

STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

677 QUEEN STREET, SUITE 300
HONOLULU, HAWAII 96813
FAX: (808) 587-0600

09:FIN/1436

October 29, 2009

To All Interested Parties:

**SUBJECT: 2009/2010 CONSOLIDATED APPLICATION
FINANCING PROGRAMS**

The Hawaii Housing Finance and Development Corporation (the "HHFDC") is pleased to present the 2009/2010 Consolidated Application for HHFDC's financing programs. Please complete this application packet if you are applying for financing from any of the following programs:

- Dwelling Unit Revolving Fund (DURF)
- Hula Mae Multi-Family (HMMF) Revenue Bond Program
- Low Income Housing Tax Credit (LIHTC) Program
- Rental Assistance Revolving Fund (RARF) Program (for Interim / Construction Financing)
- Rental Housing Trust Fund (RHTF) Project Award Program

Please review the "Instructions" and "Schedule of Important Dates" attachments for program descriptions and program deadlines. The "Schedule of Important Dates" is subject to change; please refer to the HHFDC website at www.hawaii.gov/dbedt/hhfdc for the most current information.

FEES

All application fees shall be in the form of a cashier's check and must be submitted with the completed application by the deadlines set forth herein. Cashier's checks shall be made payable to the "Hawaii Housing Finance and Development Corporation." **(No personal checks will be accepted.)**

Please note:

- 1) The HHFDC's receipt of an application does not constitute acceptance of the application.

The HHFDC reserves the right to return an application to the applicant at any time without taking further action on the application due to, but not limited to, the following:

- a. Failure to meet application submittal requirements (e.g., timeliness, correct application fees, cashier's check, correct number of copies).

- b. Failure to meet individual program criteria (e.g., income set-aside requirements, minimum periods of affordability, amount of tax credits requested per low income units).
 - c. Failure to disclose in the application any known material defects about the development of the project, any misrepresentation, or fraud.
 - d. Incomplete application. The application received by the deadline constitutes the final application (the “Final Application”). Any Final Application deemed by the HHFDC to be incomplete shall not be processed.
- 2) The awarding of funds is subject to the availability of funds and the approval by the Governor of the State of Hawaii.
- 3) HHFDC does not discriminate against any person because of race, color, religion, sex, including gender identity or expression, sexual orientation, disability, familial status, ancestry, age, marital status, or HIV infection.

Some information regarding the specific financing programs and updated reference information may be found on the HHFDC website, www.hawaii.gov/dbedt/hhfdc.

Should you have questions regarding the DURF program, please contact the Development Branch at (808) 587-0529.

Should you have questions regarding the RHTF, LIHTC, or HMMF programs, please contact the Finance Branch at (808) 587-0567.

Applicants may schedule a meeting with the staff to review the application, no later than TWO WEEKS PRIOR to the indicated deadlines. Arrangements for a preliminary review of the application for LIHTC, RARF, and the RHTF programs may be scheduled with Patrick Inouye at (808) 587-0797, Jocelyn Iwamasa at (808) 587-0576, or Byron Chock at (808) 587-0569.

Thank you for your interest in the programs.

Sincerely,

HAWAII HOUSING FINANCE AND
DEVELOPMENT CORPORATION



Karen Seddon
Executive Director

STATE OF HAWAII
Hawaii Housing Finance and Development Corporation

2009/2010 Consolidated Application
Schedule of Important Events

Program	Applications Due Date	Awards Date	Availability of Funds (Subject to availability of funds)
LIHTC (From State's Annual Volume Cap)	February 1, 2010 at 4:00 PM	June / July 2010	Subject to the availability of State's LIHTC volume cap.
LIHTC (with Private Activity Bond Allocation)	Open, applications accepted throughout the year.	Depends on the date an application is received.	Subject to the issuance of tax-exempt private activity bond.
RHTF FY2010-1	November 30, 2009 at 4:00 PM *	To Be Determined <i>Note: RHTF program requires the HHFDC Board to adopt an approved and rejected list prior to award.</i>	Upon Governor's approval and satisfactory completion of required documentation. * The FY2010-1 RHTF Funding Round is restricted to projects that:
FY 2010-2	February 1, 2010 at 4:00 PM		Hold an HHFDC award of: a) 2007 or 2008 9% LIHTC or b) 2007, 2008, or 2009 4% LIHTC.
FY 2010-3	June 28, 2010 at 4:00 PM		Did not receive an award of Tax Credit Assistance Program Funds or Section 1602 Funds.
RARF	Open, applications accepted throughout the year.	Depends on the date an application is received.	Upon Governor's approval and satisfactory completion of required documentation.
HMMF	Open, applications accepted throughout the year.	Depends on the date an application is received.	Upon Governor's approval and satisfactory completion of required documentation.
DURF	Open, applications accepted throughout the year.		Upon Governor's approval and satisfactory completion of required documentation.

Applications available: October 30, 2009

All dates are subject to change

STATE OF HAWAII
Hawaii Housing Finance and Development Corporation

2009/2010 Consolidated Application
 Fee Schedule

Program	Application Fee	Loan/ Origination Fee and Interest	Administrative Fee	Compliance Monitoring Fee
Low Income Housing Tax Credit	\$1,500	n/a	10% of first year's federal credit amount reserved (one-time)	\$25 per unit for all units within each project per year (annual)
Hula Mae Multi-Family	n/a	n/a	\$50,000 payable at bond issuance (one-time) and 1/8% (.125%) of original bond issue amount (annual administrative fee)	
Rental Assistance Revolving Fund	n/a	<u>Origination Fee:</u> 2% of loan amount <u>Interest:</u> 5% per annum	n/a	To be determined
Rental Housing Trust Fund	\$100	<u>Interest:</u> Variable depending on project needs.	n/a	To be determined
Dwelling Unit Revolving Fund	n/a	<u>Origination Fee:</u> Minimum 1% of loan amount <u>Interest:</u> Minimum 3% per annum	Up to \$2,500 per unit (one-time)	n/a

STATE OF HAWAII

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION INSTRUCTIONS FOR FINANCING PROGRAM APPLICATION

This application consists of a General Information Section and the applicable Program Section(s) which must be completed.

This application to be used in applying for the following financing programs:

DWELLING UNIT REVOLVING FUND PROGRAM

The revolving funds may be used to provide developers of for-sale housing with below market rate construction financing, particularly in mixed developments that include rental and special needs housing. For Sale projects using DURF shall be subject to the HHFDC's Buy Back and Shared Appreciation Equity requirements.

In general, DURF funds have been used to provide interim construction loans for the development of affordable housing. The DURF program is administered by the Development Branch. Please contact the **Development Branch at (808) 587-0529** for more details.

HULA MAE MULTI-FAMILY REVENUE BOND PROGRAM

The HMMF Program provides interim and permanent financing at below market interest rates through the sale of tax-exempt revenue bonds for the development or rehabilitation of rental housing by private developers and owners. To qualify, projects must reserve at least 20% of their dwelling units for tenants whose incomes are 50% or less of the Area Median Gross Income (AMGI) or at least 40% of the units for tenants whose incomes are 60% or less of the AMGI. The developer/owner must agree to keep the project as an affordable rental for a minimum of 15 years. The HMMF program is administered by the Finance Branch of the HHFDC. Please contact the **Finance Branch at (808) 587-0567** for more details.

LOW-INCOME HOUSING TAX CREDIT PROGRAM

The LIHTC Program is a financing tool for private developers and non-profit organizations to construct or rehabilitate affordable rental units. Under the program, federal and state tax credits are awarded by the HHFDC, and may be used to obtain a dollar for dollar reduction in income tax liability for 10 years or may be syndicated to generate substantial project equity. To qualify, projects must reserve at least 20% of their dwelling units for tenants whose incomes are 50% or less of the AMGI or at least 40% of the units for tenants whose income are 60% or less of the AMGI. The LIHTC program is administered by the Finance Branch of the HHFDC. Please contact the **Finance Branch at (808) 587-0567** for more details.

RENTAL ASSISTANCE REVOLVING FUND FOR INTERIM CONSTRUCTION FINANCING

The RARF provides Interim Construction Financing at below market interest rates for the development of rental housing projects. Projects must meet one of the following requirements:

- a) minimum of 20% of the units for families or households earning 50% or less of the AMGI level; or
- b) minimum of 40% of the units for families or households earning 60% or less of the AMGI level; or
- c) minimum of 60% of the units for families or households earning 140% or less of the AMGI level.

The RARF program is administered by the Finance Branch of the HHFDC. Please contact the **Finance Branch at (808) 587-0567** for more details.

RENTAL HOUSING TRUST FUND PROGRAM

The RHTF provides equity-gap low-interest loans and grants to qualified owners and developers providing affordable rental housing.

The RHTF Project Award has the following funding priorities (In order of priority):

- a) Projects awarded tax credits or financing administered by the U.S. Department of Housing and Urban Development (HUD) or the U.S. Department of Agriculture (USDA) Rural Development (RD) maintaining a minimum of:
 - 50% of the units for families or households earning 80% or less of the area median gross income, of which 5% of the units for families or households earning 30% or less of the area median gross income.
 - and the remainder of the units for families or households earning 100% or less of the area median gross income.
- b) Mixed income rental projects or units in a mixed-income rental project where all units are for persons and families with incomes below 140% area median gross income.

The RHTF program is administered by the Finance Branch of the HHFDC. Please contact the **Finance Branch at (808) 587-0567** for more details.

The applicant is responsible to review the applicable federal/state laws as they relate to the respective financing programs to ensure compliance with current regulations.

INSTRUCTIONS

Please refer to these instructions as you complete this section of the application. If you have any questions, please contact a member of the program staff at (808) 587-0567. Staff is available for consultation prior to each application deadline. Applicants may schedule a meeting with staff no later than two weeks prior to the indicated deadlines.

NOTE TO ALL APPLICANTS:

Applications must be complete in order to be accepted. Incomplete applications **will not** be processed by the program staff for review and decision making by the Hawaii Housing Finance and Development Corporation's Board of Directors (Board).

The Consolidated Application is prepared in Microsoft Word and Excel. The Consolidated Application may be completed in Microsoft Word and Excel or a compatible program. If you are typing this application, please use at least an 11 point font.

Applicants must submit all applicable exhibits as part of this application. Required exhibits pertaining to the section of the application are referenced throughout the application. Please refer to the list of exhibits included as part of the Consolidated Application for details.

APPLICATION CHECKLIST

Please complete, sign, and submit the Application Checklist with your application package.

SUMMARY SHEET

Please complete each line and check the appropriate boxes on the Summary Sheet.

- Section II Provide information regarding the number of units and the corresponding income and rent restriction which the project will commit to. If this project includes market rate units, please indicate the number of market rate units in this project.
- Section III Provide the number of years that the project will commit to maintain the project as affordable based on the affordability restrictions in Section II in accordance with applicable program rules.
- Section IV Indicate the number of units allocated to the relevant tenant population.
- Section V Check the box that corresponds to the financing program that you are applying for. Include the amount of financing and the type of financing you are requesting. For the RHTF, RARF, DURF, and HMMF programs, please provide the payment terms, interest rate, and security. If more space is needed, please attach a separate page.

Please be specific in listing the programs that you are applying for and the associated amount and terms you are requesting from the HHFDC.

SECTION I. GENERAL INFORMATION

1. APPLICANT INFORMATION

A) Applicant Information

TYPE OR PRINT CLEARLY the full Name, Address, Telephone & Fax Number, E-mail address, and Tax ID Number of your organization. Provide the name of a contact person whom we may contact with questions about your application. The contact person should be knowledgeable about your proposed project. If the contact person is not affiliated with the applicant's organization, then please fill in the blanks with the appropriate information.

TYPE OR PRINT CLEARLY the full Name, Address, Telephone & Fax Number and E-mail address of the person or company that completed the application on behalf of the applicant. Provide the name of a contact person whom we may contact with questions about your application. The contact person should be knowledgeable about your proposed project. If the applicant prepared the application, please fill in "Same as Above" in the line designated for Application Preparer Name.

B) Applicant Organization/Entity

Check the box next to the category that best identifies the organization requesting funds. Indicate whether the organization is a Limited Partnership, General Partnership, Limited Liability Corporation, or Corporation. For State or County applicants, indicate the agency or division making the request. If none of the categories is applicable, check the box labeled Other and describe your organization.

C) Applicant Experience

Check the appropriate box that describes the applicant's experience in owning or developing affordable housing. If the Applicant has prior experience developing or owning affordable housing please complete the excel spreadsheet, Exhibit 9. Please fill in all the cells in the spreadsheet with the most current information.

D) Project Team Information

Provide the name, address, telephone/fax numbers, and E-mail for each member of the project team. Please provide the name of a contact person for each organization. Also summarize the role and responsibilities of each team member as it pertains to the project.

If the applicant is not the Developer for this project, please complete Exhibit 9 listing the experience of the Developer as developer and owner of affordable housing projects.

Please submit Exhibit 11 for the Management Agent.

2. SITE INFORMATION

A) Location

Fill in the blanks with the Address, Island, Tax Map Key Number, and Census Tract for the project. Depending upon where the project is located, indicate the appropriate Legislative District (neighbor islands) and/or the Neighborhood Board (Oahu) for the project. Identify any special design or management district which the site is located in.

B) Site Size

Indicate the size of your project's site in acres and square feet.

C) Present legal owner of project site

Identify the present legal owner of the project site. If you, the applicant, do not own the site, then enter the Name and Address of the owner of the fee interest. If you, the applicant, own the site, then type in "APPLICANT."

D) Site Control Status

Check the box that best describes your organization's relationship to the project site. Do you "Own the Site"? Have you "Executed a Ground Lease"? Do you have an "Option to Purchase" the project site? Or, do you have an "Option to Lease" the site? For ground leases and options to purchase or options to lease, please provide the expiration date of the agreement.

If none of these categories apply, then check "Other" and please describe the status of site control.

E) Special Site Classification

These five (5) classifications are considered for the purposes of this application to be difficult development zones. In most instances, none of the categories will be applicable. If that is the case with your project, then type in "NA" next to each category. However, if one of the categories is applicable, then check the box next to that category and briefly describe what impact being located in that particular zone may have on your project. For the Flood Zone, please indicate the flood zone designation for the site from FEMA. (NOTE - applicants may be required to provide a complete description of the problem and what mitigating measures will be taken to reduce the impact on the project)

If the site has a site classification that is not one of the listed classifications, please check "Other" and describe the site classification.

F) Zoning

Indicate the current zoning designation for the site and the Land Use Classification.

Will your project conform to the existing zoning for the property?

If the answer is NO, then you must describe how you are proceeding to obtain the appropriate zoning or the necessary exemptions. Discuss what variances, conditional or special use permits are required to complete the project.

G) Relocation

For sites that currently have existing residents, indicate whether the proposed project will relocate any tenants, and if so, what assistance will be provided? Please summarize the relocation plan.

H) Environmental Assessment

State statutes mandate that an Environmental Assessment (EA) be completed for all projects receiving state funds. Although you may submit an application without having completed the EA process, the Board will only award funding subject to the completion of the EA process.

To receive funding projects must have completed and filed the Finding of No Significant Impact (FONSI) or completed and filed the Environmental Impact Statement (EIS) with the State's Office of Environmental Quality Control. Please check the box that most appropriately describes the status of your project. If an EA, EIS, or FONSI is required, please provide the estimated completion date.

Please identify the accepting agency for the EA.

If a Federal EA or EIS is required, please check the appropriate box and provide the date of publication or the estimated completion date.

I) Availability of Utilities

Check the appropriate box for questions pertaining to the availability of utilities to the project.

J) Off-Site Improvements

For each of the seven (7) categories (Water, Sewer, Drainage, Roads, Electrical, Gas, and Telephone/ Television/Data) describe the existing improvements and what improvements are being planned.

FAILURE TO DISCLOSE ANY KNOWN MATERIAL DEFECTS MAY RESULT IN AN IMMEDIATE DISQUALIFICATION FROM FURTHER CONSIDERATION. PLEASE COMPLETE THE ATTACHED ENVIRONMENTAL QUESTIONNAIRE. Please attach additional pages if needed.

K) On-Site Improvements

For each of the five (5) categories (Access, Site Improvements, Availability of Utilities, Topography and Soils, and Environmental) describe any particular benefits of your site or disclose any known problems that may be associated with your site. At a minimum, please answer the following with respect to each category:

ACCESS TO SITE. List major access points. Is the access convenient or are there any hazardous conditions limiting access to the site? Are any easements necessary for access?

SITE IMPROVEMENTS. What is currently on the site? List the existing structures, if applicable. If there are any existing structures, will there be any displacement of tenants? How will this displacement be handled? Will existing structures be renovated or demolished?

AVAILABILITY OF UTILITIES. Does the project have sewer, water, and electricity immediately available for hook-up? Will the project trigger upgrades to the existing utility infrastructure?

TOPOGRAPHY AND SOILS. Is the site developable? Is there a soils engineering study available for review? Is there a topographic survey of the site? Will the site require any grading due to the slope?

ENVIRONMENTAL ISSUES. What existing environmental conditions exist at the site? What environmental conditions may affect the development of the site? The HHFDC requires a Phase I Environmental Site Assessment, has one been prepared?

FAILURE TO DISCLOSE ANY KNOWN MATERIAL DEFECTS MAY RESULT IN AN IMMEDIATE DISQUALIFICATION FROM FURTHER CONSIDERATION. PLEASE COMPLETE THE ATTACHED ENVIRONMENTAL QUESTIONNAIRE. Please attach additional pages if needed.

3. PROJECT DESCRIPTION

A) Project Classification

Check the box next to the category of project that you are planning. If none of the categories are applicable, then check the Other box and describe your project. Identify the number of buildings in this project and the description of each building. Describe the type of construction being proposed. Indicate if the buildings are single, two, or three-story, etc.

B) Project Unit Mix

In this section, fill in the table with the information requested. Indicate the following:

No. of Buildings:	Indicate the area in total number of buildings in the project;
Gross Building Area:	Indicate the area in total square feet for each applicable category;
Total Units:	Indicate the total number of units in the project; Enter the number of each type of unit by bedroom size; Enter the square footage of each unit.
Common Area:	Indicate the area attributable to common area in square feet
Commercial Space:	Indicate the area attributable to commercial space in square feet
Total Area:	Indicate the total area including residential, common and commercial in square feet.

Please ensure that this information reconciles with the submitted construction plans and the application exhibits.

The Total Units are the total number of units in the entire project. Note: If you are contemplating units larger than four-bedroom, then you may cross out one of the smaller categories and type in the exact unit size for your project.

C) Project Amenities

Use the space, as indicated, to discuss your proposed project and any amenities that may be offered in the project. This may include meeting facilities, "tot lots," laundry facilities, or other highlights of your project.

D) Unit Amenities

Check the box indicating what amenities will be offered to tenants as part of the proposed project.

E) Parking

Indicate how many tenant, guest, and handicapped parking spaces will be made available in your project and the associated parking per unit ratio. Indicate if tenants will be charged to use parking spaces.

- F) Proximity to Services, Schools, Shopping, and Recreational Opportunities**
Identify schools, recreational facilities, and shopping facilities located in the immediate vicinity of the project site. Please indicate the estimated distance to the facility or service in miles.
- G) Project Schedule**
Fill in the blanks next to each of the categories with the projected dates for each item. If the tasks have been completed, then enter the actual dates.
- H) Energy Efficiency and Green Building Practices**
Please check the boxes that pertain to your project.

