused this Performance and Completion Guaranty to be duly executed and delivered by its authorized representative as of the date first set forth above.

GUARANTOR:

HIGHRIDGE COSTA DEVELOPMENT COMPANY, LLC, a Delaware limited liability company

By: ______________________________
Mohannad H. Mohanna
Its President

OCCUPANCY AND TENANT SELECTION PLAN

Kuhio Park Low Rises and Homes Phase 1 (KPLR)

This Occupancy & Tenant Selection Plan establishes a set policy which will be consistently applied to all applicants. The Owner/Agent does not discriminate against persons with disabilities. This property accepts Housing Choice Vouchers. Kuhio Park Low Rises and Homes Phase 1 (KPLR) is located at 1441 Ahonui Street and 1472 Linapuni Street, Kalihi, City and County of Honolulu, HI 96819. This property contains 302 LIHTC units.

Kuhio Park Low Rises and Homes Phase 1 (KPLR) is SMOKE FREE
The use of prohibited smoking products in all indoor areas, including individual living units, common areas, administrative office buildings, and outdoor areas within 25 feet of those areas is expressly prohibited. Prohibited smoking products include but are not limited to any product(s) that involve(s) the ignition and burning of tobacco leaves, such as cigarettes, cigars, pipes, waterpipes (hookahs), and electronic cigarettes (e-cigarettes) or other electronic smoking devices. This includes Medical Marijuana.

1. POLICY ON NON-DISCRIMINATION:

Kuhio Park Low Rises and Homes Phase 1 (KPLR) pledges to follow the United States policy of achievement of equal housing opportunity throughout the nation. We encourage and support affirmative advertising and marketing programs in which there are no barriers to obtaining housing and all persons will be treated fairly and equally without regard to disability, race, color, religion, sex, source of income, familial status, national origin, actual or perceived sexual orientation, gender identity, marital status and/or domestic partnership in accessing, applying for or in treatment or employment in any of its programs and activities.

For persons who, as a result of national origin, do not speak English as their primary language and who have a limited ability to speak, read, write, or understand and for purposes of Title VI LEP Guidance, persons may be entitled to language assistance with respect to a particular service, benefit, or encounter. ISpeak Card are posed in the Rental Office.

It is the policy of this property to comply fully with Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, Executive Order 11063, Section 504 of the Rehabilitation Act of 1973 which prohibits discrimination on the basis of disability in any program or activity receiving federal financial assistance from the U.S. Department of Housing & Urban Development, Fair Housing Amendments Act of 1988, Equal Access to Housing in HUD Programs - Regardless of Sexual Orientation, Marital Status or Gender Identity Final Rule 2012 (updated in 2016) and any legislation protecting the individual rights of residents, applicants, or staff which may subsequently be enacted. The Violence Against Women Act provides housing protections for survivors of domestic violence, dating violence, sexual assault, and/or stalking. Despite the name of the law, VAWA's protections apply regardless of sex, sexual orientation, or gender identity. VAWA was reauthorized in 2022, as part of that reauthorization, Congress required HUD to implement and enforce the housing provisions of VAWA consistent with, and in a manner that provides, the same rights and remedies as those provided for in the Fair Housing Act.

MMA applies screening criteria uniformly to all applicants. Anyone who wishes to live on the property must be screened prior to moving in. This includes, but is not limited to, live-in aides, security/police officers or additional household members wishing to move-in after the initial move-in. Should an application be approved and move-in has occurred, any addition to the household must be approved by Management. The same screening completed to approve the original application will be used for future household members.

2. REASONABLE ACCOMODATION & MODIFICATION

The person named below has been designated to coordinate compliance with the non-discrimination requirements contained in the Department of Housing and Urban Development's regulations implementing Section 504:

Robin Madison, 504 Coordinator, Michaels Management-Affordable, LLC, P.O. Box 90708, Camden, NJ 08101, 856-596-0500 FAX 856-596-2636 | rmadison@tmo.com |TDD users: Dial 711.

It is our policy, pursuant to Section 504 of the Rehabilitation Act and the Federal Fair Housing Act, to provide reasonable accommodations and modifications upon request to all applicants, residents, and employees with disabilities. Kuhio Park Low Rises and Homes Phase 1 (KPLR) will seek to identify and eliminate situations or procedures which create a barrier to equal housing opportunity for all. In accordance with Section 504, the property will make reasonable accommodations for individuals with disabilities (applicants or residents). Such accommodations may include changes in the method of administering policies, procedures, or services. When an otherwise qualified applicant requests a reasonable accommodation or modification, management is not required to:

a. make structural alterations that require the removal or altering of a load-bearing structure,
b. provide support services that are not already part of its housing programs,
c. take any action that would result in a fundamental alteration in the nature of the program or service, or
d. take any action that would result in an undue financial and administrative burden on the property, including structural impracticality as defined in the Uniform Federal Accessibility Standards (UFAS).

3. FEDERAL PRIVACY POLICY

It is the policy of Kuhio Park Low Rises and Homes Phase 1 (KPLR) to guard the privacy of individuals conferred by the Federal Privacy Act of 1974, the Health Insurance Portability & Accountability Act of 1996 (HIPAA), and the Violence Against Women and Justice Department Reauthorization Act of 2022 (VAWA) to ensure the protection of such individuals' records maintained by the property.

4. OCCUPANCY STANDARDS

No more than two people will be allowed per bedroom unless different guidelines are enforced by the local and/or state laws.

5. INCOME LIMITS

Applicants must meet all applicable Federal Low-Income Housing Tax Credit (LIHTC) Program guidelines. The Low-Income Housing Tax Credit (LIHTC) program is administered by the Internal Revenue Service (IRS). Pursuant to an IRS revenue ruling, participating properties base their rents on the income limits that HUD is mandated to publish annually. The limits are based on family size and the annual income the family receives, and are available attached to this plan.

6. PROGRAM ELIGIBILITY REQUIREMENTS

Applicants and tenants must meet the following requirements to be eligible for occupancy:

A. The family's annual income must not exceed program income limits.
B. An applicant must agree to pay the rent required by the program.
C. All information reported by the family is subject to verification.
D. SSN/TIN Numbers must be disclosed for screening purposes.

7. STUDENT ELIGIBILITY

LIHTC Regulations student status states household cannot be comprised of all full-time students (Kindergarten through 12th grade and institutions of higher education) unless they meet one of the following exceptions:

1. A student receiving assistance under Title IV of the Social Security Act (TANF); or
2. A student who was previously in the foster care program; or
3. A student enrolled in a job training program receiving assistance under the Job Training Partnership Act or other Federal, State, or local laws; or
4. The household comprises single parents and their children, and such parents are not dependents of another individual. Such children are not dependents of another individual other than a parent of such children. In the case of a single parent with children, the legislative history explains that none of the tenants (parent or children) can be a dependent of a third party; or
5. The household contains a married couple entitled to file joint tax returns.

NOTE: For the LIHTC program, a student who is a full-time student for 5 months out of the current calendar year is considered a full-time student for the entire calendar year. The months do not need to be consecutive.

8. CRIMINAL HISTORY

Management will conduct a criminal background check, through a third-party provider, on each adult member of an applicant household. An adult means a person 18 or older. Sex Offender registries will be checked for all household members regardless of age using a third-party provider and/or the Dru Sjodin National Sex Offender Database. Management will check for the regulatory "subject to lifetime sex offender registration requirement in any state", as well as the management adopted criteria of sex offender registration, other than lifetime, in any state. If the criminal background report reveals negative information about a household member and the management company proposes to deny admission due to the negative information, the subject of the record (and the applicant, if different) will be provided notice of the proposed adverse action and an opportunity to dispute the accuracy of the record (IR-082X). The notice will include the name, address, and telephone number of the agency that composed the criminal record report and inform the applicant of his or her right to dispute the accuracy of the criminal record report as well as his or her right to a free copy of the criminal record report. If the applicant does not contact the management company to dispute the accuracy of the criminal record within 14 calendar days, the management company will send a written notice of ineligibility to the applicant stating the specific reason for denial and advise the applicant of their appeal rights and – if disabled – their right to request a reasonable accommodation, if applicable. If the applicant's criminal conviction was related to his or her disability, the management company will consider a reasonable accommodation. The management company will not consider an arrest or charge that was resolved without conviction. In addition, the management company will not consider expunged or sealed convictions. Where the management company considers denying admission to a household based on a criminal conviction, the management company will conduct an individualized assessment of the criminal record and its impact on the household's suitability for admission (IR-015).

This individualized assessment will include consideration of the following factors:

1. the seriousness of the criminal offense;
2. the relationship between the criminal offense and the safety and security of residents, staff, or property;
3. the length of time since the offense, with particular weight being given to significant periods of good behavior;
4. the age of the household member at the time of the offense;
5. the number and nature of any other criminal convictions;
6. evidence of rehabilitation, such as employment, participation in a job training program, education, participation in a drug or alcohol treatment program, or recommendations from a parole or probation officer, employer, teacher, social worker, or community leader; and
7. tenancy supports or other risk mitigation services the applicant will be receiving during tenancy. Management has established a policy to reject all applications where the applicant or any household member has engaged in certain criminal activity and has been released anytime during the past 5 years from a prison, penitentiary or jail after serving time for a felony.

The activities that will be grounds for rejection of an application include but are not limited to the following:

1. Any conviction or adjudication other than acquittal for violent crimes and felonies in all states, including but not limited to: criminal homicide, manslaughter, armed robbery, assault, arson, etc. within the last 7 years.
2. Any conviction or adjudication, other than acquittal, which involved injury or potential injury to a person or property within the last 5 years.
3. Any conviction or adjudication other than acquittal for non-violent crimes, the severity or existence of crime vary from state to state including, but not limited to: other simple assaults, forgery, fraud, embezzlement, weapons, etc. within the last 3 years.
4. Any conviction or adjudication other than acquittal for the sale, distribution or manufacture of any controlled or illegal substance within the past 5 years.
5. Any current illegal user or addict of a controlled or illegal substance or Household is currently engaged in illegal use of drugs or there is reasonable cause to believe that a member's illegal use or pattern of illegal use that may interfere with the health, safety, or right to peaceful enjoyment by other residents.
6. Any act which results in the person's tenancy constituting a threat to the health or safety of other individuals, result in possible substantial physical damage to the property of others, or interfere with the peaceful and quiet enjoyment of the premises.
7. Any conviction or adjudication other than acquittal, for any sexual offense.
8. Registration on any state sex offender registry.
9. Any conviction or adjudication other than acquittal, which involved bodily harm to a child.

10. Any conviction or adjudication other than acquittal, for domestic violence, dating violence, sexual assault or stalking, unless otherwise protected pursuant to the Violence Against Women Act within the last 5 years.
11. Eviction for Drug Related Criminal Activity from federally assisted housing for drug related criminal activity within the last 3 years.
12. Alcohol abuse, or pattern of abuse of alcohol, that interferes with the health, safety or right to peaceful enjoyment of the premises by other residents.
13. Any applicant convicted or adjudication other than acquittal of more than 3 felonies or misdemeanors of any kind, within 7 years of the application.

It is the policy of Kuhio Park Low Rises and Homes Phase 1 (KPLR) to screen applicants for criminal history, and to reject applications if it is determined that current or past criminal activity of an applicant may indicate a present threat to the health, safety, or right to peaceful enjoyment by other residents, property management staff or persons residing in the immediate vicinity of the facility. Management will work with law enforcement to follow-up on any criminal reports received for all criminal activity that threatens the health, safety, or right to peaceful enjoyment of the premises by other residents (including property management staff); or any criminal activity that threatens the health, safety, or right to peaceful enjoyment of their residences by persons residing in the immediate vicinity of the premises. If the criminal police reports indicate criminal activity, which allows for the termination of tenancy, then eviction proceedings will be started.

9. CREDIT HISTORY

Credit reports will be obtained, from a third-party provider, for all applicant household members who are 18 years of age or older. The credit report must demonstrate that the applicant has paid financial obligations as agreed. Monies owed for medical related expenses and student loans will be disregarded. Either the management company and/or a third-party screening company retrieves credit records and independently assesses an applicant's credit performance, assigning greater weight to activity reported over the most recent 24-month period. An applicant may be rejected if the report demonstrates a history of poor credit with little or no effort made to address the outstanding debts. An applicant will be denied if the credit report shows in the last 7 years:

1. Unpaid balance(s) owed to current or previous landlord(s).
2. Outstanding debt to a utility company that would prohibit the applicant from establishing utility service in his/her name prior to move-in. Applicants may be re-considered if they provide evidence the debt has been paid and the utility company will provide service.
3. A bankruptcy that has not been discharged.
4. Any credit history that is an indication of irresponsible behavior that indicates future problems for the property.

Should the applicant be rejected based on credit; MMA will provide the applicant with the name and contact information of the credit reporting agency. All applicants may appeal the rejection and, if disabled, may request a reasonable accommodation. MMA will waive a rejection based solely on credit if the negative information can be mitigated to the satisfaction of the Landlord by substantially reducing the financial risk to the Landlord.

10. LANDLORD HISTORY

Management will contact the current landlord and at least one prior landlord. An Applicant may be rejected for the following report(s) provided by a current or prior Landlord.

1. Failure to disclose a prior residency and/or disclosure of a false residency history on the application;
2. An unpaid balance owing to a prior landlord for rent, damages, or other charges; unless previous arrangements for repayments have been made by the Applicant and regular payments can be verified;
3. History of failure to cooperate with the recertification process
4. Eviction of any household member, for three (3) years from the date of the eviction, unless eviction was from a non-subsidized unit for non-payment of rent due to a lack of or decrease of income;
5. History of late payment of rent (defined as rent paid late three (3) or more times in any consecutive six (6) month period during the preceding two (2) years);
6. Previous evictions for lease violations, termination for fraud, or any legal proceedings against any household member;
7. A source of conflict with Management and/or residents;
8. Destructive to their apartment or other public areas;
9. In violation of previous lease agreement or house rules;
10. Poor housekeeping habits, hording, or unreasonable clutter that may result in a threat to health and safety;
11. Evidence of a pest (such as bed bugs) infestation, if the Applicant refuses to cooperate with the treatment requirement at move-in;
12. History of permitting person(s) not on the lease or otherwise authorized to reside in their unit without the prior written approval of Management;
13. Disturbance of other tenants, damage to the unit or property, or interference with the management of the property by any household member or their guests; When determining suitability for housing, the property does not take into considering Landlord References given by a friend or family member. The absence of a landlord reference shall not adversely affect the applicant. Information that indicates an unstable or potentially hazardous relationship between the Applicant(s) and other Residents. Information that indicates the Applicant or any Household Member would be a threat to the safety and well-being of the Development and/or other Residents. A member of the Applicant Household's behavior and/or conduct on the property (Either as a visitor of another Resident or exhibited to Management during the application process) is unacceptable, or interferes with the rights and convince of other Residents and/or Management (staff, contractors, etc.).

❖ An exception may also be made if the applicant is a domestic violence victim, which required the applicant to get out of a lease early and left owing a balance for rent and/or damages: The applicant must present written verification of their situation. This may take the form of a valid order for protection or a record of reporting the incident(s) of domestic violence/assault/stalking to a "qualified third party", such as law enforcement officers, state court employees, healthcare professionals, licensed mental health professionals, clergypersons, or crime victim/witness program advocates.

11. APPLICATION & WAITLIST PROCESS

An application must be completed by every applicant who wishes to be considered for an apartment. If an apartment is not immediately available, a pre-application (brief form of application), which provides the minimum information needed to determine if the applicant is eligible be put on the waiting list, will be used. Applicants on the waiting list are not guaranteed an apartment.

The process is as follows:

1. Receiving and recording the application: Upon receipt of an application for tenancy, management must indicate on the application the date and time received. This may be accomplished by either using a date and time stamp or by writing and initialing the date and time received.
2. Management must then either process the applicant for admission, place the applicant on the waiting list or, based on a preliminary eligibility determination, reject the applicant.
3. If the pre-application is used to place an applicant on the waiting list, then a full application must be completed at the time a unit is available and the applicant comes to the top of the waiting list.
4. Every application must be completed and signed by the head of the household, spouse, and every adult household member 18 years of age and older.
5. All members of the household must be listed on the application.

Assistance can be provided from the management and might take the form of answering questions about the application, helping applicants who might have literacy, vision, or language challenges, and, in general, make it possible for interested parties to apply for assisted housing. Applicants with disabilities may be provided an alternative method of having their application processed as a result of their disability.

An applicant's name will not be removed from the waiting list unless:

1. the applicant requests their name be removed; or
2. the applicant was clearly advised, in writing, of the requirement to tell property of their continued interest in housing by a particular time and failed to do so; or
3. a reasonable effort was made, in writing, to contact the applicant to determine if there was continued interest in housing but has been unsuccessful; or
4. the applicant was notified, in writing, of its intention to remove the applicant's name.

12. INTERVIEW & VERIFICATION PROCESS

As applicants approach the top of the waiting list, they will be contacted to schedule an application interview. The interview shall be conducted in accordance with the current IRS Section 42 Regulations. No decision to accept or reject an application shall be made until verifications triggered by the application form have been collected and any necessary follow-up interviews have been performed.

All information relative to the following items must be verified as described in these procedures:

Eligibility for Admission, such as:

a. income, assets, and asset income
b. household composition
c. student status

Compliance with Resident Selection Guidelines, such as

a. positive prior landlord reference, rent paying, caring for a home

b. history of criminal activity including sex offender registry of any household member
c. credit checks will be processed through approved credit bureaus, applicants must have a positive credit history.

All the above information must be documented and appropriate verification forms or letters placed in the applicant file. Only verified information that is less than 120 days old may be used for certification or recertification. Verified information not subject to change (such as a person's date of birth) need not be re-verified. Forms of verification include, but are not limited to: verification forms completed as part of the interview process (signed by the applicant) and signed by third parties, documentation, ie, award letters, pay stubs, bank statements, IRS Tax Returns, etc., and clarification memos of telephone conversations with reliable sources (at minimum, such reports will indicate the date and time of the conversation, source of the information, name and job title of the individual contacted, and a written summary of the information received).

NOTE: If third party verification is not available, then the file will be documented to show that the management attempted to obtain third-party written documentation before relying on some less acceptable form of information.

Management will be the final judge of the credibility of any verification submitted by an applicant. If the documentation is considered to be doubtful, it will be reviewed by Management, who will make a ruling about its acceptability. Management will continue to pursue credible documentation until it is obtained or the applicant's application is rejected for failing to produce it. Any information provided by the applicant that verification proves to be untrue may be used to disqualify the applicant for admission on the basis of attempted fraud. IRS Section 42 regulations consider false information discovered during the application process will be grounds for rejecting an application

13. WRITTEN REJECTION

NOTE: An applicant's behavior toward management will be considered in relation to future behavior toward neighbors. ***Physical or verbal abuse or threats by an applicant toward all members of management will be noted in the file and the application will be rejected***. The Applicant Screening and Rejection Criteria applies to all applicants; including but not limited to; all adult members of the Applicant's household who are expected to reside in the unit at initial application, additional members who wish to be added to a household after initial occupancy, and Live-In Aides (will not be screened for ability to pay rent on-time). If an Applicant or a member of the Applicant Household is determined to be ineligible for housing based upon screening, they will be notified of the rejection, in writing, by Management. Reasons for rejection include, but are not limited to:

a. Application is incomplete.
b. Applicant does not have sufficient funds to pay the security deposit.
c. Willful or serious misrepresentation in the application procedure for the apartment or certification process.
d. Behavior or conduct which adversely affects the safety or welfare of other persons, including property staff; or which is disturbing or dangerous to neighbors or disrupts sound family and community life.
e. Evidence of acts of violence or of any other conduct, which would constitute a danger or disruption to the peaceful occupancy of neighbors.

f. Evidence of any failure to comply with the terms of rental agreements at prior residences, such as failure to recertify as required, providing shelter to unauthorized persons, keeping pets, or other acts in violation of rules and regulations.
g. Applicants who owe a balance to present or prior landlords will not be considered for admission until the account is paid in full and reasonable assurance is obtained that the contributing causes for nonpayment of rent or damages have changed sufficiently to enable the household to pay rent and other charges when due.
h. Applicants who owe a balance to the local utility provider for the property will not be considered for admission until the account is paid in full and/or reasonable assurance is obtained that utility service can be obtained in the name of the head of household and/or another adult household member.
i. Unsanitary or Hazardous Care of a Unit through acts of neglect, misuse and/or any other conduct or neglect which could result in health or safety problems or in damage to the premises.
j. Unsatisfactory credit, criminal, and landlord history outlined above.
k. Failure to meet the Student Rules.

The Applicant(s) will be given fourteen (14) days to respond, in writing, to request a hearing to discuss the rejection. Applicant(s) being rejected will be provided with the VAWA Fact Sheet; Notice of Occupancy Rights Under the Violence Against Women Act (form HUD-5380); and the Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking, and Alternate Documentation (form HUD-5382). Applicants, member of the Applicant Household, and/or Live-In Aide must claim VAWA protections within fourteen (14) days from the date of receipt of the rejection notice. MMA will support or assist victims of domestic violence, dating violence, sexual assault and stalking and protect victims, as well as members of their family, from being denied housing or from losing their HUD assisted housing. Requests from Applicants who are victims of domestic violence, dating violence, sexual assault or stalking will be asked to provide documentation of their status as a victim. If the Applicant, Resident, Addition to Household, and/or Live-In Aide has not provided the requested information by the fourteenth (14th) day none of the protections afforded to victims of covered crimes under the Section 8 Housing Programs apply. Documentation of covered crimes: may include:

1. A Federal, State, Tribal, Territorial, or Local police or court record; or
2. Documentation signed and attested to by an employee, agent, or volunteer of a victim service provider, an attorney, or a medical professional; from whom the victim has sought assistance in addressing domestic violence, dating violence, sexual assault, stalking, or the effects of abuse; or
3. A completed Certification Form HUD-5382 (Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking, and Alternate Documentation). Only Management Office Staff shall have access to information as it relates to Applicants and Residents concerning incidents of covered crimes. Information will be confidentially stored in a separate file and maintained for the life of tenancy plus three (3) years following date of move-out. The status of a victim cannot be entered into a shared database unless it is:
    a. Requested by the individual in a time-limited release,
    b. Required for use in an eviction or

c. It is otherwise required by law

The hearing will be conducted by Kuhio Park Low Rises and Homes Phase 1 (KPLR) Regional Property Manager and/or a member of management who did not make the initial decision. During the hearing, the assigned hearing official will provide a copy of all information used in the housing determination to the Applicant(s). By providing copies of the criminal background, credit report, landlord references, and/or other documents used in the housing determination, management is allowing the Applicant(s) an opportunity to dispute the accuracy of the documents and an opportunity to provide other documentation which may reverse the original housing determination. Once the hearing has been held, the Hearing Official will have five (5) days to notify the Applicant Household in writing of the final decision. If the Applicant does not appear for the rejection hearing they have requested, and makes no attempt to call or write Management to reschedule, prior to the meeting, the assigned Hearing Official will adhere to the original rejection decision. The Hearing Official will send a letter stating this within five (5) days of the scheduled meeting. A rejection hearing will be rescheduled one time only. The property will keep the following materials on file for at least three (3) years; Application, Initial Applicant Rejection Letter, any Applicant reply, Management's final response, and all interview and verified information on which Management has based the rejection. Management will consider extenuating circumstances when an applicant is a person with disabilities; where a Reasonable Accommodation to the Applicant Screening and Rejection Criteria would allow the Applicant and/or member of the Applicant household to have equal access to housing. All Reasonable Accommodation Requests will be processed in accordance with the property's' Reasonable Accommodation and Modification Request Policy and Procedure. In some situations, even with reasonable accommodations, applicants with disabilities cannot meet essential program requirements. In these situations, the applicant is not eligible and the application will be rejected.

14. OFFERING AN APARTMENT & SECURITY DEPOSITS

When an apartment becomes available for occupancy, it will be offered to the applicant at the top of the waiting list for that apartment type. If the applicant cannot be contacted within five (5) working days, the offer will be cancelled and the apartment will be offered to the next applicant on the waiting list. In that event, the first applicant will be sent a letter requesting confirmation of its interest in remaining on the waiting list (IR-093). If the applicant replies affirmatively, the applicant will retain position on the waiting list. If the reply is negative, or if no reply is received within five (5) working days, the applicant will be removed from the waiting list. If an applicant rejects the offer of an apartment twice, the applicant will be removed from the waiting list. If a household fails to move in on the agreed date, the application will be declined and the apartment will be offered to the next household on the waiting list unless there are extenuating circumstances. A Security Deposit is required to provide the owner with some financial protection when a tenant moves out of the unit and fails to fulfill his/her obligations under the lease. Security Deposits are held in interest-bearing accounts and allocate the interest to the tenant. The Security Deposit or payment plan are required prior to Move In.

