


Application Submittal Checklist

The following items are required for submittal of the grant application. Please verify and check off that the items have been included in the application packet.

- 1) Certificate of Good Standing (If the Applicant is an Organization)
- 2) Declaration Statement
- 3) Verify that grant shall be used for a public purpose
- 4) Background and Summary
- 5) Service Summary and Outcomes
- 6) Budget
 - a) Budget request by source of funds ([Link](#))
 - b) Personnel salaries and wages ([Link](#))
 - c) Equipment and motor vehicles ([Link](#))
 - d) Capital project details ([Link](#))
 - e) Government contracts, grants, and grants in aid ([Link](#))
- 7) Experience and Capability
- 8) Personnel: Project Organization and Staffing


AUTHORIZED SIGNATURE

Tom H. Shigemoto
PRINT NAME AND TITLE

01-10-2020
DATE

received
01/15/2020

**THE THIRTIETH LEGISLATURE
APPLICATION FOR GRANTS
CHAPTER 42F, HAWAII REVISED STATUTES**

Type of Grant Request:

Operating Capital

Legal Name of Requesting Organization or Individual: Db/a:

Kauai Housing Development Corporation

Amount of State Funds Requested: \$ 299,083

Brief Description of Request (Please attach word document to back of page if extra space is needed):

Kauai Housing Development Corporation (KHDC) is a non-profit affordable housing developer that built Hale Kupuna in 1997. Hale Kupuna is a 28 unit Affordable Senior Housing property in Kalaheo, Kauai, serving Kupuna over 62 years of age who are "very low income", making less than 50% of Kauai Area Median Income. In march of 2018, the EPA notified KHDC that it was in violation of the Clean Water Act and will be required to convert all 17 cesspools at Hale Kupuna to Septic Systems. This request is for civil engineering design and cesspool to septic system conversion.

Amount of Other Funds Available:

State: \$ 0
Federal: \$ 0
County: \$ 0
Private/Other: \$ 0

Total amount of State Grants Received in the Past 5 Fiscal Years:

\$ 0

Unrestricted Assets:

\$ 468,647

New Service (Presently Does Not Exist): Existing Service (Presently in Operation):

Type of Business Entity:

- 501(C)(3) Non Profit Corporation
 Other Non Profit
 Other

Mailing Address:

3-3194 Kuhio HWY

City:

Lihue

State:

HI

Zip:

96766

Contact Person for Matters Involving this Application

Name:
Milo Spindt or Tom Shigemoto

Title:
Executive Director

Email:
Exec.KauaiHDC@gmail.com

Phone:
808-245-5937

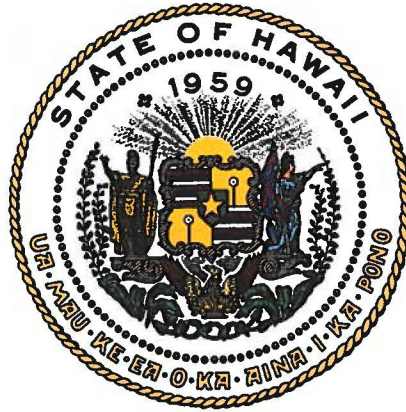
Federal Tax ID#:

State Tax ID#


Authorized Signature

Tom Shigemoto, President
Name and Title

01-10-2020
Date Signed



Department of Commerce and Consumer Affairs

CERTIFICATE OF GOOD STANDING

I, the undersigned Director of Commerce and Consumer Affairs of the State of Hawaii, do hereby certify that

KAUAI HOUSING DEVELOPMENT CORPORATION

was incorporated under the laws of Hawaii on 08/24/1992 ; that it is an existing nonprofit corporation; and that, as far as the records of this Department reveal, has complied with all of the provisions of the Hawaii Nonprofit Corporations Act, regulating domestic nonprofit corporations.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Department of Commerce and Consumer Affairs, at Honolulu, Hawaii.