4. TARGET POPULATION

- A) Occupancy Type**
Fill in the blanks with the number of units that the project will offer to any specific category of individuals. Also indicate what measures will be taken to accommodate this group. The requirement of accepting only Elder or Elderly Households as residents will depend on the actual funding sources used to finance the project.
- B) Accessible Units**
Identify the number of Handicapped Accessible units and the number Handicap Adaptable units proposed for this project.
- C) Availability**
Will all of the units be available to the general public? If the answer is no, please provide an explanation of which populations the project will be made available to.
- D) Market Demand**
Provide a market analysis prepared by an independent firm, not affiliated with the developer and approved by the HHFDC, as to present and projected demand for the proposed development in the area.

5. SOURCES AND USES

- A) Sponsor Equity**
Indicate the total dollar amount in the form of cash (or equivalents), land, or “in kind” contributions that your organization will directly contribute to the project.

If land is part of your equity contribution, provide an estimate of the land value and how that number was derived i.e., if the land value is from an appraisal, include a copy of the appraisal. Please note that whenever the HHFDC is providing loan financing, an appraisal report conforming to USPAP standards shall be at the expense of the applicant and ordered by the HHFDC. Prior to ordering the appraisal, the HHFDC will require the applicant to deposit with the HHFDC sufficient funds to pay for the entire cost of the appraisal report. Appraisal reports ordered by the applicant may not be acceptable. Appraisal reports ordered and prepared for any federally insured lender or HUD approved lender will be acceptable, but shall be subject to a satisfactory review by HHFDC

and an appraiser engaged by the HHFDC if deemed necessary by HHFDC, at the applicant/developer's expense.

"In kind" contributions may include, but are not limited to, donated construction materials or professional services (i.e., pro bono work by architects, engineers, attorneys, etc.).

Attach a detailed list of the "in kind" contributions that your organization is making to the project. If your organization is NOT contributing any cash, land, or "in kind" goods and services to the project, please provide an explanation.

B) Financing Plan

Complete the tables for both construction and permanent financing. Please ensure that construction financing, permanent financing, and total project costs reconcile.

Provide the name of each source and whether there is any financing commitment in place. Include the nature of the loan including identifying the security and the whether the loan is recourse or non-recourse and any relevant terms. If a commitment exists, please provide such evidence and the name and phone number of a contact person.

C) Operational Subsidies

Specify if any Operating subsidies are awarded to this project or contemplated for this project. Please fill out the chart as appropriate.

Worksheets

Please complete Exhibit A – Project Cost Breakdown Worksheet and Exhibit B – Construction Cashflow Format.

If "Rental Project," please complete:

Exhibit C Operating Income

Exhibit D Operating Expenses

Exhibit E Pro Forma Operating Budget Format. Exhibit E details the Net Operating Income, the Annual Debt Service, the Pre-Tax Cash Flow, and the Debt Coverage Ratio for the full term of the financing.

If the project is applying for Low Income Housing Tax Credits, please complete Exhibit F and all of the worksheets in Exhibit F as applicable.

If "For Sale Project," please complete Exhibit G - Estimated Project Revenue

IMPORTANT:

For each program that you are applying for, please be sure to complete the applicable PROGRAM SECTION(S) and attach to the General Information Section.

QUESTIONS

Respond to each question, but limit your response to ONE PAGE or less per question.
Please answer one question per page, include the question addressed at the top of the page.

EXHIBITS

Attach the documentation listed under the Index of Application Exhibits.
Submit each item in the order requested and number the documents as indicated. If certain sections are not applicable, then insert a page with the statement "THIS SECTION IS INTENTIONALLY OMITTED" typed on it, along with a brief explanation as to why that exhibit is not applicable.

Final Comments to Applicants:

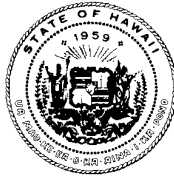
- Attach a cover letter, if you so desire.
- Complete and sign Application Checklist
- Complete and sign summary sheet.
- Please remember to number each question and each page.
- A Table of Contents and a List of Attachments is highly recommended.
- Complete the forms whenever possible.
- If you have any questions about completing the Application, contact the staff prior to the application deadline.
- Check to ensure the application is completed and all attachments are included.

THE **ORIGINAL** AND **THREE COPIES** OF THE FINAL APPLICATION AND YOUR CASHIER'S CHECK MUST BE **RECEIVED** BY THE HHFDC BY **4:00 P.M. on the indicated deadlines.**

Send or deliver application materials to:

**Hawaii Housing Finance and Development Corporation
677 Queen Street, Suite 300
Honolulu, Hawaii 96813**

LINDA LINGLE
GOVERNOR



KAREN SEDDON
EXECUTIVE DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

677 QUEEN STREET, SUITE 300
HONOLULU, HAWAII 96813
FAX: (808) 587-0600

09:FIN/1437

October 29, 2009

To All Interested Parties:

**SUBJECT: 2009/2010 CONSOLIDATED APPLICATION
FINANCING PROGRAMS
Solar Water Heating**

Hawaii's energy resources and physical environment must be managed and protected in a manner that ensures the health, safety, and welfare of the citizens of the State of Hawaii. An effective means of protecting our fragile environments is to use energy more efficiently and to increase the use of renewable energy resources. These goals are expressed in Chapter 226-18, Hawaii Revised Statutes.

Effective January 1, 1999, all plans and designs for new or renovated facilities using state funds or located on state land and incorporating the use of hot water shall include a comparative analysis to determine the cost-benefit of using a conventional water heating system or a solar water heating system. The analysis shall be based on the projected life-cycle costs to purchase and operate the water heating systems. If the life-cycle analysis is positive, the facilities shall incorporate solar water heating. If water heating entirely by solar is not effective, the analysis shall also evaluate the life-cycle, cost benefit of solar water heating for preheating water.

If you have any questions, please call Patrick Inouye at (808) 587-0797, Jocelyn Iwamasa at (808) 587-0576, or Byron Chock at (808) 587-0569.

Sincerely,

Darren K. Ueki
Finance Manager

Application Checklist

(To be completed and signed by applicant and returned with application by submittal deadlines)

Project Name: _____

Done/Enclosed

Cashier's check made payable to the "Hawaii Housing Finance and Development Corporation"

Correct Application Fee Amount Enclosed **Amount Enclosed:**

Low Income Housing Tax Credit (\$1,500 All Applicants) \$

Rental Housing Trust Fund (\$100 All Applicants) \$

Total Due to HHFDC \$

Correct number of copies (1 original and 3 copies)

Correct Program Criteria

Applicant and Project comply with statutory criteria (specific to individual programs) including, but not limited to, income set-aside requirements, minimum periods of affordability, etc.

Project rents do not exceed maximum tenant contributions required under individual programs. Maximum income and maximum tenant contribution schedules are attached as Exhibit 33 and utility allowance schedule from county housing office is attached as Exhibit 34.

Complete Application

1. Application Checklist (completed and signed)
2. Summary Sheet
3. General Information Section
4. Questions
5. Certifications and Assurances
6. Index of Application Exhibits Included
7. Applicant Credit Information Authorizations (completed and signed)
8. Market Analyst's Non-Affiliation Affidavit (completed and signed)
9. Developer's Non-Affiliation Affidavit (completed and signed)
10. Environmental Questionnaire (completed and signed)
11. Exhibit Worksheets
 - a. Project Cost Breakdown Worksheet (Exhibit A)
 - b. Construction Cashflow Form (Exhibit B)

- c. Operating Income(Exhibit C)
- d. Operating Expenses (Exhibit D)
- e. Operating proforma (Exhibit E)
- f. Low Income Housing Tax Credit Worksheets (Exhibit F)
- g. Estimated Project Revenue (Exhibit G)
- 12. Applicable Program sections
 - a. Low Income Housing Tax Credit
 - b. Hula Mae Multi-family Tax-exempt Bond program
- 13. All general and individual program certifications completed and signed
- 14. All Exhibits attached
- 15. Federal and State of Hawaii Tax Clearance Certificates
- 16. State of Hawaii, Certificates of Good Standing
- 17. State of Hawaii, Department of Labor and Industrial Relations Form 27

HHFDC’s receipt of this application, consisting of the documents above-referenced, does not constitute acceptance of this application.

Applications must be submitted by the dates and times shown in the “Schedule of Important Dates”.

Applications must be complete in accordance with this checklist.

Incomplete applications, late applications, and applications that fail to meet individual program criteria, shall be returned to the applicant without further action.

Applicant: _____

Applicant Representative: _____
(Signature, Date)

**State of Hawaii
Hawaii Housing Finance and Development Corporation
Financing Program Application Form**

Summary Sheet

I. INFORMATION:

APPLICANT NAME: _____
PROJECT NAME: _____

II. INCOME AND RENT RESTRICTIONS

Applicant commits to set-aside units based on the following income and rent restrictions. Complete the chart below.

Affordable Units		
Restricted at % of AMGI	Number of units	Percent of total units
% of AMGI	units	%
% of AMGI	units	%
% of AMGI	units	%
Total Affordable Units	units	
Manager's Unit	units	%
Market Rate Units	units	%
Total Number of Units	units	%

AMGI = Average Median Gross Income

III. LENGTH OF AFFORDABILITY COMMITMENT

How long will your project commit to affordability restrictions and program compliance?

_____ Years

IV. Occupancy Type

Indicate the number of units allotted for each of the following:

Family _____ Elderly* _____ Homeless _____

Tenants with Special Housing Needs _____

(Please describe the Special Housing Need of the tenants below)

***Please refer to the definition of Elder or Elderly Households as defined in Chapter 201H-1, HRS.**

V. HHFDC FINANCIAL PROGRAM(S) APPLYING FOR:

(If you are applying for financing from one program for different phases in development, please list separately. For example if you are applying for both construction and permanent financing from the RHTF please list them separately)

Low Income Housing Tax Credit Program

Annual LIHTC Requested:		Per Unit:
Federal:	\$	\$
State:	\$	\$

Competitive
(From the State of Hawaii’s LIHTC Volume Cap)

Non-competitive
(Applicant has secured or will secure Tax-exempt Private Activity Volume Cap)

Hula Mae Multi-Family Revenue Bond Program

Volume Cap Requested	\$
Type of Loan:	
Bond Term	months
Repayment/ Amortization	

Rental Assistance Revolving Fund

	Interim/Construction
Principal	\$
Term	months
Interest Rate	%
Security	
Repayment/ Amortization	

Rental Housing Trust Fund**Type of Loan:** Construction/Interim Loan Permanent Loan Acquisition Loan Rehabilitation Loan**Loan Request:**

	Interim/Construction	Permanent
Principal	\$	\$
Principal per unit*		
Term	months	months
Interest Rate	%	%
Security		
Repayment/ Amortization		

* Units over 30% AMGI.

Grant Request:

Amount of Grant Requested	
Number of 30% AMI Units	
Grant funds per unit	

Dwelling Unit Revolving Fund

Type of Loan

- | | |
|--|--|
| <input type="checkbox"/> Construction Loan | <input type="checkbox"/> Permanent Loan |
| <input type="checkbox"/> Acquisition Loan | <input type="checkbox"/> Rehabilitation Loan |
| <input type="checkbox"/> Pre-Development/Feasibility | |

Volume Cap Requested	\$
Type of Loan:	
Bond Term	months
Interest Rate	%
Repayment/ Amortization	

Applicant: _____

Applicant Representative: _____
(Signature, Date)

State of Hawaii
Hawaii Housing Finance and Development Corporation
Financing Program Application Form

Section I - General Information

Project Name

1. APPLICANT INFORMATION

A) Applicant Information

Applicant Name:

Applicant Contact Name, Title:

E-Mail Address:

Phone Number:

Applicant Address:

Fax Number:

Applicant Tax ID Number:

Fill in the information below if application was prepared by a person or entity different from the applicant.

Application Preparer Name:

Application Preparer Contact Name, Title:

Phone Number:

E-Mail Address:

Applicant Address:

Fax Number:

B) Applicant Organization / Entity (Check the appropriate box)

- Non-profit organization**
(Qualified, existing 501(c)(3) or (4) organization, as determined by the Internal Revenue Service)

If the applicant is a Non-profit organization include Exhibit 1 and Exhibit 2.

Private developer

- Limited Partnership General Partnership
 Corporation Limited Liability Corporation
 Other: _____

Government

Identify (Level of Government and Department)

County Government: _____

State Government: _____

Department: _____

All applicants must submit Exhibit 3, Exhibit 4, Exhibit 5, Exhibit 6, Exhibit 7, and Exhibit 8 as applicable.

C) Applicant Experience

Check the appropriate box:

- Applicant has no prior experience in developing or owning affordable rental housing.
 Applicant has prior experience in developing or owning affordable rental housing.

If the Applicant has experience in developing or owning affordable housing, please complete Exhibit 9.

D) Project Team Information (Complete with name, address and phone number)

Complete Exhibit 10 for each Project Team member

Developer:			
Contact:			
Address:			
Phone:		Fax:	
E: Mail:			
Role/ Responsibility:			
<i>If the Developer has experience in developing or owning affordable housing, please complete Exhibit 9.</i>			

Consultant:			
Contact:			
Address:			
Phone:		Fax:	
E: Mail:			
Role/ Responsibility:			

General Contractor:			
Contact:			
Address:			
Phone:		Fax:	
E: Mail:			
Role/ Responsibility:			

Architect:			
Contact:			
Address:			
Phone:		Fax:	
E: Mail:			
Role/ Responsibility:			

Management Agent:			
Contact:			
Address:			
Phone:		Fax:	
E: Mail:			
Role/ Responsibility:			

If Management Agent is selected or proposed as part of this application, submit Exhibit 11.

Legal Counsel:			
Contact:			
Address:			
Phone:		Fax:	
E: Mail:			
Role/ Responsibility:			

Tax Counsel:			
Contact:			
Address:			
Phone:		Fax:	
E: Mail:			
Role/ Responsibility:			

Certified Public Accountant:			
Contact:			
Address:			
Phone:		Fax:	
E: Mail:			
Role/ Responsibility:			

2. SITE INFORMATION

A) Location

Address	
City	Tax Map Keys (TMK):
State	
Island	
Zip Code	
Legislative District (for Neighbor Islands)	Census Tract(s)
Neighborhood Board (for Oahu)	
Special design or management districts	
<i>Submit Exhibit 12, Exhibit 13, and Exhibit 14.</i>	

B) Site Size

_____ Acres _____ Square Feet

C) Present legal owner of the project site

Name		
Address		
City	State	Zip

D) Site Control Status

- Own site - fee simple
- Executed ground lease Expires on: _____
- Option to purchase Expires on: _____
- Option to lease Expires on: _____
- Other Describe: _____
Expires on: _____

Submit Exhibit 15 and 17. Submit Exhibit 16, if applicable.

E) Special Site Classification

Identify:

- Flood Zone _____
- Tsunami (Intertidal Area) _____
- Special Management Area _____
- Special or Historic District _____
- Shoreline Protection Area _____
- Other (wetlands, volcano, etc.) _____

Submit Exhibit 18, if applicable.

F) Zoning

Current Zoning Designation:	
Land Use Classification:	
Will your project conform to the existing zoning for the property?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If no, describe your action plan for obtaining the appropriate zoning or zoning exemptions. List the variances and/or special use permits required.	
<i>Submit Exhibit 19.</i>	

Submit Exhibit 20, Letter of support from the County mayor, City or County council, County Housing office or agency, or Neighborhood Board. Letter must not be older than 6 months from the date of application.

G) Does this project involve any relocation of tenants or existing homeowners?

- Yes No

If yes, please describe any proposed relocation assistance:

H) Environmental Assessment

Please check the appropriate box below. If an Environmental Assessment (EA) or Environmental Impact Statement (EIS) has been published or will be published please identify the date of publication in the Office of Environmental Quality Control (OEQC) Bulletin. Please identify the accepting agency.

Accepting Agency: _____

Check if applicable	Date of publication or estimated completion date.
<input type="checkbox"/> No EA or EIS is required	_____
<input type="checkbox"/> EA In Progress	_____
<input type="checkbox"/> EA Published	_____
<input type="checkbox"/> Finding of No Significant Impact Published	_____
<input type="checkbox"/> EIS In Progress	_____
<input type="checkbox"/> EIS Published	_____
<input type="checkbox"/> Federal EA or EIS Required	_____

Submit Exhibit 21.

I) Availability of Utilities

Submit Exhibit 22

	Yes	No
Will the project utilize gas for cooking or water heating?	<input type="checkbox"/>	<input type="checkbox"/>
If yes, is gas service currently available to the site?	<input type="checkbox"/>	<input type="checkbox"/>
Is electricity service currently available to the site?	<input type="checkbox"/>	<input type="checkbox"/>
Sewer/Septic service is currently available to the site for the number and type of units proposed.	<input type="checkbox"/>	<input type="checkbox"/>
Water is currently available for the proposed number of units and type of units for this project.	<input type="checkbox"/>	<input type="checkbox"/>
Does the site have a hook-up to telephone service?	<input type="checkbox"/>	<input type="checkbox"/>
Does the site have a hook-up to cable or internet service?	<input type="checkbox"/>	<input type="checkbox"/>

J) Off-Site Improvements

Please provide information on the availability of utilities and site access for the proposed project. Please include information on existing infrastructure capabilities and any planned or potential expansion of infrastructure needed to develop this project.

Water Existing:	
Planned:	
Sewer: Existing:	
Planned:	
Drainage: Existing:	
Planned:	

Roads Existing:	
Planned:	
Electric Existing:	
Planned:	
Gas Existing:	
Planned:	

Telephone, Television, and Data Existing:	
Planned:	

K) On-Site Improvements

Identify the benefits in use or disclose any potential problems associated with your proposed site.

Access to Site
Availability of Utilities
Site Improvements

Topography and soils
Environmental Issues <i>(Submit Exhibit 23.)</i>

3. PROJECT DESCRIPTION

A) Project Classification

What type of project are you planning? (Check all that apply)

- Apartment building
- Garden Style Mid-rise High-rise
- Cluster Single-family dwelling units
- Townhouse Duplex, triplex, fourplex
- New Construction Rehabilitation Acquisition

Type of construction? Description of Buildings. (i.e. # of floors, # of units per building, # of elevators, concrete)	
Number of Buildings:	

B) Project Unit Mix

Fill in the appropriate number in the table below.

No. of Buildings	Studios	1 BR	2 BR	3 BR	4 BR	Total units
Gross Building Area in square feet	SF / unit	SF / unit	SF / unit	SF / unit	SF / unit	Gross Residential Area
Common Area (in square feet)						
Commercial Space (in square feet)						
Total Area						

Above information needs to reconcile with submitted building plans and application exhibits.

If you need more space, attach a separate sheet with the information requested above.

C) Project Amenities

The Project will include the following amenities:

- Playground/Tot lot
- Community Meeting Room
- Laundry Room
- Other (describe) _____
- Picnic Area
- Elevator
- Computer with high-speed internet access
- Swimming Pool
- Transportation

D) Unit Amenities

What equipment/furnishings will be available in each unit?

- Range
- Dishwasher
- Drapes
- High speed internet access
- Refrigerator
- Washer
- Furniture
- Other (describe) _____
- Air Conditioning
- Dryer
- Heating
- Disposal
- Carpet
- Cable TV

E) Parking

How many parking spaces will be provided at the project site? Please complete the table below.

	Number of spaces	Ratio of Spaces/Units
Tenant		
Guest		
Handicap Accessible		
Commercial		
Total		

Will a fee be charged to tenants for parking in addition to rent? Yes No

F) Proximity to Services, Schools, Shopping and Recreational Opportunities

Please identify schools, recreational facilities, and shopping facilities are located in the immediate vicinity of the project site (i.e., within walking distance for occupants or accessible by mass transit).