15. MOVE IN BRIEFING

Management will hold a meeting prior to occupancy to ensure that new tenants understand the terms of the lease and relay important information about resident rights, lead-based paint disclosure, house rules, and conditions for termination of tenancy. Keys to the apartment will be issued to the household at this time. The briefing gives the tenant an opportunity to ask questions and discuss the information being presented. Lead Based Paint Disclosure (if applicable). Other topics will include, but are not limited to: Reasonable Accommodation and Modification Requests, recertifications, unit inspections, House Rules, transfer policy, student eligibility, maintenance charges are actual cost to repair/replace, VAWA – Violence Against Women Act, all household member 18 and over must sign the VAWA Lease Addendum HUD Form-91067, VAWA files are confidential, retained for the term of tenancy plus 3 years, these documents are stored in a secured access location separate from the tenant file, reporting required when the household composition changes, the Move-In/Move Out Inspection form, rent due on first of the month and late fees, etc. The HOH will be given a copy of the Lease, the Move-In Inspection form, Community Policies, and the receipt for the Security Deposit and first month's rent, HOH must have receipt of proof that the utilities have been transferred into their name

16. TRANSFER POLICY

Residents who wish to transfer to another unit must make the request in writing to the Rental Office. Depending on box 8b of IRS Form-8609 for Kuhio Park Low Rises and Homes Phase 1 (KPLR), households may or may not be able to transfer without requalifying. Reasons for transfer may be:

a. Medical reason or a need for an accessible unit because of a Reasonable Accommodation due to the disability of a household member;
b. If the household member needing the accessible features moves out of the accessible apartment, then the remaining household members will be required to move to a non-accessible unit; or
c. If no household member needs the accessible features of their current apartment and the accessible apartment is needed by a household with person(s) with disabilities.
d. VAWA Emergency Transfers (VET)

Residents, who either request a transfer or are required to transfer for any of the above reasons, will be placed on a transfer waiting list based on the apartment size requested. Residents, without disabilities, currently residing in an accessible apartment will be given a 30-day notice to transfer to a non-accessible apartment as agreed to using IR-220. Residents may be required to transfer in any situation which may arise that is due to reasons beyond anyone’s control, including, but not limited to, natural disasters or extensive repairs to be completed in, or around, the unit which cannot be completed while the unit in question is occupied.

NOTE: Current residents that have been required to transfer due to reasons beyond anyone’s control, (noted in previous paragraph) will be given priority over applicants.

NOTE: Depending upon the circumstances of the transfer, a resident may be obligated to pay all costs associated with the move. However, if a resident is transferred as a reasonable accommodation to a household member’s disability, then the owner must pay the costs of moving the resident’s belongings, unless doing so would be an undue financial and administrative burden.

NOTE: Transfers will not take place if the resident is not in compliance with their Lease, this includes but is not limited to the lease violations for “decent, safe and sanitary care of apartment that have not been “cured”, unpaid rent, late fees, damage charges and any other outstanding lease violations. The transfer request will remain on the transfer waiting list until resident is in compliance with their lease and transfer takes place or resident moves out.

a. Residents, with disabilities, currently residing in a non-accessible apartment, and need accessible features will be given first priority for an apartment with accessible features over other residents and applicants.
b. VAWA Emergency Transfers (VET) will receive second priority

MMA allows survivors of domestic violence, sexual assault, dating violence, and stalking to transfer to another available dwelling unit. The ability to request a transfer is available regardless of sex, gender identity, or sexual orientation. The ability of this site to honor such request for tenants may depend upon a preliminary determination that the tenant is or has been a victim of domestic violence, dating violence, sexual assault, or stalking, and on whether this site has another dwelling unit that is available and is safe to offer the tenant for temporary or more permanent occupancy. This plan identifies tenants who are eligible for an emergency transfer, the documentation needed to request an emergency transfer, confidentiality protections, how an emergency transfer may occur, and guidance to tenants on safety and security. This plan is based on a model emergency transfer plan published by the U.S. Department of Housing and Urban Development (HUD), the Federal agency that oversees that this site is in compliance with VAWA. A tenant requesting an emergency transfer must expressly request the transfer in accordance with the procedures described in this plan and tenants who are not in good standing may still request an emergency transfer, if they meet the eligibility requirements.

1. To request an emergency transfer, the tenant shall notify the management office by completing HUD-5382 Certification of Domestic Violence, Sexual Assault or Stalking and submit a written request for a transfer to the Rental Office using IR-209 A Emergency Transfer Form.
2. MMA will provide reasonable accommodations to this policy for individuals with disabilities. The tenant's written request for an emergency transfer should include either: A statement expressing that the tenant reasonably believes that there is a threat of imminent harm from further violence if the tenant were to remain in the same dwelling unit assisted under this site's program; OR
3. A statement that the tenant was a sexual assault victim and that the sexual assault occurred on the premises during the 90-calendar-day period preceding the tenant's request for an emergency transfer.
4. MMA will follow all reasonable confidentiality measures to help protect the new dwelling unit's identification and location from the perpetrator of the violence or assault.

NOTE: There is no VAWA preference for new admissions.

17. REOCCUPANCY

A relocation consultant will assist MMA with giving priority to residents (who comply with all requirements above) and who were relocated from KPLR. In addition, non-profits will assist the relocation consultant and MMA with the return of residents previously relocated.

18. PET POLICY

Residents may keep common household pets in their apartment. Before bringing a pet to their apartment, an applicant or resident must complete the Pet Application, sign the Pet Addendum, and pay the Pet Deposit. Copies of the pet policy and pet lease addendum will be given to the applicant and/or the resident upon their request.

EXHIBIT H

[RESERVED]

EXHIBIT I

[RESERVED]

<u>PERFORMANCE AND COMPLETION GUARANTY</u>
<u>(Kuhio Park Terrace Low-Rise Phase 1)</u>

This **PERFORMANCE AND COMPLETION GUARANTY** (this "**Guaranty**") is entered into as of ______, 2025, by **HIGHRIDGE COSTA DEVELOPMENT COMPANY, LLC**, a Delaware limited liability company ("**Guarantor**"), for the benefit of **HAWAII PUBLIC HOUSING AUTHORITY**, a public body corporate and politic, organized under the laws of the State of Hawaii ("**HPHA**").

RECITALS:

A. **HCDC KUHIO PARK 1, LLC**, a Hawaii limited partnership, (the "**Tenant**") has entered into that certain HPHA Ground Lease Agreement for Kuhio Park Low Rises and Homes Phase 1 with the HPHA dated as of substantially even date herewith (the "**Ground Lease**"), which obligates the Tenant to, among other things, complete construction of a 304-unit affordable housing development.

B. As a condition to entering into the Ground Lease, HPHA requires that Guarantor execute this Guaranty.

C. Guarantor will directly or indirectly derive a material financial benefit from the Tenant entering into the Ground Lease.

NOW, THEREFORE, in order to induce HPHA to enter into the Ground Lease, and in consideration thereof, Guarantor agrees as follows:

1. **<u>Defined Terms</u>**. Capitalized terms used but not defined in this Guaranty shall have the meanings assigned to them in the Ground Lease.

2. **<u>Scope of Guaranty</u>**. Guarantor represents to HPHA that Guarantor has a direct or indirect ownership interest in Tenant and/or will otherwise derive a material financial benefit from the Tenant entering into the Ground Lease. Guarantor hereby does jointly, severally and unconditionally guaranty to HPHA the following (collectively, the "**Guaranteed Obligations**"):

(a) that Tenant will complete the Improvements in accordance with the Plans and Specifications;

(b) that in the event that the sum of the proceeds of the loans secured by the Leasehold Mortgagees available for disbursement, the equity contributions available for disbursement from the Tax Credit Investor, and the net cash flow available from the Premises are, or at any time become, in the judgment of the HPHA, insufficient to pay all costs for the completion of the Improvements, then the Tenant will pay such costs;

(c) that Tenant will pay and discharge, or otherwise release, all mechanic's and materialmen's liens or claims therefor imposed or alleged against the Premises to the end that there shall be no mechanic's, materialmen's or other like liens or claims outstanding against the Premises;

(d) that Tenant shall cause the construction of the Improvements at all times to comply with all applicable existing building, zoning, use and environmental protection laws and ordinances as may be necessary to enable the use and occupancy of the Premises for its intended purposes

3. If Tenant shall fail to duly and punctually perform and observe any of the Guaranteed Obligations, then upon written demand by the HPHA or its designee, Guarantor forthwith will itself, at its own expense, do, promptly perform and observe such Guaranteed Obligations provided, however, (a) to the extent that the Guarantor's ability to continue and complete construction of the Improvements is impacted by the _______________(the "**Construction Lender**") failure to advance funds to the Guarantor under the Tenant's loan agreement with the Construction Lender, the HPHA agrees to delay enforcement of this Guaranty for up to 180 days to allow the Guarantor to obtain replacement financing, and (b) obligations imposed on the Guarantor under this Guaranty are limited to the extent that Guarantor certifies to HPHA, and HPHA confirms the basis for such certification (such confirmation not to be unreasonably withheld, conditioned or delayed), that the cost to complete the Improvements, when combined with financing costs and the construction costs (including all costs incurred as of the date of such determination and the projected costs to complete the Improvements) (collectively, "**Total Construction Costs**"), exceeds one hundred and twenty percent (125%) of the budget approved by HPHA, Leasehold Mortgagees, and the Tax Credit Investor at Closing (the "**Guaranty Limit**"). If the Guaranty Limit is reached this Guaranty shall terminate in accordance with Section 16 of this Guaranty.

4. In the case of any payment to be made by Guarantor, such payment shall be made within five (5) days following written demand therefor, and any amounts not paid within such time shall accrue interest at the long term applicable federal rate from the earlier of the date of demand therefor or such other date as may be provided under the Ground Lease.

5. **[Reserved]**

6. **Guaranty of Payment and Performance**. Guarantor's obligations under this Guaranty constitute an unconditional and continuing guaranty of payment and performance and not merely a guaranty of collection. Guarantor hereby irrevocably and unconditionally covenants and agrees that Guarantor is liable for the Guaranteed Obligations as a primary obligor.

7. **Unconditional Guaranty**. The obligations of Guarantor under this Guaranty shall be performed without demand by HPHA and shall be unconditional irrespective of the genuineness, validity, regularity or enforceability, in whole or in part, of the Ground Lease, and without regard to any other circumstance which might otherwise constitute a legal or equitable discharge of a surety, a guarantor, a borrower or a mortgagor. Guarantor hereby waives the benefit of all principles or provisions of law, statutory or otherwise, which are or might be in conflict with the terms of this Guaranty and agrees that Guarantor's obligations shall not be affected by any circumstances, whether or not referred to in this Guaranty, which might otherwise constitute a legal or equitable discharge of a surety, a guarantor, a borrower or a mortgagor. Guarantor hereby waives the benefits of any right of discharge under any and all statutes or other laws relating to a guarantor, a surety, a borrower or a mortgagor, and any other

rights of a guarantor, a surety, a borrower or a mortgagor, thereunder. Without limiting the generality of the foregoing, Guarantor hereby waives, to the fullest extent permitted by law, presentment, demand for payment, protest, all notices with respect to this Guaranty which may be required by statute, rule of law or otherwise to preserve HPHA's rights against Guarantor under this Guaranty, including, but not limited to, notice of acceptance, notice of any amendment of the Ground Lease, notice of the occurrence of any default or Event of Default, notice of intent to accelerate, notice of acceleration, notice of dishonor, notice of foreclosure, notice of protest, and notice of the incurring by Tenant of any obligation or indebtedness. Guarantor also waives, to the fullest extent permitted by law, all rights to require HPHA to (a) proceed against the Tenant or any other guarantor of Tenant's payment or performance with respect to the Indebtedness (an "**Other Guarantor**"), (b) if the Tenant or any Other Guarantor is a partnership, proceed against any general partner of the Tenant or the Other Guarantor, or (c) pursue any other remedy it may now or hereafter have against the Tenant, or, if the Tenant is a partnership, any general partner of Tenant. Guarantor further waives, to the fullest extent permitted by applicable law, (a) any defenses that could arise with respect to an amendment or modification of the Guaranteed Obligations by operation of law, action of any court or the amendment of any of the Ground Lease, (b) any defense that HPHA has waived any Guaranteed Obligation by failing to enforce any right or remedy hereunder, or to promptly enforce any such right or remedy and (c) any other event or circumstance that may constitute a defense of Guarantor to payment of the Guaranteed Obligations.

8. **Joint and Several Liability**. If more than one person executes this Guaranty, the obligations of those persons under this Guaranty and any Other Guarantor shall be joint and several. HPHA, in its sole and absolute discretion, may (a) bring suit against Guarantor, or any one or more of the persons constituting Guarantor, and any Other Guarantor, jointly and severally, or against any one or more of them; (b) compromise or settle with any one or more of the persons constituting Guarantor or any Other Guarantor for such consideration as HPHA may deem proper; (c) release one or more of the persons constituting Guarantor, or any Other Guarantor, from liability; and/or (d) otherwise deal with Guarantor and any Other Guarantor, or any one or more of them, in any manner, and no such action shall impair the rights of HPHA to collect from Guarantor any amount guaranteed by Guarantor under this Guaranty. Nothing contained in this paragraph shall in any way affect or impair the rights or obligations of Guarantor with respect to any Other Guarantor.

9. **[Reserved]**

10. **[Reserved]**

11. **Preference**. If any payment by the Tenant is held to constitute a preference under any applicable bankruptcy, insolvency, or similar laws, or if for any other reason HPHA is required to refund any sums to Guarantor, such refund shall not constitute a release of any liability of Guarantor under this Guaranty. It is the intention of HPHA and Guarantor that Guarantor's obligations under this Guaranty shall not be discharged except by Guarantor's performance of such obligations and then only to the extent of such performance.

12. **Reinstatement**. If at any time any payment of any amounts due under this Guaranty is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy

or reorganization of Guarantor or otherwise, Guarantor's obligations hereunder with respect to such payment shall be reinstated as though such payment has been due but not made at such time.

13. **<u>Guarantor's Financial Condition</u>**.

(a) Guarantor hereby represents and warrants to HPHA that as of the date hereof and throughout the term of this Guaranty, and after giving effect to this Guaranty and the contingent obligation evidenced hereby, Guarantor is and will be solvent and has and will have (i) assets which, fairly valued, exceed its obligations, liabilities and debts (excluding contingent liabilities), and (ii) property and assets sufficient to satisfy and repay its obligations and liabilities. Guarantor hereby covenants and agrees that during the term of this Guaranty, except for the payment of employee salaries and benefits, distributions and dividends in the ordinary course of business, it shall not sell, pledge, mortgage or otherwise transfer any of its assets, or any interest therein, which, when taken in the aggregate are on terms materially less favorable than would be obtained in an arms-length transaction for fair consideration.

(b) Guarantor hereby represents and warrants to HPHA that all financial statements and other financial data previously delivered to HPHA in connection with this Guaranty relating to the Guarantor are true, correct and complete in all material respects. Such financial statements fairly present the financial positions of all Persons who are the subjects thereof as of the respective dates thereof. Guarantor further represents and warrants to HPHA that, except as previously disclosed to HPHA in writing, no material adverse change has occurred as of the date hereof in such financial position, or in the business, operations, assets, management, ownership or condition (financial or otherwise) of Guarantor, since the respective dates of such financial statements and financial data. Except as otherwise previously disclosed to HPHA in writing, Guarantor has no knowledge of any material contractual obligations of Guarantor which might have a material adverse effect upon the ability of Guarantor to perform Guarantor's obligations under this Guaranty.

(c) Guarantor shall furnish or cause to be furnished to HPHA: as soon as available and in any event within one hundred eighty (180) days after the end of each fiscal year of Guarantor, copies of the following financial statements of Guarantor for such fiscal year, prepared and audited by an independent certified public accountant acceptable to HPHA in accordance with generally accepted accounting principles: (A) a balance sheet as of the end of such fiscal year (including supporting schedules), and (B) a statement of income and capital accounts for such fiscal year. Notwithstanding the foregoing, the financial statements of any individual Guarantor, if any, are not required to be audited by an independent certified public accountant.

(d) Guarantor shall from time to time, upon written request by HPHA, deliver to HPHA Lender such other financial statements as HPHA may reasonably require.

14. **Marital and Residency Status**. **N/A**

15. **Financial Covenants.** **N/A**

16. **Term of Guaranty**. Subject to the provisions of Section 10 (Preference) and Section 11 (Reinstatement), this Guaranty shall automatically terminate on the earlier to occur of (a) the Completion Date or (b) date the Guarantor provides a certification to the HPHA that Total Construction Costs exceed the Guaranty Limit, and HPHA has confirmed the basis for such certification (such confirmation not to be unreasonably conditioned, withheld or delayed) or (c) termination of the Ground Lease.

17. **Determinations by HPHA**. Except to the extent expressly set forth in this Guaranty to the contrary, in any instance where the consent or approval of HPHA may be given or is required, or where any determination, judgment or decision is to be rendered by HPHA under this Guaranty, the granting, withholding or denial of such consent or approval and the rendering of such determination, judgment or decision shall be made or exercised by HPHA, as applicable (or its designated representative) at its sole and exclusive option and in its sole and absolute discretion.

18. **Governing Law**. This Guaranty shall be governed by and enforced in accordance with the laws of the Property Jurisdiction, without giving effect to the choice of law principles of the Property Jurisdiction that would require the application of the laws of a jurisdiction other than the Property Jurisdiction.

19. **Consent to Jurisdiction and Venue**. Guarantor agrees that any controversy arising under or in relation to this Guaranty shall be litigated exclusively in the Property Jurisdiction. The state courts and authorities with jurisdiction in the Property Jurisdiction shall have exclusive jurisdiction over all controversies which shall arise under or in relation to this Guaranty. Guarantor irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise. However, nothing herein is intended to limit HPHA's right to bring any suit, action or proceeding relating to matters arising under this Guaranty against Guarantor or any of Guarantor's assets in any court of any other jurisdiction.

20. **Successors and Assigns**. This Guaranty shall be binding upon Guarantor and its heirs, legal representatives, successors, successors-in-interest and assigns, as appropriate, and shall inure to the benefit of the HPHA and its respective successors, successors-in-interest and assigns. The terms used to designate any of the parties herein shall be deemed to include the heirs, legal representatives, successors, successors-in-interest and assigns, as appropriate, of such parties. References to a "person" or "persons" shall be deemed to include individuals and entities. Guarantor acknowledges and agrees that any HPHA, at its option, may assign its respective rights and interests under this Guaranty and the Ground Lease in whole or in part and upon such assignment all the terms and provisions of this Guaranty or the Ground Lease shall inure to the benefit of such assignee to the extent so assigned. Guarantor may not assign or delegate its rights, interests or obligations under this Guaranty without first obtaining HPHA's prior written consent.

21. **Severability**. The invalidity, illegality or unenforceability of any provision of this Guaranty shall not affect the validity, legality or enforceability of any other provision, and all other provisions shall remain in full force and effect.

22. **Expenses**. Guarantor shall pay to HPHA, upon demand, the amount of any and all expenses, including, without limitation, reasonable attorneys' fees (including reasonable time charges of attorneys who may be employees of HPHA), which HPHA may incur in connection with (a) the exercise or enforcement of any of its rights hereunder, (b) the failure by Guarantor to perform or observe any of the provisions hereof, or (c) the breach by Guarantor of any representation or warranty of Guarantor set forth herein. Guarantor shall also pay to HPHA any such expenses, interest on such expenses computed at the long term applicable federal rate of interest.

23. **Remedies Cumulative**. In the event of Guarantor's default under this Guaranty, HPHA may exercise all or any one or more of its rights and remedies available under this Guaranty, at law or in equity. Such rights and remedies shall be cumulative and concurrent, and may be enforced separately, successively or together, and the exercise of any particular right or remedy shall not in any way prevent HPHA from exercising any other right or remedy available to HPHA. HPHA may exercise any such remedies from time to time as often as may be deemed necessary by HPHA.

24. **No Agency or Partnership**. Nothing contained in this Guaranty shall constitute HPHA as a joint venturer, partner or agent of Guarantor, or render HPHA liable for any debts, obligations, acts, omissions, representations or contracts of Guarantor.

25. **Entire Agreement; Amendment and Waiver**. This Guaranty contains the complete and entire understanding of the parties with respect to the matters covered herein. Guarantor acknowledges that Guarantor has received a copy of the Ground Lease. This Guaranty may not be amended, modified or changed, nor shall any waiver of any provision hereof be effective, except by a written instrument signed by the party against whom enforcement of the waiver, amendment, change, or modification is sought, and then only to the extent set forth in that instrument. No specific waiver of any of the terms of this Guaranty shall be considered as a general waiver.

26. **Further Assurances**. Guarantor shall at any time and from time to time, promptly execute and deliver all further instruments and documents, and take all further action that may be reasonably necessary or desirable, or that HPHA may reasonably request, in order to protect any right or interest granted by this Guaranty or to enable HPHA to exercise and enforce its rights and remedies under this Guaranty.

27. **Notices; Change of Guarantor's Address**. All notices, requests, demands, consents, and other communications required or permitted to be given or made hereunder shall be in writing and shall be deemed to have been duly given if mailed, certified first class mail, postage prepaid, return receipt requested, or by Federal Express or other receipted courier service, or hand delivered, to the party to whom the same is so given or made, at the address of such party as set forth below, which address may be changed by notice to the other parties hereto duly given pursuant hereto. Notice by overnight courier service or hand delivery shall be deemed to have been given

and received upon delivery. Notice by first class certified or registered mail shall be deemed to have been given and received two (2) business days after being sent. A party may change its address by giving written notice to the other party as specified herein.

If to Guarantor:

Highridge Costa Development Company, LLC
330 W. Victoria Street
Gardena, California 90248
Attn: Mohannad H. Mohanna

With a copy to:

Settle Meyer Law LLLC
900 Fort Street Mall, Suite 1800
Honolulu, Hawaii 96813
Attn: Scott W. Settle, Esq.

If to HPHA:

Hawaii Public Housing Authority
1002 N. School St.
P.O. Box 17907
Honolulu, Hawai'i 96817
Attn: Executive Director

With a copy to:

Department of the Attorney General, State of Hawai`i
425 Queen Street
Honolulu, Hawai'i 96813
Attn: Deputy Attorney General

28. **Counterparts**. To the extent Guarantor consists of more than one party, this Guaranty may be executed in multiple counterparts, each of which shall constitute an original document and all of which together shall constitute one agreement.

29. **Captions**. The captions of the sections of this Guaranty are for convenience only and shall be disregarded in construing this Guaranty.

30. **[Reserved]**

31. **[Reserved]**

32. **Waiver of Trial by Jury**. TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, EACH OF GUARANTOR AND HPHA (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS GUARANTY OR THE RELATIONSHIP BETWEEN THE PARTIES THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

33. **Time of the Essence**. Time is of the essence with respect to this Guaranty.

34. **Limitation on Recourse**. All obligations of Guarantor under this Guaranty shall be recourse obligations of such Guarantor only, payable solely and only from the assets of the Guarantor. No member, manager, shareholder, owner, trust, director, officer, agent, employee, attorney or consultant of Guarantor, including any person executing this Guaranty on behalf of

Guarantor, shall be liable personally under this Guaranty.

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IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Performance and Completion Guaranty or caused this Performance and Completion Guaranty to be duly executed and delivered by its authorized representative as of the date first set forth above.

<u>GUARANTOR</u>:

HIGHRIDGE COSTA DEVELOPMENT COMPANY, LLC, a Delaware limited liability company

By: ______________________________
Mohannad H. Mohanna
Its President

EXHIBIT K

[RESERVED]

EXHIBIT L - ENVIRONMENTAL MEASURES

Mitigation Measures and Conditions

Summarized below are mitigation measures adopted to reduce, avoid or eliminate adverse environmental impacts and to avoid non-compliance or non-conformance. These measures and conditions will be incorporated into project contracts, development agreements and other relevant documents.