Dated: January 10, 2020

Director of Commerce and Consumer Affairs

**DECLARATION STATEMENT OF
APPLICANTS FOR GRANTS PURSUANT TO
CHAPTER 42F, HAWAII REVISIED STATUTES**


The undersigned authorized representative of the applicant certifies the following:

- 1) The applicant meets and will comply with all of the following standards for the award of grants pursuant to Section 42F-103, Hawaii Revised Statutes:
 - a) Is licensed or accredited, in accordance with federal, state, or county statutes, rules, or ordinances, to conduct the activities or provide the services for which a grant is awarded;
 - b) Complies with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, or disability;
 - c) Agrees not to use state funds for entertainment or lobbying activities; and
 - d) Allows the state agency to which funds for the grant were appropriated for expenditure, legislative committees and their staff, and the auditor full access to their records, reports, files, and other related documents and information for purposes of monitoring, measuring the effectiveness, and ensuring the proper expenditure of the grant.
- 2) If the applicant is an organization, the applicant meets the following requirements pursuant to Section 42F-103, Hawaii Revised Statutes:
 - a) Is incorporated under the laws of the State; and
 - b) Has bylaws or policies that describe the manner in which the activities or services for which a grant is awarded shall be conducted or provided.
- 3) If the applicant is a non-profit organization, it meets the following requirements pursuant to Section 42F-103, Hawaii Revised Statutes:
 - a) Is determined and designated to be a non-profit organization by the Internal Revenue Service; and
 - b) Has a governing board whose members have no material conflict of interest and serve without compensation.

Pursuant to Section 42F-103, Hawaii Revised Statutes, for grants used for the acquisition of land, when the organization discontinues the activities or services on the land acquired for which the grant was awarded and disposes of the land in fee simple or by lease, the organization shall negotiate with the expending agency for a lump sum or installment repayment to the State of the amount of the grant used for the acquisition of the land.

Further, the undersigned authorized representative certifies that this statement is true and correct to the best of the applicant's knowledge.

Kauai Housing Development Corporation
(Typed Name of Individual or Organization)


(Signature) 1/10/2020
(Date)

Milo Spindt, Executive Director, KHDC
(Typed Name)
(Title)

§42F-102 Applications for grants. Requests for grants shall be submitted to the appropriate standing committees of the legislature at the start of each regular session of the legislature. Each request shall state:

- (1) The name of the requesting organization or individual;
- (2) The public purpose for the grant;
- (3) The services to be supported by the grant;
- (4) The target group; and
- (5) The cost of the grant and the budget. [L 1997, c 190, pt of §3; am L 2014, c 96, §6]

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Application for Grants

If any item is not applicable to the request, the applicant should enter "not applicable".

I. Certification – Please attach immediately after cover page

1. Certificate of Good Standing (If the Applicant is an Organization)

If the applicant is an organization, the applicant shall submit one (1) copy of a certificate of good standing from the Director of Commerce and Consumer Affairs that is dated no earlier than December 1, 2019.

2. Declaration Statement

The applicant shall submit a declaration statement affirming its compliance with Section 42F-103, Hawaii Revised Statutes. ([Link](#))

See Attached

3. Public Purpose

The applicant shall specify whether the grant will be used for a public purpose pursuant to Section 42F-102, Hawaii Revised Statutes. ([Link](#))

The grant will be used for a public purpose, in support of low income senior rental housing for Kauai.

II. Background and Summary

This section shall clearly and concisely summarize and highlight the contents of the request in such a way as to provide the State Legislature with a broad understanding of the request. Please include the following:

1. A brief description of the applicant's background;

Kauai Housing Development Corporation (KHDC) was incorporated in 1992 as a private nonprofit corporation for the purpose of providing affordable housing for low and moderate-income families. The articles of incorporation state that KHDC's purpose is to "lessen the burdens of the governments of the State of Hawaii and the County of Kauai by developing and promoting the development of affordable housing." The staff and board together have extensive real estate development, property management, appraisal, and brokerage experience.

Beginning in 1993 after Hurricane Iniki, KHDC began working on the 240-unit Charles River project in Hanama`ulu. The financing for this project eventually was provided by the Hurricane Iniki disaster funds (Pakui program) and was developed by the County itself. KHDC also at this time applied for Pakui funding for four other projects. The County Council awarded funds for two of these projects: Harry & Jeanette Weinberg Hale Kupuna and Harry & Jeanette Weinberg Senior Apartments and the Lihue Theater.

