



**Informational Briefing before the
SENATE COMMITTEE ON HOUSING
HOUSE COMMITTEE ON HOUSING**

July 12, 2017



HHFDC Mission

Increase and preserve the supply of workforce and affordable housing statewide by providing leadership, tools, and resources to facilitate housing development.





GOALS

1. Build more affordable housing statewide and in Kaka'ako.
2. Leverage HHFDC resources to build more affordable housing.
3. Facilitate the development of rentals to serve the 60% AMI and 80+% AMI income groups.
4. Explore the statewide development of workforce/affordable housing in transit oriented developments near transit stations.
5. Reduce regulatory barriers to expedite the delivery of affordable homes.



GUIDING PRINCIPLES

1. Be good stewards of the resources entrusted to HHFDC.
2. Be transparent.
3. Be a facilitator (in line with mission).
4. Be collaborative.



Continuum of Housing

Unsheltered	Emergency/ Transitional	Public Housing <50% AMI	Affordable Rentals 60% AMI	Homeowner <140% AMI
DHS		HPHA	HHFDC/HCDA	

HHFDC's financing programs are geared towards assisting households earning 60%-140% AMI. The housing needs of lower income groups will be addressed by collaborating with the HPHA and County housing agencies.



2017 Area Median Income Limits by County for a Family of 3

		30%	60%	80%	100%	120%	140%
AMI	Oahu	\$28,260	\$56,520	\$75,360	\$94,200	\$113,040	\$131,880
	Hawaii	20,010	40,020	53,360	66,700	80,040	93,380
	Kauai	23,040	46,080	61,440	76,800	92,160	107,520
	Maui	23,250	46,500	62,000	77,500	93,000	108,500

All figures based on 2017 HUD guidelines.



Hawaii Housing Finance and Development Corporation

Since its inception in 2006, the HHFDC has assisted in the development of over 8,100 units statewide.



Hale Mohalu II The master planned project in Pearl City consists of 164 senior and 168 family rentals on approximately 4.7 acres of state land for those earning ≤ 60 percent AMI.



Hawaii Housing Finance and Development Corporation

In the immediate future, the HHFDC is concentrating on projects already in the planning and production pipeline to accelerate the delivery of homes that people can afford.

At the same time, we are working with other State and County agencies to identify lands near transit stations for transit-oriented development (TOD) opportunities.



Keauhou Lane 209-unit mixed use workforce rental project with ground floor restaurant and retail space and five floors of residential units. Keauhou Lane will also provide a direct connection to the planned Civic Center Rail Station.



Development Tools

Real Property

A portfolio of property is made available to developers through the Request for Proposals (RFP) process.

Chapter 201H

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

General Excise Tax Exemptions

HHFDC may approve and certify for exemption from GET any qualified person or firm involved with a newly constructed or moderately or substantially rehabilitated project meeting specific income limit and eligibility criteria.



Kapiolani Residence

201H, GET exemptions

A for sale 485-unit mixed use residential project in Ala Moana with prices for affordable units starting at \$270,800 located near the planned Ala Moana Rail Station.





Financing Tools

Hula Mae Multi-Family Bonds

Provides low interest rate financing through the issuance of tax-exempt revenue bonds for the construction and/or acquisition and rehabilitation of rental housing projects.

Low-Income Housing Tax Credits

Federal and state tax credits that may be used for a dollar-for-dollar offset (tax credit) in income tax liability for 10 years or may be syndicated to generate substantial project equity.

Rental Housing Revolving Fund

Provides equity gap low-interest loans to qualified owners and developers for the development, construction, acquisition or preservation of affordable rental housing.

Dwelling Unit Revolving Fund

Provides loans for the acquisition of real property; development and construction of residential, commercial and industrial properties; interim and permanent loans to developers; and to finance regional state infrastructure in conjunction with housing and mixed-use TOD projects.



Financing Tools

Federal - HOME

HHFDC administers the Federal HOME Investment Partnerships Program for the Counties of Hawaii, Kauai, and Maui which is intended to expand the supply of decent, safe, affordable and sanitary housing.