Technical documents prepared for the proposed project and referenced here include:

- Air Quality and Greenhouse Gas Emissions Impact Study
- Archaeological Inventory Survey
- Archaeological Monitoring Plan
- Architectural Reconnaissance Level Survey
- Biological Survey Report
- Ethnographic Study
- Memorandum of Agreement
- Noise and Vibration Study
- Phase I Environmental Site Assessment
- Environmental Hazard Evaluation & Environmental Hazard Management Plan
- Preliminary Engineering Report
- Preliminary Geotechnical Study
- Relocation Resident Survey
- Traffic Impact Assessment Report

Technical documents to be completed for the proposed project include:

- Hazardous Materials Assessment Survey
- Construction – Environmental Hazard Management Plan
- Historic Context Study
- HHH documentation
- Possible Additional Geotechnical Field Exploration

EXHIBIT L - ENVIRONMENTAL MEASURES

Law, Authority, or Factor	Mitigation Measure or Condition	Mitigation Plan
Endangered Species Act	1. To avoid and minimize potential project impacts to Hawaiian hoary bats, the following measures will be implemented: - Woody plants greater than 15 feet in height will not be disturbed, removed, or trimmed during the bat birthing and pup rearing season (Jun. 1 through Sep. 15). - No barbed wire for fencing will be used. 2. To avoid and minimize potential project impacts to Hawaiian seabirds, the following measures will be implemented: - Nighttime construction will be avoided during the seabird fledgling season (Sep. 15 through Dec. 15). For night construction occurring during other times of the year, all lighting will be fully shielded and directed towards the ground. - All new outdoor lighting will be fully shielded so the bulb can only be seen from below. - All new outdoor lighting, with the exception of streetlights, will have automatic motion sensor switches and controls or be turned off when human activities are not occurring in the lighted area. 3. To avoid and minimize potential impacts to white terns, the following measures will be implemented: - Prior to tree trimming or removal, trees will be examined to determine if there are white terns nesting in them. - Branches will not be trimmed, nor will trees be removed, with nesting white terns. - No nesting tree or branch will be disturbed for at least 80 days from when the egg is laid.	Biological Survey Report

EXHIBIT L - ENVIRONMENTAL MEASURES

Vegetation / Wildlife (Introduction, Modification, Removal, Disruption, etc.)	1. To avoid and minimize potential project impacts to Hawaiian hoary bats, the following measures will be implemented: - Woody plants greater than 15 feet in height will not be disturbed, removed, or trimmed during the bat birthing and pup rearing season (Jun. 1 through Sep. 15). - No barbed wire for fencing will be used. 2. To avoid and minimize potential project impacts to Hawaiian seabirds, the following measures will be implemented: - Nighttime construction will be avoided during the seabird fledgling season (Sep. 15 through Dec. 15). For night construction occurring during other times of the year, all lighting will be fully shielded and directed towards the ground. - All new outdoor lighting will be fully shielded so the bulb can only be seen from below. - All new outdoor lighting, with the exception of streetlights, will have automatic motion sensor switches and controls or be turned off when human activities are not occurring in the lighted area. 3. To avoid and minimize potential impacts to white terns, the following measures will be implemented: - Prior to tree trimming or removal, trees will be examined to determine if there are white terns nesting in them. - Branches will not be trimmed, nor will trees be removed, with nesting white terns. - No nesting tree or branch will be disturbed for at least 80 days from when the egg is laid.	Biological Survey Report

Historic Preservation	I. HISTORIC DOCUMENTATION: The Developer will consult with the National Park Service (NPS) Historic American Buildings Survey (HABS), Historic American Engineering Record (HAER) and Historic American Landscapes Survey (HALS) (collectively ''HHH'') Coordinator as to the required type and level of HHH documentation and on the guidelines and protocols for HHH documentation submission. The Developer will allocate up to $15,000 for production of HHH documentation; any monies from the $15,000 that are not used for the HHH will be added to the Preservation fund (see item III). The Developer must receive NPS approval on the final submitted HHH documentation prior to the issuance of a certificate of occupancy. The NPS-approved HHH documentation will then be digitally submitted to SHPD and to other agencies and organizations for acceptance and retention in their permanent records. II. HISTORIC CONTEXT STUDY: The Developer will prepare a Historic Context Study of the Kalihi ahupuaa as it relates to Palena and the Kaluaopalena pohaku. The Historic Context Study shall be completed by an SOI qualified historian, in consultation with the Consulting Parties, within two (2) years of the approval of the MOA. The developer will allocate up to $15,000 for the production of the Historic Context Study; any monies from the $15,000 that are not used for the Historic Context Study will be added to the Preservation fund (see item III). III. PRESERVATION FUND: A Preservation Fund of $15,000, plus any added funds remaining from items I and II, will be established to assist with funding of future Kalihi ahupuaa preservation-related activities. The Consulting Parties shall direct the expenditure of the funds in the Preservation Fund. The Preservation Fund shall be made available for four (4) years from the approval of the MOA, and all funded activities must be completed within six (6) years from approval of the MOA. IV. INTERPRETATION AND SIGNAGE: The Developer shall incorporate historical and cultural aspects of the Hawaiian and Kalihi ahupuaa culture and history through landscaping, architectural details, artwork, historical displays, signage, naming of structures, and/or other methods.	Archaeological Inventory Survey Archaeological Monitoring Plan Architectural Reconnaissance Level Survey Ethnographic Study Memorandum of Agreement Historic Context Study HHH documentation

	V. ARCHAEOLOGICAL MONITORING OF GROUND DISTURBING ACTIONS: Prior to commencement of construction of the Project, HPHA shall require Developer to prepare and submit to SHPD for its review and approval an Archaeological Monitoring Plan (AMP) meeting the requirements of Hawaii Administrative Rules (HAR) 13-279-4. VI. POST-REVIEW DISCOVERIES: If historic properties that may be historically significant are discovered during monitoring or unanticipated effects on historic properties are found during Project construction, the archaeological monitor will document the properties and provide notifications in accordance with the AMP. If inadvertent discovery of human remains occurs, Hawaii State burial law governing inadvertent discoveries of human skeletal remains (HRS 6E-43.6 and HAR 13-300-40) shall be followed to protect the remains. VII. MONITORING AND REPORTING: By the end of the first quarter in each year following the execution of this Agreement, until it expires or is terminated, HPHA shall require Developer to provide Signatory Parties and Concurring Party a summary written report detailing work undertaken with respect to the Project, scheduling changes proposed that may materially affect the overall timing or schedule of the Project, problems encountered including any adverse effect to Eligible Properties or other obligations hereunder. VIII. DURATION: If the terms of this Agreement have been fully implemented by twelve (12) years from the date of the execution of this Agreement, or HPHA's receipt of a certificate of occupancy for the final phase of the Project, this Agreement will terminate.	

Noise Abatement and Control	The following noise control measures would eliminate adverse effects related to construction activity: - The project applicant shall: obtain a noise permit associated with exceeding a noise level of 78 dBA Leq as discussed in the Noise Reference Manual Oahu Edition, and obtain a noise permit associated with exceeding the maximum permissible noise levels discussed in the Hawaii Administrative Rules (HAR). - The construction contractor shall: use specialty equipment with enclosed engines and/or high-performance mufflers; locate equipment and staging areas as far from noise-sensitive receivers as practicable; limit unnecessary idling of equipment; and install temporary noise barriers to enclose stationary noise sources, such as compressors, generators, laydown and staging areas, and other noisy equipment. - Prior to the commencement of construction activities, notification shall be provided to the on-site residential uses that discloses the construction schedule, including the various types of activities and equipment that would be occurring throughout the duration of the construction period. - A ''noise disturbance coordinator'' shall be established. The noise disturbance coordinator shall be responsible for responding to any local complaints about construction noise. The noise disturbance coordinator shall determine the cause of the noise complaint (e.g., starting too early, bad muffler, etc.) and shall be required to implement reasonable measures such that the complaint is resolved. All notices that are posted at the construction site shall list the telephone number for the noise disturbance coordinator. The following noise control measures would eliminate adverse effects related to stationary noise sources: - The project applicant shall require mechanical equipment (e.g., ventilation and air conditioning systems) to be enclosed such that noise levels do not exceed the maximum permissible noise levels listed in the HAR.	Noise and Vibration Study

Hazards and Nuisances including Site Safety and Site-Generated Noise	The following noise control measures would eliminate adverse effects related to construction activity: - The project applicant shall: obtain a noise permit associated with exceeding a noise level of 78 dBA Leq as discussed in the Noise Reference Manual Oahu Edition, and obtain a noise permit associated with exceeding the maximum permissible noise levels discussed in the Hawaii Administrative Rules (HAR). - The construction contractor shall: use specialty equipment with enclosed engines and/or high-performance mufflers; locate equipment and staging areas as far from noise-sensitive receivers as practicable; limit unnecessary idling of equipment; and install temporary noise barriers to enclose stationary noise sources, such as compressors, generators, laydown and staging areas, and other noisy equipment. - Prior to the commencement of construction activities, notification shall be provided to the on-site residential uses that discloses the construction schedule, including the various types of activities and equipment that would be occurring throughout the duration of the construction period. - A ''noise disturbance coordinator'' shall be established. The noise disturbance coordinator shall be responsible for responding to any local complaints about construction noise. The noise disturbance coordinator shall determine the cause of the noise complaint (e.g., starting too early, bad muffler, etc.) and shall be required to implement reasonable measures such that the complaint is resolved. All notices that are posted at the construction site shall list the telephone number for the noise disturbance coordinator. The following noise control measures would eliminate adverse effects related to stationary noise sources: - The project applicant shall require mechanical equipment (e.g., ventilation and air conditioning systems) to be enclosed such that noise levels do not exceed the maximum permissible noise levels listed in the HAR.	Noise and Vibration Study

Transportation and Accessibility (Access and Capacity)	1. Maintain the current two access points (at Kamehameha IV Road and North School Street) into the Kuhio Park project site for vehicular access into the site. From the TIAR analysis, the intersections that include these access points should be able to handle the additional vehicular volume during the peak hour periods. 2. Maintain the Ahonui Street closure between Kuhio Park and the adjacent development for vehicular traffic, as the existing access points on North School Street and Kamehameha IV Road are projected to acceptably accommodate the added redevelopment traffic. Avoiding increasing traffic volumes at the unsignalized North School Street/Ahonui Street intersection would be desirable to minimize increase in delays for vehicles currently using this intersection and minimizing additional turning movement traffic at an intersection closely spaced to both the Kamehameha IV and the Hauiki/Linapuni intersections. 3. Consider setting the internal speed limit within the Project Site to 15 mph, in order to enhance the safety of the pedestrians and bicyclists within the Project Site. 4. Consider providing improved pedestrian facilities such as sidewalks and raised crosswalks (wherever practical and feasible) within the Project boundaries to increase connectivity, facilitate circulation, and create a strong pedestrian environment. Pedestrian facilities should be made accessible in conformance with the Americans with Disabilities Act (ADA). 5. Retain the existing pedestrian and bicycle access to Owene Lane in order to maintain this access to Kamehameha IV Road. 6. Ensure that the Project's pedestrian improvements comply with the Oahu Pedestrian Plan and are consistent with the City and County of Honolulu's planned Safe Routes to School Kamehameha IV Road Improvements project. 7. If any transit modifications are pursued for the Project Site, consult with the City and County of Honolulu Department of Transportation Services (DTS). 8. Consider implementing travel demand management (TDM) actions, such as the provision of bus passes to those demonstrating a need, either by the landlord or through a participating nonprofit service provider, to encourage transit use. 9. Consider providing improved bicycle facilities within the Project boundaries including designated and secured bicycle parking and enhanced bicycle routes to encourage the use of alternate modes of transportation. For other potential strategies such as the implementation of bike share stations in the vicinity	Traffic Impact Assessment Report

	and bike share passes to residents, it would require discussions with the appropriate organizations if that were desired. 10. Consider combining parking management with bus pass programs and pedestrian and bicycle facility improvements to promote alternative modes of transportation and reduce parking demand.	
Onsite Soil Impacts from Lead and Pesticides	Development of a work plan (with HDOH approval) and a construction EHMP for future construction and renovation that will involve excavation of impacted soil at the subject property. Development of an EHMP following construction/renovation activities to monitor the impacted soil over time.	Phase I Environmental Site Assessment Environmental Hazard Evaluation & Environmental Hazard Management Plan Construction – Environmental Hazard Management Plan
Onsite Suspect Polychlorinated Biphenyl (PCB) Transformers	If the transformers will be impacted during future renovation/demolition activities, Hawaiian Electric should be contacted to have them decommission, test, and remove the transformers, and conduct an investigation to assess potential environmental impacts to the subject property.	Phase I Environmental Site Assessment Confirmed by letter (dated August 27, 2027) and by email (dated March 8, 2024) that transformer vault #1056 with unknown PCB status is not located or connected to Phase I project area.

EXHIBIT L - ENVIRONMENTAL MEASURES

Onsite Suspect Asbestos-Containing Materials (ACM)	Prior to any activities (i.e., repair, renovation, demolition) which may disturb suspect ACM, these and similar materials should be sampled and analyzed for possible asbestos content. If the materials are found to contain asbestos, the building owner or leased space tenant may be required to comply with applicable United States Environmental Protection Agency (USEPA), Occupational Safety and Health Administration (OSHA), National Emission Standards for Hazardous Air Pollutants (NESHAPS), and state and local regulations.	Phase I Environmental Site Assessment Hazardous Materials Assessment Survey
Onsite Suspect Lead-Based Paint (LBP)	Sampling of the paints on the apartment buildings be conducted to determine the presence or absence of LBP prior to renovation or demolition activities that may disturb painted surfaces. If the paints are found to contain lead, the building owner or leased space tenant may be required to comply with applicable federal, state, and local regulations.	Phase I Environmental Site Assessment Hazardous Materials Assessment Survey

KŪHIŌ PARK TERRACE LOW-RISES & KŪHIŌ HOMES

RESIDENT RELOCATION PLAN

PHASE 1

Revised October 2024

Del Richardson & Associates, Inc. for
The Michaels Organization

NOTE: DRA rebranded to Seneca Real Estate Services ("SRS") in 2024

DEL RICHARDSON & ASSOCIATES, INC
LINKING SOLUTIONS

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PROJECT SUMMARY

On April 1, 2009, the Hawai'i Public Housing Authority (HPHA) issued a Request for Proposals to revitalize and redevelop Kūhiō Park Terrace and Kūhiō Homes and chose the development team of The Michaels Organization (TMO) and Vitus Group, Inc. to implement the plan. This marks a transformative initiative aimed at revitalizing an existing over 70 year-old, state-owned property into a new, affordable development, thereby enhancing the existing vibrant Kalihi-Palama communities complementary to the Kalihi Neighborhood Transit-Oriented Development (TOD) Plan. This redevelopment signifies a commitment to enhancing living conditions, fostering community engagement, and providing sustainable, affordable housing options for current and future residents. To ensure a smooth and successful resident relocation, TMO procured Del Richardson & Associates, Inc. (DRA), whose mission is to work collaboratively with Kūhiō Park Terrace Low-rises and Kūhiō Homes residents, emphasizing clear communication, unwavering dedication, and complete transparency throughout the relocation process. DRA's team specializes in large-scale, public housing relocation processes and possesses expertise in various critical areas.

The primary purpose of the Resident Relocation Plan is to make the relocation of Kūhiō Park Terrace Low-rises and Kūhiō Homes residents as easy and smooth as possible. To this end, the most important aspect of this Plan is the caring and detailed assistance that will be offered by DRA, who will provide direct assistance and counseling to the residents which includes, but is not limited to:

- Relocation counseling and personalized plans for each household;
- Consideration of school zoning for households with children enrolled in K-12 schools;
- Translation services for households with Limited English Proficiency (LEP)
- Assistance with reasonable accommodation requests; and
- One-on-one assistance with move planning and execution.

This Plan is intended to be used as a road map to assist the 60 vacating families by the deadline of January 31, 2025, to meet the Phase 1 demolition schedule. By leveraging innovative approaches, community engagement, and cross-sector partnerships.

RELOCATION FIRM INTRODUCTION

Founded in 1984 as Ladner, Albert Hall, and later rebranded as Del Richardson and Associates, Inc. (DRA) in 1990, our company officially became a California Corporation in 1998. DRA is a certified DBE/SBE/MBE/WBE/Micro-BS/LBE/Section 3 company with a national presence.

Our dedicated team of professional consultants collectively boasts over a century of experience, specializing in delivering high-quality residential relocation services, community engagement and outreach, housing location, and specialized case management services. We proudly serve a diverse clientele, including public, private, and non-profit organizations.

Headquartered in Southern California, our team of 21 experienced professionals operate from our offices in Inglewood and Los Angeles, CA and Houston, TX. For this effort, DRA will establish a locally staffed office on the Kūhiō Park Terrace site. Over the years, DRA has earned a reputation for success in tackling challenging projects situated in communities with diverse socio-economic backgrounds.

DRA has gained recognition for its ability to streamline processes and reduce trial and error. We consistently blend innovative techniques with practical experience. This approach can make all the difference for households in ensuring their successful and timely relocation.

At DRA, we pride ourselves on our commitment to excellence, innovation, and problem-solving, enabling us to meet the unique challenges posed by each project we undertake.

Staffing

DRA adopts a hands-on approach to project management services, ensuring the successful implementation and completion of relocation of residents. DRA will appoint a Relocation Project Manager to implement each detailed Resident Relocation Plan and to coordinate with different entities, so the relocation effort is smooth and as easy as possible on the residents. DRA's scope of work includes, but is not limited to:

- Household counseling, reasonable accommodation and translation services;
- Meeting documentation and regulatory requirements to make any eligible reimbursements and/or payments to residents;
- Preparing for the approval of HPHA, all relocation plans, notices, and documents as may be required by the U.S. Department of Housing and Urban Development (HUD) or by any other Relocation Laws.
- Procurement of and payment for moving company services and supplies if necessary; and

- Ensuring the Plan meets local, state, and federal regulations and other requirements including Public Housing, Property Management, Tenant Protection Housing Choice Vouchers (TPV), and Inspections.

Other key staff members include an experienced Relocation Specialist who will work closely with the residents to implement individual relocation plans, monitor implementation of these plans, and provide the assistance needed to minimize the burdens of relocating as much as possible. This effort will include personally updating the resident's relocation needs, and then preparation and delivery of the Letter of Relocation Eligibility, 90-Day Notice, and 30-Day Notice to Move that will have information concerning relocation options. More details concerning the responsibilities of the Relocation Specialist are in the Chronological Description of the Family's Relocation Process section of this Plan.

In addition to our experienced staff, we are committed to enhancing our team with local hires who possess a deep understanding of the island's culture, community dynamics, and nuances. Cultural sensitivity and a deep understanding of the local community are at the heart of our approach. We recognize that successful relocation goes beyond regulatory expertise; it requires a genuine connection with the people and culture of the community. To achieve this, we are dedicated to hiring a local individual(s) who can serve as liaison between the project and the residents. This team member will not only offer their expertise but also a profound knowledge of the island's unique characteristics, helping to bridge any cultural gaps and fostering trust within the community. Our commitment to building a diverse and culturally attuned team reflects our dedication to ensuring a relocation process that is respectful, empathetic, and responsive to the needs of the residents.

Relocation Responsibilities of HPHA, TMO and DRA

HPHA is responsible for ensuring all relocation activities conducted under this Relocation Plan comply with all federal, state and local laws, including its own Administrative Rules, Admissions and Continued Occupancy Policy (ACOP) and grievance procedures.

TMO is responsible for preparing and implementing the Relocation Plan, subject to approval by HPHA. The Plan must comply with all applicable federal, state, and local laws, including HUD requirements and other relocation laws. TMO must also develop resident occupancy and re-occupancy policies, including any work preferences and screening policies, subject to review and approval by HHPA.

DRA is a relocation consultant hired by TMO to implement the Relocation Plan and to assist each household with counseling, translation, locating comparable units, reasonable accommodation and moving.

Nondiscrimination and Equal Housing Commitment

All parties involved in planning and implementing this Relocation Plan will comply with the Fair Housing, Equal Housing Opportunities, and civil rights requirements. All parties will not discriminate against any person or family because of race, color, sex, religion, creed, national origin, age, familial status, disability/handicap, actual or perceived sexual orientation, gender identity, marital status, HIV status or Acquired Immune Deficiency Syndrome (AIDS) condition or perceived condition, or engage in retaliation for having filed a discrimination complaint in the performance of its obligations during any phase of the relocation process. Reasonable accommodation will be provided for people with disabilities as needed. All parties will comply with the Equal Access Rule per HUD PIH Notice 2014-20 Program Eligibility Regardless of Sexual Orientation, Gender Identity or Marital Status as Required by HUD's Equal Access Rule.

PROJECT DESCRIPTION

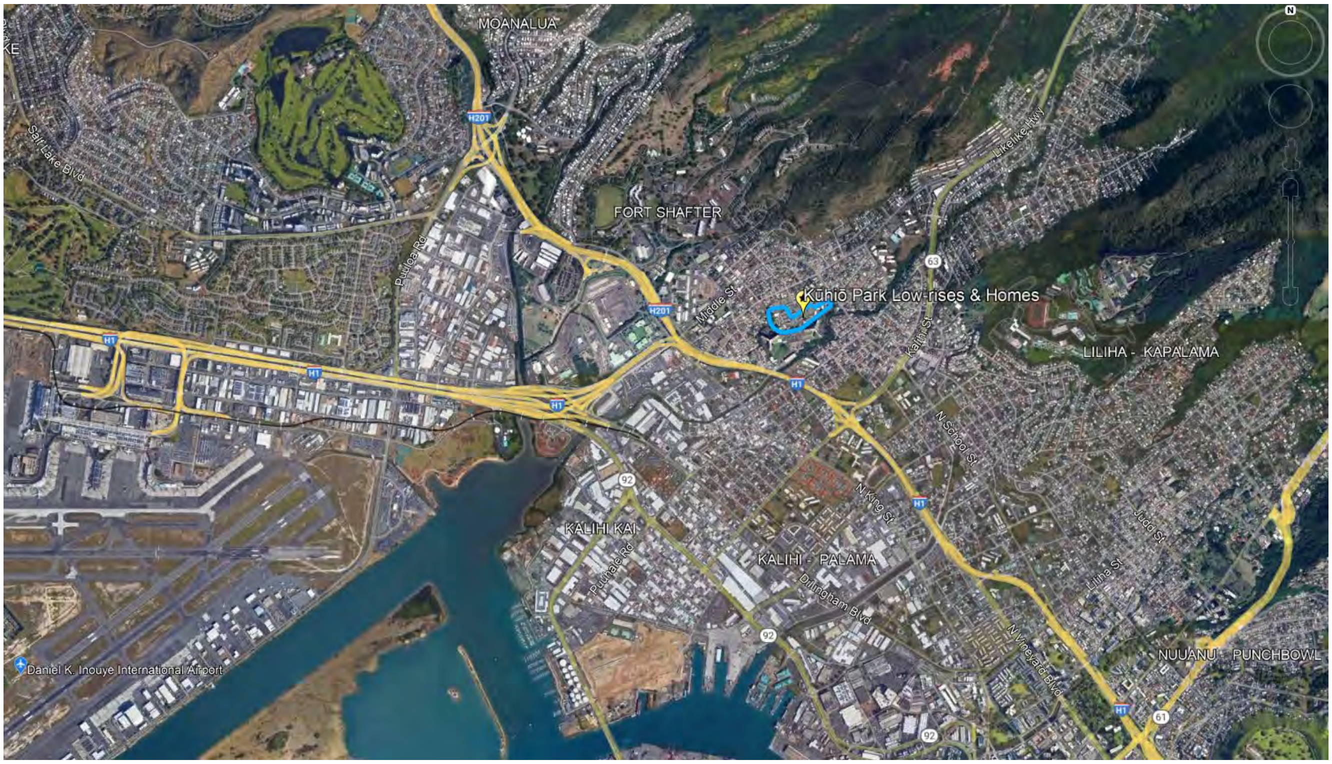

Figure 1: Vicinity Map

The Kūhiō Park Terrace Low-Rises and Kūhiō Homes, constructed in 1965 and 1953, respectively, are located adjacent to one another, along Linapuni and Ahonui Streets and contain a total of one hundred seventy-four (174) units of federally subsidized low-income public housing. The Kūhiō Park Terrace Low-Rises consists of forty (40) four-bedroom residential units, contained in one- and two-story buildings situated on 2.998 acres. Running along the north side of Linapuni Street, Kūhiō Homes is located on 3.470 acres adjacent to and just north of the Kūhiō Park Terrace Low-Rises. Kūhiō Homes consists of one hundred thirty-four (134) units contained in twenty-one (21) one- and two-story townhouse buildings, ranging from one-bedroom to five-bedrooms.

The Kūhiō Park Terrace Low Rises & Kūhiō Homes Project (“KPLR” or the “Project”) is a vital component of the public housing portfolio of the Hawai’i Public Housing Authority (HPHA). The redevelopment plan supports the overall public housing revitalization plan for HPHA while catalyzing the transformation of the greater Kalihi Palama area in Honolulu, Hawai’i.

HPHA, in partnership with TMO, aims to enhance housing conditions for current residents but also seeks to fundamentally transform the site into a new, affordable housing development that will reinvigorate the community and provide new additional housing opportunities. All new units within the proposed Redevelopment will be offered for rent, consequently addressing the critical need for new rental housing in the State of Hawai'i.