Hale Kupuna, a 28-unit elderly housing rental project on 3.5 acres in picturesque Kalaheo, was completed in August 1997. The Lihue Theater, a 21-unit elderly housing rental project, involved the historical restoration of the façade and lobby areas of the old theater and construction of a new three-story addition for apartments. The Lihue Theater project was completed in December 1998. These two projects were also partially funded by the State of Hawaii Rental Housing Trust Fund, the Harry & Jeanette Weinberg Foundation and the Federal Home Land Bank of Seattle.

KHDC has also developed 3 Low Income Housing Tax Credit projects in cooperation with the State's Hawaii Housing Finance and Development Corporation and the County of Kauai's Housing Agency. KHDC has an excellent record of finishing projects on time and within budget.

2. The goals and objectives related to the request;

On April 4, 2019, KHDC received a letter from the United States Environmental Protection Agency (EPA) Region IX office in San Francisco informing us that the Hale Kupuna Affordable Senior Complex in Kalaheo, HI may be in violation of the Safe Drinking Water Act (SDWA) by having one or more Large Capacity Cesspools operating on the property.

Following the EPA's on site visit to the property there was an exchange of information regarding Federal and State laws. Generally, the State Department of Health found that the Hale Kupuna property was "grandfathered" because it was constructed prior to the enactment of the SDWA in April of 2005. The EPA holds that Federal Law supersedes State law and that the property is probably in violation of SDWA.

KHDC is a small non-profit that manages, maintains and develops affordable housing projects. Most of our tenants make less than 50% of Kauai Area Median Household Income (AMI) and as a result, the net cash flow from KHDC's properties is low and primarily services ongoing capital needs for our aging properties.

This GIA would allow KHDC to continue planned maintenance for the Seniors living at Hale Kupuna and help us work towards compliance with the EPA mandates of the SDWA.

Phase One, Individual Wastewater System (IWS) Design is to be completed by a licensed Professional Engineer and Phase Two will be to use the Designs from Phase One to go out to bid for implementation and installation of the new SDWA compliant waste water system by an IWS installation contractor.

3. The public purpose and need to be served;

KHDC's Mission Statement is "To provide affordable housing compatible with the character and to be the housing partner with government and other stakeholders who are committed to resolving Kaua'i's low to moderate income needs."

Hale Kupuna is one of KHDC's original projects and the need to comply with the EPA's SDWA has put us in to a difficult position. KHDC has requested that the EPA does not force us to close the property or fine us for having these large capacity cesspools in operation. This grant will show the EPA that KHDC is progressing in the compliance process while allowing KHDC to continuing serving this vulnerable population.

4. Describe the target population to be served; and

Hale Kupuna is an Affordable Housing project that services one of Kauai's most vulnerable populations, Kupuna over 62 years of age who make 50% of AMI and 30% of AMI. There are a total of twenty eight, one bedroom units and we currently have a 6 year waiting list for the property.

5. Describe the geographic coverage.

Hale Kupuna is a unique property; it is a 3.5 acre property in the cool hills of Kalaheo, on the southwest side of Kauai. They are very few affordable housing projects in Kalaheo and this is the only low income rental project in the area that is targeted for Kupuna. Hale Kupuna allows for low income Kupuna to live independently in the same geographic region as their families and friends.

According to US Census data, Kalaheo has an estimated population of about 5,416 people with an 8% poverty rate and a median property value around \$672,000.

III. Service Summary and Outcomes

The Service Summary shall include a detailed discussion of the applicant's approach to the request. The applicant shall clearly and concisely specify the results, outcomes, and measures of effectiveness from this request. The applicant shall:

1. Describe the scope of work, tasks and responsibilities;

The contracted Professional Engineering firm will be conducting the following work to design an EPA SDWA compliant waste water system for the Hale Kupuna property and a Licensed IWS Contractor will complete installation work:

- 1. Perform detailed topographic survey in vicinity of each of the 3 building clusters on the property.**
- 2. Prepare (IWS) upgrade plan and submit plan together with application to the State Department of Health for review and approval.**
- 3. Provide consultation and revisions as required for approval of IWS upgrade plan.**
- 4. Installation of IWS system as approved.**
- 5. Perform an inspection of the installation and provide inspection report and certification to the State Department of Health (DOH) for each system installed.**

2. Provide a projected annual timeline for accomplishing the results or outcomes of the service;

The design process is estimated to take 3-6 months for completion and the installation is estimated to take 3-6 months after the design is approved process. Total time for completion is 6-12 months.