		Identify	Distance:
Super Market/Grocery Store			
Schools: (family project)	Elementary		
	Middle		
	High		
Child care: (family project)			
Public Library:			
Healthcare:			
Community Center/ Activities:			
Park/Playground:			
Bank/Financial Services:			
Public Transportation:			
Employment:			

G) Project Schedule

Indicate the approximate dates for the following:

Milestones:	Date
Approval of 201 (H) Variances:	
Projected Building Permit Date:	
Closing of Construction Financing:	
Construction Start Date:	
Projected Occupancy Permit Date:	
Placed in service date ¹ : First Building Last Building	
Achievement of occupancy for 100% of the units ² :	
Achievement of 95% stabilized occupancy ³ :	
<i>Submit Exhibit 24.</i>	

¹ If project consists of multiple buildings or phases, please list the projected date of the first building to be placed in service and the last building to be placed in service.

² Date at which the project shall have leased 100% of the units in the project at least once .

³ Date at which the project shall have 95% of the project occupied for 90 consecutive days.

H) Energy Efficiency and Green Building Practices

- Project will install solar thermal, tankless, or tank type water heaters that meet [ENERGY STAR standards](#);
- Project will install water conserving plumbing fixtures: WaterSense High Efficiency Toilets (less than 1.28 gallons per flush), showerheads with rated flow less than 1.75 gallons per minute (gpm), kitchen aerators with rated flow less than 1.5 gpm, and bathroom aerators with rated flow less than 1.0 gpm;
- Project will install five or more ENERGY STAR qualified light fixtures, ceiling fans equipped with lighting fixtures, and/or ventilation fans in each unit;
- Project will install photosensors or timers on all outdoor lighting and ENERGY STAR or high-efficiency commercial grade lighting fixtures (T8) in all common areas;
- Project will install ENERGY STAR appliances including refrigerators, dishwashers, and clothes washers (horizontal axis) in each unit;
- Project will reduce heat island effects by using ENERGY STAR low emissive roofing products for at least 50 percent of the roof area; or a combination of high-albedo and vegetated roof covering 75 percent of the roof area. Reduce asphalt surface areas and use low emissive pavement coatings and materials for at least 25% of paved surfaces;
- Project will use flooring and exterior building materials that do not contain poly-vinyl chloride (PVC) such as brick or cement fiber siding over vinyl siding and concrete, bamboo, cork, or linoleum over vinyl flooring;
- Project will provide an easily accessible area dedicated to recycling (at a minimum) newspaper, corrugated cardboard, glass bottles and jars, aluminum cans, and plastic containers (#1 and #2);
- Project will utilize low-VOC paints, primers, organic compound sealers, and adhesives, and composite or engineered wood specified to be free of added urea formaldehyde;
- Project will install Green Label or Green Label Plus certified carpet approved by the Carpet and Rug Institute;
- Project will implement renewable energy technologies such as photovoltaics, geo-thermal heat pumps, wind turbines, etc. to provide at least 5% of the property's annual energy consumption;
- Project will use products manufactured, harvested, and assembled in Hawaii for 10% of the project based on cost to reduce transportation impact and improve local markets;
- Project will use at least 25% reclaimed or recycled content materials such as brick, framing lumber, recycled concrete and aggregates, recycled gypsum board, and fly ash concrete;
- Project will minimize irrigation needs by selecting native trees and plants that are appropriate to the site's soils and microclimate. If irrigation is necessary, use an irrigation system that will deliver at least 50% non-potable water (recycled water, gray water, or collected rainwater);
- Project will be located within 1 mile of at least four community and/or retail facilities (grocery store, drug store, parks, schools, libraries, cultural centers, and other public facilities used by the residents) and within ½ mile of a mass or public transit station, rail station, or bus depot or stop with scheduled service at intervals of at most 30 minutes between the hours of 7:00 a.m. and 7:00 p.m. Include sidewalks or suitable pathways linking the development to public spaces and transit stops or stations.

- Project will apply for LEED certification.
- Project will apply for Energy Star certification.
- Project will apply for other green certification.

Identify:

List other green building practices implemented in the proposed project:

4. TARGET POPULATION

A) Occupancy Type

Indicate the number of units allotted for each of the following:

Family _____
Elder or Elderly Families _____ Homeless _____
Special Housing Needs _____

In the space provided below, please describe the special housing need served by this project.

B) Accessible units

Number of Accessible units	
Number of Adaptable units	

C) Availability

Will all of the residential units be available to the general public? Yes No

If you answered no, please qualify which populations the units will be made available to.

D) Market Demand

Please include a Market Study in Exhibit 25 prepared according to the specifications described in Appendix 1 of the Qualified Allocation Plan for Low Income Housing Tax Credits.

5. **SOURCES AND USES**

A) **Sponsor Equity**

Indicate the TOTAL AMOUNT of Sponsor Equity that your organization is contributing to the project⁴. Do not include Deferred Developer Fees.

\$ _____	Cash invested at closing,
\$ _____	Land, (Please provide an explanation)
<u><u>\$ _____</u></u>	Total Sponsor Equity

Land Value

Submit Exhibit 26. A current appraisal, if available. Whenever the HHFDC provides loan financing, an appraisal report conforming to USPAP standards shall be at the expense of the expense of the applicant and ordered by the HHFDC. See Instructions for more information.

⁴ Only list items that shall remain in the project as a permanent source

B) Financing Plan

Construction Financing: List sources of construction financing.

Source	Amount	Type (Loan/ Grant or Equity) Secured⁵/ Unsecured	Applied (Yes or No)	Committed (Yes or No)	Int. Rate/ Term
Sponsor Equity		Equity		Yes	
LIHTC Proceeds		Equity			
Total*					

*Needs to reconcile with Permanent Financing and Total Project Costs.

⁵ If the financing is secured by a mortgage, please indicate the position of the mortgage relative to all financing.
Example: First Mortgage.

Permanent Financing: List sources of permanent financing.

Source	Amount	Type (Loan/ Grant or Equity) Secured⁶/ Unsecured	Applied (Yes or No)	Committed (Yes or No)	Int. Rate/ Term
Sponsor Equity		Equity		Yes	
LIHTC Proceeds		Equity			
Total*					

*Needs to reconcile with Construction Financing and Total Development Costs.

Submit Exhibit 27.

⁶ If the financing is secured by a mortgage, please indicate the position of the mortgage relative to all financing. Example: First Mortgage.

C) Operational Subsidies

Will any low-income units receive Rental Subsidy? Yes No

If the Project will receive rental subsidies, please fill out the following chart.

Subsidy Program	# of Units	Term of Commitment	Status

In the space provided below, please summarize each subsidy program that will be utilized by the project. Include the source of the project, terms of the subsidy, the population served and any other pertinent information below. Also include any restrictions imposed on the project by using the subsidy. If the subsidy has not yet been awarded, please provide status on the application including a project award date and a projected date the subsidy will be available.

If project will be receiving operating subsidy, submit Exhibit 28.

D) Developer Fee

	Capitalized		At 50% Completion		At 100% Completion		At 100% Lease-Up	
	\$ Amount	%	\$ Amount	%	\$ Amount	%	\$ Amount	%
Developer Overhead								
Developer Fee								
Consultant Fee								
Project Management								

IMPORTANT REMINDER: HULA MAE MULTIFAMILY BOND PROGRAM APPLICANTS, LOW INCOME TAX HOUSING TAX CREDIT APPLICANTS, AND RENTAL HOUSING TRUST FUND APPLICANTS, PLEASE BE SURE TO REVIEW AND/OR COMPLETE THE APPLICABLE PROGRAM SECTION(S)

PROGRAM SECTION II
 PROGRAM SECTION III
 PROGRAM SECTION IV

HULA MAE MULTIFAMILY BOND PROGRAM APPLICANTS
 LOW INCOME TAX HOUSING TAX CREDIT APPLICANTS
 RENTAL HOUSING TRUST FUND APPLICANTS

Questions

Please address one question per page

1. Describe the objectives of the project. Describe the specific housing need, or the opportunity, that your project is intended to address. When your project is complete, what other needs (i.e., beyond shelter) will your project meet?
2. Describe how the proposed project will increase the integration of income levels in the immediate community area.
3. How does the project fit into state, regional, and local housing plans? Where does the project fit in relation to community development, land use, and zoning plans?
4. What evidence is there that substantiates the housing problems or the housing needs that you are attempting to meet with your project? Provide evidence of the problems being faced and the needs being addressed of low-income or special needs populations in your project area. Address the shortage or oversupply and/or demand for the units in the area.
5. Describe the design features (i.e., larger bedrooms, wider hallways, etc.) you are including in your project. How will these features address the health and safety concerns of the owners/tenants? How will these features enhance the project's ability to meet the target population's needs?
6. Describe any associated social or special services that will be provided, if applicable.
7. Summarize your organization. Outline your organization's experience in developing and/or in managing affordable rental housing.
 - a. If your organization is successful in obtaining all the necessary financing, describe what effect the project will have on workload of your organization.
 - b. Does your organization have the resources, both fiscal and human, to complete the project within the proposed time frame?
8. What are the main contingencies to the project?
9. Provide a detailed description of how the project will be managed, if "Rental Project." If "For Sale Project" detailed description of sales force and plan. Include anticipated staffing, programs, etc.

SECTION II

PLEASE REVIEW AND/OR COMPLETE IF APPLYING FOR:

HULA MAE MULTI-FAMILY PROGRAM

(PROVIDES INTERIM CONSTRUCTION & PERMANENT BOND FINANCING)

- **Application**
- **Minimum Threshold Requirements**
- **Program Criteria Scoring System**

SECTION II - HULA MAE MULTI-FAMILY PROGRAM Application

Project:			
Owner/Borrower:			
Developer:			
Volume Cap Requested:			
Principal Amount:	Interim:		
	Permanent:		
Term of bonds. (In Months/Years)	Interim:	Permanent:	Total:
Type of bond to be issued:	<input type="checkbox"/> Private Placement	<input type="checkbox"/> Public Issue	
Credit Enhancement / Bond Insurance			
Projected Interest Rate (Underwriting Rate)	<input type="checkbox"/> Fixed Rate	<input type="checkbox"/> Variable Rate	
Will a swap be used?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
If yes, identify swap provider.			
Will this issue be rated?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
If yes, identify proposed rating agency.			
Projected Bond Issuance Date			
Projected Bond Conversion to Permanent Date			

Proposed Purchaser:	
Purchaser's Counsel:	
Underwriter:	
Underwriter Counsel:	
Trustee:	
Trustee Counsel:	
Borrower's Counsel:	
Borrower's Tax Counsel:	

Please provide a narrative description of your transaction.

SECTION II - HULA MAE MULTI-FAMILY PROGRAM

MINIMUM THRESHOLD REQUIREMENTS

Applicants must meet the following Minimum Threshold requirements to receive consideration for financing from the HMMF Bond program.

Market Study:

A comprehensive Market Study of the housing needs of the proposed target population in the area to be served by the project by a disinterested party approved by the HHFDC must be submitted as part of this application. The Market Study shall be completed at the Owner's expense. Any application failing to submit a Market Study or submits a Market Study dated over 6 months from the time of application will not be considered for the HMMF Bond program.

Market Study requirements are specified in Appendix 1 in the Qualified Allocation Plan for Low Income Housing Tax Credits.

Site Control:

To receive consideration for an award of HMMF, the applicant must have control of the site in a form acceptable to the HHFDC. Evidence of site control shall be submitted with the application for financing from the HMMF Bond program. Site control shall be substantiated by providing evidence in the form of an executed lease or sale option agreement, fee simple deed, executed land lease, or any other documentation acceptable to the HHFDC. Evidence of site control must be provided for all proposed sites.

Capital Needs Assessment (For projects acquiring an existing property):

To ensure that the proposed rehabilitation of the project is adequate and that the property will have a useful life that exceeds the compliance and extended use period. **A capital needs assessment of the property by a competent third party shall be submitted with the application.** A capital needs assessment is a qualified professional's opinion of a property's current physical condition. It identifies deferred maintenance, physical needs and deficiencies, and material building code violations that affect the property's use, structural and mechanical integrity, and future physical and financial needs.

SECTION II - HULA MAE MULTI-FAMILY PROGRAM

EVALUATION CRITERIA AND SCORING SYSTEM

All Hula Mae Multi-family applications will be scored and ranked using the following criteria:

Criteria 1. If, under the Restrictive Covenant Document, the project is “affordable” for:

15 years or less	0 point
16 to 25 years	1 point
26 to 35 years	2 points
36 years through 45 years	3 points
45 years of more	4 points

Criteria 2. With respect to the set-aside affordability, if project provides:

Project will set-aside a greater percentage of low-income units than required under the Internal Revenue Code. Projects committing to provide low-income units greater than the minimum set-aside required under the Internal Revenue Code will be awarded maximum points. The applicant will score points based on the following schedule for every 10% of all units set-aside as low income units. The maximum points possible is 10 points.

40% of AMGI or less = 1 point	50% of AMGI or less = 0.8 point
60% of AMGI or less = 0.6 point	Greater than 60% AMGI = 0 points

Example:

<i># of units</i>	<i>Income Target</i>	<i>% of units</i>	<i>Score</i>	<i>Weighted Score</i>
21	40% AMGI or less	21%	1 point	2.10
42	50% AMGI or less	42%	0.8 point	3.36
32	60% AMGI or less	32%	0.6 point	1.92
5	Over 60% AMGI	5%	0 points	0
100	<i>Total</i>			7.38
A		B (A / Total Units)	C	(B x C) x 10

- If the proposed income restriction for the project does not match the income restrictions cited above, the incomes should be rounded up to the next applicable category.
- The income restrictions shall be included as part of the declaration of land use restrictive covenants based on unit count.

Criteria 3. The ratio is derived as: “Total Bond Financing Requested/Total Number of Proposed Low-Income Rental Units”

\$250,001/unit or more in bond financing requested, then	0 points
\$200,001 through \$250,000/unit in bond financing requested, then	1 points
\$150,001 through \$200,000/unit in bond financing requested, then	2 points
\$100,001 through \$150,000/unit in bond financing requested, then	3 points
\$100,000/unit or less in bond financing requested, then	4 points

Criteria 4. The applicant’s readiness to proceed with the development of this project with respect to development approvals:

If existing project, then 2 points

The applicant has obtained all necessary development approvals for this project and is ready to proceed with the development of this project without any additional development approvals (i.e. zoning changes or 201H, variances). 2 points

Project is not appropriately zoned and/or does not conform to State Land Use regulations or requires 201H, variances, subdivision approval or any other exemption from any local or state land use restrictions. 0 points

Criteria 5. If combined total of developer fee and developer overhead is:

The applicant elects to limit total Developer Fee as a percentage of total development cost as presented in the application. Developer Fee include but are not limited to consulting fees, project management fees, developer overhead and developer fees. Architectural, Engineering, Accounting and Legal fees are not included as Developer Fee.

Greater than 15% of total project cost	0 points
15% of total project cost	1 point
12% of total project cost	1.5 points
10% of total project cost	2 points
8% of total project cost	2.5 points
less than 8% of total project cost	3 points

Criteria 6. Project will be receiving project-based rental assistance subsidies which would result in eligible tenants paying approximately 30% of their gross monthly income towards rent. Eligible programs shall include, but not be limited to, the Rural Development 515 Loan Program and HUD Section 8 project-based Rental Assistance Program.

If the answer to the question is NO 0 points

If the answer to the question in YES 2 points

Criteria 7. Local government support. The project will receive a below market loan or grant, land lease or sale from a State or local governmental agency other than HHFDC which, in total amounts to 10% or more of the total development cost.

The project has not applied for a below market loan or grant from a government agency, or if the total amount applied for is less than 10% of total development costs. 0 points

The project has applied for a below market loan or grant from a government agency. Documentation must be provided evidencing that an application for financing has been submitted. 1 point

The project has received a commitment from a government agency for a below market loan, grant or commitment to sell or lease land. A copy of a commitment letter, government action or contractual agreement must be included in the application. 3 points

Criteria 8. Project location and market demand. 0 to 6 points

The points awarded will be based on HHFDC's evaluation of factors such as, but not limited to:

- Project is located in a county's urban core/district (preference) versus rural district;
- Employment opportunities, recreational facilities, shopping facilities, medical facilities located in the immediate vicinity of the project site;
- Strength of the market study.
- Are the proposed rental rates below market rents for the immediate surrounding area?
- Are project or housing characteristics (e.g., design, density) appropriate for neighborhood? Does project appear to satisfy market need? Is there documented/supported market demand?
- Is location in the neighborhood conducive for senior or family residential use?
- Consideration of any issues that would affect the marketability of the proposed project.

Criteria 9. Developer experience. 0 to 6 points

The points awarded will be based on the HHFDC's evaluation of factors such as, but not limited to:

- Developer's (or any party affiliated with the development team) experience or ability (or inexperience/inability) to successfully complete the project;
- Developer's success or failure in meeting the objectives of the program on past proposals;
- Development Team's success or failure in meeting the objectives of the program on past proposals;
- Development Team's experience or ability to successfully complete the project;
- Project's general partner and/or affiliates has a history of chronic and/or substantive noncompliance, has failed to meet the requirements of the Declaration for Low-Income Housing Credits for previous projects, or has any significant tax credit history with other state tax credit allocating agencies.

Criteria 10. Overall Project Feasibility. 0 to 10 points

The points awarded will be based on HHFDC's evaluation of any and all factors that could impact overall project feasibility, such as, but not limited to:

- Reasonableness of development costs;
- Feasibility of financing structure;
- Operational feasibility. For example, unreasonable operating expenses;
- Identification of serious issues in need of resolution for the project to proceed in a timely manner and the ability of the Development Team to resolve these issues. (For example, lack of adequate financing sources; land use and zoning issues; utility, water, sewer availability.) The ability of the development team to resolve these issues such that the development of the project will commence in a timely manner;
- Adequacy of Reserves including but not limited to Operating Reserve and Repair and Replacement Reserve;
- Services and amenities provided to tenants that will enhance the livability of the project;
- Adequacy of project contingencies in the development budget.

SECTION III

PLEASE REVIEW AND COMPLETE IF APPLYING FOR:

LOW INCOME HOUSING TAX CREDIT PROGRAM

- **LIHTC Application**
- **Certification**
- **2009/2010 Qualified Allocation Plan**

SECTION III - LOW INCOME HOUSING TAX CREDIT PROGRAM

Applicant Name: _____

Project Name: _____

LIHTC Application

I. General Tax Credit Section

A. Tax Credit Request

	Per Unit:	Total:
Annual Federal Tax Credits applied for:	\$ _____	\$ _____
Annual State Tax Credits applied for: ¹ (Maximum of 50% of Federal Credits)	\$ _____	\$ _____

Submit Exhibit 32

Type of Tax Credit requested:

Check One:

Competitive	Non-competitive
<input type="checkbox"/> New Construction from the State's annual volume cap.	<input type="checkbox"/> New Construction with Tax-exempt Bonds
<input type="checkbox"/> Rehabilitation from the State's annual volume cap.	<input type="checkbox"/> Rehabilitation with Tax-exempt Bonds
<input type="checkbox"/> Acquisition and Rehabilitation from the State's annual volume cap.	<input type="checkbox"/> Acquisition and Rehabilitation with Tax-exempt Bonds

B. Applicant elects to receive Low Income Housing Tax Credits from the State of Hawaii's Non-profit set-aside. (Please refer to Criteria 9 of the 2009 / 2010 Qualified Allocation Plan.

Yes No

¹ The state tax credits are subject to continued state authorization. Applicants are advised to contact the HHFDC to determine the status of this item.

C. Extended Use Commitment

The applicant elects to commit to a compliance period of 15 years and an additional use period of _____ years (minimum extended use period is an additional 15 years) for a total of _____ years.