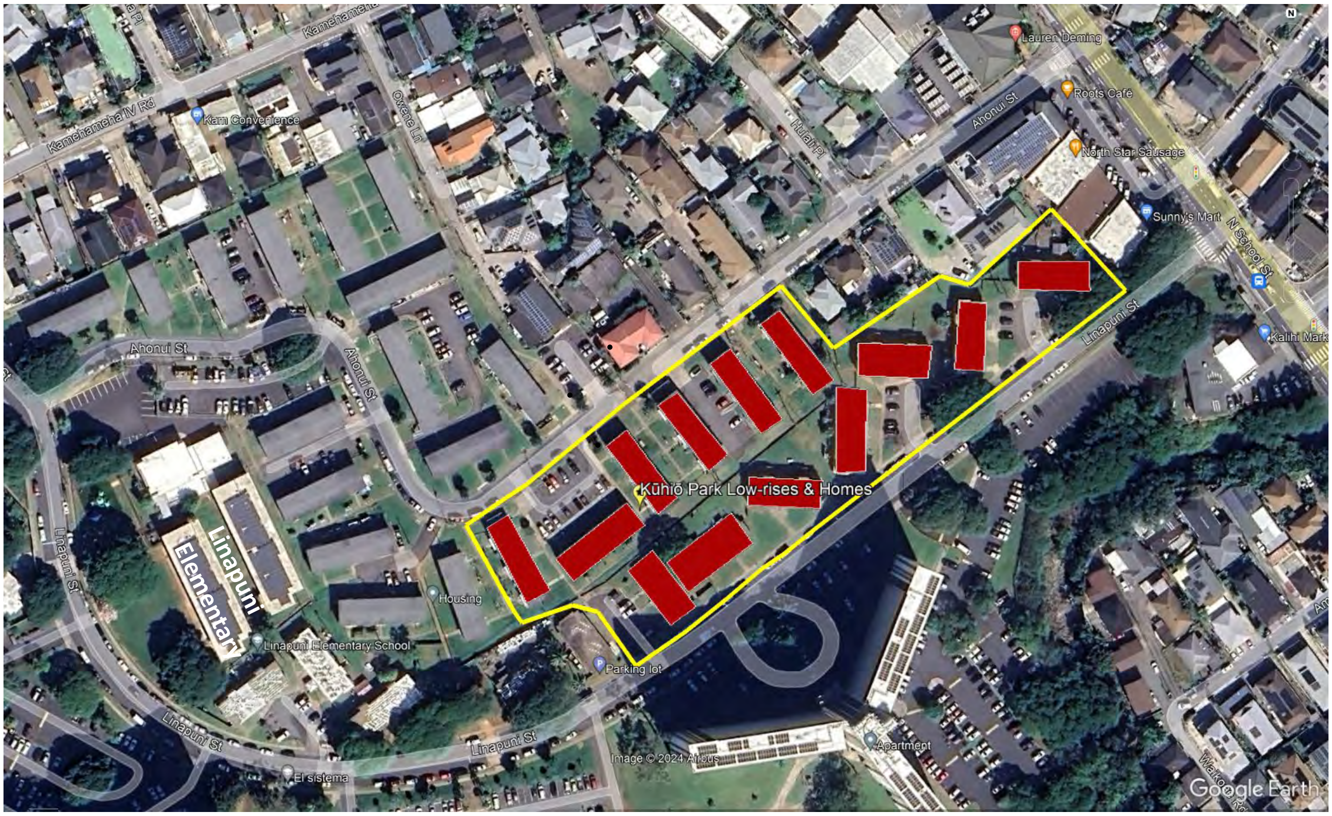

Figure 2: Phase 1 Area & Impacted Buildings

The scope of this effort entails the demolition of units with outdated electrical and mechanical systems and the construction of new units to align with current life safety codes, and adherence to accessibility laws to ensure that the housing becomes compliant and accessible to all residents. The redevelopment process will be carried out in multiple phases to minimize disruption to the residents. This Resident Relocation Plan is for the first phase of redevelopment at the Kūhiō Park Terrace Low-rises and Homes area. This phase includes the demolition of 60 existing units and the creation of 304 new affordable units targeting families with incomes at sixty (60) percent of the Area Median Gross Income (AMGI) and below. Phase 1 consists of one (1) eight-story residential building and three (3) six-story residential buildings and two (2) wash houses. The residential buildings will contain a mix of studios, one-bedroom, two-bedroom, three-bedroom and four-bedroom units.

The Michaels Organization acknowledges all residents in good standing will have the right to return to new units in the Kūhiō Park Terrace and Kuhio Homes development. The regulatory requirements of Section 18 and 24 CFR part 970 for permanent relocation (more than one year off site) will be followed. TMO contracted DRA to facilitate the relocation of the 60 households and to provide HPHA and TMO with confirmation of residents' interest in returning to the site after construction is completed.

Enhanced Resident Opportunity/Voluntary Right to Return Assurance

HPHA is redeveloping the Kūhiō Homes and Kūhiō Park Terrace Low-rise public housing developments in phases. The redevelopment plan calls for (a) the demolition of the current buildings so that new affordable housing can be built to contemporary needs and standards, (b) one-for-one replacement of the public housing units with equivalent deeply subsidized units, and (c) the disposition of the site (in phases) to allow HPHA's development partner, TMO, to finance and construct the new affordable housing. The rehabilitation of Kūhiō Park Terrace towers in 2011 was the first phase of the redevelopment plan being implemented by TMO. The chart below shows the status of the one-for-one replacement of the public housing units:

Kūhiō Park Towers	347 units
KPLR Phase I	60 units
Total Remaining to be Replaced in Phase II & III	341 units

The disposition of the Site must be approved by HUD as required by Section 18 of the Housing Act of 1937, as amended ("Section 18"). The demolition activities will require residents to move from the Site. HPHA will provide permanent replacement housing and pay moving expenses for all displaced residents as required by Section 18 and the implementing regulations at 24 CFR 970. In addition, HPHA has determined as a matter of policy that residents displaced by the disposition and demolition activities, will have a right to return to the redeveloped Site if they (a) were lease-compliant at the time they moved out, (b) remain lease-compliant in their replacement housing, and (c) are income and otherwise eligible for the newly developed units. There will be very few market-rate units developed on the Site, which means that residents may not be able to return if their income exceeds the limits for public housing, Project Based Vouchers, or Low Income Housing Tax Credits.

Displaced residents who meet the above criteria will be given a preference to occupy units at the redeveloped Site before units are made available to any other eligible households. However, depending on the unit mix for a phase, a resident may not be able to return to the exact geographic location of their former unit. They may need to wait for a later phase to return to the Site. The right to return preference remains available until the initial lease-up of the entire redevelopment is complete and is retained even though residents received comparable replacement housing when they moved from the Site. While residents have the right to return, they are not required to do so.

Displaced residents may choose to keep the tenant-based Tenant Protection Housing Choice Voucher assistance they received when they moved from the Site, or remain in the public housing unit to which they transferred, or stay in the TMO property they selected when they left the Site. The right to return preference does require that households who were underhoused (their unit was too small for their household) or overhoused (their unit was too big for their household) will need to "right-size" to a unit that complies with HPHA Occupancy Standards when they return. If a former resident chooses to return, moving costs will be provided.

TMO will create a method to allow displaced residents to update their contact information on the KPLR redevelopment website found at www.kuhiopark.com so that they can be contacted when lease-up begins for a completed phase at the new development. In addition, HPHA and TMO will post notices on their respective websites announcing the commencement of lease-up of a phase and reminding displaced residents of their right to return. Reasonable accommodations will be made for persons with disabilities and language assistance will be made available for persons with limited English proficiency so they can fully participate in the right to return process.

TMO and HPHA will continue to have regular meetings with residents to keep them up to date on the status of the redevelopment efforts.

Figure 3: Proposed Phase 1 Construction

Project Timeline

The following is the estimated Phase I timeline. The estimated schedule for activities is based on a 90-Day Notice issued on September 20, 2024.

1st – 2nd Quarter 2024	▪ Based on requirements for recordkeeping, the Relocation Specialist will prepare a hardcopy and electronic file in which the pertinent documents pertaining to the move will be maintained. This documentation will also include notes about important communications between the household and anyone involved in the process. ▪ The Relocation Team will prepare a draft of an individual relocation strategy for each family. This strategy will include approximately three comparable potential relocation units and / or specific HCV landlords or assisted housing complexes based on the resident's preferences made during the latest individual resident meetings held in March 2024. ▪ The individual relocation strategy will also include a list of the features in the resident's current unit so that the comparability of relocation units can easily be made. The actual bedroom size of the current unit may be different than the relocation unit if the household is over housed or under housed.
3rd Quarter 2024	▪ The Relocation Team will present the draft individual strategy and 90-Day Move Notice to the family during a one-on-one meeting with the family. Any reasonable changes can then be made. The Relocation Specialist will have the resident sign the 90-Day Move Notice and a copy for HPHA/TMO/DRA. If the family does not agree with the eligible bedroom size or requires a reasonable accommodation, they will need to provide a request to the Relocation Team for consultation with the HPHA. ▪ The Relocation Team will accommodate where residents may opt to voluntarily relocate earlier than the date set in the 90 Day Notice. ▪ The Relocation Specialist will assist the tenant with Public Housing transfer or TPV move. ▪ The Relocation Team will prepare the 30-day Move Notice.
4th Quarter 2024	▪ Relocation will commence for remaining impacted households ▪ The Relocation Specialist will monitor the move process and help to document or resolve any issues. ▪ The Relocation Specialist will coordinate to pay or reimburse for items such as the security deposit, utility downpayments, hook – up expenses for landline, internet, utilities, and other expenses. The Relocation Specialist will assist the family to complete and submit a Request for Reimbursement of these expenses, when applicable.
1st Quarter 2025	▪ Resident relocation will be completed, and resident files audited and submitted to TMO/HPHA, with current target of no later than January 31, 2025.

The above is an estimated timeline that may be subject to change.

IMPACTED HOUSEHOLDS

Resident Survey Results

DRA was on site at Kūhiō Park Terrace Low-rises and Kūhiō Homes from March 18 - 22, 2024 to conduct one-on-one resident interviews to update surveys of impacted households for Phase 1. DRA also completed 9 interviews over the phone during the following weeks of outreach for a total of 58 completed interviews at the time this plan was drafted.

21 Employed HOH	13 Households with Pets
32 Households with Minors Enrolled in K-12	10 Families Over Housed/ 2 Families Under Housed
26 Households Request Accommodations	28 Households Use Public Transportation
16 Households with Residents Over 65	10 Households Require Interpreters

Employment

Out of the 58 households surveyed, twenty-one (21) are led by an employed head of household. With these households contributing to the workforce, qualifying for voucher programs is anticipated to be a smoother process. Furthermore, DRA will be considering the work locations of these households when assisting with relocation plans. This attention to detail ensures that the transition is not only feasible, but also minimizes disruptions to their employment.

Minors Enrolled in K-12 Schools

Within Phase 1, thirty-two (32) households are home to minors enrolled in K-12 schools, underscoring the importance of considering educational continuity amidst relocation. By collaborating with Rochelle Mahoe, the superintendent of the Farrington-Kaiser-Kalani complex schools, DRA is committed to assessing and monitoring how the relocation process will impact student enrollment. An overwhelming 80% of families have expressed a desire for their child(ren) to remain at their current school, prompting DRA to prioritize these requests diligently. However, it's essential to recognize that while every effort will be made to accommodate these preferences, there is no guarantee of placement within their child's current school zone. This approach seeks to balance the educational stability of Kūhiō Park Terrace Low-rises and Kūhiō Homes youth with the logistical realities of relocation, ensuring their best interests are at the forefront of decision-making.

Reasonable Accommodation Requests

In response to the diverse needs within Kūhiō Park Terrace Low-rises and Kūhiō Homes, 26 households have requested a reasonable accommodation, highlighting the importance of ensuring modifications or adjustments to enable individuals with disabilities equal access to safe housing opportunities. Of the 26 households, 8 households requested a fully accessible unit due to disability. Recognizing the significance of these requests, DRA is committed to working closely with residents to navigate the process of completing necessary documents from HPHA for reasonable accommodation and accessibility. By facilitating this collaboration, the DRA aims to uphold the principles of inclusivity and fairness, fostering a supportive environment where every member experiencing relocation is moved to an accommodating unit for their family's health and safety. All requirements of Section 504 of the Rehabilitation Act of 1973 and applicable regulations in 24 CFR Part 8 will be followed throughout the relocation process.

The resident has the right to waive their reasonable accommodation at any point of time in favor of a unit they desire that does not meet their accommodation request.

Residents Over 65 Years of Age

With sixteen (16) households consisting of residents over the age of 65, DRA recognizes the unique challenges associated with relocating elderly individuals who have called Kūhiō Park Terrace Low-rise and Kūhiō Homes their home. Understanding the profound impact of involuntary relocation on the elderly, DRA is committed to working closely with residents and their families, providing support and advocacy throughout the process. Recognizing that finding suitable units to meet the physical needs of these residents may pose a challenge, the DRA Team is initiating an early search to maximize the potential of securing ADA-compliant units or units that align with the residents' location criteria, such as proximity to family, places of worship, healthcare providers, and social connections. By prioritizing the well-being and comfort of elderly residents, DRA aims to facilitate a smooth transition while ensuring their needs and preferences are met with compassion and respect.

Households with Pets

The HPHA pet policy permits residents to have pets, but is subject to certain conditions and regulations. Typically, residents are allowed to have small domestic pets, such as cats and dogs, but they must adhere to specific guidelines outlined by HPHA. However, it's essential to note that specific details of HPHA's pet policy may vary depending on the housing development and individual circumstances. Thirteen (13) households in Phase 1 have a pet or pets. DRA will work on identifying service animals or emotional support animals through appropriate documentation. Additionally, the search for suitable affordable housing units must prioritize pet-friendly options, ensuring that families can remain together with their pet. However, it's important to note that pet deposits for previously approved pets will be reimbursed by HPHA, as required by the resident’s existing lease agreement, for those that choose an option other than public housing. For households relocating with a previously approved pet, they may be provided up to $350 to cover any new pet deposits. The commitment to finding housing solutions that accommodate both residents and their pets remains a priority.

Over housed / Underhoused Households

"Over housed" refers to a situation in which a household or individual occupies housing accommodations that are larger or more extensive than what is considered necessary or appropriate for their needs. DRA has identified ten (10) households as over housed within Phase 1. These households will be right sized during relocation to a unit that complies with HPHA’s occupancy standards to ensure housing affordability, resource allocation, and the efficient use of available housing stock.

Additionally, two (2) households have been identified as “underhoused”, and DRA will work with the identified households to ensure they are right sized during relocation to the appropriate sized unit.

Public Transit

With 28 households relying on public transportation, ensuring continued access to transit is paramount in our relocation efforts. DRA is committed to locating replacement housing in proximity to transit stops, recognizing the importance of maintaining this essential link to transportation networks. Additionally, our approach prioritizes locating housing near family, places of worship, healthcare providers, and social connections, fostering continuity and support for residents during the transition. Recognizing the diverse transit needs of each household, DRA will work individually with residents to address their specific transportation requirements. Furthermore, to facilitate the process, and for a reasonable number of visits, transportation will be provided by DRA for residents to view potential replacement units, ensuring informed decision-making and seamless transitions to new homes.

Limited English Proficiency Households (LEP)

DRA has identified ten (10) households in Phase 1 that are fully Limited English Proficiency (LEP) households where no members in the household speaks English. LEP pertains to individuals with constrained skills in reading, writing, speaking, or comprehending English. This presents hurdles across numerous facets of daily life, such as accessing vital services, comprehending instructions, or engaging in effective communication. DRA is committed to follow HPHA LEP policy and procedures by collaborating with local language translation services to offer document translation, over-the-phone assistance, and linguistic support during official resident meetings, guaranteeing that residents can grasp and participate in the relocation process in their native language. Pursuant to this Plan, LEP services will be provided until residents are fully relocated and settled.

Unresponsive Households

DRA collaborated with property management to reach all 60 families via phone 2 weeks prior to their scheduled site visit on March 18, 2024 to schedule a one-on-one resident survey meetings with each household. Additionally, DRA ensured that all residents were contacted to join the scheduled March 18, 2024, resident meetings at 10:00 AM and again at 6:00 PM. Five rounds of calls were made, including a robocall sent out in English, Chuukese, Samoan, and Tongan for limited English proficiency residents. Reminder text messages were sent out on March 10th and 13th 2024 to residents who did not respond to phone calls. Once onsite, DRA partnered with property management on March 22, 2024 to conduct home visits to all households that remained unresponsive. Those who did not respond received a notice from property management to contact DRA and additional calls and texts were made from April 1-12, 2024.

At the time of this report, 2 out of 60 households have not responded to DRAs resident survey request. Property management may conduct a home check to ensure the unit has not been abandoned and once confirmed the unit is still occupied, DRA will ensure all residents are engaged to plan for their relocation. DRA will proceed with reaching out to all households, and will capture all missing households at that time and/or provide a Voluntary Waiver of Relocation Benefits.

New Households

HPHA and the property management will not lease units or transfer residents into the Phase 1 Site after the date of the Demolition / Disposition Application submission as those families will not be eligible for relocation assistance.

Resident Accountability

The demo/disposition application approval and associated relocation does not relieve residents of complying with their leases or HPHA's right to enforce resident leases. If a resident is found to be out of compliance with their lease, HPHA may move forward with the eviction process in accordance with the lease and Chapter 17-2020, Hawaii Administrative Rules (HAR), Eviction – Practice and Procedure.

MOST SIGNIFICANT RELOCATION ISSUES

An analysis of the data obtained from the resident interviews suggests that the following items will require focused planning by TMO/HPHA/DRA:

- Thirty-two (32) households possess washing machines, and those wishing to retain them may encounter challenges in locating replacement housing units with washer hookups. Moreover, if households intend to return to the property, the newly constructed units will lack washer hookups. DRA will collaborate with residents to manage their expectations regarding the retention of their washing machines.
- Thirteen (13) households need a 4-bedroom unit, a size that poses challenges to find within the affordable housing market. Additional effort is required to ensure these families are suitably accommodated before the property vacancy deadline.
- The majority of parents express a desire to move to units within the vicinity served by their child(ren)'s current school. DRA will be tasked with identifying the service areas for each school catering to Phase 1 youth and supplying this information to HPHA/TMO. This data will inform the Farrington-Kaiser-Kalani Complex Superintendent about the potential impact on the district.

CHRONOLOGICAL DESCRIPTION OF THE FAMILY'S RELOCATION PROCESS

Definitions

- **Letter of Relocation Eligibility:** A letter to residents confirming their eligibility for relocation and replacement units.
- **Project-Based Voucher (PBV)**: A form of rental assistance provided by the U.S. Department of Housing and Urban Development (HUD) that is attached to a specific housing unit rather than to a resident. Unlike tenant based Housing Choice Vouchers (HCVs), which provide rental assistance to eligible households, Project-Based Vouchers are tied to a particular properties or developments.
- **Public Housing:** Housing units and complexes that are owned and managed by government agencies, or private owners to provide affordable housing options for low-income individuals and families. These housing developments are funded and regulated by government entities, such as the U.S. Department of Housing and Urban Development (HUD) in the United States.
- **Reasonable Accommodation (RA):** The process of requesting and providing reasonable material, participatory, or physical accommodation. Typically involves an interactive dialogue between the individual with a disability and the entity responsible for making accommodations.
- **Relocation Project Manager:** Facilitates the smooth and successful relocation of individuals or businesses, from the initial planning stages to post-move support. They combine project management expertise with logistical coordination skills to ensure that the relocation process is executed effectively and meets the needs of all stakeholders involved and ensures compliance with Federal, State, and local laws.
- **Resident Relocation Plan (the Plan):** A structured strategy or set of procedures designed to facilitate the relocation of individuals or households from one residential location to another. The Plan aims to minimize disruption and hardship for affected individuals or households by providing comprehensive support and assistance throughout the relocation process. It emphasizes transparency, fairness, and responsiveness to ensure that residents are treated with dignity and respect as they transition to their new living arrangements.
- **Relocation Specialist:** Assigned to help individuals navigate the complexities of relocating to a new area. They provide personalized support and expertise to ensure that the relocation process is as smooth, efficient, and stress-free as possible.
- **Tenant-Protection Voucher (TPV):** A form of tenant based rental assistance provided by the U.S. Department of Housing and Urban Development (HUD) to assist residents who are

affected by certain housing-related actions, such as the demolition or disposition of public housing properties, or the conversion of public housing units to other uses. TPVs are designed to protect the housing stability of affected residents by providing them with vouchers that they can use to secure alternative housing of their choice in the private rental market.

- **90 Day Notice:** A formal notice issued by the public housing authority (PHA) to residents residing in public housing units that are subject to demolition or disposition under Section 18 of the Housing Act. This notice informs residents of the PHA's intention to take action affecting their tenancy and provides them with a 90-day period to vacate the premises.
- **90 Day Notice Waiver:** A voluntary form agreement for residents who select to move prior to the issuance or expiration of the issued 90-day notice.

Relocation Process

The Section 18 relocation process is a comprehensive procedure established by HUD to facilitate the relocation of residents impacted by the demolition, disposition, or revitalization of public housing properties. This structured approach ensures that affected residents receive ample support, assistance, and resources to transition smoothly to suitable housing alternatives while their current residences undergo redevelopment or removal. In accordance with the HPHA’s Annual PHA Plan, households will receive the following assistance throughout the relocation process:

- Notifications: Provide written notice to affected residents detailing the reasons for the relocation, their rights, and the relocation assistance available to them.
- Advisory Services: Offer advisory services to affected residents, including counseling on their relocation options, assistance in finding suitable replacement housing, and guidance on financial assistance programs.
- Relocation Assistance: Residents must be provided with financial assistance to cover moving expenses, such as packing, transportation, and temporary lodging (if applicable). Additional assistance may be available for those facing financial hardship with approval from TMO/HPHA.
- Comparable Replacement Housing: Residents will be offered suitable replacement housing that is comparable in terms of size, quality, and location to their current housing that meets applicable housing standards and is affordable for the affected residents.
- Special Needs Assistance: Provide additional assistance to residents with special needs, such as elderly or disabled individuals, to ensure that their relocation needs are adequately addressed.

DRA will also educate residents about their tenant rights and protections, including fair housing laws, lease agreements, and eviction prevention strategies to empower residents to advocate for their rights and address any housing-related issues or challenges effectively.

Upon HUD's approval of the Section 18 Application, DRA will coordinate with TMO/HPHA to issue the Notice of Eligibility and 90 Day Notices to all 60 affected households. Concurrently, the DRA team will prioritize outreach to the following households:

- Households with residents over 65 years of age;
- Households with reasonable accommodation requests or ADA unit requirements; and
- Households which selected utilizing a Tenant Protection Housing Choice Voucher (TPV) as their 1st Option in replacement housing.
- Four-bedroom Households

The households mentioned above require ample time to ensure their relocation needs are addressed before the property vacancy deadline. To facilitate this process, the DRA Team will compile a database of residential housing options, encompassing properties within opportunity zones and those accepting TPVs, including vacant units identified at TMO properties. Recognizing the dynamic nature of the real estate market, we remain vigilant in monitoring local newspapers and trade publications to identify housing opportunities continually. This proactive approach allows us to stay abreast of new listings and market trends, thereby expanding our pool of potential replacement properties. Upon determining eligibility, DRA will assist in coordinating unit walkthroughs and providing resident support with transportation for viewing potential units.

Residents who prefer an on-site transfer or relocation to another HPHA property will be contacted by DRA if the HPHA finds an available unit. In anticipation of this upcoming resident relocation effort, HPHA has started holding few of these units vacant for Public Housing residents impacted by HPHA's redevelopment efforts statewide. HPHA will furnish the current and anticipated vacancy listings at HPHA properties, and DRA will work towards identifying at least three (3) potential units for each household that align with their specific relocation plans. DRA will facilitate the scheduling of unit walkthroughs and offer resident support with transportation to view the prospective units.

Residents who select to move prior to the expiration of the 90 Day Notice will be relocated if they voluntarily waive the 90 Day Notice. A resident may opt to do so if they have found adequate and approved replacement housing that may not be available if delayed, or if earlier relocation better accommodates the needs and timing for their household. TMO will still provide the household with relocation benefits and assistance.

Overall, the HUD Section 18 relocation process is designed to ensure that residents affected by public housing redevelopment receive adequate support and assistance to effectively navigate the transition to alternative housing arrangements. By prioritizing resident engagement, counseling, financial assistance, and compliance with legal requirements, the relocation process aims to minimize disruption and promote the well-being of affected residents. If residents are unable to place their voucher with a landlord or find a suitable unit for their family within their 1st Option, DRA will work with the family to transition to their next option, outlined in the Impacted Household Relocation Plan section of this report.