3. Describe its quality assurance and evaluation plans for the request. Specify how the applicant plans to monitor, evaluate, and improve their results; and

KHDC staff will follow up with the contractor via email for weekly updates on design progress and will conduct site visits, to be coordinated with onsite work conducted by the contracted engineering company.

KHDC Staff makes monthly reports to the Board of Directors

Quality control will be measured by receiving approval from the EPA and State of Hawaii Department of Health for the proposed IWS conversion plan.

4. List the measure(s) of effectiveness that will be reported to the State agency through which grant funds are appropriated (the expending agency). The

measure(s) will provide a standard and objective way for the State to assess the program's achievement or accomplishment. Please note that if the level of appropriation differs from the amount included in this application that the measure(s) of effectiveness will need to be updated and transmitted to the expending agency.

KHDC has received 3 bids for the proposed work from qualified Engineering companies. Upon award and release of funds, KHDC will proceed with the best proposal that was received.

KHDC expects the investigation and design work to be completed within 3-6 months and receive approval from EPA and DOH to proceed with installation. Upon completion and approval of the IWS Design plan, KHDC will seek firm bids for implementation of the IWS conversion. Installation is expected to be completed 3-6 months after design approval.

IV. Financial

Budget

1. The applicant shall submit a budget utilizing the enclosed budget forms as applicable, to detail the cost of the request.
 - a. Budget request by source of funds ([Link](#))
 - b. Personnel salaries and wages ([Link](#))
 - c. Equipment and motor vehicles ([Link](#))
 - d. Capital project details ([Link](#))
 - e. Government contracts, grants, and grants in aid ([Link](#))

2. The applicant shall provide its anticipated quarterly funding requests for the fiscal year 2021.

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Grant
\$5,000.00	\$22,083.00	\$136,000.00	\$136,000.00	\$299,083.00

3. The applicant shall provide a listing of all other sources of funding that they are seeking for fiscal year 2021.

None

4. The applicant shall provide a listing of all state and federal tax credits it has been granted within the prior three years. Additionally, the applicant shall provide a listing of all state and federal tax credits they have applied for or anticipate applying for pertaining to any capital project, if applicable.

KHDC is working on an application for Federal and State 9% Low Income Housing Tax Credits (LIHTC) for the re-syndication of the Kalepa Village Phase II, low-income rental project in Lihue, Kauai. KHDC anticipates seeking approval for approximately \$410,000 in 9% LIHTC during the February 2020 consolidated application with HHFDC. The funds will be used to make capital improvements to the property that is needed due to deferred maintenance and normal deterioration of interior components due to wear.

5. The applicant shall provide a listing of all federal, state, and county government contracts, grants, and grants in aid it has been granted within the prior three years and will be receiving for fiscal year 2021 for program funding.

None

6. The applicant shall provide the balance of its unrestricted current assets as of December 31, 2019.

KHDC has \$468,647.00 in unrestricted current assets that is designated for site acquisition and soft cost for new project development.

V. Experience and Capability

1. Necessary Skills and Experience

The applicant shall demonstrate that it has the necessary skills, abilities, knowledge of, and experience relating to the request. State your experience and appropriateness for providing the service proposed in this application. The applicant shall also provide a listing of verifiable experience of related projects or contracts for the most recent three years that are pertinent to the request.

Please see Corporate Resume attached.

2. Facilities

The applicant shall provide a description of its facilities and demonstrate its adequacy in relation to the request. If facilities are not presently available, describe plans to secure facilities.

KHDC's corporate office is currently located in the Lihue Theater Senior Low Income Housing project that KHDC constructed in 1997. The office is located just off the historically restored main lobby area.

VI. Personnel: Project Organization and Staffing

1. Proposed Staffing, Staff Qualifications, Supervision and Training

The applicant shall describe the proposed staffing pattern and proposed service capacity appropriate for the viability of the request. The applicant shall provide the qualifications and experience of personnel for the request and shall describe its ability to supervise, train and provide administrative direction relative to the request.