D. Tenant's option to purchase units.

Will all tenants have the right of first refusal to acquire their unit in accordance with IRC Section 42(i)(7)?

Yes No

E. Number of Buildings in this project: _____

For developments with more than one building:

1. Are or will the buildings be located on the same tract of land?

Yes No

2. Are or will the buildings be owned by the same person for federal income tax purposes?

Yes No

3. Are or will the buildings be financed pursuant to a common plan of financing?

Yes No

F. Is project in a Qualified Census Tract? If yes, Please identify census tract(s)

Yes² No

Census Tracts: _____

To determine whether the Project is in a Qualified Census Tract, please refer to www.huduser.org.

G. Does this development contribute to a concerted community revitalization plan, such as the Weed and Seed program, Empowerment Zone and Enterprise Community Initiative?

If yes, please describe specific measures on how this will be achieved.

Yes No

Program: _____

² Identify Census Tract.

If the project is in a concerted community revitalization plan, submit Exhibit 30

H. Will all or some of the units in the project be made available to people on the waiting list for low-income public housing?

Yes No

If the answer is yes, please submit a copy of a letter sent to the local public housing authority which administers the public housing waiting list, stating that the application will accept referrals of tenants on the public housing waiting list for consideration to lease units in the projects.

Submit Exhibit 35.

I. Sale/Syndication Information:

Name of Fund: _____

Name of Purchaser/Syndicator: _____

Estimated proceeds from sale of LIHTC

LIHTC	Federal	State
Estimated Proceeds (gross)	\$	\$
Estimated Proceeds (net) ³	\$	\$

Please separate the proceeds from the sale of State and Federal LIHTC when completing this section.

II. Community Service Facility

Will the project use eligible basis to develop a Community Service Facility as described in IRC Section 42(d)(4) (c)(iii) as a part of this project as part of its Low Income Housing Tax Credit request?

Yes No

If yes, submit Exhibit 31

An analysis of the Community Service Facility must be included in the market study. The Market Study must address the following:

- a. feasibility of the proposed community based facility
- b. the benefit of the proposed community based facility to the community
- c. the benefit of the proposed community based facility to persons and families earning 60% or less of AMI
- d. the affordability of any fees assessed to the persons and families earning 60% or less of AMI

³ Net of any fees, syndication costs or issuance costs of the investor.

III. Acquisition of existing buildings.
(Complete if applicable)

A. Building acquired/to be acquired from: Related party Unrelated party

Property is currently owned by: _____

B. If Acquisition from Government Agency, indicate the Name of the Agency:

C. Cost of Acquisition:

Cost of Acquisition:	
Appraised Value:	
Date of Appraisal:	
Appraisal Ordered by:	

D. Complete information below:

Address of Building	Previously allocated LIHTC? (Yes/No)	Placed In Service Date of Bldg. by Most Recent Owner	Proposed Date of Acquisition by Applicant	# of Years Between Placed In Service and Acquisition

E. Rehabilitation of Existing Building:

Proposed Rehabilitation Expense: \$ _____ per unit

Date of most recent capital improvements to project costing at least 25% of the adjusted basis of the building(s) over a 24 month period and either depreciated under ACRS or amortized over 5 years under Section 167(k): _____

F. Is the project the subject of a Historic Rehabilitation Tax Credit?

Yes No

20% Historic Credit 10% Historic Credit

If yes: Amount: \$ _____

Has the amount of Historic Tax Credit been deducted from the Eligible Basis for Low Income Housing Tax Credits? Yes No

Is the property listed in the National Register of Historic Places? Yes No

Please provide the current status of the project as it pertains to the Historic Tax Credits.

IV. Tax-exempt Bond Financing:

Is Taxable Bond Financing used?

Yes No

If yes, enter \$ _____

The Tax-exempt Bonds are (check one)

from the Private Activity Volume Cap

Government Obligation Bonds

501 (c) 3 Bonds

Other: _____

Who is the issuer? _____

What is the status of the issue?⁴

The percentage of the tax-exempt financing to the total cost of project. _____ %.

⁴ Provide a summary of the status of the award of Tax-exempt Private Activity Volume Cap for this project. If Tax-exempt Private Activity Volume Cap has not been awarded, provide a status of the application and a summary of the award process. Also provide a schedule summarizing milestone in issuance and closing of the Tax-exempt bond.

**LOW INCOME HOUSING TAX CREDIT PROGRAM
CERTIFICATION**

MINIMUM SET-ASIDE ELECTION

By way of signature below, the applicant hereby agrees that if it is allocated the low-income housing tax credits applied for herein, it shall maintain as low-income housing units for a total of _____ years (minimum 15 compliance period + 15 year

additional use period) the minimum set-aside [42(g)(1), IRC; 15-168-8(b)(11), HAR] irrevocably elected as checked (check one only):

- 1. _____% (minimum 20%) of the rental residential units in this project will be both rent-restricted and to be occupied by individuals whose income is 50% or less of area median income, or
- 2. _____% (minimum 40%) of the rental residential units in this project will be both rent restricted and to be occupied by individuals whose income is 60% or less of the area median income, or
- 3. _____% of the rental residential units in this project will be both rent-restricted and to be occupied by individuals whose income is _____% or less of area median income, and _____% of the rental residential units in this project will be both rent restricted and to be occupied by individuals whose income is _____% or less of the area median income, and

EXTENDED USE AGREEMENT ELECTION

By way of signature below,

- The applicant hereby agrees that if it is allocated the low-income housing tax credits applied for herein to an extended use period of: _____ years, collectively consisting of a compliance period of 15 years and an additional use period of _____ years.
- The applicant hereby agrees that if it is allocated the low-income housing tax credits applied for herein waive its right to exercise a request for a qualified contract pursuant to Section 42(h)(6)(E)(i)(II).

DEVELOPER FEE ELECTION

By way of signature below, the applicant hereby agrees to limit developer fees, as defined in the prevailing Qualified

Allocation Plan to _____% of the total development cost as specified in the application equal to \$_____.

NON-PROFIT SET-ASIDE ELECTION

By way of signature below,

- The applicant hereby elects to accept an allocation of Low Income Housing Tax Credit from the State's Non-profit set-aside.
- The applicant hereby elects to accept an allocation of Low Income Housing Tax Credit outside of the State's Non-profit set-aside.

AWARDING OF CREDITS/RESTRICTIVE COVENANT DOCUMENT

Each application will be ranked and tax credits awarded to the applicants according to the Qualified Allocation Plan and as determined by the HHFDC.

A Restrictive Covenant Document must be executed and recorded prior to the release of the IRS Form 8609 allocating the taxpayer the low-income housing tax credits. This document in draft form is available for review from the HHFDC. This document will be revised to reflect any representations made by the applicant herein, specifically in regards to the number of years that the project will be kept in low-income housing tax credit use.

COMPLIANCE MONITORING

The HHFDC shall monitor compliance with all applicable Federal and State Program requirements for the period a project is committed to providing low-income rental units. The HHFDC will require that all qualified tenants of a project be certified upon occupancy and be recertified annually to ensure compliance. Projects shall be required to maintain copies of the income certification for each tenant on forms approved or provided by the HHFDC. The HHFDC may perform an audit at least once a year, but shall have access to all books and records upon notice to the project owner. If the HHFDC becomes aware of non-compliance, the Internal Revenue Service shall be notified in accordance with federal and state regulations.

FEES

1. The **application fee** is \$1,500. This fee is non-refundable. [§15-168-13(a), Hawaii Administrative Rules]
2. Upon **allocation** of the federal and state tax credits, 10 percent of the first year's federal tax credit amount shall be delivered to the HHFDC as a good faith deposit, at the time the executed Binding Agreement is submitted to the HHFDC. Upon **issuance of the IRS Form 8609**, 40 percent of the deposit shall be refunded to the applicant, and 60% shall be retained by the HHFDC as an administrative fee. [§15-168-10(f), HAR]
3. A **compliance monitoring** fee of up to \$25 per unit per year will be assessed. This amount is subject to change and may be adjusted annually. See the HHFDC Compliance Monitoring Procedures in the Allocation Plan and the HHFDC Compliance Monitoring Manual for further information. [§15-168-13(b), HAR]

CERTIFICATION

The undersigned is responsible for ensuring that the project consists or will consist of a qualified low-income building or buildings as defined in the Internal Revenue Code, Section 42, and will satisfy all applicable requirements of federal tax law in the acquisition, rehabilitation, or construction and operation of the project to receive the low-income housing credit.

The undersigned is responsible for all calculations and figures relating to the determination of the eligible basis for the project and understands and agrees that the amount of the credit is calculated by reference to the figure submitted with this application, as to the eligible basis and qualified basis of the project and individual buildings.

The undersigned hereby makes Application to the State of Hawaii for the allocation of low-income housing tax credits or for a carryover allocation, the dollar amounts as listed in the application. The undersigned agrees that the HHFDC will at all times be indemnified and held harmless against all losses, costs, damages, expenses and liabilities whatsoever nature or kind (including, but not limited to attorney’s fees, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgment, any loss from judgment from the Internal Revenue Service) directly or indirectly resulting from, arising out of, or related to acceptance, consideration and approval or disapproval of such allocation request.

The undersigned hereby agrees and allows the release of any and all information to the HHFDC in regards to the representations made within this application. Such information may include credit history and ratings verifications, confirmation of involvement in past developments, and all other information as may be required by the HHFDC. This information will be used solely by the HHFDC to aid in making a determination as to the awarding of low-income housing tax credits to the applicant and will not be disclosed outside the agency except as required and permitted under law.

The undersigned, being duly authorized, hereby represents and certifies that the foregoing information, to the best of his/her knowledge, is true, complete and accurately describes the proposed project.

In Witness Whereof, the applicant has caused this document to be duly executed in its name on the _____ day of _____, 20_____.

APPLICANT

By: _____

Its: _____

**STATE OF HAWAII
LOW-INCOME HOUSING TAX CREDIT PROGRAM
2009/2010 QUALIFIED ALLOCATION PLAN**

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APPENDIX 130

**STATE OF HAWAII
LOW-INCOME HOUSING TAX CREDIT PROGRAM
2009/2010 QUALIFIED ALLOCATION PLAN**

I. Introduction

The Low-Income Housing Tax Credit (LIHTC) Program, created by the Tax Reform Act of 1986, is intended to encourage the construction or rehabilitation of low-income rental units. The regulations which govern this Program are contained in Section 42 of the Internal Revenue Code ("Section 42 IRC"). This Program provides Federal tax credits to qualified project owners who agree to maintain all or a portion of a project's units for low-income individuals or families. The State of Hawaii created a State Low-Income Housing Tax Credit which is equal to fifty percent (50%) of the Federal tax credit allocated to a project. The Hawaii Housing Finance and Development Corporation (HHFDC) has been designated as the agency responsible for the administration of both Federal and State Low-Income Housing Tax Credit Programs for the State of Hawaii.

In accordance with the Omnibus Spending Bill of 2000, Omnibus Budget Reconciliation Act of 1989, the Budget Reconciliation Bill of 1990 and the Housing and Economic Recovery Act of 2008, the HHFDC developed this "Qualified Allocation Plan" which sets forth (1) the criteria to evaluate and allocate tax credits to projects which best meet the housing needs of the State and preferences required by Section 42 IRC, and (2) the procedure to monitor for compliance with the provisions of the LIHTC Program.

This allocation plan shall be effective for reservations and awards of LIHTC for calendar years 2009 and 2010. The allocation plan is subject to amendment by the HHFDC Board of Directors.

II. Application and Award Process

Applications for the LIHTC are available at the HHFDC's office or by submitting a written request to the HHFDC at the address shown below.

Hawaii Housing Finance and Development Corporation
677 Queen Street, Suite 300
Honolulu, Hawaii 96813
ATTN: Finance Branch
(808) 587-0567

Applications for tax credits should be submitted to the HHFDC no later than the indicated deadline. Upon receiving an application for tax credits, the HHFDC shall review the application to ensure that the application is complete and contains all required information. The executive director shall have the right to defer the consideration of any application if, in his/her sole discretion, such deferral is deemed in the best interests of meeting housing needs.

Complete applications shall then be evaluated in accordance with the allocation plan to determine the project's rank in relation to other projects in the evaluation. Projects receiving the highest ranking shall then be evaluated to determine the minimum amount of tax credits required to make the project feasible. The amount of tax credits reserved or allocated to a particular project will be limited to the amount the HHFDC, in its sole discretion, deems necessary to make the project feasible.

The allocation plan will utilize a point system to rank projects based upon the evaluation criteria established. The ranking of projects, along with all other relevant data, will determine the priorities to be followed by the HHFDC in allocating tax credits to the projects under consideration. The scores derived from the point system will be a component of the overall evaluation, and not the sole determining factor for the awarding of tax credits. In addition to the scores derived, the HHFDC will review all relevant data required in the application which include, but are not limited to, the applicant's financial statements, experience in producing low-income housing units, reasonableness of development and operating budgets, and an independent market study in awarding the tax credits.

Projects selected under this allocation plan shall then be evaluated as to the minimum amount of tax credits required in order to make the project feasible.

III. Selection Criteria

A. Minimum Thresholds:

Applicants must meet the following Minimum Threshold requirements to receive consideration for an allocation or award of Low Income Housing Tax Credits.

Market Study:

A comprehensive Market Study of the housing needs of low-income individuals in the area to be served by the project by a disinterested party must be submitted as part of this application. The Market Study shall be completed at the Owner's expense. Any application failing to submit a Market Study or submits a Market Study dated over 6 months from the time of application will not be considered for an award of tax credits.

Market Study requirements are specified in Appendix 1.

Site Control:

To receive consideration for an award of LIHTC, the applicant must have control of the site in a form acceptable to the HHFDC. Evidence of site control shall be submitted with the application for Low Income Housing Tax Credits. Site control shall be substantiated by providing evidence in the form of an executed lease or sale option agreement, fee simple deed, executed land lease, or any other documentation acceptable to the HHFDC. Evidence of site control must be provided for all proposed sites.

Capital Needs Assessment

(For projects acquiring an existing property):

To ensure that the proposed rehabilitation of the project is adequate and that the property will have a useful life that exceeds the compliance and additional use period (collectively the Extended Use Period). A capital needs assessment of the property by a competent third party shall be submitted with the application. A capital needs assessment is a qualified professional's opinion of a property's current physical condition. It identifies deferred maintenance, physical needs and deficiencies, and material building code violations that affect the property's use, structural and mechanical integrity, and future physical and financial needs. The Capital Needs Assessment shall identify any work that must be completed immediately to address health and safety issues, violation of Federal or State law, violation of local code, or any work necessary to ensure that the building can continue to operate as affordable housing.

B. Low Income Housing Tax Credit project financed with Tax-exempt Bonds:

Projects financed with tax-exempt private activity bonds may qualify for Low Income Housing Tax Credits in excess of the State's volume cap. Applicants may apply for an allocation of Low Income Housing Tax Credits with a commitment to issue private activity bonds from a state or local government. Applicants may submit an application for an allocation for Low Income Housing Tax Credits concurrently with an application for Private Activity Tax-exempt bonds from the HHFDC.

Applicants requesting tax credits must submit all documentation required in the application and will be subject to all feasibility reviews as required for an application for Low Income Housing Tax Credits from the State's volume cap. Applications for LIHTC outside of the State's volume cap will not be subject to the Criteria Scoring.

C. Criteria Point System:

Each application will be evaluated and awarded points in accordance with the following criteria. **Unless otherwise indicated, all references to low-income unit(s) or low-income rental unit(s) shall mean LIHTC unit(s).**

	CRITERIA	POINTS
1.	Project will provide low-income units for a longer period than is required under Section 42 IRC.	0 - 10*
2.	Project will provide a greater percentage of low-income units than required under Section 42 IRC.	0 - 10*
3.	Project's federal tax credit/low-income rental unit ratio.	0 - 8*
4.	Project has the appropriate zoning or the applicant has secured the necessary exemptions/variances to construct the project as proposed.	0 or 4*
5.	Applicant demonstrates that all low-income units will be made available, through a process acceptable to HHFDC, to people on the waiting list for low-income public housing.	0 or 1*
6.	Preservation of existing affordable rental housing at risk of being converted to market.	0 or 2*
7.	Project will give preference to tenant populations.	0 - 4*
8.	Project serving tenants with special housing needs.	0 or 2*
9.	Project is participating with a local tax-exempt organization and is sponsored by a qualified non-profit, as defined in Section 42 IRC.	0 - 3 *
10.	The ratio of total tax credits requested as a percentage of total project cost.	0 - 5 *
11.	The ratio of developer fee as a percentage of total project cost.	0 - 5 *
12.	Project will be receiving project-based rental assistance subsidies.	0 - 4 *
13.	Local Government Support.	0 - 3 *
14.	Projects offering tenants an opportunity for home ownership.	0 or 1 *
15.	Project is located in a qualified census tract, the development of which contributes to a concerted community revitalization plan as determined by HHFDC.	0 or 2 *
16.	Green Building.	0 - 3*
17.	Historic Nature.	0 - 1*
18.	Project location and market demand.	0 - 6 *
19.	Developer experience.	0 - 6 *
20.	Overall project feasibility.	0 - 10*

*** Refer to narrative section for more details.**

Criteria 1.

Applicants electing to commit to an additional use period beyond the 15-year LIHTC compliance period (collectively the Extended Use Period) will be awarded points based on the table below. By making this election, the applicant elects to waive its right to exercise a request for a qualified contract pursuant to Section 42(h)(6)(E)(i)(II). The elections will be recorded in the Restrictive Covenant Document.

Points will be awarded based on the following:

Additional Use Period (in addition to the 15 year compliance period) of:	Points
46 years or more	10 points
40 to 45 years	9 points
35 to 39 years	8 points
30 to 34 years	7 points
25 to 29 years	6 points
20 to 24 years	5 points
15 to 19 years	4 points
No additional use period	0 points

Criteria 2.

Project will set-aside a greater percentage of low-income units than required under Section 42 IRC. The maximum of 10 points will be awarded to the project that commits to set-aside all of its units to tenants earning 50% AMGI or less. Projects may score points for committing to set-aside units at 60% AMGI based on the weighted scoring formula summarized below.

50% of AMGI or less	=	1.0 point
60% of AMGI or less	=	0.6 point
Greater than 60% AMGI	=	0 points

Example:

# of units	Income Target	% of units	Score	Weighted Score
55	50% AMGI or less	55%	1.0 point	5.50
40	60% AMGI or less	40%	0.6 point	2.40
5	Over 60% AMGI	5%	0 points	0
100	Total			7.90
A		B (A / Total Units)	C	(B x C) x 10

- If the proposed income restriction for the project does not match the income restrictions cited above, the incomes should be rounded up to the next applicable category.
- The income restrictions shall be included as part of the declaration of land use restrictive covenants based on unit count.

Criteria 3.

The ratio is derived as: “Total Federal Tax Credits Requested (Annual)/Total Number of Proposed Low-Income Rental Units”

Annual LIHTC / LIHTC Unit		
Greater than	Less than	Points
\$24,000		0
\$22,000	\$23,999	1
\$20,000	\$21,999	2
\$18,000	\$19,999	3
\$16,000	\$17,999	4
\$14,000	\$15,999	5
\$12,000	\$13,999	6
\$10,000	\$11,999	7
	\$9,999	8

Criteria 4.

The applicant’s readiness to proceed with the development of this project with respect to development approvals:

The applicant has obtained all necessary development approvals for this project and is ready to proceed with the development of this project without any additional development approvals (i.e. zoning changes or variances). 4 points

Project is not appropriately zoned and/or does not conform to State Land Use regulations or requires variances, subdivision approval or any other exemption from any local or state land use restrictions. 0 points

Criteria 5.