Moving and Related Expenses

Each household that is required to move is entitled to payment for moving and related expenses, as determined to be reasonable and necessary under Section 18 of the Housing Act.

- Moving Expenses
  - Includes packing and unpacking.
  - For public housing residents who prefer to pack their own personal possessions and items of value, DRA may provide packing instructions, boxes, markers, and tape to assist the displaced public housing residents.
  - Reasonable moving costs include not just the cost of packing, moving, and unloading, but also disconnecting, dismantling, removing, reassembling, and reinstalling relocated household appliances and other personal property. This includes costs for deinstallation, moving, and reinstallation services for resident-provided equipment or amenities such as fans, air conditioners, personal computers, etc. TMO/DRA will hire an independent contractor to do this work.
- Determining actual, reasonable, and necessary moving expenses
  - A displaced person's actual, reasonable, and necessary moving expenses for moving personal property from a dwelling may be reimbursed: 1) at actual cost or 2) covered by a commercial mover.
    - Moving expenses for Persons with Disabilities: Reasonable moving expenses for a person with disabilities might cover the cost of moving assistive equipment that is the personal property of the resident, the furnishings, and personal belongings of a live-in aide, and/or other reasonable accommodations.
- Increased housing costs
  - For those affected residents that currently pay a flat rate who select to relocate with the assistance of the TPV program, their rent may be adjusted so that 30% of their adjusted income is allocated towards housing costs.

- Direct payment or reimbursement for all disconnection, utility deposits, and/or reconnection of necessary utilities, i.e., water, sewer, gas, and electricity and existing services for television, cable and internet either by:
  - Paying the expenses directly to the applicable utility company on behalf of the resident, or
  - Reimbursing the resident for the cost of transferring utility services to the replacement (documentation of the cost must be provided to the DRA by the resident).
- If a relocated resident moves to another unit after the initial relocation from the Project, the resident is responsible for moving costs for additional moves.
- If the resident is evicted for cause from the unit, the resident may not be entitled to continued housing costs.
- If a resident is over-income and does not qualify for any HPHA assisted housing programs, and/or if the HPHA does not have a suitable unit at other properties, DRA will assist the resident with locating a comparable market rate unit and completing the relocation process.

Confidentiality of Records

HPHA/TMO/DRA will maintain relocation records in compliance with the policies on confidentiality. These records shall not be made available as public information, unless required by applicable law. Only authorized staff of the HPHA or HUD shall have access to the records maintained by HPHA/TMO/DRA, subject to applicable law. However, upon the written request of an affected person, HPHA shall give, as allowed by law, the person or the person's designated representative the opportunity to inspect and copy, during normal business hours, all records pertinent to his/her case, except materials which are classified as confidential by HPHA. HPHA may impose reasonable conditions on the person's right to inspect these records, consistent with applicable laws.

TMO/DRA/HPHA's files will include a list or lists identifying the name, address, and occupant characteristics for all persons residing in the project. The list(s) may be maintained manually or in computer-generated format and may be used to track progress made in carrying out the relocation. The lists will identify:

- All persons occupying the real property on the date the Demo / Dispo Application is submitted to HUD.
- All persons moving into the property on or after the date the Demo / Dispo Application is submitted to HUD but before completion of the project.
- Location of all persons moved from the property upon completion of the relocation process.

For persons displaced, there will be separate case files that include documentation that is sufficient to demonstrate that TMO/HPHA verified the person's relocation needs, current situation, and their eligibility for comparable housing and relocation assistance. DRA/TMO will provide to HPHA and maintain the following information concerning the families displaced:

- name
- sex
- age
- race/ethnicity
- disability (if any)
- head of household
- relationship to head of household
- estimated income, and
- certification of legal residence/citizenship
- copy of residents ID and vital documents
- emergency contact information
- employment status
- reasonable accommodation requests
- relocation option selection
- replacement housing options provided
- copy of Housing Choice Voucher (if applicable)
- move notices
- move option selection
- moving costs paid for household
- location of replacement unit
- Rental amount of replacement unit

Appeals

HPHA's grievance procedure regulations for public housing can be found at HAR chap. 17-2021 and on HPHA's website ("HPHA Grievance Procedure"). Public housing residents have the right to present a grievance if they feel that either (a) an HPHA action or failure to act in accordance with the rental agreement or (b) an HPHA rule adversely affects resident rights, duties, welfare or status. In general, the HPHA Grievance Procedure provides that a resident must first present a grievance (in writing or orally) to the project office for Kūhiō Park Terrace Low rise and Kūhiō Homes so that the resident and the property manager can work together to resolve the grievance on an informal basis. To make an appointment regarding a grievance, the property manager for the Kūhiō Park Terrace Low rise and

Kūhiō Homes can be reached at (808) 589-1845, Ext. 14. The property manager is required to issue a written summary of the grievance meeting. If a grievance remains unresolved, a resident may request a formal hearing in writing within 10 business days from the date they receive the written summary from the property manager. The HPHA will hold the hearing, issue a written determination on the appeal after the hearing, and provide the resident with a copy. If HPHA does not grant the full relief requested, HPHA will notify the resident of any right to seek further administrative or judicial review of HPHA's decision. If a resident does not submit a request for a hearing within the required time period, the informal settlement becomes final.

However, in accordance with the HPHA's Admissions and Continued Occupancy Policy ("ACOP"), if a resident disagrees with the Relocation Team's determination about a) whether the resident qualifies for relocation assistance or b) the amount or type of relocation assistance for which they may be eligible, a written appeal must be submitted within 60 days of receiving written notification of the Relocation Team determination and request a hearing under the HPHA's grievance procedures described in HAR chap 17-2021-11. The HPHA will hold the hearing, issue a written determination on the appeal after the hearing, and provide the resident with a copy. If HPHA does not grant the full relief requested, HPHA will notify the resident of any right to seek further administrative or judicial review of HPHA's decision. Appeal requests submitted after the 60-day period has run will not be considered. This is just a summary of the HPHA Grievance Procedure and the ACOP. Please consult the HPHA website for further details.

Relocation Timeline

According to the current project schedule provided by TMO, DRA will aim to complete the relocation of all Phase 1 households by the property vacancy deadline of January 10, 2025.

IMPACTED HOUSEHOLD RELOCATION PLAN

Methodology

DRA utilized a one-on-one interview to assess resident preferences regarding potential housing replacement options through a ranking-based survey methodology. The methodology involved several key steps to gather and analyze resident responses effectively. A structured survey instrument was developed within DRAVerse, DRA's web-based project management application, to collect data on resident preferences for housing replacement options. The survey included demographic questions to capture respondent characteristics and a section where residents were asked to rank four housing options based on their preferences. Data collection occurred through various channels to maximize participation. Surveys were administered in-person, and over the phone for households who did not meet with DRA staff while on site the week of March 18th, 2024.

Residents were presented with descriptions of four housing options and asked to rank them from their most preferred option to their least preferred option. The housing options were:

- **Onsite:** If available, households could relocate to vacant units in Phase 2 and Phase 3 of Kūhiō Park Terrace Low-rises and Kūhiō Homes until the new construction is completed.
- **TMO Property:** TMO has provided a sample list of their local property portfolio in which residents may be able to qualify for, including the Towers at Kūhiō Park located across the street from the Kūhiō Park Terrace Low-rises and Kūhiō Homes, and if available
- **HPHA Property:** HPHA may be providing vacant units in their portfolio for residents to transfer to other HPHA properties on the island if available
- **Tenant Protection Housing Choice Voucher (TPV): subject to qualifications and availability,** Residents may apply for an HCV to search housing options on the private market for a landlord that accepts the program. Residents were also informed of their ability to utilize the HCV to move off island as well. The HPHA applied for Tenant Protection Vouchers as a relocation resources. If the HPHA is awarded Tenant Protection Vouchers, that voucher would be used to allow residents to rent comparable units on the open private market.

Once data collection was complete, responses were compiled and analyzed to identify patterns and trends in resident preferences. The ranking data were tabulated to determine the most preferred housing option among participants and to assess the relative ranking of each option. In addition to the ranking exercise, residents were given the opportunity to provide qualitative feedback on their housing preferences. Open-ended questions allowed participants to elaborate on their rankings and provide insights into their decision-making process.

By employing this methodology, DRA aimed to gain a comprehensive understanding of resident preferences for housing replacement options, which would inform decision-making and planning processes related to the housing project. The below table outlines the selections of all 58 households interviewed.

HOUSING OPTION RESULTS- 58 HOUSEHOLDS

Relocation Option	HPHA Transfer	TMO Property	Onsite Transfer	TPV
1st Option	14	6	22	16
2nd Option	21	17	5	15
3rd Option	13	20	10	15
4th Option	12	15	20	11

1st Option: TPV

Of the 58 households interviewed, sixteen (16) selected a Tenant Protection Housing Choice Voucher (TPV) as their 1st Option. DRA will prioritize working with households that selected TPV as their 1st Option as it requires ample time to ensure their relocation needs are addressed before the property vacancy deadline. The process typically begins with eligible applicants applying for the voucher program. Upon approval, the head of household (HOH) will receive a voucher that they can use to subsidize a portion of their rent for a qualifying rental unit. DRA will hold a copy of the resident voucher to ensure that paperwork is not lost and can easily assist the resident to locate alternatives if a unit fails to meet HUD's housing quality standards (HQS) and is ineligible. DRA will assist households in finding suitable housing that meets program requirements, including ensuring HPHA is aware of units ready to be scheduled for an (HQS) inspection. Once a unit is approved by the HPHA, the HOH and landlord will enter into a rental agreement, with HPHA paying the subsidy directly to the landlord on behalf of the participant. If the HOH selects TPVs as their 1st Option and requires a voucher extension to complete lease up, DRA will assist the resident in submitting for the extension.

Among the households interviewed, residents expressed their primary concern about receiving assistance in securing housing and apprehension regarding the available housing options. Additionally, several residents indicated an interest in transferring their voucher to another housing authority property, if feasible, and they preferred the prospect of residing in a single-family dwelling. The DRA will collaborate closely with these households to ensure they comprehend the ramifications of porting their voucher and are aware of the available options within the timeframe before they must vacate their current residence.

1st Option: TMO Property

Six (6) households expressed interest in moving to available units within TMO developments and managed properties on Oahu, including those at the neighboring Towers at Kūhiō Park. The primary preference among these households is to relocate to the Towers, primarily motivated by the desire to remain close to essential resources and within the same school district. Upon approval of the Section 18 application, TMO will assess their current vacancies. Subsequently, DRA will collaborate with the TMO property management team to facilitate the submission of necessary household documentation and arrange unit walkthroughs for interested residents.

1st Option: HPHA Property

Among the 58 households, fourteen (14) opted for transferring to another HPHA property as their first choice. HPHA oversees fifty four federal and state subsidized properties on Oahu. Following approval of the Section 18 application, the HPHA Property Management Branch will evaluate their current vacancies. DRA will partner with the HPHA property management team to streamline the submission of essential household documentation and coordinate unit walkthroughs for residents expressing interest.

1st Option: Onsite

The majority of households, specifically twenty-two (22), opted to relocate on-site to vacant units in Phases 2 and 3 of Kūhiō Park Terrace Low-rises and Kūhiō Homes until the completion of new construction. This choice was often made due to the desire to remain in proximity to the area, with some residents expressing a preference not to move to the Towers at Kūhiō Park. Ground-level units, especially favored by senior residents, provided a sense of comfort. DRA informed residents about the limited availability of units and assured them that if their first choice was unavailable, efforts would be made to secure their second option.

2nd Option

All 58 households interviewed chose a second option that best suited their family's needs. Residents who initially selected the Tenant Protection Housing Choice Voucher (TPV) as their first choice have the option to relinquish their voucher if they cannot find a suitable unit within their subsidized rental amount or conducive to their family's requirements. In the event that TPV is chosen as their second option, DRA will collaborate closely with the household to ensure they undertake the necessary steps to secure a lease using their voucher. For households opting for one of the remaining three options, DRA will engage in discussions about available replacement unit choices during monthly in-person meetings until lease-up. If the household is not leased-up by the issuance of the 30-day Notice, households will meet with DRA to explore their alternative housing options.

3rd Option/4th Option

Seven days prior to issuing the 30-Day Notice to Vacate, DRA will contact residents to address any challenges they may have encountered in securing replacement housing. Subsequently, DRA will share this information with TMO and HPHA to assess the possibility of offering additional assistance to remaining households or exploring alternative housing options if all potential replacement housing avenues have been explored.

CONCLUSION

In conclusion, the comprehensive survey conducted by DRA at Kūhiō Park Terrace Low-rises and Kūhiō Homes has provided valuable insights into the demographics and preferences of impacted households, guiding our relocation efforts. The survey, conducted both in-person and over the phone, yielded a total of 58 completed interviews, offering a detailed understanding of the needs and circumstances of residents.

Key findings highlight the diverse composition of impacted households, including employed heads of households, families with minors enrolled in K-12 schools, households requiring reasonable accommodations, and those utilizing public transportation. Additionally, a significant number of households include elderly residents and individuals with limited English proficiency, underscoring the importance of tailored support and accommodations to address their unique needs during the relocation process. Despite challenges such as limited housing availability and financial constraints, we remain dedicated to addressing the needs of all households, including those who are over-housed, under-housed, or have pets. By prioritizing communication, outreach, and collaboration with property management, HPHA and TMO, we aim to mitigate barriers and facilitate successful relocations for all impacted households.

The Impacted Household Relocation Plan conducted by DRA utilized a comprehensive methodology to assess resident preferences regarding potential housing replacement options. Through one-on-one interviews and a ranking-based survey methodology, valuable insights were gathered from all 58 households interviewed. The data revealed diverse preferences among residents, with various factors influencing their housing choices, such as location, amenities, and proximity to essential resources.

Moving forward, we will continue to engage with residents, monitor their progress, and adapt our strategies as needed to ensure a successful and equitable relocation process. Through ongoing collaboration and commitment to resident-centered practices, we are confident in our ability to navigate the challenges ahead and support all impacted households in transitioning to safe, stable, and sustainable housing solutions.

Executive Director's Report
Hawaii Public Housing Authority
February 2025

I. Planning and Evaluation

A. 2025 Legislative Session Activities

February 28, 2025, was "First Decking" when all bills under consideration for crossover to the other chamber must be submitted to the clerk of the originating chamber in their final form at least 48 hours prior to the third reading. All bills and testimony can be found on the Legislature's website: www.capitol.hawaii.gov

Below are the Senate Bills (SB) and House Bills (HB) that have survived the "First Decking" deadline:

1. SB 26, RELATING TO AFFORDABLE HOUSING: Establishes the Affordable Housing Land Inventory Task Force within the Hawaii Community Development Authority to update the Affordable Rental Housing Report and Ten-Year Plan maps, tier tables, and inventories of state lands suitable and available for affordable housing development; conduct a study; and make certain recommendations. Requires a report to the Legislature. Appropriates moneys.

   HPHA Position: The HPHA testified in support.

2. SB 65, RELATING TO HOUSING: Appropriates funds to the Hawaii Public Housing Authority for the rehabilitation, remodeling, renovation, and repair of housing units.

   HPHA Position: The HPHA testified in support.

3. SB 71, RELATING TO THE RENTAL HOUSING REVOLVING FUND: Renames the Rental Housing Revolving Fund to the State Housing Revolving Fund. Clarifies the prioritization of, and eligibility and preference criteria for, projects that may be funded by, State Housing Revolving Fund moneys.

   HPHA Position: The HPHA testified in support.

4. SB 576, RELATING TO FINANCIAL ADMINISTRATION: Amends the requirements of legislative reports to be submitted by the Hawaii Public Housing Authority and Hawaii Housing Finance and

Development Corporation. Amends the scope of moneys to be deposited into and the purposes of the public housing special fund. Exempts expenditures of the public housing special fund from appropriation and allotment by the legislature, subject to certain requirements.

HPHA Position: The HPHA testified in support

5. SB 602, RELATING TO THE HAWAII PUBLIC HOUSING AUTHORITY: Includes any parcels owned by the Hawaii Public Housing Authority as areas that may be closed to the public. Specifies required signage.

   HPHA Position: The HPHA testified in support.

6. SB 878, RELATING TO THE HAWAII PUBLIC HOUSING AUTHORITY: Extends the sunset date for the State Rent Supplement Program for Kupuna to 6/30/2028.

   HPHA Position: The HPHA testified in support.

7. SB 1413, RELATING TO THE HAWAII PUBLIC HOUSING AUTHORITY: Allows the Hawaii Public Housing Authority to sell, donate, or dispose of property abandoned or seized in federal public housing projects. Requires the HPHA to notify the known owner of the abandoned or seized property. Establishes procedures for persons entitled to the abandoned or seized property.

   HPHA Position: The HPHA testified in support.

8. HB 422, RELATING TO SCHOOL IMPACT FEES: Repeals school impact fees. Abolishes and transfers unencumbered balances of the school impact fee subaccounts and certain fair share contribution accounts to School Facilities Special Fund.

   HPHA Position: The HPHA testified in support.

9. HB 703, RELATING TO KUPUNA HOUSING: Extends the sunset date for the State Rent Supplement Program for Kupuna to 6/30/2028.

   HPHA Position: The HPHA testified in support.

10. HB 1093, RELATING TO THE HAWAII PUBLIC HOUSING AUTHORITY: Clarifies the Hawaii Public Housing Authority's powers relating to housing projects.

    HPHA Position: The HPHA testified in support.

11. HB 1096, RELATING TO TENANT SELECTION: Repeals the tenant selection preferences for disabled veterans and the spouses of deceased veterans in the State Low-Income Housing Program.

    HPHA Position: The HPHA testified in support.

12. HB 1097, RELATING TO PUBLIC HOUSING EVICTIONS: Reduces the time the Hawaii Public Housing Authority is required to store unclaimed personal effects of a tenant evicted from public housing.

    HPHA Position: The HPHA testified in support.

II. Fiscal Management

A. Variance Report for January 2025

1. Revenue for January 2025

   - CFP Grant Income: $10,337 higher than budget due to drawdowns from HUD's Capital Fund Program (CFP) for non-capitalized expenses, reported as operating income. Non-capitalized amounts were not initially budgeted, as these amounts are difficult to project.

   - Grant Income: $5,016,404 higher than budget due to the timing of when funds are received vs. budgeted.

   - Other Income: $358,990 below budget. This variance is primarily due to lower-than-expected front-line service fees generated by the Multi-Skilled Workers Pilot Program and other COCC branches. Revenue from these services fell short of projections.

2. Expenses for January 2025

   - Administrative: $503,041 below budget, driven by:
     - $326,741 lower HPHA administrative payroll expenses,

    - $21,913 lower private management company's administrative payroll expenses,
    - $68,103 lower front-line service fees charged by Applications, Hearings, and Compliance offices,
    - $11,706 higher legal service expenses,
    - $38,324 higher managing agent fees,
    - $7,795 lower travel expenses,
    - $30,148 lower office supplies expenses,
    - $76,654 budget for audit and other professional fees not incurred due to a timing difference in billing,
    - $21,717 lower expenses for items not specified above (training, computer software, automobile, RSP contract, administrative fees, etc.)

- Tenant Services: $20,186 below budget due to:
    - $2,321 less relocation costs incurred.
    - $6,048 budget for tenant participation not incurred.
    - All other tenant services were $11,817 lower than budget.

- Maintenance: $297,226 below budget. Lower maintenance costs resulted from:
    - Maintenance Payroll Savings: HPHA maintenance payroll expenses were $200,717 lower than anticipated, offset by $50,700 higher payroll from private management company.
    - Furniture, Appliance, Equipment, and Supplies: $71,813 below budget.
    - Contract services for housing project maintenance and repairs was $107,657 higher than budget.
    - Lower than expected front-line service expenses of $183,053.

- Protective Services: $68,263 below budget due to lower expenses in outsourced security services and unspent equipment purchases.

- Insurance Expense: $65,081 above budget due to higher general liability premiums (including auto liability) from private management company, also includes October through December premiums for the state projects.

- Bad Debt Expense: $78,547 higher than budget due to month-end reconciliations and adjustments made to tenant accounts and adjustments to allowance for doubtful accounts to address uncollected rent and fees.

- General Expenses: $550,745 above budget, driven by:
  - HAP Back Payments: $473,911 due to housing assistance payments for prior periods not covered by current-year funding.
  - Undistributed P-card purchase balance increased by $72,278. P-card purchases are interim charges recorded until they are allocated to specific projects or programs.
  - Port-Out Voucher Fees: $16,926 for administrative fees associated with Section 8 tenants relocating to other public housing agencies.
  - Miscellaneous General Expenses: $12,370 below budget.

3. Year-to-Date Revenue

- CFP Grant Income: $130,830 above budget, due to HUD CFP expenditures not meeting capitalization thresholds and therefore recorded as operating income.

- State CIP Fund: $44,607 above budget due to CIP expenditures recorded as income for non-capitalized expenses.

- Grant Income: $4,659,218 above budget due to the timing difference between funds received and funds budgeted from various appropriations and grants.

- Other Income: $2,096,311 below budget, primarily from the Multi-Skilled Workers Pilot Program and COCC branches underperforming against revenue targets.

4. Year-to-Date Expenses

- Administrative: $2,629,689 below budget. Key savings were driven by lower overall payroll, front-line service fees, travel and office supplies expenses. There were slight increases in legal services, consultant/other professional fees and managing agent fees.

- Tenant Services: $111,759 below budget due to unspent funds in relocation, tenant participation and other tenant services.

- Protective Services: $358,437 below budget, attributed to lower expenses in outsourced security services and unspent equipment purchases.

- Insurance Expense: $148,844 above budget mainly due to higher general liability premiums (including auto liability) from private management company.

- Bad Debt Expense: $943,116 above budget, resulting from ongoing reconciliations and adjustments to tenant accounts.

- General Expenses: $9,019,527 above budget, impacted by:
  - $7,455,126 loss on disposal of David Malo and Piilani housing projects (AMP 39) due to wildfire disaster.
  - Undistributed P-card purchase balance: $526,749.
  - Port-Out Voucher Fees: $57,296 for administrative fees related to Section 8 tenant relocation.
  - HAP Back Payments: $963,941 for previous year obligations not covered by current-year HAP funding.
  - Other General Expenses: $16,415 higher than budget across various categories.

This variance analysis between budget and actual shows the HPHA's adherence to budgeted expectations, with some adjustments due to unexpected expenses and timing differences in revenue, emphasizing careful management of resources in alignment with HUD and state requirements.