Milo Spindt: Milo is the Executive Director of KHDC and has eighteen years of experience in managing real estate related projects. He served as the Kauai District Manager for the Kauai District Land office of DLNR, as a private property manager and as the Chairperson of HHFDC.

Tom Shigemoto: Tom is the President of the Board of Directors for KHDC and has 47 years of progressive experience as a planner and project manager. He served as the Planning Director for the County of Kauai, Director of Planning for Princeville Corporation and Vice President for Alexander and Baldwin Properties.

2. Organization Chart

The applicant shall illustrate the position of each staff and line of responsibility/supervision. If the request is part of a large, multi-purpose organization, include an organization chart that illustrates the placement of this request.

**KHDC Board of Directors- Company Policy and Hiring of Executive Director
Executive Director- Management of Staff, Finance, Properties, Contractors and Projects
Office Manager- Office Management and records compliance.**

3. Compensation

The applicant shall provide an annual salary range paid by the applicant to the three highest paid officers, directors, or employees of the organization by position title, not employee name.

**Executive Director- \$85,000
Office Manager (PT)- \$45,500**

VII. Other

1. Litigation

The applicant shall disclose any pending litigation to which they are a party, including the disclosure of any outstanding judgement. If applicable, please explain.

None

2. Licensure or Accreditation

The applicant shall specify any special qualifications, including but not limited to licensure or accreditation that the applicant possesses relevant to this request.

Not Applicable

3. Private Educational Institutions

The applicant shall specify whether the grant will be used to support or benefit a sectarian or non-sectarian private educational institution. Please see Article X, Section 1, of the State Constitution for the relevance of this question.

Not Applicable

4. Future Sustainability Plan

The applicant shall provide a plan for sustaining after fiscal year 2020-21 the activity funded by the grant if the grant of this application is:

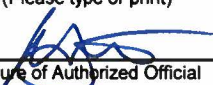
- (a) Received by the applicant for fiscal year 2020-21, but
- (b) Not received by the applicant thereafter.

KHDC has sufficient funds generated from the rental operations of the Hale Kupuna property to sustain the ongoing maintenance of the proposed future septic systems.

BUDGET REQUEST BY SOURCE OF FUNDS

Period: July 1, 2020 to June 30, 2021

Applicant: Kauai Housing Development Corporation

BUDGET CATEGORIES	Total State Funds Requested (a)	Total Federal Funds Requested (b)	Total County Funds Requested (c)	Total Private/Other Funds Requested (d)
A. PERSONNEL COST				
1. Salaries				
2. Payroll Taxes & Assessments				
3. Fringe Benefits				
TOTAL PERSONNEL COST				
B. OTHER CURRENT EXPENSES				
1. Airfare, Inter-Island				
2. Insurance				
3. Lease/Rental of Equipment				
4. Lease/Rental of Space				
5. Staff Training				
6. Supplies				
7. Telecommunication				
8. Utilities				
9. IWS Civil Engineering Contractor	27,083			
10. IWS General Contractor	272,000			
11				
12				
13				
14				
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16				
17				
18				
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20				
TOTAL OTHER CURRENT EXPENSES	299,083			
C. EQUIPMENT PURCHASES				
D. MOTOR VEHICLE PURCHASES				
E. CAPITAL				
TOTAL (A+B+C+D+E)	299,083			
SOURCES OF FUNDING		Budget Prepared By:		
(a) Total State Funds Requested	299,083	Milo Spindt	808-245-5937	
(b) Total Federal Funds Requested	0	Name (Please type or print)		Phone
(c) Total County Funds Requested	0			1/10/2020
(d) Total Private/Other Funds Requested	0			Signature of Authorized Official
TOTAL BUDGET	299,083	Milo Spindt, Executive Director, KHDC		
		Name and Title (Please type or print)		

BUDGET JUSTIFICATION - PERSONNEL SALARIES AND WAGES

Period: July 1, 2020 to June 30, 2021

Applicant: **Kauai Housing Development Corporation**

POSITION TITLE	FULL TIME EQUIVALENT	ANNUAL SALARY A	% OF TIME ALLOCATED TO GRANT REQUEST B	TOTAL STATE FUNDS REQUESTED (A x B)
Not Applicable				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
TOTAL:				
JUSTIFICATION/COMMENTS:				