The applicant demonstrates that all low-income units will be made available to people on the waiting list for low-income public housing. The applicant will provide a copy of a letter sent to the local public housing authority which administers the public housing waiting list, stating that the applicant will accept referrals of individuals and families on the public housing waiting list for consideration to lease units in the project.

If the answer to the question is NO 0 points

If the answer to the question is YES 1 point

Criteria 6.

Preservation of existing affordable housing. Projects will be awarded 2 points for this criteria if the applicant will be:

1. Acquiring or rehabilitating a Low Income Housing Tax Credit project with an expiring compliance period (for pre-1990 LIHTC allocations) or expiring extended use period for (post-1990 LIHTC allocations) and agrees to extend the affordability period for an additional 30 years.
2. Acquiring or rehabilitating a project which is at risk of being converted to a market rate rental or for sale project, which may result in a loss of affordable rental units. The project shall have a contractual obligation to provide affordable housing to meet the terms of financing administered by the U.S. Department of Housing and Urban Development (HUD), USDA Rural Development, State or County housing programs. The applicant shall agree to extend the affordability period for an additional 30 years.

Criteria 7.

Project will receive up to 4 points if it elects to provide affordable housing that serves one of the following tenant populations:

1. **Elder or elderly households.**
Elderly projects receive 2 points.
2. **Individuals with children and large families.**
Family projects that provide larger units which are available to individuals with children or large families may receive up to 4 points for this criteria. Projects providing units that are 2-bedrooms or larger for at least 10% of all low-income units may earn 1 to 4 points according to the following schedule:

10% to 19% of the total units	1 point
20% to 29% of the total units	2 points
30% to 39% of the total units	3 points
40% or more of the total units	4 points

Applicants may receive points for electing to serve one of these tenant populations.

Criteria 8.

Project will provide housing for tenant populations with special housing needs.

For the purpose of this Qualified Allocation Plan, “special housing needs” mean persons for whom social problems, age or physical or mental disabilities impair their ability to live independently, and for whom such ability can be improved by more suitable housing conditions.

Persons with special housing needs may include the physically and mentally disabled and the homeless.

Projects may receive up to 2 points for the criteria if it commits to provide services that will enhance the livability of the project for tenant populations with special housing needs. The amount of points awarded is based on the quantity and quality of services provided and the status of commitment. The maximum 2 points will be awarded only to applicants that have an executed commitment to serve this project by a third party service provider or if applicant or owner is an experienced provider of the proposed services.

All such services shall be optional to the tenant and shall be provided at no additional cost to the tenant.

Projects must substantiate the feasibility of providing these services throughout the compliance period as part of its application. The owner shall certify the feasibility of the services provided in the application accompanied by supporting documentation during the compliance period.

Criteria 9.

Project is participating with a local tax-exempt organization and is sponsored by a qualified non-profit, as defined in Section 42 IRC.

If the answer to the question is NO	0 points
If the answer to the question in YES	1 point
The project will elect to receive an allocation from the non-profit set-aside. If this election is made, the owner must comply with the requirement of the non-profit set-aside during the compliance period.	3 points

Criteria 10.

If total federal tax credit requested (annual federal tax credit request multiplied by ten years) as a percentage of total project cost is:

Greater than 80% of total project cost	0 points
71% through 80% of total project cost	1 point
61% through 70% of total project cost	2 points
51% through 60% of total project cost	3 points
41% through 50% of total project cost	4 points
40% or less of total project cost	5 points

Criteria 11.

The applicant elects to limit the total Developer Fee as a percentage of the total development cost as presented in the application. The Developer Fee includes but is not limited to consulting fees, project management fees, developer overhead, and developer fees. Architectural, Engineering, Accounting, and Legal fees are not included as the Developer Fee.

Greater than 15% of total project cost	0 points
15% of total project cost	1 point
12% of total project cost	2 points
10% of total project cost	3 points
8% of total project cost	4 points
less than 6% of total project cost	5 points

Criteria 12.

Project will be receiving project-based rental assistance subsidies which would result in eligible tenants paying approximately 30% of their gross monthly income towards rent. Eligible programs shall include, but not be limited to, the Rural Development 515 Loan Program and HUD Section 8 project-based Rental Assistance Program.

If the answer to the question is NO	0 points are awarded
If the answer to the question is YES	1 to 4 points are awarded*

* If the whole project has project based subsidies then 4 points is awarded, if only a portion of a project has project based subsidies, then the scoring will be adjusted based upon the percentage of units subsidized. The percentage is derived as “Number of Subsidized Units / Tax credit and non-tax credit subsidized units,” provided they are developed simultaneously.

Criteria 13.

Local government support. The project will be receiving a below market loan or grant from a State or local governmental agency other than HHFDC which in total amounts to 10% or more of the total development cost or a below market lease or sale of property from a government agency (including HHFDC).

The project has not applied for a below market loan or grant from a government agency or if the total amount applied for is less than 10% of total development costs.	0 points
The project has applied for a below market loan or grant from a government agency other than the HHFDC. Documentation must be provided evidencing that an application for financing has been submitted.	1 point
The project has received a commitment for a below market loan, grant or commitment for a below market lease or sale of property. A copy of a commitment letter, government action or contractual agreement must be included in the application.	3 points

Criteria 14.

Projects offering tenants an opportunity for home ownership. The applicant will offer tenants a right of first refusal to acquire the property in accordance with Section 42(i)(7) of the Code. To receive consideration for the criteria, the applicant must provide a feasibility analysis addressing the tenant's ability to purchase the project. The applicant must also provide a plan discussing how the project will offer the units for homeownership to tenants.

If the answer to the question is NO	0 points
If the answer to the question in YES	1 point

Criteria 15.

Project is located in a Qualified Census Tract. The project will redevelop existing housing which contributes to a concerted community revitalization plan as determined by HHFDC. For example: site is located in an Enterprise Community, Empowerment Zone, or part of a County redevelopment plan.

If the answer to the question is NO	0 points
If the answer to the question in YES	2 points

To receive consideration for this criteria, applicant must provide an explanation on how this project is in compliance with such plan and its benefit to the overall community. The applicant must provide a letter of interest or a binding agreement with the government agency administering the community revitalization plan.

Criteria 16.

Energy Efficiency. Projects electing to incorporate energy efficient practices that promote resource conservation will be awarded points.

Projects that elect to include four or more of the following features in their project will receive 3 points. Projects that elect not to include four or more of the following features in their project will receive 0 points.

- Installation of solar thermal, tankless, or tank type water heaters that meet ENERGY STAR standards;
- Installation of water conserving plumbing fixtures: WaterSense High Efficiency Toilets (less than 1.28 gallons per flush), showerheads with rated flow less than 1.75 gallons per minute (gpm), kitchen aerators with rated flow less than 1.5 gpm, and bathroom aerators with rated flow less than 1.0 gpm;
- Installation of five or more ENERGY STAR qualified light fixtures, ceiling fans equipped with lighting fixtures, and/or ventilation fans in each unit;
- Installation of photosensors or timers on all outdoor lighting and ENERGY STAR or high-efficiency commercial grade lighting fixtures (T8) in all common areas;

- Installation of ENERGY STAR appliances including refrigerators, dishwashers, and clothes washers (horizontal axis) in each unit;
- Reducing heat island effects by using ENERGY STAR low emissive roofing products for at least 50 percent of the roof area; or a combination of high-albedo and vegetated roof covering 75 percent of the roof area. Reduce asphalt surface areas and use low emissive pavement coatings and materials for at least 25% of paved surfaces;
- Using flooring and exterior building materials that do not contain poly-vinyl chloride (PVC) such as brick or cement fiber siding over vinyl siding and concrete, bamboo, cork, or linoleum over vinyl flooring;
- Provide an easily accessible area dedicated to recycling (at a minimum) newspaper, corrugated cardboard, glass bottles and jars, aluminum cans, and plastic containers (#1 and #2);
- Utilizing low-VOC paints, primers, organic compound sealers, and adhesives, and composite or engineered wood specified to be free of added urea formaldehyde;
- All carpet must be Green Label or Green Label Plus certified carpet approved by the Carpet and Rug Institute;
- Implementing renewable energy technologies such as photovoltaics, geo-thermal heat pumps, wind turbines, etc. to provide at least 5% of the property's annual energy consumption;
- Use products manufactured, harvested, and assembled in Hawaii for 10% of the project based on cost to reduce transportation impact and improve local markets;
- Using at least 25% reclaimed or recycled content materials such as brick, framing lumber, recycled concrete and aggregates, recycled gypsum board, and fly ash concrete;
- Minimizing irrigation needs by selecting native trees and plants that are appropriate to the site's soils and microclimate. If irrigation is necessary, use an irrigation system that will deliver at least 50% non-potable water (recycled water, gray water, or collected rainwater);
- Locating projects within 1 mile of at least four community and/or retail facilities (grocery store, drug store, parks, schools, libraries, cultural centers, and other public facilities used by the residents) and within ½ mile of a mass or public transit station, rail station, or bus depot or stop with scheduled service at intervals of at most 30 minutes between the hours of 7:00 a.m. and 7:00 p.m. Include sidewalks or suitable pathways linking the development to public spaces and transit stops or stations.

Upon completion of the project, a certification from a third party, architect, or engineer verifying the green building practices listed above have been used to construct or rehabilitate the building shall be submitted. Failure to provide the certification by six months after the issuance of the IRS Form 8609 will result in forfeiture of the good faith deposit.

Criteria 17.

Historic Nature. The proposed project will preserve the historic nature of an existing building. Preservation of building(s) on a national or state historic registry will receive 1 point.

- | | |
|--------------------------------------|----------|
| If the answer to the question is NO | 0 points |
| If the answer to the question in YES | 1 point |

Criteria 18.

Project location and market demand.

0 to 6 points

The points awarded will be based on HHFDC's evaluation of factors such as, but not limited to:

- Project is located in a county's urban core/district (preference) versus rural district;
- Employment opportunities, recreational facilities, shopping facilities, medical facilities located in the immediate vicinity of the project site;
- Strength of the market study;
- Are the proposed rental rates below market rents for the immediate surrounding area?
- Is the project or housing characteristics (e.g., design, density) appropriate for the neighborhood? Does project appear to satisfy market need? Is there documented/supported market demand?
- Is location in the neighborhood conducive for senior or family residential use?
- Consideration of any issues that would affect the marketability of the proposed project.

Criteria 19.

Developer experience.

0 to 6 points

The points awarded will be based on the HHFDC's evaluation of factors such as, but not limited to:

- Developer's (or any party affiliated with the development team) experience or ability (or inexperience/inability) to successfully complete the project;
- Developer's success or failure in meeting the objectives of the program on past proposals;
- Development Team's success or failure in meeting the objectives of the program on past proposals;
- Development Team's experience or ability to successfully complete the project;
- Project's general partner and/or affiliates has a history of chronic and/or substantive noncompliance, has failed to meet the requirements of the Declaration for Low-Income Housing Credits for previous projects, or has any significant tax credit history with other state tax credit allocating agencies.

Criteria 20.

Overall Project Feasibility.

0 to 10 points

The points awarded will be based on HHFDC's evaluation of any and all factors that could impact overall project feasibility, such as, but not limited to:

- Reasonableness of development costs;
- Feasibility of financing structure;
- Operational feasibility. For example, unreasonable operating expenses;
- Identification of serious issues in need of resolution for the project to proceed in a timely manner and the ability of the Development Team to resolve these issues. (For example, lack of adequate financing sources; land use and zoning issues; utility, water, sewer availability.) The ability of the development team to resolve these issues such that the development of the project will commence in a timely manner;
- Adequacy of Reserves including but not limited to Operating Reserve and Repair and Replacement Reserve;
- Services and amenities provided to tenants that will enhance the livability of the project;
- Adequacy of project contingencies in the development budget.

IV. Rights of the HHFDC

The HHFDC reserves the right to disapprove any application or project for any tax credit reservation or allocation, regardless of ranking under the criteria and point system as contained in section III of this allocation plan. The executive director or his/her designated representative shall have the authority to defer consideration of any application if, in his/her sole discretion, such deferral is deemed in the best interest of meeting housing needs.

The HHFDC reserves the right, in its sole discretion, to (i) hold back a portion of the annual state and federal housing credit ceiling for use during later reservation cycles, (ii) carry over a portion of the current year's housing credit ceiling for allocation to a project which has not yet been placed in service, and (iii) under certain conditions, issue a reservation for up to 25% of the next year's housing credit ceiling.

The HHFDC is required under the I.R.C. of 1986, as amended, to allocate the minimum amount of tax credits required to make a project feasible. The determination of the amount of tax credits to be reserved or allocated to a project shall be made solely at the discretion of the HHFDC. The HHFDC may, at the time of issuance of the IRS Form(s) 8609 for the project, decrease the amount of tax credits allocated to a project based on the actual cost and financing of the project.

The HHFDC in no way represents or warrants to any interested party which may include, but is not limited to, any developer, project owner, investor or lender that the project is, in fact, feasible or viable.

No member, officer, agent, or employee shall be personally liable concerning any matters arising out of, or in relation to, the reservation or allocation of the LIHTC.

V. Fees

The following fees are associated with the Low Income Housing Tax Credit program. The HHFDC reserves the right to adjust the fees due to changing circumstances annually each January 1. All fees shall be paid via Cashier's Check and made payable to the Hawaii Housing Finance and Development Corporation.

Application Fee

An Application Fee of \$1,500 per application shall be payable at the time of submission of the application. The fee shall be the same for all applicants.

Good Faith Deposit

A good faith deposit of ten percent (10%) of the first year's federal tax credited reserved shall be payable at the time the executed binding agreement is submitted to the HHFDC. Upon allocation and issuance of the IRS Form 8609, sixty percent (60%) of the good faith deposit shall be retained by the HHFDC as an administrative fee. The remainder of the good faith deposit may be refunded to the applicant. Failure to meet any of the elections made in the scoring criteria at the time of application will result in the retention of the entire good faith deposit by the HHFDC.

Compliance Monitoring Fee

Please refer to Section VI. Compliance Monitoring Plan for more details regarding the Compliance Monitoring Fee.

Qualified Contract Processing Fee

Qualified Contract Fee of \$150 per unit for all units.

VI. Compliance Monitoring Plan

A. Summary

The HHFDC shall monitor compliance with all applicable Federal and State Program requirements for the period a project is committed to providing low-income rental units. The HHFDC will require that all qualified tenants of a project be certified upon occupancy and be re-certified annually to ensure compliance. Projects shall be required to maintain copies of the income certification for each tenant on forms approved or provided by the HHFDC. Projects will also be required to maintain records regarding number of rental units (including number of bedrooms and size of square footage of each bedroom); percentage of rental units that are low-income units; rent charged on each rental unit including utility allowances; documentation regarding vacancies in the building; eligible and qualified basis of the building at the end of the first year of the credit period, and at the end of each year until required set-asides are met; and character and use of the nonresidential portion of the building that is included in the building's eligible basis, all in accordance with the rules published by the Internal Revenue Service (IRS). The HHFDC may perform an audit annually but, at a minimum, once every three years, and shall have access to all books and records upon notice to the project owner. Annually, owners of LIHTC projects will be required to certify to HHFDC that for the previous year, the minimum set-aside requirement was met; there was no change in the applicable fraction, or an explanation if there was a change; appropriate income certifications and documentation have been received for each low-income tenant; each low-income unit was rent-restricted in accordance with Section 42 IRC; all units were for use by the general public and used on a non-transient basis (except for transitional housing for the homeless as provided for in Section 42 IRC); each building was suitable for occupancy, taking into account local health, safety and building codes; there was no change in the eligible basis in the project, or an explanation if there was a change; all tenant facilities included in the eligible basis were provided on a comparable basis without charge; rentals of vacancies were done in accordance with Section 42 IRC; rentals of units were done in accordance with Section 42 IRC if any tenant's income increased above the limit allowed by Section 42 IRC; and a Restrictive Covenant document was in effect for the project, for those buildings receiving credits after 1989, all in accordance with the rules published by the IRS.

If the HHFDC becomes aware of non-compliance, the IRS shall be notified in accordance with the rules published by the IRS.

Please consult with your tax attorney and/or LIHTC consultant regarding Internal Revenue Code regulations. Owners are responsible for keeping abreast of current Program requirements.

The guidelines outlined below pertain to projects allocated Federal and State LIHTC in the State of Hawaii.

B. Compliance

Owner/Manager Training

Owners, managing agents, and on-site managers should attend or document that they have recently attended training on management and compliance prior to leasing any units, but no later than receipt of IRS Form 8609, which certifies an allocation of tax credits. Training may be required following significant or repeated noncompliance events. At minimum, such training should cover key compliance terms, qualified basis rules, determination of rents, tenant eligibility, file documentation, next available unit procedures and unit vacancy rules, agency reporting requirements, record retention requirements, and site visits.

Set Aside

The project must comply with the low-income set-aside requirements of Section 42 IRC as chosen by the owner at the time of receiving the credits. The minimum requirements are either:

1. 20 percent or more of the units in the project are occupied by tenants having a household income of 50 percent or less of the area median gross income (the “20-50 requirement”), or
2. 40 percent or more of the units in the project are occupied by tenants having a household income of 60 percent or less of the area median gross income (the “40-60 requirement”).

Tenant income is calculated in a manner consistent with the determination of annual income under Section 8 of the United States Housing Act of 1937, as directed by the Internal Revenue Code. Area median incomes are determined annually by HUD and are available from the HHFDC.

Rent

Units in the project must be rent-restricted to either thirty (30) percent of the median income adjusted for family size for the area in which the project is located or rent-restricted to thirty (30) percent of the imputed income limitations based on unit size. This rent-restriction must be maintained throughout the Term of the Compliance and Extended-use period. See ‘D. Rent and Income Limits’ in this section for further information.

Term of Compliance

Projects receiving a LIHTC allocation after January 1, 1990, must comply with eligibility requirements for the extended use period [initial 15-year period (compliance period), in addition to the 15 or more years (additional-use period)] determined by elections indicated in the Restrictive Covenant Document. The Restrictive Covenant Document must be recorded before credits are allocated.

Annual Certification

These and other compliance requirements as listed in Section A. Summary must be certified annually by the owner through the submission of the Annual Report. The Annual Report includes the Owner's Certificate of Continuing Program Compliance and shall be submitted by February 1 of each year throughout the compliance/extended-use period.

Records Retention

The Annual Report and the supporting documentation verifying the information on the Annual Report must be kept for a minimum of six (6) years after the due date (with extensions) for filing the federal income tax return for that year. The records for the first year of the credit period, however, must be retained for at least 6 years beyond the due date (with extensions) for filing the federal income tax return for the last year of the compliance period of the building, in accordance with published IRS guidelines.

Electronic storage of records is allowed by the IRS. However, HHFDC encourages the retention of hard copies of the first year records.

IRS Form 8609

Owner shall complete Part II of the IRS Form 8609 and submit with subsequent Annual Report.

Qualified Basis Tracking Sheet (QBTS)

This form shall be submitted annually until the required set-asides are established. Documents will provide information on original tenants qualifying each building for tax credits minimum set-asides, and other set-asides.

Status Reports

This report is to be submitted annually by owners in such format as required by the HHFDC or its Authorized Delegate to document and track the continuous compliance of tax credit units. The documents report data that tenants are income eligible at move-in, that occupants of LIHTC units are re-certified at least on an annual basis, and that the unit rents are restricted. Documentation will also indicate compliance with the vacant unit rule and 140% rule. The tracking of tax credit units substantiates the maintenance, increase or reduction of each BIN's qualified basis.