Hawaii Public Housing Authority
Summary of Capital Projects
Report As Of 01/31/25

FEDERAL BUDGET/OBLIGATION: Capital Fund Program (CFP) (Operations, Admin, Mgt Improv)

	Total CFP Appropriation	Budget Construction Activities (BLI 1480)	Budget Operations (BLI 1406)	Budget Management Improvements (BLI 1408)	Budget Administration (BLI 1410)	Moving to Work Demo (BLI 1492)	Budget Contingency (BLI 1502)	CFP Obligated	% Obligated	Unobligated Balance	Obligation Deadline	Notes
CFP 728	$13,501,112	9,250,778	2,700,222	200,000	1,350,111		-	13,501,112	100.00%	-	5/28/22	LOCCS created 05-22-18
CFP 729	$13,394,883	9,364,453	2,678,977	-	1,339,488		11,965	13,382,918	99.91%	11,965	4/15/23	LOCCS created 04-11-19
CFP 730	$13,799,958	9,098,987	2,759,992	-	1,379,996		560,984	12,614,033	91.41%	1,185,925	3/25/24	LOCCS created 04-06-20
CFP 731	$13,862,820	3,060,467	3,478,009	-	1,391,204		3,340,226	10,289,490	74.22%	3,573,330	2/22/24	LOCCS created 02-23-21
CFP 732	$14,983,151	600,000	-	-	1,503,716	3,759,291	141,190	-	0.00%	14,983,151	5/11/25	LOCCS created 05-12-22
CFP 733	$14,844,329	7,681,197	-	-	1,489,105	4,477,189	1,243,562	6,366,294	42.89%	8,478,035	2/16/25	LOCCS created 02-17-23
CFP 734	$15,384,579	9,056,444	-	-	1,484,433	3,846,145	997,558	-	0.00%	15,384,579	5/5/26	LOCCS created 05-06-24
CFP Budget Totals	**$84,386,253**	**39,055,882**	**11,617,200**	**200,000**	**8,453,621**	**8,236,480**	**5,297,927**	**56,153,848**	**66.54%**	**28,232,405**		**TOTALS FOR ALL ACTIVE CFP GRANTS**

FEDERAL EXPENDITURE: Capital Fund Program (CFP) (Operations, Admin, Mgt Improv)

	Total CFP Appropriation	Expended Construction Activities (BLI 1480)	Expended Operations (BLI 1406)	Expended Management Improvements (BLI 1408)	Expended Administration (BLI 1410)	Moving to Work Demo (BLI 1492)	Expended Contingency (BLI 1502)	Expended to Date Total Funds	% Expended	Unexpended Balance	Expenditure Deadline	Notes
CFP 728	$13,501,112	9,250,778	2,700,223	200,000	1,350,111		-	13,501,112	100.00%	-	5/8/24	LOCCS created 05-22-18
CFP 729	$13,394,883	6,412,314	2,665,614	-	1,332,807		-	10,410,735	77.72%	2,984,148	4/15/25	LOCCS created 04-11-19
CFP 730	$13,799,958	2,045,995	2,744,698	-	1,372,349		-	6,163,042	44.66%	7,636,916	3/25/26	LOCCS created 04-06-20
CFP 731	$13,862,820	1,685,968	2,772,564	-	1,386,282		-	6,285,946	45.34%	7,576,874	2/22/26	LOCCS created 02-23-21
CFP 732	$14,983,151	-	-	-	-	3,759,291	-	-	0.00%	14,983,151	5/11/26	LOCCS created 05-12-22
CFP 733	$14,844,329	96,512	-	-	1,489,105	2,978,211	-	4,563,828	30.74%	10,280,501	2/16/27	LOCCS created 02-17-23
CFP 734	$15,384,579	-	-	-	-	-	-	-	0.00%	15,384,579	5/5/28	LOCCS created 05-06-24
CFP Expenditure Totals	**$84,386,253**	**19,491,569**	**10,883,098**	**200,000**	**6,930,654**	**6,737,501**	**-**	**40,924,664**	**48.50%**	**43,461,589**		**TOTALS FOR ALL ACTIVE CFP GRANTS**

STATE: Capital Improvement Program (CIP)

	State Appropriation	HPHA Budget	HPHA Encumbered	HPHA Expended	HPHA % Expended/Budget	MOF	HPHA Balance Expended/Budget	CIP Contract Encumbrance Deadline	Notes	ACT/SLH
FY 24-25 Lump Sum CIP	5,000,000	5,000,000	-	-	0.00%	C	5,000,000.00	6/30/26		ACT 164/2023 as amended by ACT 230/2024
FY 24-25 Lump Sum CIP (Cash)	5,000,000	5,000,000	-	-	0.00%	A	5,000,000.00	6/30/26		ACT 164/2023 as amended by ACT 230/2024
FY 24-25 Kalihi Valley Homes (Cash)	800,000	800,000	-	-	0.00%	A	800,000.00	6/30/26		ACT 164/2023 as amended by ACT 230/2024
FY 24-25 Affordable Housing, Downtown	5,000,000	5,000,000			0.00%	C	5,000,000.00	6/30/26		ACT 164/2023 as amended by ACT 230/2024
FY 24-25 HPHA Lump Sum, Site and Building	10,000,000	10,000,000			0.00%	C	10,000,000.00	6/30/26		ACT 164/2023 as amended by ACT 230/2024
FY 24-25 Non-Development Rehabilitation,	10,500,000	10,500,000			0.00%	A	10,500,000.00	6/30/25		ACT 164/2023 as amended by ACT 230/2024
STATE CIP TOTALS	**362,747,000**	**352,388,290.56**	**331,154,204.93**	**290,394,459.59**	**82.41%**		**61,993,830.97**			**TOTAL ACTIVE STATE CIP APPROPRIATIONS**

KEY	
	1406 - Operations
	1408 - Management Improvements
	1410 - Administration
	1480 - General Capital Activity
	1492 - Moving to Work Demo
	1501 - Collater Exp/Debt Srv
	1502 - Contingency
	1503 - RAD-CFP
	1504 - RAD Investment Activity
	1505 - RAD-CPT
	1509 - Preparing for, Preventing and Responding to Coronavirus

Federal Capital Fund Program Budget

These are HPHA CFP budget numbers a/o the upper left corner date. The rows reflect the CFP fund grant, the columns represent the manner in which the funds are currently budgeted. The obligation deadline indicates the date by which these funds must be at least 92% obligated.

Federal Capital Fund Program Actual

These are HPHA CFP actual expenditures a/o the upper left corner date. The rows reflect the CFP fund grant, the columns represent the manner in which these funds are currently being expended. The expenditure deadline indicates the date by which these funds must be expended.

State Capital Improvement Program Budget and Expenditure

These are HPHA CIP budget and actual expenditures a/o the upper left corner date. The rows reflect the CIP fund appropriation, the columns represent budget, encumbrance and expenditures. The encumbrance deadline indicates the date by which the funds must be encumbered.

HAWAII PUBLIC HOUSING AUTHORITY

Agency Total

Actual vs Budget Comparison

For the Month of January 2025, and the 7 Months ended January 31, 2025

(Amounts in Full Dollars)

Month of January 2025					Year To Date ended January 31, 2025						
Actual	Budget	Variance Amount	Variance %		Actual	Budget	Variance Amount	Variance %	Prior Year	Variance Amount	Variance %
				REVENUES							
2,376,919	2,275,404	101,515	4%	Dwelling Rental Income	16,647,231	16,114,303	532,928	3%	16,282,170	365,062	2%
12,107,441	12,509,756	(402,315)	-3%	HUD Operating Grants	91,178,071	87,568,290	3,609,780	4%	84,812,950	6,365,120	8%
10,337	-	10,337	100%	CFP Grant Income	130,830	-	130,830	100%	37,065	93,765	>100%
495,322	525,265	(29,944)	-6%	COCC Fee Income	3,528,337	3,710,046	(181,709)	-5%	3,651,874	(123,537)	-3%
-	-	-	0%	State CIP Fund	44,607	-	44,607	100%	213,210	(168,602)	-79%
7,095,347	2,078,943	5,016,404	>100%	Grant Income	10,896,047	6,236,830	4,659,218	75%	9,256,778	1,639,269	18%
285,633	644,623	(358,990)	-56%	Other Income	2,321,332	4,417,643	(2,096,311)	-47%	2,376,407	(55,075)	-2%
$ 22,370,998	**18,033,991**	**4,337,007**	**24%**	**Total Revenues**	**$ 124,746,456**	**118,047,111**	**6,699,344**	**6%**	**116,630,453**	**8,116,002**	**7%**
				EXPENSES							
2,063,735	2,566,775	(503,041)	-20%	Administrative	14,970,981	17,600,669	(2,629,689)	-15%	13,388,140	1,582,841	12%
-	-	-	0%	Asset Management Fees	-	-	-	0%	-	-	0%
429,590	455,909	(26,319)	-6%	Management Fees	3,064,249	3,221,702	(157,454)	-5%	3,176,354	(112,105)	-4%
65,731	69,363	(3,632)	-5%	Bookkeeping Fees	464,088	488,393	(24,305)	-5%	475,520	(11,432)	-2%
9,268,326	9,310,688	(42,362)	0%	Housing Assistance Payments	66,371,771	65,174,815	1,196,955	2%	63,710,392	2,661,378	4%
3,704	23,890	(20,186)	-84%	Tenant Services	64,475	176,234	(111,759)	-63%	331,739	(267,264)	-81%
1,240,404	1,283,326	(42,922)	-3%	Utilities	8,514,754	8,983,284	(468,530)	-5%	8,377,775	136,979	2%
2,489,374	2,786,599	(297,226)	-11%	Maintenance	17,975,456	19,333,660	(1,358,204)	-7%	17,812,459	162,997	1%
308,173	376,436	(68,263)	-18%	Protective Services	2,286,618	2,645,055	(358,437)	-14%	2,275,568	11,050	0%
163,207	98,126	65,081	66%	Insurance	835,723	686,879	148,844	22%	688,020	147,703	21%
1,979,910	1,979,910	-	0%	Depreciation Expense	14,627,633	14,627,633	-	0%	13,430,402	1,197,231	9%
167,145	88,598	78,547	89%	Bad Debt Expense	1,563,302	620,186	943,116	>100%	2,059,145	(495,843)	-24%
563,115	12,370	550,745	>100%	General Expenses	9,106,119	86,593	9,019,527	>100%	433,378	8,672,742	>100%
18,742,413	**19,051,991**	**(309,578)**	**-2%**	**Total Expenses**	**139,845,168**	**133,645,103**	**6,200,065**	**-5%**	**126,158,891**	**13,686,277**	**11%**
$ 3,628,585	**(1,018,000)**	**4,646,585**	**>100%**	**Net Income(Loss)**	**$ (15,098,713)**	**(15,597,992)**	**499,279**	**3%**	**(9,528,438)**	**(5,570,275)**	**-58%**
				CASH BASIS							
3,628,585	**(1,018,000)**	**4,646,585**	>100%	Net Income(loss) per Above	**(15,098,713)**	**(15,597,992)**	**499,279**	**3%**	**(9,528,438)**	**(5,570,275)**	**-58%**
				Add back non cash items:							
1,979,910	-	1,979,910	n/a	Depreciation Expense	14,627,633	-	14,627,633	n/a	13,430,402	1,197,231	9%
167,145	88,598	78,547	89%	Bad Debt Expense	1,563,302	620,186	943,116	>100%	2,059,145	(495,843)	-24%
$ 5,775,639	**(929,402)**	**6,705,041**	**>100%**	**TOTAL CASH BASIS**	**$ 1,092,223**	**(14,977,806)**	**16,070,028**	**>100%**	**5,961,109**	**(4,868,887)**	**-82%**

HAWAII PUBLIC HOUSING AUTHORITY

Consolidated Balance Sheet

Agency Total
As of January 31, 2025 and December 31, 2024

	As of January 31, 2025	As of December 31, 2024	Increase (Decrease)
ASSETS:			
Cash	210,393,416	205,831,143	4,562,273
Receivables:			
Tenant Receivables	10,219,333	10,149,464	69,870
Other	1,231,664	1,322,426	(90,762)
Less Allowance for Doubtful Accounts	(9,303,842)	(9,116,222)	(187,620)
Accounts receivable (net of allowance)	2,147,156	2,355,668	(208,512)
Accrued Interest	235,807	341,913	(106,106)
Prepaid Expenses	500,660	586,123	(85,464)
Inventories	753,222	753,884	(663)
Total Current Assets	**214,030,260**	**209,868,731**	**4,161,529**
Property, Plant & Equipment:			
Land	25,518,054	25,518,054	-
Buildings	822,989,984	822,989,984	-
Furniture & Equipment	8,849,218	8,849,218	-
Motor vehicles	5,429,726	5,429,726	-
Construction in Progress	47,567,253	45,789,155	1,778,098
Less: Accumulated Depreciation	(572,237,844)	(570,257,934)	(1,979,910)
Notes, Loans & Mortgage Receivable-Non Current	9,919,446	9,814,772	104,673
Other Long Term Assets	-	-	-
Deferred Outflows of Resources	8,889,882	8,889,882	-
Total Assets & Deferred Outflow of Resources	**$ 570,955,977**	**$ 566,891,587**	**4,064,390**
LIABILITIES AND NET POSITION			
Accounts Payable	5,841,798	5,257,760	584,037
Accrued Salaries & Wages	4,155,714	4,155,714	-
Tenant Security Deposits	1,605,928	1,630,060	(24,132)
Other Liabilities & Deferred Income	9,403,606	9,584,580	(180,974)
Total Current Liabilities	**21,007,046**	**20,628,116**	**378,930**
Net Pension Liability	40,659,919	40,659,919	-
Net OPEB Liability	33,182,220	33,182,220	-
Other Long Term Liabilities	2,129,894	2,125,332	4,562
Deferred Inflows of Resources	6,698,590	6,698,590	-
Net Assets			
Investment in capital assets	338,116,390	338,318,202	(201,812)
Restricted Net Assets	247,664	247,664	-
Unrestricted Net Assets	144,012,967	143,758,842	254,125
Net Income Year to Date	(15,098,713)	(18,727,297)	3,628,585
Total Net Assets	**467,278,308**	**463,597,410**	**3,680,898**
Total Liabilities, Deferred Inflow of Resources & Net Position	**$ 570,955,977**	**566,891,587**	**4,064,390**

HAWAII PUBLIC HOUSING AUTHORITY
Federal Low Rent Program

Actual vs Budget Comparison

For the Month of January 2025, and the 7 Months ended January 31, 2025

(Amounts in Full Dollars)

Month of January 2025					Year To Date ended January 31, 2025						
Actual	Budget	Variance Amount	Variance %		Actual	Budget	Variance Amount	Variance %	Prior Year	Variance Amount	Variance %
				REVENUES							
1,991,996	1,910,365	81,631	4%	Dwelling Rental Income	13,880,214	13,568,553	311,661	2%	13,705,776	174,437	1%
2,355,260	2,717,625	(362,365)	-13%	HUD Operating Grants	21,294,770	19,023,375	2,271,395	12%	18,102,918	3,191,852	18%
10,337	-	10,337	100%	CFP Grant Income	130,830	-	130,830	100%	37,065	93,765	>100%
-	-	-	0%	COCC Fee Income	-	-	-	0%	-	-	0%
-	-	-	0%	State CIP Fund	44,607	-	44,607	100%	191,291	(146,684)	-77%
107,819	822,907	(715,088)	-87%	Grant Income	415,226	2,468,721	(2,053,495)	-83%	4,623,068	(4,207,841)	-91%
79,597	55,448	24,149	44%	Other Income	374,231	389,634	(15,403)	-4%	459,215	(84,984)	-19%
$ 4,545,009	**5,506,345**	**(961,336)**	**-17%**	**Total Revenues**	**36,139,878**	**35,450,283**	**689,595**	**2%**	**37,119,333**	**(979,455)**	**-3%**
				EXPENSES							
742,386	954,002	(211,616)	-22%	Administrative	5,765,601	6,518,342	(752,741)	-12%	5,272,109	493,492	9%
-	-	-	0%	Asset Management Fees	-	-	-	0%	-	-	0%
304,781	316,705	(11,924)	-4%	Management Fees	2,142,377	2,249,509	(107,132)	-5%	2,173,077	(30,700)	-1%
32,978	34,115	(1,137)	-3%	Bookkeeping Fees	231,686	241,865	(10,179)	-4%	233,865	(2,179)	-1%
352	477	(125)	-26%	Housing Assistance Payments	1,859	3,339	(1,480)	-44%	4,879	(3,020)	-62%
3,500	20,569	(17,069)	-83%	Tenant Services	49,075	155,489	(106,414)	-68%	262,302	(213,227)	-81%
1,023,616	1,044,506	(20,890)	-2%	Utilities	7,021,971	7,311,542	(289,571)	-4%	6,851,753	170,218	2%
1,923,326	2,254,678	(331,352)	-15%	Maintenance	14,586,715	15,603,613	(1,016,898)	-7%	14,467,252	119,463	1%
292,601	359,487	(66,886)	-19%	Protective Services	2,179,523	2,526,409	(346,886)	-14%	2,169,682	9,841	0%
104,190	78,760	25,430	32%	Insurance	660,292	551,320	108,972	20%	551,530	108,762	20%
1,640,810	-	1,640,810	100%	Depreciation Expense	12,250,035	-	12,250,035	100%	11,030,296	1,219,739	11%
141,874	82,587	59,287	72%	Bad Debt Expense	1,443,182	578,109	865,073	>100%	1,935,505	(492,323)	-25%
79,183	113	79,070	>100%	General Expenses	7,997,516	791	7,996,725	>100%	276,996	7,720,520	>100%
6,289,597	**5,145,999**	**1,143,598**	**22%**	**Total Expenses**	**54,329,834**	**35,740,328**	**18,589,506**	**-52%**	**45,229,246**	**9,100,588**	**20%**
$ (1,744,588)	**360,346**	**(2,104,934)**	**<-100%**	**Net Income(Loss)**	**(18,189,956)**	**(290,045)**	**(17,899,911)**	**<-100%**	**(8,109,913)**	**(10,080,043)**	**<-100%**
				CASH BASIS:							
(1,744,588)	**360,346**	**(2,104,934)**	<-100%	Net Income(loss) per Above	**(18,189,956)**	**(290,045)**	**(17,899,911)**	**<-100%**	**(8,109,913)**	**(10,080,043)**	**<-100%**
				Add back non cash items:							
1,640,810	-	1,640,810	100%	Depreciation Expense	12,250,035	-	12,250,035	100%	11,030,296	1,219,739	11%
141,874	82,587	59,287	72%	Bad Debt Expense	1,443,182	578,109	865,073	>100%	1,935,505	(492,323)	-25%
$ 38,096	**442,933**	**(404,837)**	**-91%**		**(4,496,738)**	**288,064**	**(4,784,802)**	**<-100%**	**4,855,888**	**(9,352,626)**	**<-100%**

HAWAII PUBLIC HOUSING AUTHORITY
Federal Low Rent Program

Actual vs Budget Comparison

For the Month of January 2025, and the 7 Months ended January 31, 2025
(Amounts in Full Dollars)

Month of January 2025					Year To Date ended January 31, 2025						
Actual	Budget	Variance Amount	Variance %	ACCRUAL BASIS	Actual	Budget	Variance Amount	Variance %	Prior Year	Variance Amount	Variance %
				REVENUES							
403,096	507,677	(104,581)	-21%	**Asset Management Project - 30**	3,284,666	2,950,307	334,359	11%	2,707,464	577,203	21%
426,260	536,977	(110,717)	-21%	**Asset Management Project - 31**	3,766,885	3,411,889	354,996	10%	3,793,112	(26,227)	-1%
428,384	493,057	(64,673)	-13%	**Asset Management Project - 32**	263,366	3,326,515	(3,063,149)	-92%	5,282,651	(5,019,285)	-95%
389,173	442,342	(53,169)	-12%	**Asset Management Project - 33**	3,148,003	2,702,038	445,965	17%	2,480,688	667,315	27%
505,114	643,301	(138,187)	-21%	**Asset Management Project - 34**	4,991,928	4,048,875	943,053	23%	4,120,018	871,910	21%
493,604	685,377	(191,773)	-28%	**Asset Management Project - 35**	4,335,705	4,185,759	149,946	4%	3,794,519	541,186	14%
253,124	282,983	(29,859)	-11%	**Asset Management Project - 37**	2,128,875	1,959,381	169,494	9%	1,925,503	203,373	11%
265,472	325,505	(60,033)	-18%	**Asset Management Project - 38**	2,475,790	2,129,591	346,199	16%	3,684,905	(1,209,116)	-33%
245,718	178,189	67,529	38%	**Asset Management Project - 39**	2,057,089	1,203,609	853,480	71%	1,452,702	604,387	42%
238,066	234,226	3,840	2%	**Asset Management Project - 40**	1,936,719	1,730,270	206,449	12%	1,718,139	218,581	13%
179,399	208,058	(28,659)	-14%	**Asset Management Project - 43**	1,476,091	1,415,778	60,313	4%	1,412,963	63,128	4%
234,064	257,503	(23,439)	-9%	**Asset Management Project - 44**	1,845,367	1,765,305	80,062	5%	1,752,811	92,557	5%
203,803	236,071	(32,268)	-14%	**Asset Management Project - 45**	1,930,603	1,581,333	349,270	22%	1,576,887	353,716	22%
86,504	103,329	(16,825)	-16%	**Asset Management Project - 46**	714,096	700,099	13,997	2%	676,039	38,057	6%
157,095	228,956	(71,861)	-31%	**Asset Management Project - 49**	1,305,040	1,366,572	(61,532)	-5%	1,109,387	195,652	18%
122,991	142,794	(19,803)	-14%	**Asset Management Project - 50**	2,435,080	972,962	1,462,118	>100%	941,537	1,493,543	>100%
-	-	-	0%	**Asset Management Project - 52**	-	-	-	0%	-	-	0%
$ 4,631,866	**5,506,345**	**(874,479)**	**-16%**	**Total Revenues**	**$ 38,095,303**	**35,450,283**	**2,645,020**	**7%**	**38,429,325**	**(334,022)**	**-1%**
				NET INCOME(LOSS)							
(106,866)	13,539	(120,405)	<-100%	**Asset Management Project - 30**	(607,163)	(517,437)	(89,726)	-17%	(699,953)	92,790	13%
(226,033)	61,208	(287,241)	<-100%	**Asset Management Project - 31**	(989,192)	110,220	(1,099,412)	<-100%	(1,189,068)	199,877	17%
1,149	(15,584)	16,733	>100%	**Asset Management Project - 32**	(3,274,988)	(146,820)	(3,128,168)	<-100%	256,937	(3,531,925)	<-100%
(59,500)	32,659	(92,159)	<-100%	**Asset Management Project - 33**	(159,361)	(33,883)	(125,478)	<-100%	(342,574)	183,213	53%
(10,495)	84,853	(95,348)	<-100%	**Asset Management Project - 34**	41,257	146,533	(105,276)	-72%	(87,426)	128,683	>100%
(242,231)	79,901	(322,132)	<-100%	**Asset Management Project - 35**	(1,561,580)	(63,686)	(1,497,894)	<-100%	(812,208)	(749,372)	-92%
(194,381)	10,697	(205,078)	<-100%	**Asset Management Project - 37**	(1,211,677)	14,958	(1,226,635)	<-100%	(1,304,938)	93,261	7%
(184,102)	25,215	(209,317)	<-100%	**Asset Management Project - 38**	(708,223)	104,007	(812,230)	<-100%	129,285	(837,509)	<-100%
(31,616)	(35,838)	4,222	12%	**Asset Management Project - 39**	(7,852,795)	(206,461)	(7,646,334)	<-100%	(540,836)	(7,311,958)	<-100%
(44,182)	(40,466)	(3,716)	-9%	**Asset Management Project - 40**	(147,297)	(224,540)	77,243	34%	(273,426)	126,129	46%
(93,563)	25,739	(119,302)	<-100%	**Asset Management Project - 43**	(29,241)	124,021	(153,262)	<-100%	(265,672)	236,431	89%
(128,522)	35,502	(164,024)	<-100%	**Asset Management Project - 44**	(295,773)	210,410	(506,183)	<-100%	(316,660)	20,887	7%
(38,036)	33,058	(71,094)	<-100%	**Asset Management Project - 45**	249,169	147,982	101,187	68%	(7,356)	256,525	>100%
(126,597)	(47)	(126,550)	<-100%	**Asset Management Project - 46**	(441,468)	(20,091)	(421,377)	<-100%	(482,858)	41,390	9%
(55,534)	26,766	(82,300)	<-100%	**Asset Management Project - 49**	(165,409)	(56,399)	(109,010)	<-100%	(351,926)	186,517	53%
(117,222)	23,144	(140,366)	<-100%	**Asset Management Project - 50**	919,210	121,141	798,069	>100%	(511,242)	1,430,452	>100%
-	-	-	0%	**Asset Management Project - 52**	-	-	-	0%	-	-	0%
$ (1,657,731)	**360,346**	**(2,018,077)**	**<-100%**	**Total Net Income(Loss)**	**$ (16,234,531)**	**(290,045)**	**(15,944,486)**	**<-100%**	**(6,799,921)**	**(9,434,609)**	**<-100%**

HAWAII PUBLIC HOUSING AUTHORITY
Federal Low Rent Program
Actual vs Budget Comparison
For the Month of January 2025, and the 7 Months ended January 31, 2025
(Amounts in Full Dollars)

