



**State of Hawaii  
Department of Business, Economic Development and Tourism  
Hawaii Housing Finance and Development Corporation**

**Grants in Lieu of Low-Income Housing Credit  
Allocations for 2009 Program  
(Section 1602)**

**Summary / Status of Projects**

The [American Recovery and Reinvestment Act of 2009](#) (ARRA), signed into law on February 17, 2009, provides resources to various programs to reinvigorate the nation's economy. Under ARRA, the [Grants in Lieu of Low-Income Housing Allocations for 2009 Program \(Section 1602\)](#) allows housing credit agencies, such as the Hawaii Housing Finance and Development Corporation (HHFDC), to exchange federal low-income housing tax credits (LIHTC) for direct funds from the U. S. Department of the Treasury for the construction or acquisition and rehabilitation of qualified affordable housing projects. In July 2009, the HHFDC announced its Section 1602 program and posted a [Program Outline and Application Process](#) notice to its website, providing information on ARRA and the program.

Eligible projects that were allocated 2007, 2008 and a portion of 2009 LIHTC were allowed to request an exchange for grant funds under HHFDC's Section 1602 program. As of February 2010, the HHFDC received approval from the U. S. Department of Treasury for Section 1602 assistance totaling \$47,079,690 for five projects: Hale Ohana Apartments (Koloa, Kauai), Honokowai Villa Apartments (Lahaina, Maui), Hale Wai Vista Phase II (Waianae, Oahu), Hale Mahaolu Ehiku Phase II (Kihei, Maui) and Villas at Maluohai (Kapolei, Oahu). Construction of these rental housing projects had been stalled due to the downturn in the financial market. Section 1602 funds will provide necessary capital to spur the development of these projects, which will generate or preserve a total of 368 affordable rental housing units.

Hale Ohana Apartments requested an exchange of \$438,065 in LIHTC for Section 1602 funds. This is an acquisition/rehabilitation project that will preserve 48 units for families earning up to 30 percent and 50 percent of the area median income (AMI) and will remain affordable for sixty-one years. The total project cost is approximately \$13.9 million. Project amenities include a playground/tot lot and laundry facilities. The acquisition of the project is scheduled for the first quarter of 2010 with rehabilitation to follow.

Honokowai Villa Apartments requested an exchange of \$654,500 in LIHTC for Section 1602 funds. This is another acquisition/rehabilitation project, preserving 56 units for families earning up to 30 percent and 50 percent of AMI, and will remain affordable for sixty-one years. The total project cost is approximately \$18.5 million. Project amenities include a playground/tot lot, laundry facilities, picnic area and elevator. Acquisition of the project is scheduled for the first quarter of 2010 with rehabilitation to follow.

Hale Wai Vista Phase II requested an exchange of \$1,966,222 in LIHTC for Section 1602 funds. This is a new construction project that will consist of 132 units serving families with incomes at or below 30 percent and 60 percent of AMI, and remain affordable for sixty-two years. The total project cost is approximately \$35.6 million. Project amenities will include a playground/tot lot, picnic area, community room, and laundry room. Construction is scheduled to start in June, 2010.

Hale Mahaolu Ehiku Phase II requested an exchange of \$700,000 in LIHTC for Section 1602 funds. This is a new construction project for seniors with incomes that do not exceed 60 percent of AMI. When completed, the project will consist of 60 units and remain affordable for forty-one years. The total project cost is approximately \$27.3 million. Project amenities will be shared with Phase I and include a senior center, an adult day care building, laundry room, dental office, beauty salon, meeting rooms, support services offices, playground and a picnic area. The project has begun construction and completion is anticipated in August 2010.

The Villas at Maluohai requested an exchange of \$1,780,000 in LIHTC for Section 1602 funds. This is a new construction project that will consist of 72 units for families with incomes that do not exceed 60 percent of AMI, and remain affordable for fifty-five years. The total project cost is approximately \$22.9 million. Project amenities will include a laundry room on each floor. Construction is anticipated to start in the third quarter of 2010.

All projects must disburse its Section 1602 funds within the deadlines established by the U. S. Department of Treasury in 31 CFR Part 32.

**1602 AVAILABILITY:**

October 28, 2009 Approval	\$41,129,690.00
February 22, 2010 Approval	\$5,950,000.00
March 31, 2010 Approval	\$751,459.00
Total	\$47,831,149.00

(NOTE: Approvals are granted by the U.S. Department of Treasury)

**Program Milestones/Deadlines:** Expenditure of funds by December 31, 2010 (ongoing)

<b>Project Name</b>	<b>Total Award</b>	<b>Disbursements as of 6/22/10</b>	<b>Award Balance</b>
Hale Ohana Apartments	\$3,723,552.50	\$328,803.99	\$3,394,748.51
Honokowai Villa Apartments	\$5,563,250.00	\$1,859,357.99	\$3,703,892.01
Hale Wai Vista II	\$16,712,887.00	\$0.00	\$16,712,887.00
The Villas at Maluohai	\$15,881,459.50	\$0.00	\$15,881,459.50
Hale Mahaolu Ehiku	\$5,950,000.00	\$5,950,000.00	\$0.00
<b>TOTALS</b>	<b>\$47,831,149.00</b>	<b>\$8,138,161.98</b>	<b>\$39,692,987.02</b>

A total of \$5,627,194 in LIHTC have been exchanged resulting in \$47,831,149 in exchange proceeds.

Staff continues to work with Hale Wai Vista II and The Villas at Maluohai to complete documentation which will allow for disbursement of 1602 funds.

June 22, 2010