C. Qualifying Households

Applicants for low-income units should be advised early in their initial visit to the project that there are maximum income limits which apply for these units. Management should explain to the tenants that the anticipated income of all persons expecting to occupy the unit must be verified and included on a Tenant Income Certification (TIC) prior to occupancy, and re-certified. Applicants should be informed of other IRS requirements such as the Student Rule and Recertifications.

Unborn Children

In accordance with the HUD Handbook 4350.3, owner shall include unborn children in determining household size and applicable income limits. If permitted by state laws, owner shall require documentation of pregnancy in such circumstances.

Student Households

In accordance with the Internal Revenue Code, a household comprised entirely of full-time students may not be counted as a qualified household, unless the household meets at least one exception. Refer to the Internal Revenue Code for additional guidelines on the exceptions.

Owner shall utilize a lease provision requiring tenants to notify managing agent of any change in student status.

Calculating Anticipated Tenant Income

Owner shall qualify tenants by calculating household income using the gross income the household anticipates it will receive in the 12-month period following the effective date of the initial certification or Recertification. Anticipated income should be documented in the tenant file by third party verification whenever possible, or by an acceptable alternate method of verification with documentation as to why third party verification was not available. Owner shall use current circumstances to project income, unless verification forms or other verifiable documentation indicate that an imminent change will occur. Owner shall refer to HUD Handbook 4350.3 REV-1 for guidance on the proper calculation and verification of income and assets per IRC regulations.

Certification

Upon acceptance of an applicant to the project, a TIC must be completed for the applicant and certified to by the applicant and the owner. The form is a legal document which, when fully executed, qualifies the applicants to live in the set-aside units in the project. The head, co-head, spouse and all household members over 18 years of age must sign the TIC.

The TIC must be executed along with the lease prior to move-in. No one may live in a unit in the project unless he is certified and under lease.

The original copy of the executed TIC form is to be retained in the applicant's file. The TIC and the supporting documentation verifying the TIC must be kept for a minimum of six (6) years after the due date (with extensions) for filing the federal income tax return for that year. The records for the first year of the credit period, however, must be retained for at least 6 years beyond the due date (with extensions) for filing the federal income tax return for the last year of the compliance period of the building, in accordance with published IRS guidelines.

Recertification

For 100% LIHTC set-aside projects, annual recertifications are not required after January 1, 2009. Owners must recertify households at least once on the first anniversary of their initial tenancy.

For projects with less than 100% LIHTC set-aside:

To ensure each unit is complying with the LIHTC income restrictions, the HHFDC requires (a) the owner to annually recertify each tenant's income and household composition and (b) each tenant is to report certain changes in income and household composition which occur between regularly scheduled recertifications.

Each tenant's annual recertification is to be completed within one year of last recertification. The request for recertification shall be made between 90 and 120 days before the effective date, and it must clearly state that the tenant has ten (10) calendar days in which to contact the owner to begin recertification processing. The notice must also state the days and hours available for the interview, the information the tenant should bring to the interview, and how and whom to contact to schedule the interview.

Upon reverification of the tenant's income, the owner shall complete a new TIC, which shall be certified to by the owner or owner's designee.

Past-Due Recertification

A recertification is considered past due if the TIC form for the tenant is not certified by tenant and owner within twelve months of the last recertification.

D. Rent and Income Limits

Projects must comply with the following procedures:

- Units in the project must be rent-restricted to 30% of the imputed income limitations for each unit, based upon HUD area median incomes and size of units. Rents are imputed by bedroom size in the following manner: a unit which does not have a separate bedroom - 1 individual; and a unit with 1 or more separate bedrooms - 1.5 individuals per bedroom. The HHFDC provides rent limits for projects receiving a LIHTC allocation.
- Gross rent does not include any payment for various rental assistance programs and supportive service assistance as outlined in Section 42 IRC. Gross rent must include any allowance for utilities.

HUD publishes the area median incomes for each state annually. Updated income limits must be implemented pursuant to IRS Revenue Ruling 94-57, "Taxpayers may rely on a list of income limits released by HUD until 45 days after HUD releases a new list of income limits, or until HUD's effective date for the new list, whichever is later." Rents may be increased accordingly as the area median income increases.

If the income of the tenants in a unit who have been previously verified increases above 140 percent of the applicable income limitation, the unit may continue to be counted as a low-income unit as long as the next unit of comparable or smaller size is occupied by a qualified low-income tenant, and the rent continues to be restricted for the initial unit.

E. Eviction of Tenants

Once an eligible tenant has been certified and admitted to the project, the tenant may not be displaced solely due to an increase in the tenant's household income beyond the restricted limit.

F. Audits

The project may be subject to a management audit by the HHFDC or its Authorized Delegate annually but, at a minimum, once every three years. Notification of an audit shall be given to the owner at least 30 days prior to such audit. The results of the management audit and the recommendations for corrective action to protect and maintain the project shall be transmitted to the owner within thirty (30) days following the completion of the audit.

The purpose of the audit will be to conduct a physical inspection of the building and/or project, and, for at least 20 percent of the project's low-income units, to inspect the units and review the low-income certifications, documentation supporting the certifications, and rent records for the tenants in those units. The audit may also consist of a review of first year tenant records, a review of the documentation supporting the Annual Report, and any other documentation necessary for the HHFDC to make a determination as to whether the project is not in compliance with Section 42 IRC and Section 235-110.8 of the Hawaii Revised Statutes.

When conducting tenant file reviews, HHFDC's and its Authorized Delegate's reviews shall include, but not be limited to:

- completed rental application, including certification of assets and disposal of assets, if applicable;
- tenant income certification completed for move-in and current year, including all required signatures and dates;
- income verification(s) completed and documented;
- assets verified in accordance with IRC regulations;
- student eligibility documentation;
- lease and lease addendums completed at move-in;
- utility allowance on file;
- review of first year tenant records which qualified the project initially for tax credits.

The owner shall have a period of thirty (30) days in which to respond to the findings of the management audit. The HHFDC shall review the owner's response to determine the extent to which the issues raised in the management audit letter are addressed. Findings, whether corrected or not, will be reported to the IRS.

See the following Section J for information on notification to the IRS of any non-compliance found in the management audit.

G. Rural Housing Service (RHS) and Tax-exempt Bond Issue Projects

In accordance with the published IRS guidelines on compliance monitoring, an exception may be granted to RHS projects under its section 515 program and buildings or projects of which 50 percent or more of the aggregate basis is financed with the proceeds of tax-exempt bonds.

The IRC regulations allow for exception of a building from the inspection requirement if the building is financed by RHS under the section 515 program, the RHS inspects the building [under 7 CFR part 1930(C)], and the RHS and the allocating agency enter into a memorandum of understanding, or other similar arrangement, under which the RHS agrees to notify the allocating agency of the inspection results. Irrespective of the physical inspection standard selected by the allocating agency, a low-income housing project under Section 42 IRC must continue to satisfy local health, safety and building codes. A memorandum of understanding has not been executed between the HHFDC and RHS.

Annual Reports, QBTS, Compliance Monitoring Status Reports and other reports are still required of RHS projects. Although the HHFDC has allowed the use of the RD 1944-8, the form does not determine eligibility for specific LIHTC requirements. Owners need to determine whether the TIC will be used or a worksheet will be attached to RD 1944-8 to determine eligibility under the IRC. Management audits will still be conducted as indicated herein.

An owner who for some reason is not able to make any of the required certifications stated on the Annual Report or other requirements must inform the Agency immediately of such inability, as well as explain the reason for said inability.

H. Reporting Requirements

- a. The **LIHTC Annual Report** must be submitted annually by February 1 of each year throughout the compliance/extended-use period.
- b. Part II of the **IRS Form 8609** must be completed by the owner and submitted with the initial Annual Report.
- c. **Qualified Basis Tracking Sheets** are submitted at a minimum annually with LIHTC Annual Report until all set-asides are established.
- d. **Status Reports** are submitted annually by owners with the Annual Report to document and track the continuance compliance of tax credit units throughout the compliance/extended-use period.
- e. A copy of the applicable schedule, report or model used to calculate the utility allowance, submitted annually with the Annual Report.
- f. Annual submission of required tenant data in accordance with the Housing and Economic Recovery Act of 2008.

These forms must be sent in to the HHFDC or its Authorized Delegate at the address shown in Section II.

The Tenant Income Certification and LIHTC forms listed above are available from the HHFDC. Additionally, the HHFDC has data regarding HUD area median incomes, maximum rental rates, income verification information and third-party verification forms.

I. Fees

A compliance monitoring fee of \$25 per unit for all units within each project shall be charged annually for administrative expenses. This fee shall be submitted with the LIHTC Annual Report for each year of the compliance/extended-use period. The HHFDC reserves the right to adjust fees due to changing circumstances annually each January 1. It will be the responsibility of the HHFDC to inform the owner of any changes in the annual compliance fee prior to the submission of fees. The compliance monitoring fee will be effective as of the Placed in Service date for the first building.

J. Non-compliance Penalties

The penalty for non-compliance with these procedures is the potential recapture of the credits awarded and interest on the amount recaptured. The IRS shall determine penalties for non-compliance.

Upon determination by the HHFDC of non-compliance with the LIHTC Program, the owner shall be notified and given thirty (30) days to correct any discovered violations. In accordance with the IRS published guidelines on compliance monitoring, the HHFDC will be required to notify the IRS within forty-five (45) days after the end of the thirty day correction period, whether or not the non-compliance is corrected. The HHFDC will be given the opportunity on the IRS form to indicate whether the owner has corrected the non-compliance. The HHFDC may extend the correction period, up to a total of six (6) months, if it is determined by the HHFDC that good cause exists for granting such an extension. In such case, the IRS will not be notified until the end of the extended correction period.

K. Additional Use Period

After the initial 15 year compliance period of the Extended Use Period (“Additional Use Period”), the HHFDC is no longer required to report instances of non-compliance to the IRS. The Compliance during the Additional Use Period (“AU Compliance Policy”) will concentrate on enforcing the requirements of the LIHTC program through the term of the Declaration of Restrictive Covenants for Low Income Housing Credit recorded on the property.

The AU Compliance Policy is largely based on the procedures of the initial compliance period. Unless noted below, the policy and procedure for compliance during the initial compliance period shall continue to apply to the additional use period.

Effective Date

The AU Compliance Policy shall be effective on the first day after the expiration of the initial 15 year compliance period for the last building placed in service in the project. Generally, the additional use compliance period will begin on January 1 of the year after the expiration of the initial 15 year compliance period of the last building placed in service and be in effect until the end of the additional use period.

Income and Rent Set Aside

Owners are subject to the Section 42 occupancy and rent restrictions required in the Declaration of Land Use Restrictive Covenants for Low-Income Housing Credits.

Student Households

The IRC student rule no longer applies during the additional use period. However, as the HHFDC wants to ensure that properties in the additional use period are not used as dormitory housing, a modified student eligibility requirement will be enforced. During the additional use period, a household comprised entirely of full time students will qualify as long as at least one member of the household is an independent student or is a student in grades Kindergarten through 12 (including home schooled minors studying course material within these grades). An independent student is defined as one who is not claimed as a dependent on his/her parent's tax return (proof required).

Available Unit Rule / 140% Rule

For projects which include market rate units, the Available Unit Rule and the 140% Rule do not apply during the additional use period. The percentage of tax credit units as specified in the Declaration of Restrictive Covenants for Low Income Housing Credits must be maintained throughout the additional use period.

Certification and Recertification

Certification of tenants at the time of move-in shall be required during the additional use period according to the same procedure as the compliance period.

Recertification of tenants will not be required during the additional use period. However, if any adults are added to the household, then the household must be re-certified.

Unit Transfers

During the additional use period, unit transfers are allowed without a new income qualification. Documentation of all unit transfers that occur shall be submitted as part of the Reporting Requirements.

Reporting Requirements

- a. The **LIHTC Annual Report** must be submitted annually by February 1 of each year throughout the additional-use period.
- b. **Status Reports** are submitted annually by owners with the Annual Report to document and track the continuing compliance of tax credit units throughout the additional-use period.

Site Audits

Commencing within three years after the expiration of the Compliance Period, site audits for projects may be conducted at least once every **five** years. Projects that have substantial outstanding non-compliance beyond the correction period based on the findings of the most recent site audit may be subject to more frequent site audits.

Owner Inspection

Owners shall conduct an annual physical inspection of each unit and common areas in the project.

Correction Period and Non-compliance Penalties

Upon determination by the HHFDC of non-compliance with the LIHTC Program during the additional use period, the owner shall be notified and given thirty (30) days to correct any discovered violations. The HHFDC may extend the correction period on a case-by-case basis, up to a total of six (6) months, if it is determined by the HHFDC that good cause exists for granting such an extension. Owners may request the HHFDC to review all outstanding non-compliance issues for a property once per calendar year after the initial correction period.

Any owner and constituent entities involved in management and ownership of a project with an unresolved finding of non-compliance beyond the initial correction period may be deemed to be Not in Good Standing by the HHFDC Finance Branch.

Owners must clear all outstanding non-compliance issues to be deemed in Good Standing with the HHFDC Finance Branch.

VII. Other

- A. **High Cost Area Designation**
Newly constructed buildings located outside of designated Difficult to Develop Areas or Qualified Census Tracts qualify as a high cost area. The additional LIHTC available from the “basis boost” will be used to offset the high cost of construction and land throughout the state.

- B. **Minimum Rehabilitation Requirement**
Minimum rehabilitation expenditures must be the greater of the minimum rehabilitation threshold identified in Section 42 IRC or the cost of work identified by the Capital Needs Assessment attributable to address immediate repairs, replacements or upgrades.

VIII. Qualified Contracts

The Omnibus Reconciliation Act of 1989 required that all properties receiving an allocation of Housing Credits after January 1, 1990 are subject to an additional use period that extended the minimum affordability period of credit properties from 15 to 30 years. The 1989 Act also provided an option for owners to present a Qualified Contract (“QC”) for the acquisition of the property by a prospective buyer that agrees to purchase the property for the “qualified contract price”¹¹. If the state agency is not able to find a buyer to purchase the building at the “qualified contract price”, the additional use period is terminated.

Owners that elected to waive their option to request a Qualified Contract are not eligible.

After the last day of the fourteenth year of the compliance period of the last building placed in service or the last day of the last year of a multiple year allocation, an eligible owner of the project utilizing federal LIHTCs may request a QC¹².

Qualified Contract Request:

The legal owner must first submit a written request to the HHFDC Executive Director for consideration to present a qualified contract request (the “Request”). The Request must also include a copy of the First year 8609s showing Part II completed for all buildings placed in service.

After receiving the Request, the Corporation shall conduct a review to determine the eligibility of an owner to submit an Inquiry, by confirming the following:

1. the original owner did not waive its right to request a QC during the allocation of the tax credits;
2. the tax credit property meets the basic physical compliance standards that are necessary to claim credits;
3. the owner has secured waivers of any purchase option and right of first refusal connected to the property;
4. the project and owners are in compliance and all programmatic requirements and are in good standing with the HHFDC.

If after the review of the Request, the Corporation determines the Owner is not eligible to submit a Qualified Contract Request Application the Owner will be notified in writing.

The owner must correct any deficiencies noted in the recent compliance monitoring before submittal of a request for a QC.

Qualified Contract Request Application:

The Owner must file a complete Qualified Contract Request Application (“QC Application”) with the HHFDC on such form(s) as the Executive Director (“Director”) may require from time to time as prescribed. The QC Application includes any documents and any additional information as may be requested by the Corporation in order to comply with the Internal Revenue Code (IRC) §42(h)(6)(F).

¹¹ IRC Section 42 (h)(6)(E)(i)(II)

¹² IRC Section 42 (h)(6)(I)

The QC Application shall include the Owner's proposed QC price. The QC Application shall include a report calculating the QC price prepared by an independent certified public accountant ("QC Report"). The QC Report will list all due diligence reviewed and provide a detailed calculation of the QC price. The QC Report will include an opinion and certification that the QC price was calculated in accordance with the Internal Revenue Code §42(h)(6)(F). The certified public accountant will provide a reliance letter with regard to the report and certification of QC price in the favor of the HHFDC.

1. The owner will submit the following documents as part of its Application:
 - a. QC Report;
 - b. QC processing fee of \$150 per unit for all units;
 - c. copies of all annual partnership tax returns;
 - d. copies of annual audited project financial statement for all years;
 - e. copies of loan documents for all secured debt during the compliance period;
 - f. copies of partnership agreement (original, current and all interim amendments);
 - g. current title report (no more than 60 days from the date of QC Application);
 - h. a physical needs assessment for the entire project (no more than 60 days from the date of QC Application);
 - i. an appraisal prepared by a qualified third party appraiser for the entire project (no more than 60 days from the date of QC Application);
 - j. a Phase I environmental (no more than 60 days from the date of QC Application); and
 - k. any other documents, certifications, application forms or agreements required by the HHFDC.

2. The Owner must make the following documents available to interested buyers such that the buyers may conduct their due diligence:
 - a. copies of annual audited project financial statement for all years;
 - b. copies of loan documents for all secured debt during the compliance period;
 - c. copies of partnership agreement (original, current and all interim amendments);
 - d. current title report (no more than 60 days old from the date of QC Application);
 - e. a physical needs assessment for the entire project (no more than 60 days from the date of QC Application);
 - f. an appraisal prepared by a qualified third party appraiser for the entire project (no more than 60 days from the QC Application);
 - g. a Phase I environmental report (no more than 60 days from the QC Application); and
 - h. other relevant documents.

Other Terms:

1. The Corporation may procure a third party contractor to provide services related to the valuation, review or inspection of the property. Owners are responsible for any costs associated with contacting and procuring the third party providers.
2. The Corporation may reject a QC Application if the Owner does not provide the proper documentation, information on the required forms or pay for the items listed below.
3. The 1 year period does not start until the Owner submits a complete QC Application with all required documents to the satisfaction of the Corporation.
4. The Owner will agree to release the documents listed above to interested parties. Copies of such documents will be the responsibility of the owner.

5. The Owner also agrees to allow the HHFDC to advertise the property and the Qualified Contract price. Such advertising may include but is not limited to posting on the HHFDC website, marketing through an agent, broker or consultant and mailings to interested buyers.
6. The Corporation will not bind the Owner to submit a request and will not start the one-year period (“1 YP”) defined in §42(h)(6)(I) until the Corporation receives a complete QC Application.
7. Owners may choose to cancel the QC Application at anytime during this process. **However the owner will only be able to request a QC once during the entire additional use period of the project. Withdrawing the application will count as the only time an owner can request a QC Application.**
8. Under IRC §42(h)(6)(E)(i)(II), the Corporation’s only obligation is to “present” to the Owner a bona fide contract signed by a prospective buyer to acquire the Owner’s project for the QC price (the “Contract”). When the Corporation presents the Contract to the Owner, regardless of when or if the Contract is fulfilled, the possibility of terminating the additional use period is removed and the project remains bound to the additional use restrictions, and shall not terminate, the additional use agreement.
9. The buyer shall submit a form of Qualified Contract to the Owner that clearly states the intent to purchase the property for the Qualified Contract price. A copy of the Qualified Contract shall be forwarded to the HHFDC by the buyer or the Owner. The Owner and the buyer are free to negotiate different transaction terms.
10. In keeping with the purpose of IRC §42, the Corporation will resolve any case of doubt or interpretation in determining the QC price, both with regard to the overall process and particular projects, in favor of the lower QC price.
11. Please note that the IRS may clarify its regulations regarding the treatment of certain costs and valuations in calculating the QC price. The IRS regulations will be used upon publication of its rules with regard to the Qualified Contract.