BUDGET JUSTIFICATION - EQUIPMENT AND MOTOR VEHICLES

Period: July 1, 2020 to June 30, 2021

Applicant: Kauai Housing Development Corporation

DESCRIPTION EQUIPMENT	NO. OF ITEMS	COST PER ITEM	TOTAL COST	TOTAL BUDGETED
Not Applicable			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:				
JUSTIFICATION/COMMENTS:				

DESCRIPTION OF MOTOR VEHICLE	NO. OF VEHICLES	COST PER VEHICLE	TOTAL COST	TOTAL BUDGETED
Not Applicable			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:				
JUSTIFICATION/COMMENTS:				

BUDGET JUSTIFICATION - CAPITAL PROJECT DETAILS

Period: July 1, 2020 to June 30, 2021

Applicant: **Kauai Housing Development Corporation**

FUNDING AMOUNT REQUESTED						
TOTAL PROJECT COST	ALL SOURCES OF FUNDS RECEIVED IN PRIOR YEARS		STATE FUNDS REQUESTED	OF FUNDS REQUESTED	FUNDING REQUIRED IN SUCCEEDING YEARS	
	FY: 2018-2019	FY: 2019-2020	FY:2020-2021	FY:2020-2021	FY:2021-2022	FY:2022-2023
PLANS						
LAND ACQUISITION						
DESIGN			27083			
CONSTRUCTION			272000			
EQUIPMENT						
TOTAL:			299,083			
JUSTIFICATION/COMMENTS:						
IWS design and conversion from cesspool to septic system						

GOVERNMENT CONTRACTS, GRANTS, AND / OR GRANTS IN AID

Applicant: **Kauai Housing Development Corporation**

Contracts Total:

6,015,889

	CONTRACT DESCRIPTION	EFFECTIVE DATES	AGENCY	GOVERNMENT ENTITY (U.S. / State / Haw / Hon / Kau / Mau)	CONTRACT VALUE
1	Rental Housing Revolving Fund, Loan	1995-2043	HHFDC	State of Hawaii	750,000
2	Rental Housing Revolving Fund, Loan	1995-2043	HHFDC	State of Hawaii	834,000
3	County of Kauai, Loan	1997-2062	Kauai County Housing	Kauai County	531,000
4	Federal Home Loan Bank of Seattle, Grant	1994	FHLB Seattle	U.S.	160,000
5	HOME Investment Partnership, Loan	2004-2066	Kauai County Housing	Kauai County	1,790,595
6	HOME Investment Partnership, Grant	2007	Kauai County Housing	Kauai County	1,524,949
7	HOME Investment Partnership, Grant	2011	Kauai County Housing	Kauai County	2,700,345
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ORGANIZATIONAL CHART

March 2019

KAUAI HOUSING DEVELOPMENT CORPORATION

BOARD OF DIRECTORS
 Tom Shigemoto , President
 Michael Murakoshi, VPresident
 Clyde Nakaya, Treasurer
 Wanda Shibata, Secretary
 Dennis Nakahara
 Roy Katsuda
 Marc A. Ventura
 Gini Kapali
 Keith Nitta
 Gary Mackler

BOARD OF DIRECTORS
 Tom Shigemoto , President

Executive Director
 Milo Spindt

Admin Assistant
 Mia Ako

Kauai Housing Development

Hale Kupuna
Property Manager
 HI Affordable Properties Inc.

Lihue Theater
Property Manager
 HI Affordable Properties Inc.

<u>Kalepa Village Partners</u>	<u>Kalepa Partners PIII LP</u>	<u>Paanau Village Partners LP</u>
KHDC - General Partner	KHDC - General Partner	KHDC - General Partner
_____	_____	_____
<u>Project: Kalepa Village Phase II</u>	<u>Project: Kalepa Village Phase III</u>	<u>Project: Paanau Village</u>
<u>Property Manager</u>	<u>Property Manager</u>	<u>Property Manager</u>
HI Affordable Properties Inc.	HI Affordable Properties Inc.	HI Affordable Properties Inc.