Month of January 2025					Year To Date ended January 31, 2025						
Actual	Budget	Variance Amount	Variance %	CASH BASIS	Actual	Budget	Variance Amount	Variance %	Prior Year	Variance Amount	Variance %
				REVENUES							
403,096	507,677	(104,581)	-21%	**Asset Management Project - 30**	3,284,666	2,950,307	334,359	11%	2,707,464	577,203	21%
426,260	536,977	(110,717)	-21%	**Asset Management Project - 31**	3,766,885	3,411,889	354,996	10%	3,793,112	(26,227)	-1%
428,384	493,057	(64,673)	-13%	**Asset Management Project - 32**	263,366	3,326,515	(3,063,149)	-92%	5,282,651	(5,019,285)	-95%
389,173	442,342	(53,169)	-12%	**Asset Management Project - 33**	3,148,003	2,702,038	445,965	17%	2,480,688	667,315	27%
505,114	643,301	(138,187)	-21%	**Asset Management Project - 34**	4,991,928	4,048,875	943,053	23%	4,120,018	871,910	21%
493,604	685,377	(191,773)	-28%	**Asset Management Project - 35**	4,335,705	4,185,759	149,946	4%	3,794,519	541,186	14%
253,124	282,983	(29,859)	-11%	**Asset Management Project - 37**	2,128,875	1,959,381	169,494	9%	1,925,503	203,373	11%
265,472	325,505	(60,033)	-18%	**Asset Management Project - 38**	2,475,790	2,129,591	346,199	16%	3,684,905	(1,209,116)	-33%
245,718	178,189	67,529	38%	**Asset Management Project - 39**	2,057,089	1,203,609	853,480	71%	1,452,702	604,387	42%
238,066	234,226	3,840	2%	**Asset Management Project - 40**	1,936,719	1,730,270	206,449	12%	1,718,139	218,581	13%
179,399	208,058	(28,659)	-14%	**Asset Management Project - 43**	1,476,091	1,415,778	60,313	4%	1,412,963	63,128	4%
234,064	257,503	(23,439)	-9%	**Asset Management Project - 44**	1,845,367	1,765,305	80,062	5%	1,752,811	92,557	5%
203,803	236,071	(32,268)	-14%	**Asset Management Project - 45**	1,930,603	1,581,333	349,270	22%	1,576,887	353,716	22%
86,504	103,329	(16,825)	-16%	**Asset Management Project - 46**	714,096	700,099	13,997	2%	676,039	38,057	6%
157,095	228,956	(71,861)	-31%	**Asset Management Project - 49**	1,305,040	1,366,572	(61,532)	-5%	1,109,387	195,652	18%
122,991	142,794	(19,803)	-14%	**Asset Management Project - 50**	2,435,080	972,962	1,462,118	>100%	941,537	1,493,543	>100%
-	-	-	0%	**Asset Management Project - 52**	-	-	-	0%	-	-	0%
$ 4,631,866	**5,506,345**	**(874,479)**	**-16%**	**Total Revenues**	**$ 38,095,303**	**35,450,283**	**2,645,020**	**7%**	**38,429,325**	**(334,022)**	**-1%**
				NET INCOME(LOSS)							
11,917	27,048	(15,131)	-56%	**Asset Management Project - 30**	236,692	(422,874)	659,566	>100%	164,525	72,168	44%
28,762	77,875	(49,113)	-63%	**Asset Management Project - 31**	749,271	226,889	522,382	>100%	564,939	184,332	33%
52,493	(13,584)	66,077	>100%	**Asset Management Project - 32**	(2,779,381)	(132,820)	(2,646,561)	<-100%	720,914	(3,500,295)	<-100%
46,163	34,659	11,504	33%	**Asset Management Project - 33**	605,890	(19,883)	625,773	>100%	462,366	143,524	31%
106,281	89,019	17,262	19%	**Asset Management Project - 34**	963,402	175,695	787,707	>100%	667,090	296,312	44%
(42,957)	84,101	(127,058)	<-100%	**Asset Management Project - 35**	539,435	(34,286)	573,721	>100%	159,486	379,949	>100%
(8,063)	14,448	(22,511)	<-100%	**Asset Management Project - 37**	325,103	41,215	283,888	>100%	339,272	(14,169)	-4%
(38,641)	25,215	(63,856)	<-100%	**Asset Management Project - 38**	355,317	104,007	251,310	>100%	1,313,405	(958,087)	-73%
96,661	(27,504)	124,165	>100%	**Asset Management Project - 39**	(7,053,983)	(148,123)	(6,905,860)	<-100%	312,876	(7,366,859)	<-100%
(25,800)	(33,389)	7,589	23%	**Asset Management Project - 40**	53,610	(175,001)	228,611	>100%	(45,108)	98,718	>100%
(26,492)	33,774	(60,266)	<-100%	**Asset Management Project - 43**	339,892	180,266	159,626	89%	238,286	101,607	43%
(11,841)	37,001	(48,842)	<-100%	**Asset Management Project - 44**	473,891	220,903	252,988	>100%	454,188	19,703	4%
23,590	35,557	(11,967)	-34%	**Asset Management Project - 45**	754,418	165,475	588,943	>100%	509,181	245,237	48%
(47,396)	1,203	(48,599)	<-100%	**Asset Management Project - 46**	92,605	(11,341)	103,946	>100%	89,439	3,166	4%
(11,264)	29,266	(40,530)	<-100%	**Asset Management Project - 49**	230,090	(38,899)	268,989	>100%	29,387	200,702	>100%
(28,459)	28,244	(56,703)	<-100%	**Asset Management Project - 50**	1,572,433	156,841	1,415,592	>100%	185,633	1,386,801	>100%
-	-	-	0%	**Asset Management Project - 52**	-	-	-	0%	-	-	0%
$ 124,953	**442,933**	**(317,980)**	**-72%**	**Total Net Income(Loss)**	**$ (2,541,313)**	**288,064**	**(2,829,377)**	**<-100%**	**6,165,879**	**(8,707,193)**	**<-100%**

HAWAII PUBLIC HOUSING AUTHORITY

Housing Assistance Voucher Programs

Actual vs Budget Comparison

For the Month of January 2025, and the 7 Months ended January 31, 2025

(Amounts in Full Dollars)

Month of January 2025					Year To Date ended January 31, 2025						
Actual	Budget	Variance Amount	Variance %		Actual	Budget	Variance Amount	Variance %	Prior Year	Variance Amount	Variance %
				REVENUES							
-	-	-	0%	Dwelling Rental Income	-	-	-	0%	-	-	0%
5,449,446	5,601,114	(151,668)	-3%	HUD Operating Grants	39,741,259	39,207,797	533,462	1%	38,253,260	1,487,999	4%
0	-	0	100%	CFP Grant Income	(0)	-	(0)	-100%	0	(0)	<-100%
-	-	-	0%	COCC Fee Income	-	-	-	0%	-	-	0%
-	-	-	0%	State CIP Fund	-	-	-	0%	-	-	0%
-	-	-	0%	Grant Income	-	-	-	0%	-	-	0%
47,431	1,960	45,470	>100%	Other Income	199,391	13,721	185,670	>100%	34,687	164,704	>100%
$ 5,496,876	**5,603,074**	**(106,198)**	**-2%**	**Total Revenues**	**39,940,649**	**39,221,518**	**719,131**	**2%**	**38,287,947**	**1,652,703**	**4%**
				EXPENSES							
224,515	211,725	12,790	6%	Administrative	1,512,637	1,470,238	42,399	3%	1,252,026	260,612	21%
-	-	-	0%	Asset Management Fees	-	-	-	0%	-	-	0%
91,258	102,131	(10,873)	-11%	Management Fees	684,838	714,918	(30,080)	-4%	768,500	(83,661)	-11%
26,461	28,140	(1,679)	-6%	Bookkeeping Fees	188,153	196,980	(8,827)	-4%	197,460	(9,307)	-5%
4,892,361	5,083,275	(190,914)	-4%	Housing Assistance Payments	36,605,867	35,582,922	1,022,945	3%	35,626,214	979,653	3%
153	127	27	21%	Tenant Services	204	886	(682)	-77%	56,430	(56,226)	-100%
2,649	3,887	(1,238)	-32%	Utilities	21,371	27,211	(5,840)	-21%	24,122	(2,751)	-11%
2,245	981	1,264	>100%	Maintenance	7,898	6,893	1,005	15%	9,928	(2,030)	-20%
738	827	(89)	-11%	Protective Services	4,641	5,792	(1,151)	-20%	5,364	(723)	-13%
966	1,437	(471)	-33%	Insurance	6,765	10,061	(3,297)	-33%	10,061	(3,297)	-33%
4,309	-	4,309	100%	Depreciation Expense	32,059	-	32,059	100%	33,481	(1,422)	-4%
-	-	-	0%	Bad Debt Expense	-	-	-	0%	-	-	0%
490,869	12,143	478,727	>100%	General Expenses	1,077,463	84,998	992,466	>100%	112,905	964,558	>100%
5,736,523	**5,444,673**	**291,851**	**5%**	**Total Expenses**	**40,141,897**	**38,100,899**	**2,040,998**	**-5%**	**38,096,491**	**2,045,406**	**5%**
$ (239,647)	**158,401**	**(398,048)**	**<-100%**	**Net Income(Loss)**	**(201,247)**	**1,120,619**	**(1,321,866)**	**<-100%**	**191,456**	**(392,703)**	**<-100%**
				CASH BASIS:							
(239,647)	**158,401**	**(398,048)**	<-100%	Net Income(loss) per Above	**(201,247)**	**1,120,619**	**(1,321,866)**	**<-100%**	**191,456**	**(392,703)**	**<-100%**
				Add back non cash items:							
4,309	-	4,309	100%	Depreciation Expense	32,059	-	32,059	100%	33,481	(1,422)	-4%
-	-	-	0%	Bad Debt Expense	-	-	-	0%	-	-	0%
$ (235,338)	**158,401**	**(393,739)**	**<-100%**		**(169,188)**	**1,120,619**	**(1,289,807)**	**<-100%**	**224,937**	**(394,125)**	**<-100%**

HAWAII PUBLIC HOUSING AUTHORITY

State Low Rent

Actual vs Budget Comparison

For the Month of January 2025, and the 7 Months ended January 31, 2025

(Amounts in Full Dollars)

Month of January 2025					Year To Date ended January 31, 2025						
Actual	**Budget**	**Variance Amount**	**%**		**Actual**	**Budget**	**Variance Amount**	**%**	**Prior Year**	**Variance Amount**	**%**
				REVENUES							
120,626	120,928	(302)	0%	Dwelling Rental Income	839,622	836,974	2,648	0%	818,257	21,365	3%
-	-	-	0%	HUD Operating Grants	-	-	-	0%	-	-	0%
-	-	-	0%	CFP Grant Income	-	-	-	0%	-	-	0%
-	-	-	0%	COCC Fee Income	-	-	-	0%	-	-	0%
-	-	-	0%	State CIP Fund	-	-	-	0%	7,306	(7,306)	-100%
319,366	558,692	(239,326)	-43%	Grant Income	958,254	1,676,076	(717,822)	-43%	617,895	340,359	55%
(2,451)	2,514	(4,965)	<-100%	Other Income	47,015	17,598	29,417	>100%	39,909	7,106	18%
$ 437,541	**682,134**	**(244,593)**	**-36%**	**Total Revenues**	**1,844,891**	**2,530,648**	**(685,757)**	**-27%**	**1,483,368**	**361,523**	**24%**
				EXPENSES							
41,267	58,387	(17,120)	-29%	Administrative	321,603	381,684	(60,081)	-16%	298,912	22,691	8%
-	-	-	0%	Asset Management Fees	-	-	-	0%	-	-	0%
18,507	20,103	(1,596)	-8%	Management Fees	131,901	138,485	(6,584)	-5%	136,539	(4,639)	-3%
1,835	1,988	(153)	-8%	Bookkeeping Fees	13,064	13,708	(644)	-5%	13,500	(436)	-3%
-	-	-	0%	Housing Assistance Payments	-	-	-	0%	-	-	0%
-	1,333	(1,333)	-100%	Tenant Services	169	6,831	(6,662)	-98%	4,336	(4,167)	-96%
61,949	72,779	(10,830)	-15%	Utilities	478,904	509,453	(30,549)	-6%	455,222	23,681	5%
179,172	144,306	34,866	24%	Maintenance	848,068	1,028,469	(180,401)	-18%	782,168	65,900	8%
11,214	12,782	(1,568)	-12%	Protective Services	79,655	89,474	(9,819)	-11%	75,950	3,705	5%
6,451	4,624	1,827	40%	Insurance	34,291	32,368	1,923	6%	32,427	1,864	6%
106,208	-	106,208	100%	Depreciation Expense	743,694	-	743,694	100%	744,369	(675)	0%
25,504	6,011	19,493	>100%	Bad Debt Expense	118,701	42,077	76,624	>100%	114,256	4,445	4%
-	-	-	0%	General Expenses	-	-	-	0%	-	-	0%
452,107	**322,313**	**129,794**	**40%**	**Total Expenses**	**2,770,049**	**2,242,549**	**527,500**	**-24%**	**2,657,680**	**112,370**	**4%**
$ (14,566)	**359,821**	**(374,387)**	**<-100%**	**Net Income(Loss)**	**(925,158)**	**288,099**	**(1,213,257)**	**<-100%**	**(1,174,312)**	**249,153**	**21%**
				CASH BASIS:							
(14,566)	**359,821**	**(374,387)**	<-100%	Net Income(loss) per Above	**(925,158)**	**288,099**	**(1,213,257)**	**<-100%**	**(1,174,312)**	**249,153**	**21%**
				Add back non cash items:							
106,208	-	106,208	100%	Depreciation Expense	743,694	-	743,694	100%	744,369	(675)	0%
25,504	6,011	19,493	>100%	Bad Debt Expense	118,701	42,077	76,624	>100%	114,256	4,445	4%
$ 117,147	**365,832**	**(248,685)**	**-68%**		**(62,763)**	**330,176**	**(392,939)**	**<-100%**	**(315,687)**	**252,923**	**80%**

HAWAII PUBLIC HOUSING AUTHORITY
State Elderly Program

Actual vs Budget Comparison

For the Month of January 2025, and the 7 Months ended January 31, 2025

(Amounts in Full Dollars)

Month of January 2025					Year To Date ended January 31, 2025						
Actual	Budget	Variance Amount	Variance %		Actual	Budget	Variance Amount	Variance %	Prior Year	Variance Amount	Variance %
				REVENUES							
201,001	190,155	10,846	6%	Dwelling Rental Income	1,381,159	1,331,085	50,074	4%	1,317,071	64,088	5%
-	-	-	0%	HUD Operating Grants	-	-	-	0%	-	-	0%
-	-	-	0%	CFP Grant Income	-	-	-	0%	-	-	0%
-	-	-	0%	COCC Fee Income	-	-	-	0%	-	-	0%
-	-	-	0%	State CIP Fund	-	-	-	0%	14,612	(14,612)	-100%
-	7,488	(7,488)	-100%	Grant Income	-	22,464	(22,464)	-100%	1,051,167	(1,051,167)	-100%
(15,952)	6,683	(22,635)	<-100%	Other Income	62,854	46,781	16,073	34%	66,319	(3,465)	-5%
$ 185,049	**204,326**	**(19,277)**	**-9%**	**Total Revenues**	**1,444,013**	**1,400,330**	**43,683**	**3%**	**2,449,170**	**(1,005,157)**	**-41%**
				EXPENSES							
59,257	65,074	(5,817)	-9%	Administrative	444,908	451,738	(6,830)	-2%	456,648	(11,740)	-3%
-	-	-	0%	Asset Management Fees	-	-	-	0%	-	-	0%
14,516	15,695	(1,179)	-8%	Management Fees	101,437	109,865	(8,428)	-8%	94,245	7,192	8%
4,126	4,321	(195)	-5%	Bookkeeping Fees	28,868	30,247	(1,379)	-5%	28,193	676	2%
-	-	-	0%	Housing Assistance Payments	-	-	-	0%	-	-	0%
-	977	(977)	-100%	Tenant Services	2,340	6,839	(4,499)	-66%	6,252	(3,912)	-63%
130,271	133,030	(2,759)	-2%	Utilities	822,419	931,210	(108,791)	-12%	863,061	(40,642)	-5%
107,080	111,162	(4,082)	-4%	Maintenance	703,308	780,534	(77,226)	-10%	722,782	(19,474)	-3%
-	234	(234)	-100%	Protective Services	1,170	1,638	(468)	-29%	3,117	(1,947)	-62%
45,343	7,563	37,780	>100%	Insurance	90,683	52,941	37,742	71%	53,027	37,656	71%
151,430	-	151,430	100%	Depreciation Expense	1,060,009	-	1,060,009	100%	1,060,009	-	0%
(233)	-	(233)	-100%	Bad Debt Expense	1,419	-	1,419	100%	9,384	(7,965)	-85%
-	-	-	0%	General Expenses	-	-	-	0%	-	-	0%
511,789	**338,056**	**173,733**	**51%**	**Total Expenses**	**3,256,561**	**2,365,012**	**891,549**	**-38%**	**3,296,717**	**(40,156)**	**-1%**
$ (326,740)	**(133,730)**	**(193,010)**	**<-100%**	**Net Income(Loss)**	**(1,812,548)**	**(964,682)**	**(847,866)**	**-88%**	**(847,548)**	**(965,001)**	**<-100%**
				CASH BASIS:							
(326,740)	**(133,730)**	**(193,010)**	<-100%	Net Income(loss) per Above	**(1,812,548)**	**(964,682)**	**(847,866)**	**-88%**	**(847,548)**	**(965,001)**	**<-100%**
				Add back non cash items:							
151,430	-	151,430	100%	Depreciation Expense	1,060,009	-	1,060,009	100%	1,060,009	-	0%
(233)	-	(233)	-100%	Bad Debt Expense	1,419	-	1,419	100%	9,384	(7,965)	-85%
$ (175,543)	**(133,730)**	**(41,813)**	**-31%**		**(751,120)**	**(964,682)**	**213,562**	**22%**	**221,845**	**(972,966)**	**<-100%**

HAWAII PUBLIC HOUSING AUTHORITY
State Rent Supplement Program

Actual vs Budget Comparison

For the Month of January 2025, and the 7 Months ended January 31, 2025

(Amounts in Full Dollars)

Month of January 2025					Year To Date ended January 31, 2025						
Actual	Budget	Variance Amount	Variance %		Actual	Budget	Variance Amount	Variance %	Prior Year	Variance Amount	Variance %
				REVENUES							
-	-	-	0%	Dwelling Rental Income	-	-	-	0%	-	-	0%
-	-	-	0%	HUD Operating Grants	-	-	-	0%	-	-	0%
-	-	-	0%	CFP Grant Income	-	-	-	0%	-	-	0%
-	-	-	0%	COCC Fee Income	-	-	-	0%	-	-	0%
-	-	-	0%	State CIP Fund	-	-	-	0%	-	-	0%
673,158	575,953	97,205	17%	Grant Income	1,594,101	1,727,858	(133,757)	-8%	3,926,560	(2,332,459)	-59%
-	15	(15)	-100%	Other Income	54	103	(49)	-48%	158	(104)	-66%
$ 673,158	**575,967**	**97,191**	**17%**	**Total Revenues**	**1,594,155**	**1,727,961**	**(133,806)**	**-8%**	**3,926,718**	**(2,332,563)**	**-59%**
				EXPENSES							
4,052	8,717	(4,665)	-54%	Administrative	101,531	57,764	43,768	76%	54,567	46,964	86%
-	-	-	0%	Asset Management Fees	-	-	-	0%	-	-	0%
528	1,275	(747)	-59%	Management Fees	3,696	8,925	(5,229)	-59%	3,993	(297)	-7%
331	799	(468)	-59%	Bookkeeping Fees	2,316	5,593	(3,277)	-59%	2,502	(186)	-7%
97,413	181,475	(84,062)	-46%	Housing Assistance Payments	578,405	1,270,325	(691,920)	-54%	589,408	(11,003)	-2%
51	7	44	>100%	Tenant Services	68	48	20	42%	68	-	0%
130	144	(14)	-10%	Utilities	1,020	1,010	10	1%	895	125	14%
45	35	11	30%	Maintenance	325	243	82	34%	364	(40)	-11%
31	36	(4)	-12%	Protective Services	195	250	(55)	-22%	238	(43)	-18%
194	54	140	>100%	Insurance	1,356	378	979	>100%	378	979	>100%
-	-	-	0%	Depreciation Expense	-	-	-	0%	-	-	0%
-	-	-	0%	Bad Debt Expense	-	-	-	0%	-	-	0%
-	-	-	0%	General Expenses	-	-	-	0%	-	-	0%
102,775	**192,542**	**(89,766)**	**-47%**	**Total Expenses**	**688,913**	**1,344,535**	**(655,622)**	**49%**	**652,414**	**36,499**	**6%**
$ 570,383	**383,426**	**186,957**	**49%**	**Net Income(Loss)**	**905,242**	**383,426**	**521,816**	**>100%**	**3,274,304**	**(2,369,062)**	**-72%**
				CASH BASIS:							
570,383	**383,426**	**186,957**	49%	Net Income(loss) per Above	**905,242**	**383,426**	**521,816**	**>100%**	**3,274,304**	**(2,369,062)**	**-72%**
				Add back non cash items:							
-	-	-	0%	Depreciation Expense	-	-	-	0%	-	-	0%
-	-	-	0%	Bad Debt Expense	-	-	-	0%	-	-	0%
$ 570,383	**383,426**	**186,957**	**49%**		**905,242**	**383,426**	**521,816**	**>100%**	**3,274,304**	**(2,369,062)**	**-72%**

HAWAII PUBLIC HOUSING AUTHORITY
Section 8 Contract Administration
Actual vs Budget Comparison
For the Month of January 2025, and the 7 Months ended January 31, 2025
(Amounts in Full Dollars)

Month of January 2025					Year To Date ended January 31, 2025						
Actual	Budget	Variance Amount	Variance %		Actual	Budget	Variance Amount	Variance %	Prior Year	Variance Amount	Variance %
				REVENUES							
-	-	-	0%	Dwelling Rental Income	-	-	-	0%	-	-	0%
4,302,736	4,191,017	111,719	3%	HUD Operating Grants	30,139,092	29,337,118	801,974	3%	28,456,772	1,682,320	6%
-	-	-	0%	CFP Grant Income	-	-	-	0%	-	-	0%
-	-	-	0%	COCC Fee Income	-	-	-	0%	-	-	0%
-	-	-	0%	State CIP Fund	-	-	-	0%	-	-	0%
-	-	-	0%	Grant Income	-	-	-	0%	-	-	0%
45	41	4	11%	Other Income	305	285	20	7%	280	24	9%
$ 4,302,781	**4,191,058**	**111,723**	**3%**	**Total Revenues**	**30,139,397**	**29,337,403**	**801,994**	**3%**	**28,457,053**	**1,682,344**	**6%**
				EXPENSES							
134,312	95,754	38,559	40%	Administrative	802,572	655,980	146,592	22%	743,561	59,011	8%
-	-	-	0%	Asset Management Fees	-	-	-	0%	-	-	0%
-	-	-	0%	Management Fees	-	-	-	0%	-	-	0%
-	-	-	0%	Bookkeeping Fees	-	-	-	0%	-	-	0%
4,278,200	4,045,461	232,739	6%	Housing Assistance Payments	29,185,640	28,318,229	867,411	3%	27,489,891	1,695,748	6%
-	-	-	0%	Tenant Services	-	-	-	0%	-	-	0%
-	-	-	0%	Utilities	-	-	-	0%	-	-	0%
-	-	-	0%	Maintenance	-	-	-	0%	-	-	0%
-	-	-	0%	Protective Services	-	-	-	0%	-	-	0%
1,266	1,037	229	22%	Insurance	8,861	7,261	1,600	22%	7,261	1,600	22%
-	-	-	0%	Depreciation Expense	-	-	-	0%	-	-	0%
-	-	-	0%	Bad Debt Expense	-	-	-	0%	-	-	0%
-	-	-	0%	General Expenses	-	-	-	0%	-	-	0%
4,413,778	**4,142,252**	**271,526**	**7%**	**Total Expenses**	**29,997,073**	**28,981,471**	**1,015,602**	**-4%**	**28,240,714**	**1,756,360**	**6%**
$ (110,998)	**48,805**	**(159,803)**	**<-100%**	**Net Income(Loss)**	**142,324**	**355,932**	**(213,608)**	**-60%**	**216,339**	**(74,015)**	**-34%**
				CASH BASIS:							
(110,998)	**48,805**	**(159,803)**	<-100%	Net Income(loss) per Above	**142,324**	**355,932**	**(213,608)**	**-60%**	**216,339**	**(74,015)**	**-34%**
				Add back non cash items:							
-	-	-	0%	Depreciation Expense	-	-	-	0%	-	-	0%
-	-	-	0%	Bad Debt Expense	-	-	-	0%	-	-	0%
$ (110,998)	**48,805**	**(159,803)**	**<-100%**		**142,324**	**355,932**	**(213,608)**	**-60%**	**216,339**	**(74,015)**	**-34%**

HAWAII PUBLIC HOUSING AUTHORITY

Central Office Cost Center

Actual vs Budget Comparison

For the Month of January 2025, and the 7 Months ended January 31, 2025

(Amounts in Full Dollars)