Federal – Housing Trust Fund

HHFDC administers the Federal Housing Trust Fund program which is intended to increase and preserve the supply of decent, safe, sanitary, and affordable housing.



Rental Housing Revolving Fund

Created by Act 308, SLH 1992 and initially funded by an appropriation of \$15 million transferred from the Rental Assistance Revolving Fund to the RHRF.

The RHRF receives 50% of conveyance taxes, up to a maximum of \$38 million, as well as legislative appropriations.

The Legislature appropriated \$36.6 million in 2016 and \$25 million in 2017.



Kamakana at Keahuolu 170 units for seniors and families in Kailua-Kona earning 30 - 60 percent AMI.



Rental Housing Revolving Fund

Equity gap loans to develop, construct, acquire, or preserve affordable rental housing.

Funding Priority:

1. Projects allocated LIHTCs or funded by HUD or USDA-RD programs where at least 50 percent of available units are for persons and families with incomes at or below 80 percent AMI and 5 percent of units are for those ≤ 30 percent AMI. Remaining units are for those ≤ 100 percent AMI.
2. Mixed-income projects for those ≤ 140 percent AMI.



Dwelling Unit Revolving Fund

Created by Act 105, SLH 1970. Act 105, Act 195, SLH 1975, and Act 225, SLH 1976, authorized the issuance of a combined \$125 million in G.O. bonds for acquiring, developing, selling, leasing, and renting residential, commercial and industrial properties. Also funded with legislative appropriations.

Approximately \$45.4 million was later returned to the State General Fund from DURF in 1995, 1998, 2002 and 2003.

The Legislature appropriated \$25 million in 2016 and 2017.



Meheula Vista Senior 301-unit master planned community for seniors located in Mililani, Oahu. Meheula Vista will provide low-income seniors an affordable permanent living option where residents can age in place.



Dwelling Unit Revolving Fund

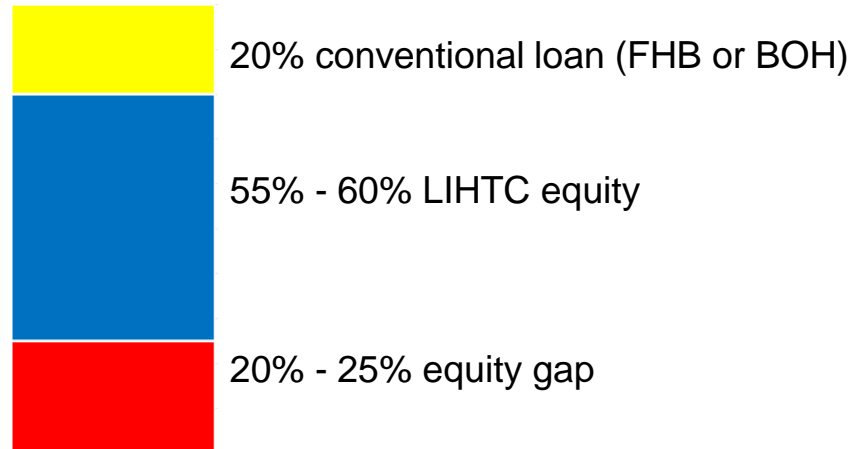
DURF may be used for the acquisition of real property; development and construction of residential, commercial and industrial properties; interim and permanent loans to developers; and any and all things necessary to carry out the purposes of the Housing Development Program, including administrative expenses.

Act 132, SLH 2016, expanded DURF to include financing regional state infrastructure projects in conjunction with housing and mixed-use TOD projects with the counties.