Appendix 1 Market Study

In accordance with Section 42 (m)(iii) of the Internal Revenue Code, the HHFDC requires a comprehensive Market Study of the housing needs of low-income individuals in the area to be served by the project by a disinterested party must be submitted as part of this application. The Market Study shall be completed at the Owner's expense.

The Market Study shall address the following information:

- A statement of the competence of the market analyst.
- A description of the proposed site.
- Demographic analysis of the number of households in the market area which are income eligible and can afford to pay the rent. Estimate of capture rates for the market areas.
- Geographic definition and analysis of the market area.
- Identification of the project including location, unit counts, income levels and target population. Market Study must be consistent with the proposed project.
- Analysis of household sizes and types in the market.
- A description of comparable developments in the market area.
- Analysis of practically available rents, vacancy rates, operating expenses and turnover rates of comparable properties in the market area.
- Analysis of practically available rents, vacancy rates and turnover rates of market rate properties in the market area.
- Expected market absorption of the proposed rental housing, including a description of the effect of the market area.
- Identification and commentary of proposed projects in the market areas.
- Analysis of market demand for tenants with special housing needs when applicable.

Projects that are requesting credits from eligible basis generated from a Community Service Facility as defined in Section 42 (d) (4) (C) (iii) must provide a market study that addresses the following:

- A description of Services provided that improve the quality of life for community residents;
- The market area and demand for services provided;
- The applicability of service provided to the community;
- The affordability of the services provided persons of 60% AMGI or less.

SECTION IV

PLEASE REVIEW IF APPLYING FOR:

RENTAL HOUSING TRUST FUND PROJECT AWARD PROGRAM

(PROVIDES EQUITY GAP LOANS)

- Project Award Program Overview

STATE OF HAWAII
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

**SECTION IV - RENTAL HOUSING TRUST FUND
PROJECT AWARD PROGRAM OVERVIEW**

Introduction

The following is an overview of the State of Hawaii's Rental Housing Trust Fund Program (the "Program"). The Program guidelines, policies, and procedures were developed by the HHFDC. A complete discussion and description of the Program and the requisite procedures is available, upon request, in the Procedural Manual and Administrative Rules.

Background

The Hawaii State Legislature passed Act 308, SLH 1992 creating the Rental Housing Trust Fund Program in response to the critical shortage of affordable rental housing throughout the state. The fund was initially capitalized at \$15 million, and received subsequent legislative appropriations of \$23.2 million. The Program also receives, as dedicated funding, a portion of the State's Conveyance Tax. The Program is intended to act as a flexible financing vehicle, one that encourages the production of new affordable rental housing units as well as increases the capacity of organizations to meet future housing production needs.

The Program complements existing housing programs, at the federal, state, and local level. Program funds may be used in conjunction with other financing programs, offered by the HHFDC. The Program seeks proposals that leverage new and existing resources - both human and financial - to address the need for creating more affordable housing.

Program Purpose

The Program provides loans or grants for the development, pre-development, construction, acquisition, preservation, and substantial rehabilitation of rental housing units. The primary goal is to assist lower income families and individuals, including homeless and special need groups, in obtaining rental housing. Priorities established include the need for new construction or substantial rehabilitation, projects which leverage funds to the greatest extent possible, projects which are maintained as affordable for more than 30 years, and projects which will repay the Program so that the monies may be invested for future rental housing projects.

Definitions

Listed below are the definitions of some of the key terms used in the Program. Additional definitions may be found in Chapter 15-180, Hawaii Administrative Rules ("HAR"), and the Procedural Manual. If you require further assistance or clarification, please contact staff.

Administrative Expenses	Those expenses incurred in the administration of a Project including, but not limited to, salaries and employee benefits, utilities, supplies, accounting and audit fees, and telephone service.
Affordability	For Program purposes, affordability is generally achieved when a tenant's contribution toward rent (including utilities) is approximately 30% or less of their monthly gross income, or the unit rent (including utilities) is less than or equal to the rent established by the Program.

Application	A submittal requesting funds from the Program.
Cash flow	Cash available after vacancy, operating expenses, reserves, and debt service payments have been deducted from gross income generated from the rental units.
Construction Management Costs	Costs directly related to managing the Project to the point of completion of construction.
Consultant Fee	Fees paid to a third-party developer or a consultant for costs/services associated with the implementation of a Project. This may include developer's fee and overhead.
Corporation	The Hawaii Housing Finance and Development Corporation as defined by Section 201H-1, Hawaii Revised Statutes. The Corporation is headed by the Board of Directors (the "Board").
Debt Coverage Ratio	The ratio of Net Operating Income to total annual Debt Service payments. For Projects requesting Program funds, this ratio shall not be less than 1.00 to 1.00.
Debt Service Reserve	Program contract language may require a Program recipient to deposit all or a portion of the Project's cash flow into a debt service reserve account to reduce the loan principal during or at the end of the loan term.
Develop/Development	The planning, financing, acquisition of real and personal property, demolition of existing structures, clearance of real property, construction, reconstruction, alteration, or repairing of approaches, streets, sidewalks, utilities, and services, or other site improvements, or construction, reconstruction, repair, remodeling, extension, equipment, or furnishing of buildings or other structures, or any combination of the foregoing, of any housing project. It also includes any and all undertakings necessary therefore, and the acquisition of any housing, in whole or in part.
Eligible Applicants	Eligible applicants include non-profit entities, private developers, government agencies, LLC's and Partnerships. One or more eligible entities that submit an Application to the Corporation requesting funds from the Program.
Equity Gap Financing	Additional funds required to make a Project financially feasible, usually cash or subordinated debt used to fill the "gap" between available financing, available subsidies, and total development cost.
Housing/Housing Project/Project	A plan, design, or undertaking for the development of dwelling units, and includes all real and personal property, buildings and improvements, commercial space, lands for farming and gardening, community facilities acquired or constructed or to be acquired or constructed, and all tangible or intangible assets held or used in connection with the housing project.
Leverage Ratio	The ratio of total project dollars from other sources benefiting low- to moderate-income households to the total Fund dollars requested.

Loan	Funds lent to an Eligible Applicant for the purpose of financing a qualified housing project located within the State of Hawaii with the obligation to repay the funds according to specific terms and conditions as set by the Corporation.
Loan to Value Ratio	The ratio of the total loan amount to the total appraised value. The maximum loan-to-value authorized by the Fund is 100 percent.
Nonprofit Organization	A corporation, association, or other duly chartered entity which is registered with the State, and which has received a written determination from the Internal Revenue Service that is exempt under either section 501(c)(3), section 501(c)(4), or so much of section 501(c)(2) as applies to title holding corporations that turn over their income to organizations that are exempt under either section 501(c)(3) or 501(c)(4), of the Internal Revenue Code of 1986, as amended.
Regulatory Agreement/ Restrictive Covenants	The agreement between the Corporation and the Applicant receiving Program funds that prescribes the manner in which a Project is to be operated, the rental rates to be charged, and the conditions under which distributions may be made from the Project to the Applicant.
Relocation Expenses	Those costs paid to households when relocation is necessary.
Special Needs Housing Groups	of people who require special housing-related services. <i>(Note: If an Applicant states that a special needs population will be served/targeted, the Corporation will expect to see appropriate services described as part of the Application and design.)</i>

Minimum Affordability Criteria

Qualified Projects funded in whole or in part from the Rental Housing Trust Fund will be ranked in the following order of priority:

1. Projects awarded tax credits or financing administered by HUD or USDA RD maintaining a minimum of:
 - 50% of the units for families or households earning 80% or less of the area median gross income, of which 5% of the units for families or households earning 30% or less of the area median gross income.
 - and the remainder of the units for families or households earning 100% or less of the area median gross income.
2. Mixed income rental projects or units in a mixed-income rental project where all units are for persons and families with incomes below 140% area median gross income.

Median gross income figures are derived annually from figures issued by HUD. Additionally, Program funds must be used for affordable rental housing projects.

Eligible Activities

As set forth in Chapter 15-180, HAR, activities eligible for assistance include, but are not limited to, the following areas:

- Planning;
- Design;
- Land acquisition;
- Cost(s) of options;
- Agreement(s) of sale;
- Downpayments;
- Equity financing, including the leveraging of moneys with the use of fund assets;
- New construction or rehabilitation;
- Acquisition of housing units for the purpose of preservation as lower cost housing;
- Participation in interim construction loans provided by private lenders or in loan programs administered by government agencies;
- Capacity building grants to **nonprofit** organizations;
- Pre-Development grants or loans to **nonprofit** organizations or governmental agencies;
- Other housing development services or activities as approved by the HHFDC on a case-by-case basis.

Project Administrative Expenses

As codified in Chapter 15-180, section 73, HAR, program funds **cannot** be used to finance the day-to-day administrative expenses of a project.

The Application

The Application requires detailed and comprehensive descriptions and justifications for the proposed activities.

The key to a successful application is a clear description of the Local Housing Need; the Project and its Design; the Benefits and Impacts; the Management of Project; and the degree to which the applicant is able to leverage limited resources.

Evaluation

After reviewing staff's findings, the HHFDC evaluates each project based on the five (5) elements that comprise the Rating Criteria. These broad criteria are based on statutory language contained in the enabling legislation and are translated into the specific rating criteria. The actual criteria and the corresponding point values are described below in the section labeled "Rating Criteria". It is important to note that the form of assistance requested (i.e., deferred loan, amortized, interest-only, or grant) is not part of the rating criteria.

The evaluation process favors proposals that demonstrate the following characteristics:

- Projects that serve the target groups as specified in §201H-202(e)(1) and (2) of the Hawaii Revised statutes;
- Projects which provide the maximum number of units for least amount of subsidy;
- Projects which are committed to serving the original target population over a longer period of time;
- Projects which increase the integration of income levels of the immediate community area;
- Projects which meet the geographic needs of the target population (e.g., proximity to employment centers and services);
- Projects being developed by applicants with a favorable past performance with fund moneys; and
- Other criteria established by HHFDC that is deemed necessary to carry out the intended purposes of the fund.

For all funding requests, in order to be considered by the HHFDC the applicant's project **must** produce units in **at least one** of the following categories:

- Multi-family projects;
- Attached single-family units;
- Apartments;
- Townhouses;
- Housing units above commercial or industrial space;
- Single room occupancy units;
- Accessory apartment units;
- Employee housing;
- U.S. Department of Housing and Urban Development mixed finance development of public housing units and;
- Other types of units, as determined by the Corporation, meeting the eligibility criteria.

Staff or the HHFDC retains the right to contact local government officials, representatives of other funding programs, or other individuals to verify or obtain additional information about applicant's proposals.

Rating Criteria

Each application is evaluated and awarded points in accordance with the criteria listed below. The Corporation may accept a request, may deny a request, or may delay action on any request for project funds.

A minimum of 125 points (out of the 250 total points) must be scored in order to be placed on the Eligible Project List by the Corporation.

A more detailed listing of the scoring criteria is available from staff, upon written request for such information.

- | | | |
|----|--|---------------|
| 1. | Local Housing Need | |
| | a. Increase the integration of income levels of the immediate community area | 0 - 10 points |
| | b. Supported by local county government as evidenced by a letter of support. | 0 - 10 points |
| | c. Clearly describes the shortage and demand for low-income units in the proposed area. | 0 - 10 points |
| | d. Project will add new low-income units to the State's inventory (i.e., new construction or substantial rehabilitation) | 0 - 25 points |
| | | 55 Points |
| 2. | Project Description and Design | |
| | a. The project characteristics address the health and safety of tenants and provides amenities to enhance the project. | 0 - 10 points |
| | | 10 Points |

3.	Benefits and Impact	
	a. Services the original target group (i.e., at least 50% of units serving individuals earning 80% or less of HUD median income, of which at least 5% of units serving individuals earning 30% or less of HUD median income, and the remainder of units serving individuals earning 100% or less of HUD median) or mixed income project rentals where in all of the available units are for persons and families with incomes at or below 140% AMGI.	0 - 10 points
	b. Committed to serving the original target population for a longer period of time.	0 - 35 points
	c. Provides units for special needs groups.	0 - 10 points
	d. Provide units with two bedroom units or larger	0 - 10 points
	e. Project will charge rent for units that is less than the maximum allowed under the Program.	0 - 20 points
		85 Points
4.	Project Management	
	a. Applicant and/or project development team demonstrates the experience and the ability to successfully implement the proposed project in a timely and on-going manner.	0 - 10 points
	b. Applicant is a non-profit or affiliated with a non-profit entity.	0 - 10 points
	c. Project has low developer fees and overhead.	0 - 10 points
	d. Applicant presents a reasonable development budget, sources and uses statement, and operating pro forma for the project.	0 - 10 points
		40 Points
5.	Leverage	
	a. Provides maximum number of units for the least amount of Program subsidy	0 - 20 points
	b. Has secured commitments of other resources, including private funds, public funds, and recipient contributions.	0 - 10 points
	c. Project provides maximum amount of leverage (total state funds vs. other funds).	0 - 20 points
	d. Development schedule demonstrates a reasonable time frame.	0 - 10 points
		60 Points
	TOTAL POINTS	250

Loan Awards

Only those Applications that best meet the statutory intent and the criteria of the Program will be selected to receive Program funds.

The Corporation has the authority and the right to approve, disapprove or defer decisions regarding any application or project for funding awards, regardless of the ranking under the Rating Criteria. The Corporation or its designated representative has the authority to make such decisions if it is deemed to be in the best interest of meeting state housing needs. The Corporation reserves the right to make an award for less than the amount requested by the Applicant. The Corporation reserves the right to accept or reject any Application, to award loans to as many or as few Applicants as it may select, to award loans to entities other than Applicants. The Corporation reserves the right to cancel, suspend or terminate, in part or in whole, any funding round, if the Corporation, in its sole discretion, deems it to be in its best interest to do so. The Corporation reserves the right to reject any Application submitted and may exercise such right without notice and without liability to any Applicant or other parties for their expenses incurred in the preparation of an Application. Applications are prepared at the sole risk and expense of the Applicant. The completion, receipt, or acceptance of an Application does not commit the Corporation to pay any costs incurred in preparation of the Application. The Corporation shall not be responsible for any costs incurred by the Applicant due to the cancellation, suspension, or termination of such funding round, or the rejection of any Application.

The awarding of funds is subject to the availability of funds and approval by the Governor of the State of Hawaii.

Trust Fund Contract

After an application is selected for funding by the Corporation, several legal documents will be negotiated and executed between the applicant and the Corporation. The type of documentation and the form of documentation will depend upon the form of financing (i.e., grant, loan, or combination) provided by the Corporation.

At a minimum all award recipients will be required to execute a Regulatory Agreement/Restrictive Covenant between the applicant and the Corporation. The Regulatory Agreement/Restrictive Covenant will set out the terms and conditions that will be the basis for the applicant to operate the project for the duration of the commitment. Included in the agreement will be items such as rental rates, increases in rental rates, and other related topics. The final form of the agreement is determined by the type of funding award and by the specific terms and conditions negotiated between the Corporation and the applicant.

Compliance Monitoring and Follow-up

Staff monitors the expenditures and the activities associated with each project receiving Program funds. Participants may be required, subject to the Corporation's determination, to report the status of their projects on a monthly, a quarterly, or an annual basis, depending upon the nature of the project.

Staff monitors each project to ensure that the project complies with the terms of the Program Contract and to insure that Program monies are spent efficiently and for their intended purposes.

Certifications and Assurances

Whereas, _____ (the “Applicant”) is applying to the State of Hawaii - Hawaii Housing Finance and Development Corporation (the “Corporation”) for financing assistance from the following programs (check those applicable):

- Dwelling Unit Revolving Fund (DURF)
 - Hula Mae Multi-Family (HMMF) Revenue Bond Program
 - Low Income Housing Tax Credit (LIHTC) Program
 - Rental Assistance Revolving Fund (RARF) Program for Interim Construction Financing
 - Rental Housing Trust Fund (RHTF) Project Award Program
- (programs checked off collectively referred to as the “Programs”) and,

Whereas, the Applicant understands that it is necessary that certain conditions be satisfied as part of the Application requirements.

Therefore, the Applicant certifies as follows:

1. The Applicant is eligible for award under state statute and guidelines for the Programs.
2. The Applicant agrees to comply with all applicable federal, state, and local regulations in the event that this Application is selected for funding.
3. The Applicant will minimize displacement as a result of activities assisted with the Programs resources and assist persons displaced as a result of such activities.
4. The Applicant will actively market in an ongoing manner all rental units and services funded through the Programs.
5. The Applicant is prepared and has the authority within its charter, bylaws, or through statutory regulations to enter into a contractual agreement with the Corporation for acceptance and use of financing assistance offered by the Programs. The Applicant makes this Application and certification with full cognizance of its governing body.
6. The Applicant agrees that the Corporation will at all times be indemnified and held harmless against all losses, costs, damages, expenses and liabilities whatsoever in nature or kind (including, but not limited to attorney’s fees, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgment, any loss from judgment from the Internal Revenue Service) directly and indirectly resulting from, arising out of, or related to acceptance, consideration and approval or disapproval of such allocation request.
7. The Applicant understands and agrees that the Corporation retains the right to contact local government officials, representatives of other funding programs, or other individuals to verify or obtain additional information about Applicant’s proposals. The undersigned hereby agrees and allows the release of any and all information to the Corporation in regards to the representations made within this Application. Such information may include credit history and ratings verifications, confirmation of involvement in past developments, and all other information, on the Applicant entity and principals, thereof, as may be required by the Corporation. This information will be used solely by the Corporation to aid in making a determination as to the awarding of financing assistance offered by the Programs to the Applicant and will not be disclosed outside the Corporation, except as required and permitted under law.

8. The Applicant has received, reviewed and accepts all the documents (e.g. Overview, Instructions, Qualified Allocation Plan, etc.) that are attached to the Application and made a part hereof.

9. The Applicant agrees to abide by all the terms, conditions and provisions of the Programs.

10. The Applicant understands and agrees that the Corporation's receipt of an Application does not constitute acceptance of the Application. The Corporation reserves the right to return an Application at any time without taking further action on the Application due to, but not limited to, the following:

- a. Failure to meet Application submittal requirements (e.g., timeliness, correct application fees, cashier's check, correct number of copies).
- b. Failure to meet individual program criteria (e.g., applicant eligibility and income set-aside requirements, etc).
- c. Failure to disclose in the Application any known material defects about the development of the Project, any misrepresentation or fraud.
- d. Incomplete Application. The Application received by the deadline constitutes the final Application (the "Final Application"). Any Final Application deemed by the Corporation to be incomplete shall not be processed.

11. The Applicant understands and agrees that the awarding of funds is subject to the availability of funds and approval by the Governor of the State of Hawaii.

12. The Applicant understands and agrees that the Corporation reserves the right to make an award for less than the eligible amount requested by the Applicant.

13. The Applicant understands and agrees that the Corporation reserves the right to accept or reject any Application, to make awards to as many or as few Applicants as it may select, and to make awards to entities other than applicants.

14. The Applicant further understands and agrees that:

- a. The Corporation reserves the right to cancel, suspend, or terminate, in part or in whole, any funding round, if the Corporation, in its sole discretion, deems it to be in its best interest to do so;
- b. The Corporation reserves the right to reject any Application submitted and may exercise such right without notice and without liability to any Applicant or other parties for their expenses incurred in the preparation of an Application.
- c. Applications are prepared at the sole risk and expense of the Applicant. The completion, receipt, or acceptance of an Application does not commit the Corporation to pay any costs incurred in preparation of the Application. The Corporation shall not be responsible for any costs incurred by the Applicant due to the cancellation, suspension, or termination of such funding round, or the rejection of any Application.