Month of January 2025					Year To Date ended January 31, 2025						
Actual	Budget	Variance Amount	Variance %		Actual	Budget	Variance Amount	Variance %	Prior Year	Variance Amount	Variance %
				REVENUES							
-	-	-	0%	Dwelling Rental Income	-	-	-	0%	-	-	0%
-	-	-	0%	HUD Operating Grants	-	-	-	0%	-	-	0%
-	-	-	0%	CFP Grant Income	-	-	-	0%	-	-	0%
495,322	525,265	(29,944)	-6%	COCC Fee Income	3,528,337	3,710,046	(181,709)	-5%	3,651,874	(123,537)	-3%
-	-	-	0%	State CIP Fund	-	-	-	0%	-	-	0%
32,692	113,903	(81,211)	-71%	Grant Income	(2,960,926)	341,710	(3,302,636)	<-100%	177,534	(3,138,459)	<-100%
171,094	577,959	(406,865)	-70%	Other Income	1,540,665	3,949,492	(2,408,827)	-61%	1,692,032	(151,367)	-9%
$ 699,107	**1,217,127**	**(518,020)**	**-43%**	**Total Revenues**	**2,108,076**	**8,001,248**	**(5,893,172)**	**-74%**	**5,521,440**	**(3,413,363)**	**-62%**
				EXPENSES							
840,066	1,148,220	(308,154)	-27%	Administrative	5,839,714	7,892,712	(2,052,998)	-26%	5,114,633	725,081	14%
-	-	-	0%	Asset Management Fees	-	-	-	0%	-	-	0%
-	-	-	0%	Management Fees	-	-	-	0%	-	-	0%
-	-	-	0%	Bookkeeping Fees	-	-	-	0%	-	-	0%
-	-	-	0%	Housing Assistance Payments	-	-	-	0%	-	-	0%
-	877	(877)	-100%	Tenant Services	12,619	6,141	6,477	>100%	2,351	10,267	>100%
11,258	14,286	(3,028)	-21%	Utilities	78,883	100,000	(21,117)	-21%	90,180	(11,297)	-13%
265,075	260,378	4,697	2%	Maintenance	1,739,673	1,820,584	(80,911)	-4%	1,766,576	(26,902)	-2%
3,588	3,070	518	17%	Protective Services	21,434	21,492	(58)	0%	21,217	217	1%
3,146	3,108	38	1%	Insurance	22,023	21,755	268	1%	21,708	315	1%
12,385	-	12,385	100%	Depreciation Expense	88,453	-	88,453	100%	105,188	(16,735)	-16%
-	-	-	0%	Bad Debt Expense	-	-	-	0%	-	-	0%
(6,937)	115	(7,052)	<-100%	General Expenses	31,140	804	30,336	>100%	43,477	(12,336)	-28%
1,128,582	**1,430,055**	**(301,473)**	**-21%**	**Total Expenses**	**7,833,940**	**9,863,489**	**(2,029,549)**	**21%**	**7,165,330**	**668,610**	**9%**
$ (429,474)	**(212,928)**	**(216,547)**	**<-100%**	**Net Income(Loss)**	**(5,725,863)**	**(1,862,241)**	**(3,863,623)**	**<-100%**	**(1,643,890)**	**(4,081,973)**	**<-100%**
				CASH BASIS:							
(429,474)	**(212,928)**	**(216,547)**	<-100%	Net Income(loss) per Above	**(5,725,863)**	**(1,862,241)**	**(3,863,623)**	**<-100%**	**(1,643,890)**	**(4,081,973)**	**<-100%**
				Add back non cash items:							
12,385	-	12,385	100%	Depreciation Expense	88,453	-	88,453	100%	105,188	(16,735)	-16%
-	-	-	0%	Bad Debt Expense	-	-	-	0%	-	-	0%
$ (417,089)	**(212,928)**	**(204,162)**	**-96%**		**(5,637,410)**	**(1,862,241)**	**(3,775,170)**	**<-100%**	**(1,538,702)**	**(4,098,708)**	**<-100%**

III. Procurement

A. Solicitation(s) Issued in February 2025:

- Solicitation No. RFQ-PMB-06-2025
  Provide Stairway Fire Damage Remediation Services at Punchbowl Homes Under Asset Management Project 35 on Oahu
  Quote Due Date: February 28, 2025

- Solicitation No. RFQ-PMB-12-2025
  Furnish Grounds and Landscaping Services at Piilani Homes Under Asset Management Project 39 on Maui
  Quote Due Date: March 7, 2025

- Solicitation No. IFB-CMB-09-2025
  Furnish Preventive Maintenance Services and Repairs to Elevators at Halia Hale, Hale Poai and Laiola Under Management Unit 42 on Oahu
  Bid Due Date: March 19, 2025

- Solicitation No. IFB-PMB-08-2025
  Furnish Security Services at Puahala Homes under Asset Management Project 31 and the Hawaii Public Housing Authority Administrative Offices on Oahu
  Bid Due Date: March 13, 2025

B. Contract(s) Executed in February 2025:

1. Diede Construction, Inc.
   - *Contract No.*: CMS 25-13
   - *Purpose*: Provide Labor, Material and Equipment for Site and Building Improvements at Waipahu I and Waipahu II and Exterior Stairwell Repair at Puuwai Momi (AMP 30) on Oahu
   - *Completion Date*: 365 Calendar Days from Notice to Proceed
   - *Total Contract Amount*: $4,519,373.00

2. Engineering Concepts, Inc.
   - *Contract No.*: CMS 25-12
   - *Purpose*: Provide Design and Consultant Services for Perimeter Fence and Site Improvements at Kalihi Valley Homes (AMP 31) on Oahu
   - *End Date*: 905 Calendar Days from Notice to Proceed
   - *Total Contract Amount*: $84,179.00

3. HDR Architecture, Inc.
    - *Contract No.*: CMS 25-11
    - *Purpose*: Provide Bid Award and Contract Administration Services for Site Improvements, Phase 5 at Kalihi Valley Homes (AMP 31) on Oahu
    - *End Date*: 790 Calendar Days from Notice to Proceed
    - *Total Contract Amount*: $545,331.00

4. Group 70 International, LLC
    - *Contract No.*: CMS 25-10
    - *Purpose*: Provide Design and Consultant Services for ADA, Life Safety Building and Site Improvements at Pumehana (AMP 35) on Oahu
    - *End Date*: 1690 Calendar Days from Notice to Proceed
    - *Total Contract Amount*: $1,314,101.00

5. HDR Architecture, Inc.
    - *Contract No.*: CMS 25-09
    - *Purpose*: Provide Design and Consultant Services for Site Improvements, Phase 5 at Kalihi Valley Homes (AMP 31) on Oahu
    - *End Date*: 617 Calendar Days from Notice to Proceed
    - *Total Contract Amount*: $902,391.00

6. RMA Architects, Inc
    - *Contract No.*: CMS 25-08
    - *Purpose*: Provide Design and Consultant Services for Demolition of Community Center at Kalihi Valley Homes (AMP 31) on Oahu
    - *End Date*: 440 Calendar Days from Notice to Proceed
    - *Total Contract Amount*: $155,366.40

7. Society Contracting, LLC
    - *Contract No.*: CMS 25-07
    - *Purpose*: Provide Labor, Material and Equipment for Repair of 10 Vacant Units at Lanakila Homes, Punahele and Hale Olaloa (AMP 37) on Hawaii Island
    - *Completion Date*: 120 Calendar Days from Notice to Proceed
    - *Total Contract Amount*: $770,000.00

8. Constructors Hawaii, Inc.
    - *Contract No.*: CMS 25-06
    - *Purpose*: Provide Labor, Material and Equipment for Repair of 12 Vacant Units at Kalakaua Homes and Paoakalani (AMP 34) on Oahu

- *Completion Date*: 120 Calendar Days from Notice to Proceed
- *Total Contract Amount*: $983,210.00

9. C C Engineering & Construction, Inc.
    - *Contract No.*: CMS 25-05
    - *Purpose*: Provide Labor, Material and Equipment for Repair of 8 Vacant Units at Kalanihuia, Makamae and Pumehaha (AMP 35) on Oahu
    - *Completion Date*: 90 Calendar Days from Notice to Proceed
    - *Total Contract Amount*: $650,000.00

10. T. Iida Contracting, Ltd.
    - *Contract No.*: CMS 23-27-SC02
    - *Purpose*: Provide Additional Labor, Material and Equipment for Repair of 9 Vacant Units at Kaahumanu Homes (AMP 33) on Oahu
    - *Completion Date*: March 23, 2025
    - *Supplemental Amount*: $63,589.99
    - *Total Contract Amount*: $723.209.99

11. Hawaii Affordable Properties, Inc.
    - *Contract No.*: PMB 25-01
    - *Purpose*: Provision of Property Management, Maintenance and Resident Services for Asset Management Projects 40, 44, 45, 49, 50 and Management Unit 42 on Oahu and Asset Management Projects 43 and 46 on Hawaii Island
    - *End Date*: February 28, 2026
    - *Total Contract Amount*: $8,687,301.01

C. Planned Solicitation and Contract Activities for March / April 2025

Upcoming Solicitations:

Request for Quotes:
Tree Trimming Services for AMP 38 on Kauai
Fence Repair Services at AMP 39 on Maui
Towing Services for the HPHA Administrative Offices on Oahu

Invitation for Bids:
Security Services for AMP 31, AMP 32, and AMP 35 on Oahu
Request for Proposals:
Property Management and Maintenance Services for the Ka Hale O Kamehaikana Community Resource Center on Oahu

Planned Contracts:

Execute New/Supplemental Contracts for various services on an ongoing basis as determined necessary and in the best interest of the State. Contract extensions may include services such as property management, preventive maintenance, security, refuse collection, and custodial services.

IV. Development

A. Kuhio Park Terrace Low-Rises and Kuhio Homes Redevelopment

- Building permits: Building permits have been approved and issued.

- Architecture and Construction

  General Contractor (GC) issued construction pricing for the Issued for Construction set on 11/26/2024 (validating the original pricing). GC Contract being negotiated and reviewed by HPHA and Michaels – reviewable contract sent to Bank of Hawaii for comments.

- Relocation: The consultant, Seneca Relocation Services, has begun relocation activities onsite with all the families. Tenant Protection Voucher (TPV) application was approved by HUD and HPHA received 60 TPVs in total. Further coordination taking place amongst all HPHA property managers and Michaels' property managers to identify units for relocation. On 3/12/25, Seneca reported that initial moves have taken place.

  Moves to date: 22 (14 public housing; 8 Housing Choice Voucher)
  Moves Scheduled: 37 (11 public housing; 26 housing choice voucher)
  Moved from public housing to private residence: 1

  Deadline to move was extended to 2/28/2025, so at this point all households should be either selecting or locating housing with their Tenant Protection Vouchers. Tenant protection vouchers were extended to 3/31/25.

- HHFDC resources do not require additional allocations – just an informational presentation prior to closing. City and County of Honolulu has sent the $8M Grant letter to HPHA. Bond Calls can begin at this point.

B. School Street Elderly Housing Redevelopment

The slab-on-grade pour will be occurring on 2/27/25 and vertical construction has started on the second floor. As of 2/25/2025, construction is roughly 20.9% complete. No delay in construction or cost overruns are currently anticipated.

C. Ka Lei Momi

- Mayor Wright Homes resubmitted its Low-Income Housing Tax Credit (LIHTC), Hula Mae Multi-Family (HMMF) Bond, and Rental Housing Revolving Fund (RHRF) Tier 1 application to Hawaii Housing Finance and Development Corporation (HHFDC) for Tower 1A on 2/14/25. Mayor Wright Homes' working drawings continue to progress. Building 1B is preparing for HUD architectural review submittal in February. The Mayor Wright Homes Design Development Drawings are still on track to be completed in Q2 2025 for Tower 1A with Tower 1B following 4-6 weeks behind Tower 1A.

- Kapaa Homes still awaits a financing award from HHFDC. Kapaa Homes' architectural team continues to refine the HUD architectural comments which are expected to be resubmitted to HUD by the end of February.

- Kaahumanu Homes is fully entitled and received the Department Planning and Permitting Approval Memorandum on 1/31/25. Lanakila Homes is also fully entitled and received the Hawaii County Planning Director approval on 1/30/25. Both Kaahumanu Homes Phase I and Lanakila Homes Phase I submitted LIHTC, HMMF Bond, and RHRF Tier 1 applications to HHFDC on 2/14/25. The consultant team continues to progress the National Environmental Policy Act process for both projects.

- Additional planning and due diligence continue to be ongoing for other Ka Lei Momi sites.

V. Property Management and Maintenance Services Branch

In February, HPHA managed 22 move-ins and 25 move-outs across its properties. Throughout the month, HPHA completed 325 annual reexaminations, 127 interim reexaminations, and facilitated 14 new admissions for tenants, ensuring efficient operations and compliance with occupancy standards.

A. REAC Inspections

HUD has cancelled all previously scheduled inspections by Real Estate Assessment Center (REAC) under the National Standards for the Physical Inspection of Real Estate (NSPIRE) protocol.

B. Contract Monitoring

HPHA completed 6 site visits for contract monitoring relating to refuse collection and 9 site visits for security services. HPHA continues to refine its contract-monitoring programs and increase on-site monitoring for services, including laundry services, property management, maintenance and resident services, and elevator maintenance services. The branch monitoring is used to supplement AMP monitoring of contracted services.

C. Vacant Unit Contracts

As of February 2025, contracts for 102 vacant units had been completed.

D. Hearings

February 2025 Summary: HPHA held three (3) Federal eviction hearings. Two (1) hearings resulted in evictions, with one (1) being continued. HO held no State eviction hearings. HPHA held two (2) Section 8 informal hearings. Both cases involved participants contesting their monthly rent calculations from the Section 8 program. Both Section 8 actions were affirmed.

1. Eviction Hearing

HPHA held three (3) Federal eviction hearings. All three (3) were for non-rent related violations. Two (2) hearings resulted in evictions, with one (1) being continued. The first evicted tenant's guests assaulted another resident, and the second evicted tenant threatened Authority staff, among many other health and safety violations.

2. Eviction Hearing Referrals

HPHA received thirteen (13) new Federal eviction referrals which are being reviewed. No State referrals were received.

3. Section 8 Informal Hearings

HPHA held two (2) Section 8 informal hearings. Both cases involved participants contesting their monthly rent calculations from the Section 8 program. Both Section 8 actions were affirmed. HPHA also affirmed a Section 8 action from a January 2025 hearing.

Section 8 Informal Hearing Referrals

HPHA received one (1) new Section 8 Subsidy Program Branch referral.

4. Appeals

No new appeals were filed, though two (2) previous appeals remain pending. The cases involve unauthorized occupants committing crimes on property, with appeals ongoing.

VI. Construction Management

A. Program Activities and Major Projects

1. Vacant Units Undergoing Modernization

- Total Units: 270 vacant units are under the Construction Management Branch as of February 28, 2025, including 44 state units and 226 federal units.

- Breakdown by County:
  - O'ahu: 193 units (121 EP vacant units)
  - Maui: 43 units (0 EP vacant units, 43 casualty loss)
  - Hawaii: 19 units (11 EP vacant units)
  - Kauai: 15 unit (15 EP vacant units)
- Units designated under the Emergency Proclamation (EP) are actively under construction across Oahu, Kauai, Molokai, and Hawaii. A fourth phase is now getting into contract while a fifth phase of vacant units are currently being scoped and getting into contract.

2. Oahu Projects:

- AMP 30: Design-build fire alarm project at Puuwai Momi - The contractor's proposal needs to be revised; the Emergency Proclamation vacant unit repairs are ongoing; the Waipahu I & II building improvements and security upgrades contract has been executed and the pre-construction meeting will be scheduled for March.

- AMP 31: Kalihi Valley Homes (KVH), Puahala Homes: Projects include separate contracts for the next phase of a major modernization at both KVH and Puahala Homes, the demolition of the Community Center at KVH, the perimeter at KVH, roof replacements at both KVH and Puahala Homes, and vacant unit repairs under the Emergency Proclamation. All but the next phase of modernization at Puahala have executed contracts. Pahala's design contract should be executed in the next two weeks.
- AMP 33: vacant units under the Emergency Proclamation have been scoped.
- AMP 34: Security improvements and repairs to a burned unit. The bid opening is scheduled for February 28, 2025; Phase 4 contracts of vacant unit repairs under the Emergency Proclamation has been executed. A pre-construction meeting is being scheduled and a Notice to Proceed (NTP) date established.
- AMP 35: Punchbowl Homes Electrical Upgrade and Fire Alarm Replacement – The bid was opened on February 24, 2025, to meet the Federal obligation deadline of May 11, 2025. The bids are currently being reviewed.
- Other Sites: Various fire alarm, ADA, infrastructure upgrades and structural improvements are ongoing at locations such as Kamalu Ho'olulu, Pumehana, Waimaha/Sunflower, Wahiawa Terrace, and Hookipa Kahaluu.

3. Hawai`i County Projects

- AMP 37 Emergency Proclamation Vacant Units Phase 4 – the contract has been executed and the preconstruction meeting is being schedule for the second week of March.
- Hale Aloha O Puna and Pomaika'i Improvements: The County accepted the design solution for construction of the demising fire wall to meet the County's Fire Code. The Contractor is pricing and coordinating scheduling of this work.
- Kaimalino Site and Accessibility Upgrades: The bids were opened on February 12, 2025, and are currently being reviewed.

4. Maui County Projects

Environmental Review: The 30-day review period for the Draft Environmental Assessment (EA) for Pi'ilani Homes and David Malo Circle that was posted to the HUD Environmental Review Online System (HEROS) last month ended on February 22, 2025. State and Federal agencies were sent a notice of the publication for review and comment. The consultant is reviewing the comments and updating the EA.

5. Kauai County Projects

- AMP 38: Phase 4 of the Emergency Proclamation Vacant Units – construction is underway and is progressing quickly.
- ‘Ele‘ele Building and Site Improvements: HPHA is drafting a request to add additional consultant scope to address the deterioration of the sewer lines that will need to be included in the drawings.

B. State Capital Improvement Projects (CIP) & Federal Capital Fund Program (CFP), Training, Staffing and other Activities

1. State Capital Improvement Program (CIP): HPHA was successful in executing 7 contracts for another 85 Vacant Units under the Emergency Proclamation, EP, before it sunset on February 4, 2025. It has also scoped another 55 EP Vacant Units and is diligently working to execute contracts for those units before the current EP sunsets on April 4, 2025. These contracts are funded with CIP General Funds that have a June 30, 2025, encumbrance deadline. HPHA is also working toward encumbering all CIP bond funds for the biennium encumbrance deadline of June 30, 2026.

2. Federal Capital Fund Program (CFP): HPHA successfully met the February 16, 2025, obligation deadline for the CFP 733, 2023 grant. HPHA is reviewing 3 bids that opened in February and will be working diligently toward getting approval and executing 3 construction contracts to meet the federal obligation deadline of fully executed contracts by of May 11, 2025, for the CFP 732, 2022 grant. The 5 Year Action Plan (YAP) of 2023-2027 was successfully updated in the Department of Housing and Urban Development’s online EPIC (Energy and Performance Maintenance Center) reporting and approved by HUD. The 2024-2028 5YAP and 2025-2029 5YAP are currently being input into EPIC for HUD approval. Once approved in EPIC, it will come to the Board for approval to go out for Public Comment and for final Board Approval.

VII. Section 8 Subsidy Program

A. HPHA manages the Housing Choice Voucher Program (HCV), Project Based Voucher Program, Veteran’s Affairs Supportive Housing (VASH), Non-Elderly Disabled Vouchers (NED), Mainstream Vouchers (MS), Performance Based Contract Administration (PBCA), State Rent Supplement Program (RSP) and Family Self-Sufficiency (FSS) Program.

HPHA expended a total of $4,880,460 in housing assistance payments (HAP) to private landlords on behalf of 3,277 voucher holders; including 461 VASH families assisted with $432,281 in housing assistance payments.

HPHA leased a total of 233 vouchers for Mainstream, EHV and Port-Ins, and paid $318,408 for housing assistance payments for these programs.

B. HPHA continues to navigate delays in completing tenant certifications due to ongoing staffing shortages and a heightened administrative workload. While we initially contracted out some of the work to alleviate these pressures, we had to let the contractor go due to challenges related to union concerns, which added a considerable administrative burden.

HUD has been informed of these challenges and our efforts to mitigate their impact. Additionally, while new staff have been hired to address the backlog, training is required before they can take on a full caseload, which further affects our timelines. Despite these obstacles, we are seeing progress and remain committed to ensuring that no tenants are unfairly impacted or terminated during this process, as we work diligently to complete all certifications as efficiently as possible.

C. Inspections update:

February 2025	
Housing Quality Standards (HQS) Inspections	249
HQS Inspections Failed	115
Quality Control Inspections	0
Total Inspection completed from 2/1/2025 – 2/25/2025	**249**
Total Rent comparable requests received	63
Approved	61
Denied	2

Landlords are provided 30 days to correct failed items during the annual inspection. Failed items are generally easy to fix. Historically, failed inspections have not been a cause for landlords to end program participation. Landlords have reported positive feedback to inspections as tenants do not always properly report issues with the unit.

D. Family Self-Sufficiency (FSS) Program:
The FSS Program continues to offer employment case management, resources, and escrow savings to its 28 active participants through the month of February 2025. The current total number of Section 8 graduates is 161, and the total number of LIPH graduates is 32 since the program's inception. Currently, there are 8 of the 24 Section 8 participants and 1 of 4 LIPH participants eligible to receive monthly escrow credits. The total monthly escrow deposits for February 2025 totaled $4,629.

E. Rent Supplement Program (RSP):
RSP made a payment of $83,559 to 187 Families. New lease ups for transfers and late AR's were paid $5,542. Actual payment for February 2025 were $78,017 for 178 Families.

F. Tenant Protection Vouchers:
The HPHA was awarded tenant protection vouchers for families in Maui public housing units that were affected by the wildfires. To date, one voucher has been issued, and two additional applications were received but no vouchers have been issued.

VIII. Compliance Office

Program Activities for February 2025

HPHA is actively reviewing its programs to ensure alignment with Federal and State requirements, as well as agency and Board policies and procedures.

- Tenant Accommodation Requests:

HPHA continues to review and process tenant requests and inquiries for reasonable accommodations and modifications under the Fair Housing Act and Section 504 of the Rehabilitation Act. These requests include:

- Installation of air conditioning
- Approval of a live-in aide
- Transfers to accessible or ground-floor units
- Approval for assistance animals
- Other modifications as requested

- Fair Housing Queries:

HPHA receives and responds to questions and complaints related to Fair Housing, ensuring tenant concerns are addressed in compliance with applicable regulations.

- Document and Process Evaluation:

  Forms used for processing reasonable accommodation and modification requests are under ongoing evaluation to improve efficiency and compliance.

- Construction Report Reviews:

  Construction reports are reviewed to identify and address any ADA or compliance-related issues.

- Declaration of Trust Documentation:

  HPHA continues to document and record Declarations of Trust as part of its property management responsibilities.

  These efforts focus on maintaining compliance, supporting tenant needs, and enhancing agency processes.

IX. Human Resources

A. Staffing Summary

Filled Positions (FTW):	291
Tenant Aide Program:	16
Vacancies:	93

B. Program Activities

1. Recruitment

   HPHA conducted interviews and made hiring decisions across multiple positions, including Supply and Procurement Specialist II, Public Housing Specialists, Administrative Assistant II/I, Account Clerk V, IV and IIs, Building Construction Inspector III, Housing Building Maintenance Worker I, Building Maintenance Helper, General Laborer I.

2. Career Development

   HPHA will participate in the Operation Hire Hawaii, in which the Governor signed an Executive Order to implement Operation Hire Hawaii on February 18, 2025, to outreach applicants' federal government workforce due to the mass layoffs, resignations and cuts in federal funding. The state will implement expediting hiring process, for qualified candidates into job opportunities throughout Hawaii. HPHA identified all the Building Engineers VI, V and IVs as critical positions to fill for both Construction Branch and Development Team. The Goal is a conditional job offer within 14 days of receiving an individual's application.

HPHA will be participating at various job fairs in March such as Job America and University of Hawaii Spring Career Fair.

3. Training Programs

HPHA conducted various training sessions for staff, including HDLI 20th Annual General Counsel Form, Virtual Aloha eBUYS Marketplace Kickoff, Email Etiquette Training, Workers Compensation and Safety Training

4. Incentive Award and Service Awards

HPHA is coordinating with DHS for the Incentive Awards nominations and identifying HPHA employees who are eligible for 10, 20, 30 and 40 years of service. Employee nominations are Sustained Superior award for all DHS/Division, Manager of the Year and Team of the Year. Awardees will be honored at the DHS Incentive Award and Service Award Ceremony at the State Capitol tentative scheduled for July 25, 2025.

5. Workers Compensation/Safety

HPHA recorded three (3) injury incidents. One (1) injury incident from AMP 30 – resulting in thirty-five (35) days of lost time. One (1) injury incident from AMP 35 resulting in twenty-seven (27) days lost time. One (1) injury incident from CMB resulting in two (2) days lost time.

Currently, we have 2 employees referred to the state Return to Work Priority Program (RWPP), these employees are unable to perform the essential duties with permanent restrictions, and therefore, options for placement or other employment opportunities. DHRD/WC is currently reviewing and working on closing cases.