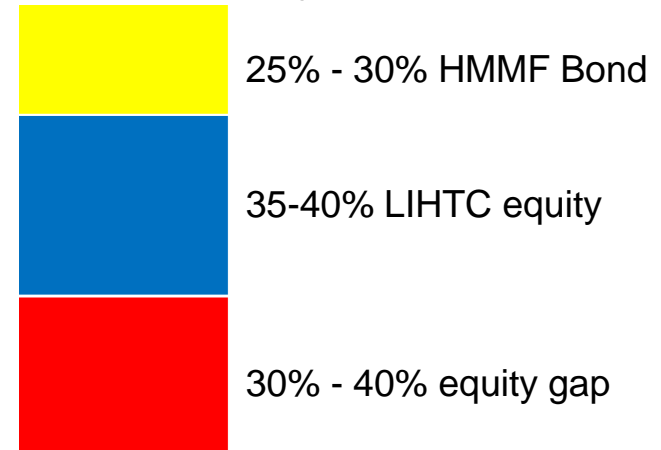


Typical LIHTC Financing Structures

9% LIHTC Project



4% LIHTC Project





Homebuyer Resources

Mortgage Credit Certificates

The MCC program provides eligible first-time homebuyers with a direct tax credit against their federal income tax. The amount of credit is equivalent to 20% of the annual interest paid on a mortgage.

As of June 30, 2017, the MCC program has assisted 5,397 families in purchasing their first homes.



In Aug. 2017, \$50 million in MCCs will be available to assist approx. 625 homebuyers.



Planned Production

The Ige Administration has a production target of 10,000 housing units by 2020.

HHFDC's production plan (6/30/17) will deliver 34 projects totaling 5,600 units by Fiscal Year 2020.



Hale Kewalo 128-unit family rental project in Kakaako, near the planned Ala Moana Rail Station. The one-, two and three bedroom units are targeted at families earning 30 to 60 percent of AMI.

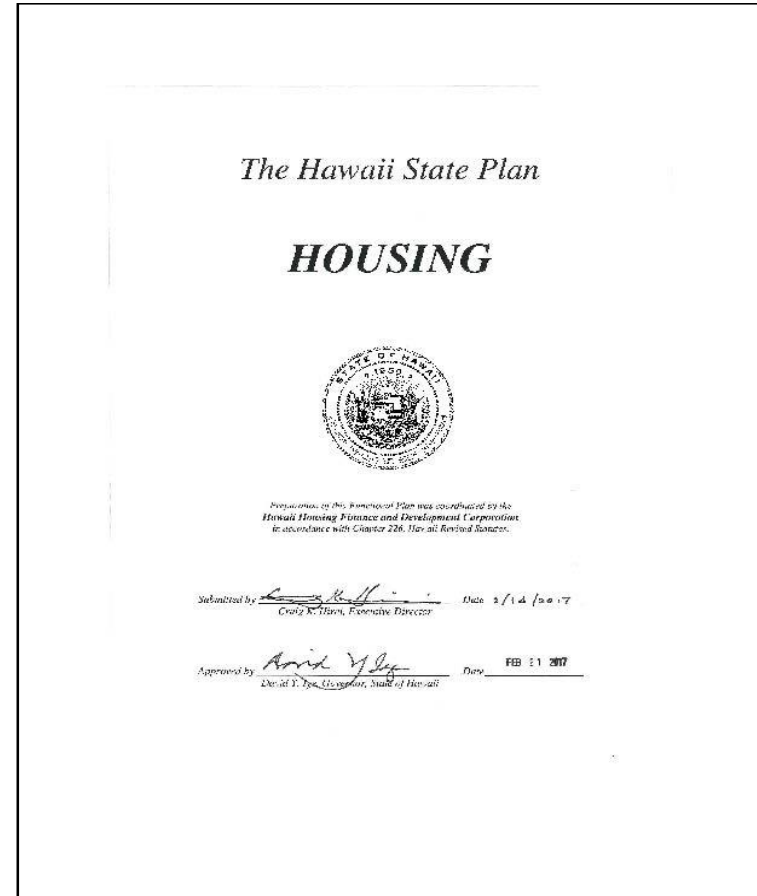


Planned Production

The Act 127, SLH 2016 Special Action Team set a goal of **22,500 rental units by 2025.**

HHFDC is a fully engaged team member.

- Establish performance measures
- Reconcile public interests that restrict development
- 10-year plan that identifies developable land
- Incorporate 10-year plan into the State Housing Plan
- 2017 Legislation to update Hawaii State Planning Act, including the State Housing Functional Plan.





Broadening HHFDC's Toolbox

Act 131, SLH 2016 broadened the HHFDC's ability to increase interagency partnerships with state and county agencies to develop mixed-use developments on state and county lands.

Act 132, SLH 2016 authorized the use of the Dwelling Unit Revolving Fund to finance regional state infrastructure projects in conjunction with the counties, private landowners, and developers.

Act 129, SLH 2016 shortened the State LIHTC period from 10 to 5 years.

In 2017, S.B. 1244 S.D. 2, H.D. 2, C.D. 1, Relating to Affordable Housing increased the Hula Mae Multifamily Bond Program authorization from \$1.0 billion to \$1.5 billion.



Streamlining Delivery

We've listened to what affordable housing developers felt were most important for them to get homes built and have been working to re-orient targeted policies to facilitate production. HHFDC has:

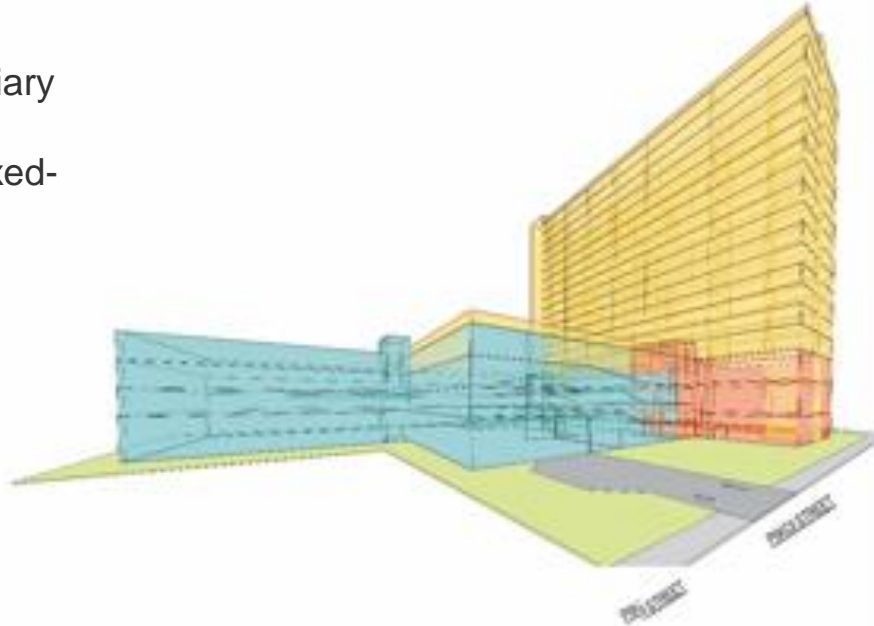
- Amended the LIHTC Qualified Allocation Plan
- Made 4% LIHTCs available year round
- Adopted more flexible RHRF underwriting guidelines
- Revised Consolidated Application to be more user-friendly



Interagency Collaboration

Alder Street

Partnership with the Judiciary to redevelop underutilized state-owned land for a mixed-use affordable rental and juvenile services/shelter facility located near the planned Ala Moana Rail Station.





Interagency Collaboration

690 Pohukaina

A 590-unit rental mixed-use collaboration with the DOE to include vertical classrooms and affordable rentals to serve families earning 60-140 AMI.





Interagency Collaboration

Whitmore Project

Collaboration with the State's Agribusiness Development Corporation to facilitate the development of workforce rentals.





Interagency Collaboration

Lima Ola

Partnership with the County of Kauai to finance infrastructure improvements to support the development of 550 units for the 75-acre mixed-income residential development in 'Ele'e, Kauai.





Moving forward, the HHFDC remains focused on strengthening financing tools, streamlining procedures, and working collaboratively with public and private sectors to seek sustainable solutions that will benefit current and future generations in Hawaii.



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