15. The Applicant understands and agrees that the Corporation in no way represents or warrants to any party which may include, but is not limited to, any developer, project owner, investor, or lender that the Project is, in fact, feasible or viable. No director, commissioner, officer, agent, staff or employee shall be personally liable concerning any matters arising out of, or in relation to, the disapproval or the making of awards from the Programs.

16. The Applicant is responsible to review the applicable federal/state laws as they relate to the respective Programs to ensure compliance with current regulations.

17. That the foregoing information and the statements made in this Application are true, complete, accurate and correct to the best of the Applicant's knowledge, and hereby authorizes the Corporation to obtain further information and to verify any statement made as it deems necessary.

18. The Applicant understands that the completed and accepted Application is subject to Chapter 92F, Hawaii Revised Statutes, the Uniform Information Practices Act of the State of Hawaii.

In Witness Whereof, the Applicant has caused the document to be executed in its name on the _____ day of _____, 20_____.

Applicant

By _____
Its _____

By _____
Its _____

Witness _____

INDEX OF APPLICATION EXHIBITS

DUE AT TIME OF APPLICATION

- (Excel Worksheets)
- Exhibit A Project Cost Breakdown Worksheet
- Exhibit B Construction Cash Flow Format
- Exhibit C Operating Income
- Exhibit D Operating Expenses
- Exhibit E Operating Proforma
- Exhibit F Tax Credit Worksheets
- Rehabilitation Worksheet
- Applicable Fraction
- Tax Credit Calculation
- Please ensure that this information reconciles with the Financing Program Application form and construction plans.
- Complete this Exhibit if the proposed project is requesting Low Income Housing Tax Credits*
- Exhibit G Estimated Project Revenues
- Complete this Exhibit if the proposed Project is a FOR SALE PROJECT.*
- Exhibit 1 Copy of a current IRS Tax Exemption Letter. (non profits) – include in original application only.
- Exhibit 2 Most recent Treasury Form 990 with all supporting documentation, as filed with the IRS – include in original application only.
- Exhibit 3 Certified copies of the organizational documents of the applicant, including its articles of incorporation and bylaws, declaration of trust, partnership or limited partnership agreement, including any amendments thereto. Include a signature resolution if not encompassed within corporation bylaws.
- Exhibit 4 Copy of applicant’s past three (3) years of audited financial statements and reports prepared in accordance with generally accepted accounting principles. In the event the applicant is an entity not yet formed, submit federal and state tax returns and financial statements for the previous three years, for the developer and principals of the applicant entity – include in original application only.
- The HHFDC requires a credit report from each and every officer of the applicant entity, including each and every principal. Please attach a credit information authorization form (which is included in this application packet) completed and signed for each and every officer of the applicant entity, including each and every principal.

- Exhibit 5 Copy of an organizational chart for the sponsor and the owner of the project. If the ownership structure will be different at anytime during the development process, provide a separate organizational chart representing the ownership structure at such time.
- Exhibit 6 Tax Clearance Certificate from the State of Hawaii, Department of Taxation and the Internal Revenue Service. The Certificate should not be more than 30 days old – include in original application only.
- Exhibit 7 Certificate of Good Standing as issued by the State of Hawaii, Department of Commerce and Consumer Affairs – include in original application only.
- State of Hawaii, Department of Labor and Industrial Relations Form 27.
- Exhibit 8 Trade and banking references for the applicant – include in original application only.
- Exhibit 9 Housing Development Experience form provided as part of this application, if applicable. Please fill in all information requested on the sheet using the most current information. (Sample of Exhibit 9 is attached.)
- Exhibit 10 Resume' for each member of the project team.
Resume' for key staff involved in the development ownership of this project from the sponsor and developer.
- In addition, please provide a list of construction projects and contracts completed by the Developer, General Contractor, Consultant, Project Sponsor, and Architect for at least the last five years. The list includes at minimum, the name of the project, address of the project, beginning and ending date of the contract or project, the year project was placed in service, name of owner of project, owner contact information and list of any federal, state or local subsidy used in the project and a brief description of the project. Letters of reference are welcome in addition to the resumes.
- Exhibit 11 List of affordable housing projects managed by the agent for the past five years. Include name of property, address of property, number of units, name of state, federal and local subsidy program in which the project is participating in and the term of involvement and contact information for property owner.
- Exhibit 12 Location map of the project site. The map should identify the site, parks, schools, public transit routes and stops, shopping and business districts, and competitive developments.
- Exhibit 13 Photographs or renderings of the project and site.
- Exhibit 14 Survey, if available
- Exhibit 15 Evidence of site control for the project, e.g., deed, lease, agreement of sale, option agreement.
- Exhibit 16 Copy of any existing note, mortgage, or loan agreement encumbering the project site, if available.
- Exhibit 17 Preliminary title report, if available.

- Exhibit 18 Documentation regarding the applicable Special Site Classification.
- Exhibit 19 Letter from the appropriate County Housing Agency which describes your request for exemption under Chapter 201H, HRS, and the status of your application. If your site is being rezoned, please attach a letter from the appropriate County Planning Office which describes the status of the rezoning process.
- Exhibit 20 Letter of support from the County mayor, City or County council, County Housing office or agency, or Neighborhood Board. Letter must not be older than 6 months from the date of application.
- Exhibit 21 Copy of the most recent Draft Environmental Assessment, Finding of No Significant Impact or Environmental Impact Statement.
- Exhibit 22
- Water: Attach a copy of Board of Water Supply or Department of Water Supply letter confirming adequacy of existing water system and availability of water.
- Sewer: Attach a copy of the sewer application indicating adequacy of existing sewer system capacity.
- Electricity: Attach a copy of letter from local electricity provider confirming the availability of electricity to the site.
- Exhibit 23 Complete the attached Environmental Questionnaire and attach a copy of Phase 1 Environmental Site Assessment. Attach a copy of Phase 2 Environmental Site Assessment and any mitigation plan, if necessary.
- Exhibit 24 Proposed construction timetable.
- Exhibit 25 Market analysis prepared by an independent firm, not affiliated with the developer (see below*), as to present and projected demand for the proposed development in the market area. Please refer to Appendix 1 of the Qualified Allocation Plan for Low Income Housing Tax Credits. As the market analysis should provide up-to-date demographic information, it should be dated no earlier than six months from the date of the application.

*The firm conducting the study must provide the following documentation:

- a.) current Certificate of Good Standing,
- b.) evidence that conducting market studies is one of the primary purposes of the firm affidavit certifying that the firm is not affiliated with the developer/applicant,
- c.) an affidavit from the developer/applicant certifying that they are not affiliated with the market analysis firm must also be submitted.

All documentation must be to the satisfaction of the HHFDC.

- Exhibit 26 Current appraisal, if available.
Whenever the HHFDC provides loan financing, an appraisal report conforming to USPAP standards shall be at the expense of the applicant and ordered by the HHFDC. Prior to ordering the appraisal, the HHFDC will require the applicant to deposit with the HHFDC sufficient funds to pay for the entire cost of the appraisal report. Appraisal reports ordered by the applicant may not be acceptable. Appraisal reports ordered and prepared for any federally insured lender or HUD approved lender will be acceptable, but shall be subject to a satisfactory review by HHFDC and an appraiser engaged by the HHFDC if deemed necessary by HHFDC, at the applicant/developer's expense.
- Exhibit 27 Terms and conditions of the proposed financing, including commitment letters, from all financing sources and/or tax credit syndicators.
- Exhibit 28 Provide commitment letters or executed contracts for operating subsidy.
- Exhibit 29 Include one half size set of plans for each original or copy of the application under Exhibit 29 of each application. As a supplement, forward only one full size set of plans. Please ensure this information reconciles with the Financing Program Application and Exhibits A-G.
- Plans and specifications to include a) site plan at a minimum scale of 1" = 40' which delineates the building types, common elements and parking (including handicapped designations). Project Data must be included on the site plan sheet: zoning and building code information, both allowable and proposed, under which the project was designed (e.g., parking, height limits, floor area ratio, lot coverage, setbacks, type of construction, etc.); b) floor plans of each building type at a minimum scale of 1/8" = 1'0". Handicapped clear spaces shall be shown dashed on the plans and reference shall be made to the code from which it was derived (e.g., UBC, FFHAA, UFAS, etc.); c) exterior elevations of each building type at a minimum scale of 1/8" = 1'0". Indicate finish materials; and d) unit plans.
- Applicant should be aware that a final copy of the plans will need to be approved by the State of Hawaii, Disabilities and Communications Access Board prior to funding and start of construction.
- Exhibit 30 If yes, submit the formal designation made by the governmental agency, such as the State, City and/or County. Provide a detailed explanation on how this plan will integrate in to the revitalization plan for the community.
- Exhibit 31 Describe the Community Service Facility. How will the Community Service Facility be made available to the Community-at-large? How will the facility be used?
- Exhibit 32 Opinion Letter from CPA or Tax Counsel (for Low Income Housing Tax Credit program only)
- Exhibit 33 Current income limits and maximum tenant contribution schedules as established by HUD
- Exhibit 34 Current utility allowance schedule as established by the county office in which the project is located or alternative calculation allowed by LIHTC Program.

Exhibit 35 Copy of a letter submitted to the Local Public Housing Authority.

PRIOR TO PROJECT FUNDING

The following documents are required prior to project funding and closing of the financing commitment.

These items are not due with this application.

1. State of Hawaii and Federal Tax Clearance Certificate
2. State of Hawaii Certificate of Good Standing
3. State of Hawaii, Department of Labor and Industrial Relations Form 27.
4. Evidence of Insurance
5. ALTA Title Policy and Survey
6. Building Permits
7. Copy of Performance and Payment Bond
8. Construction Schedule
9. Construction Contract
10. Architect's Contract
11. Soils Report
12. Approval of plans and specifications from the State's Disability and Communications Access Board
13. All other documents as required

State of Hawaii
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
Finance Branch
677 Queen Street, Suite 300
Honolulu, Hawaii 96813
(808) 587-0567

APPLICANT CREDIT INFORMATION AUTHORIZATION

1. Applicant's Full Name (include Jr. or Sr., if applicable)

2. Social Security Number

3. Present Address (street, city, state, zip)

Authorization: I authorize the HHFDC, its agents, successors and assigns, to order a consumer credit report and verify other credit information, including past and present mortgage and references. It is understood that a photocopy of this form will also serve as authorization. The information the HHFDC, its agents, successors or assigns obtains is only to be used in the processing of my application.

Applicant's Signature

Date

Exhibit 9 and 10 Housing Development Experience

Name: _____

Copy format and add pages as needed

	Name of Property, Address	Capacity of Applicant/ Developer	Type of Project	City, State	Number of Units		Financing/ Subsidy Program Utilized	Status of Project
					Affordable	Market		
E x	XYZ Towers LP fka XYZ Towers 16000 SW XYZ Lane Nowhere, HI	Developer/ General Partner	Family Mixed-use Mixed Income	Nowhere, HI	50@40% 100@60%	120	T/E Bonds LIHTC	Operating for 20 years
1								
2								
3								
4								
5								
6								
7								
8								

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
ENVIRONMENTAL QUESTIONNAIRE
(TO BE COMPLETED BY APPLICANT)

The purpose of this questionnaire is to identify environmental issues to the Hawaii Housing Finance and Development Corporation (HHFDC), related to the real estate collateral or related to the operations onsite, either past or present. This information will be considered as part of the financing application. Please answer all questions. If the site has operations or improvements which are not residential, retail or office uses, additional reports or attachment forms may be required. This questionnaire is a transmittal and informational document and is to be signed by the applicant.

Applicant: _____

Project: _____

Project Address: _____

LAND USE/OWNERSHIP

1. Current property owner, if different from the applicant:

2. Current and past site use(s): (Please check appropriate box)

- | | | |
|---|-------------------------------------|---------------------------------|
| <input type="checkbox"/> Multi-family residential | <input type="checkbox"/> Office | <input type="checkbox"/> Retail |
| <input type="checkbox"/> Warehouse | <input type="checkbox"/> Restaurant | <input type="checkbox"/> Vacant |
| <input type="checkbox"/> Manufacturing | | |
| <input type="checkbox"/> Other | _____ | |

If manufacturing or other, describe specific business activity:

3. Current zoning of property: _____

Are any land use changes intended? Yes No

If yes, to what use? _____

4. Is site contiguous to any lakes, rivers or a coastal zone or located on either a former or current wetland area or endangered species habitat? Yes No

If yes, describe: _____

5. If the site is residential, provide a copy of any standard tenant environmental notification/disclosure. Check box if attached
6. If the site is not residential and is not entirely owner-occupied, or has tenants, please attach a current tenant list, including a description of the services or operations performed by each. Check box, if attached

UNDERGROUND STORAGE TANKS

1. Has there ever been or is there currently a gas station or underground storage tanks (USTs) of any sort located on the site?
Yes No

If yes, when and for how long? _____

2. If yes, describe ownership and identify the operator of the gas station or USTs:

3. If yes, attach any environmental investigation reports that reflect conditions of the current of former USTs. Check box if attached

DRY CLEANERS

1. Has any dry cleaner operation been or is one currently located onsite?
Yes No

If yes, when and for how long? _____

2. If yes, what type of dry cleaning unit is current in use?
Transfer Dry to Dry

Other (please specify): _____

How old is current equipment? _____ Years.

Primary cleaning solvent and quantity used? _____gallons/mo.

How is the solvent disposed? (Describe the waste handling and disposal procedures):

BUILDING IMPROVEMENTS

1. Were any improvements constructed prior to 1981? Yes No

If yes, describe type of building, square footage, and construction date(s):

2. For any of the buildings constructed prior to 1981, has there been any major internal renovation work performed since 1981?
Yes No Do Not Know

If yes, describe:

3. Are any improvements on the property known to contain asbestos?
Yes No Do Not Know

If yes, attach any available survey or the test result documentation; check box, if attached

4. Are any electrical transformers, capacitors, or other equipment, not owned by a utility, but which may contain PCBs, present on the site?
Yes No

If yes, attach any survey or test result; check box, if attached

5. Do any improvements onsite include hydraulic hoists or elevator?
Yes No

If yes, describe:

6. What is the source of water supply for the site?
Public On-site drinking well On-site irrigation well
Other (describe) _____

7. What are the destinations of wastewater and surface drainage discharge?
Storm sewer Dry well Sanitary sewer Septic
Leach Field Above-ground tank Underground tank Vats
Ditches or Bodies of Water Sumps Clarifiers
Trenches Ponds Wetlands

Treatment Systems (describe) _____

Other (describe) _____

8. Attach copies of any wastewater treatment and/or wastewater or storm water (non-point source) discharge permits pertaining to the property. Check box, if attached

REGULATORY ACTIONS

1. Have there been any spills, leaks, or other reportable releases of chemicals on the property or migration of chemicals onto the property from an off-site source?

Yes No

If yes, describe the chemicals and quantities released, any cleanup measures taken and the results of any related air, soil, or groundwater investigations:

2. Is the site adjacent to or within 2,000 feet of a governmental agency listed toxic waste treatment or disposal site, landfill, or contaminated drinking water well?

Yes No

If yes, explain:

3. Has any public agency ever investigated or cited the property for violation or possible violation of any environmental law, or any third party including a public agency, commenced enforcement or cleanup action under environmental law with respect to the property?

Yes No

If yes, describe:

4. Has any public agency ever listed the property as a waste disposal site or a site potentially qualifying for cleanup under any environmental law?

Yes No

If yes, describe:

5. Has the applicant or any of its partners, joint venture(s), corporate officers, or guarantors ever been named in any governmental or private injunctive, preventive or other administrative proceedings, actions, or litigations involving hazardous waste, toxic substances, hazardous materials, or any other environmental issues?

Yes No

If yes, attach an explanation. Check box, if attached .

INSURANCE/INDEMNIFICATION ARRANGEMENTS

1. Does the property owner have any form of either environmental or pollution insurance or other coverage under an indemnification agreement? Yes No

If yes, describe or attach the indemnification. Check box, if attached .

2. Does the insurance or indemnification agreement cover environmental damages to the property caused by tenants?
Yes No Not applicable .

3. Do tenants have insurance to cover environmental impairment?
Yes No Not applicable .

If yes, attach a copy of the relevant lease clause and/or binder and describe the conditions and limits of the coverage. Check box, if attached .

4. If petroleum USTs are onsite, is the owner eligible for reimbursement of cleanup costs from a state cleanup fund?
Yes No

If not eligible, describe the form of financial assurance (cash, bonds, insurance) that is provided to comply with federal regulations

EXISTING ENVIRONMENTAL INVESTIGATION REPORTS

Attach any environmental site assessment(s), audits, investigations, or asbestos/lead surveys, or disclosures that are available to you. Check box, if attached .

If applicant is an individual:

I, _____, state to the best of my knowledge, information (print name) and belief that all of the facts stated in response to the questions and requests for information contained in the foregoing Environmental Questionnaire are true.

Signature: _____ Date: _____

If applicant is a corporation, partnership, or limited liability company:

I, _____, state that I am the _____, of
(print name) (title or position)
_____ (Applicant) and that
(applicant's name)

I am authorized to execute this document on behalf of Applicant. I further state based in part upon my personal knowledge and in part on the business records of the Applicant, that to the best of my knowledge, information and belief that all of the facts stated in response to the questions and requests for information contained in the foregoing Environmental Questionnaire are true.

Signature: _____ Date: _____

Corporate Title: _____

AFFIDAVIT

(Market Analyst for HHFDC Consolidated Application)

This Affidavit is duly made this _____ day of _____, 20____, by _____, the _____ of _____, a Hawaii _____, whose principal place of business is _____ and whose post office address is _____.

_____ certifies that _____ has conducted a market analysis for _____ on the _____ project, located at _____, Tax Map Key () _____.

_____ certifies and confirms that _____ is not affiliated with, and does not have any self-dealings, related parties, or identity of interest with _____, except as noted on an attachment hereto.

IN WITNESS WHEREOF, _____ has caused this Affidavit to be signed as of the day and year first written above.

(Market Analyst)

By _____ (signature)
Its _____ (title)

By _____ (signature)
Its _____ (title)

STATE OF HAWAII

)
) SS.
)

On this _____ day of _____, _____, before me appeared _____ and _____, to me personally known, who, being by me duly sworn, did say that they are the _____ and _____ respectively, of _____, and that said _____-page instrument entitled _____ was signed in behalf of said corporation by authority of its Board of Directors, and the said _____ and _____ acknowledged said instrument to be the free act and deed of said corporation.

Name:
Notary Public, State of Hawaii
_____ Judicial Court
My commission expires: _____

AFFIDAVIT

(Owner/Developer of HHFDC Consolidated Application)

This Affidavit is duly made this _____ of _____, 20____, by _____, the _____ of _____, a Hawaii _____, whose principal place of business is _____ and whose post office address is _____.

_____ certifies that _____ has conducted a market analysis for _____ on the _____ project, located at _____ Tax Map Key () _____.

_____ certifies and confirms that the _____ is not affiliated with, and does not have any self-dealings, related parties, or identity of interest with _____, except as noted on an attachment hereto.

IN WITNESS WHEREOF, _____ has caused this Affidavit to be signed as of the day and year first written above.

(Developer/applicant)

By _____ (signature)
Its _____ (title)

By _____ (signature)
Its _____ (title)

STATE OF HAWAII)
) SS.
CITY AND COUNTY OF HONOLULU)

On this _____ day of _____, 20____, before me appeared _____ and _____ to me personally known, who, being by me duly sworn, did say that they are the _____ and _____ respectively, of _____, and that said _____-page instrument entitled _____ was signed in behalf of said corporation by authority of its Board of Directors, and the said _____ and _____ acknowledged said instrument to be the free act and deed of said corporation.

Name:
Notary Public, State of Hawaii
_____ Judicial Court
My commission expires: