

State of Hawai‘i Pathways to Removing Obstacles to Housing  
(PRO Housing) Grant Application  
*“Infrastructure Unlocks Affordable Housing”*

Hawai‘i State Office of Planning and Sustainable Development

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## Exhibit A: Executive Summary

## Executive Summary: State of Hawai‘i PRO Housing Grant Application “Infrastructure Unlocks Affordable Housing”

For decades, Hawai‘i has suffered from a severe shortage of affordable housing due to steep infrastructure costs, high land and labor costs, and the most restrictive housing regulations in the country. These factors fuel a chronic housing crisis, where the State has the highest home prices in the nation. Studies show that the State needs to build more than 50,000 new housing units by 2025 to meet growing demand but it is on pace to deliver less than a quarter of that.

This shortage has helped fuel an exodus of Hawai‘i families during the past several years as the statewide population has declined by more than 15,000 to 1.44 million people. The outmigration had a pronounced impact on the State’s Native Hawaiian population as more Native Hawaiians now live in the continental United States than in Hawai‘i for the first time in Hawai‘i’s history.

The State of Hawai‘i Office of Planning and Sustainable Development, the Office of the Governor of the State of Hawai‘i, and its partners the Hawai‘i Public Housing Authority and the Hawai‘i Housing Finance and Development Corporation respectfully submit this proposal seeking \$9.9 million of the Department of Housing and Urban Development’s Pathways to Removing Obstacles to Housing grant program.

The proposal aims to increase statewide capacity to address a range of regulatory, administrative, and legislative barriers in producing and preserving affordable and accessible housing. As numerous studies identify the lack of infrastructure as the number one obstacle to building affordable housing, the application proposes to create long-term statewide regulatory and financial capacity to break down barriers to affordable housing and infuse funding for county-level infrastructure projects. These actions will unlock the production of at least 10,800 predominantly affordable housing units within the next 6 years, and with time and additional infrastructure, will help unlock up to 30,000 new units.

Specifically, the proposal will:

- Increase capacity to address the eight key barriers in producing affordable accessible housing identified by the State, including inadequate infrastructure, land use restrictions, zoning, and other regulatory, administrative and legislative barriers to the production of affordable housing;
- Create new financing mechanisms, including a Statewide Infrastructure Bank, to expand the available funds for infrastructure and housing construction; and
- Accelerate the strategic deployment of critical infrastructure to unlock at least 10,800 units desperately needed housing across the State’s four primary counties.

These investments are targeted to provide critical investment in historically underserved areas and unlock new affordable housing units in existing high opportunity areas to advance racial and economic equity and fair housing initiatives. Further, these infrastructure investments will address the historic, socio-economic disparities experienced by Native Hawaiians, who are disproportionately low-income and face compounding barriers in accessing affordable housing.

## Exhibit B: Threshold Requirements

## Threshold requirements and other submission requirements

1. There are no outstanding Civil Rights Matters for the State of Hawai'i.
2. The State of Hawai'i is an eligible applicant [00 (State Governments)].

## Exhibit C: Need

- i. Describe your efforts so far to identify, address, mitigate, or remove barriers to affordable housing production and preservation.

**Hawai'i has been experiencing a crisis of housing affordability for decades.** In 1970, the State enacted Act 105, an unprecedented piece of legislation designed to address the accelerating affordable housing shortages across Hawai'i. Since 1970, though, Hawai'i has still seen prices across all counties continuously soar far beyond what many Hawai'i residents can afford. [Act 105](#) noted between 1961 to 1970, the State produced an average of about 10,000 new units per year. [Between 2012 and 2022](#), Hawai'i only produced about 4,000 units per year on average while reports show that the State needed to build 10,000 units a year to address the historical shortfall. In the past two decades, the State has sought to identify drivers in rising housing costs and propose and implement strategies to mitigate and remove barriers to increase the available affordable housing stock for Hawai'i residents.

#### *Efforts to Identify Barriers to Affordable Housing Production and Preservation*

An overview of historic efforts to **identify drivers** of the State's housing crisis provides an essential context for **recent policy changes, community planning strategies, and initiatives** related to increasing new affordable housing and protecting existing affordable housing. Since statehood, state agencies, affiliates, and third-party reviewers have sought to understand the barriers in producing and preserving affordable housing for its population. In the last two decades alone, the following studies have sought to **map housing needs throughout the State, identify barriers in affordable housing production and preservation, and provide recommendations:**

- [Report to the 23rd Legislature, State of Hawai'i, Requesting the Convening of an Affordable Housing Task Force \(2005\)](#)
- [Report of the Governor's Affordable Housing Regulatory Barriers Task Force \(2008\)](#)
- [Special Action Team on Affordable Rental Housing Report to the Hawai'i State Legislature \(2016\)](#)
- [Analysis of Impediments to Fair Housing Choice with a Focus on People with Disabilities \(2016\)](#)
- [Hawai'i Housing Action Plan \(2017\)](#)
- [State Housing Functional Plan \(2017\)](#)
- [Affordable Rental Housing Report and Ten-Year Plan \(2018\)](#)
- [Revised Citizen Participation Plan \(2018\)](#)
- [Analysis of Impediments to Fair Housing: Phase 1 Report \(2019\)](#)
- [CDS Housing Needs Report 2019-2020](#)
- [Regular Housing Planning Studies](#)
- [Annual Action Plans for HOME, ESG, and HOPWA Programs](#)
- [Consolidated Annual Performance and Evaluation Reports for HOME, ESG, and HOPWA](#)

These studies consistently identify **the following systemic barriers to achieving the State's affordable housing goals:**

- Lack of investment in critical infrastructure to build affordable housing;
- High costs of land;
- Duplicative and highly restrictive state and county land use regulations;



- Lack of specified requirements for affordable housing development that could maximize the units through standards and reduced land development requirements;
- Broad interpretation for environmental impact statement and environmental assessment requirements that curtail the development of new affordable housing projects;
- Lack of protections for renters;
- Legislative and judicial challenges;
- Insufficient state financing mechanisms for affordable housing;
- Insufficient incentives for developers to build affordable housing, including tax credits, fee waivers, and density bonuses;
- Community opposition to new affordable housing developments, particularly those located in high-income communities;
- High prevalence of vacant housing units and short-term rental units; and
- Expiring affordability requirements on existing affordable housing stock.

*Efforts to Address, Mitigate, and Remove Barriers to Affordable Housing Production and Preservation*

Building on research and analysis that identified driving factors of the affordable housing crisis, the State has pursued a variety of strategies to **address, mitigate, and remove barriers** to affordable housing production and preservation. Governor Josh Green, M.D., sworn into office on December 5, 2022, emphasizes addressing the affordable housing crisis as a top administration priority. The administration is pushing critical **initiatives to address barriers in affordable housing production and preservation**, including:

- **To address the lack of funds and financing mechanisms for affordable housing**, the administration helped secure more than \$600 million **established** in the 2023 legislative session for affordable housing and homelessness services over FY24-25, including:
  - \$280 million for the Rental Housing Revolving Fund, administered by the Hawai‘i Housing Finance & Development Corporation, which provides equity gap, low-interest loans for the development, construction, acquisition, preservation, and rehabilitation of rental housing;
  - \$100 million for the Dwelling Unit Revolving Fund, administered by the Hawai‘i Housing Finance & Development Corporation, which provides assistance with the acquisition of real property, development and construction of residential, commercial and industrial properties, investment in infrastructure necessary for new development, and interim and permanent loans to developers for affordable housing projects;
  - \$48 million for Governor Green’s Kauhale initiative, coordinated through the Statewide Office on Homelessness and Housing Solutions, which aims to build deeply affordable housing communities for extremely low-income people who are exiting homelessness;
  - \$15 million for the ‘Ohana Zones program, coordinated through the Statewide Office on Homelessness and Housing Solutions, which provides state subsidies for supportive housing projects that serve extremely low-income populations exiting homelessness;
  - \$15 million for rent subsidies and services to extremely low-income populations including people exiting homelessness; and
  - \$150 million for the Hawai‘i Community Development Authority authorized for improvements for affordable and mixed-income housing developments.

- **To address long delays in approval processes for new affordable housing projects,** Governor Green signed the first Emergency Proclamation Relating to Housing on July 17, 2023, and a second one focused primarily on affordable housing on September 15, 2023 that was renewed on October 24, 2023. The proclamations address critical barriers in expanding affordable housing options by:
- Prioritizing affordable housing development projects where new additional units will serve primarily those at or below 140% of the area median income (AMI);
  - Allows more flexibility in zoning and other county-level building requirements to prioritize adaptive reuse and mixed-use communities;
  - Establishing the “Build Beyond Barriers” Working Group (BBB), which draws together members from key state and county agencies involved in housing development, community stakeholders, and subject area experts to identify where projects are stuck and to seek solutions to expedite the development of affordable housing;
  - Amending processes under Section 201H-38, Hawai‘i Revised Statutes (HRS), relating to expedited processes for state affordable housing development to shorten approval times;
  - Expediting procurement, which adds costly delays to state and county projects; and
  - Allowing more flexibility for hiring critical staff in agencies or contractors to implement and regulate the housing development process to fill over 300 identified vacancies.

The Governor’s Proclamation Relating to Affordable Housing is a bold, innovative approach to overcoming barriers to building more affordable housing. The BBB can identify barriers for affordable housing projects and how to move them along in the development process. The Green administration seeks to shorten development timelines that can reduce the total cost of housing. The Housing Team will **track projects** seeking certification through **key metrics** to assess how regulatory and administrative changes under the proclamation do or do not contribute to the expedited development of new affordable housing units. This will inform future legislation that can **codify regulatory and administrative reforms**.

- **To address chronic shortages in affordable accessible units, in January 2023,** the Hawai‘i Public Housing Authority (HPHA), a state agency, announced its Ka Lei Momi Redevelopment Project, to build over 10,000 additional units across nine properties in the State. The project aims to transform existing low-density public housing properties into modern, mixed-income and transit-oriented communities. Of the 10,000 additional units that will be created under the Ka Lei Momi Redevelopment Project, 90% will serve households making at or below 120% AMI. **These housing projects will add affordable units in high opportunity areas to increase opportunity for low- and middle-income residents and invest in underserved communities.**

These recent legislative and executive efforts build on a history of **policy changes, community planning strategies, and other initiatives** by the State to expand affordable accessible housing:

- **To address the lack of sufficient funding to reduce the long waitlist of Native Hawaiian applicants under the Hawaiian Homes Commission Act of 1920,** the Hawai‘i State Legislature appropriated \$600 million to the Department of Hawaiian Home Lands (2022). The historic appropriation comes as nearly 29,000 eligible Native Hawaiian applicants remain on the waitlist for Department of Hawaiian Home Lands homesteads. Some applicants have

been on the waitlist for decades. The Department of Hawaiian Home Lands has issued a **preliminary plan** to use the \$600 million to build an estimated 2,700 new homestead lots statewide—440 on Hawai‘i Island, 461 on Maui Island, 36 on Moloka‘i Island, 75 on Lāna‘i Island, 1,525 on O‘ahu Island, and 190 on Kaua‘i Island—and cover costs relating to acquisition, infrastructure, and development. Funding requested in this grant application will support infrastructure financing to unlock the additional 2,700 new homestead lots.

- **To address duplicative regulatory burdens, strict land use restrictions, and lack of available infrastructure for projects**, Act 305, Session Laws of Hawai‘i 2022, established the “Yes In My Back Yard” (YIMBY) Working Group to: (1) foster increased inter-agency coordination on housing and zoning issues, (2) raise public awareness of the ongoing efforts by the State and counties to reduce barriers to affordable housing, and (3) propose legislation. The Working Group is comprised of 11 members from: Hawai‘i Housing Finance & Development Corporation and Hawai‘i Public Housing Authority as the co-chairs, chairs of the respective standing committees on housing of the Senate and House of Representatives, Land Use Commission, Office of Planning and Sustainable Development, Hawai‘i Community Development Authority, and representatives from county agencies with authority over zoning.

On September 28, 2022, the Working Group held its kickoff meeting where an online survey was distributed to help identify opportunities to reduce barriers to affordable housing development. On October 11, 2022, the Working Group held its first meeting and the survey results were shared and discussed. On November 15, 2022, the Working Group held its second meeting and prioritized addressing insufficient infrastructure for further consideration. The third Working Group meeting is scheduled for November 2, 2023. The final report is expected to be finished no later than mid-December of 2023 and include recommendations for infrastructure investments with a state nexus to the State Legislature. This grant application builds on analysis by the YIMBY Working Group that identified **eight key barriers in the production of affordable housing**.

- **To address infrastructure needs and lack of funds and financing mechanisms for development in transit-oriented development (TOD) zones**, the State of Hawai‘i established the Hawai‘i Interagency Council on Transit-Oriented Development under Act 130 (2016) with [membership](#) spanning critical state and county agencies and community stakeholders. The TOD Council includes state and county stakeholders and community members to serve as a statewide forum for TOD planning and policy development. The TOD Council develops and implements the State’s plan for TOD, including mixed-use and affordable and rental housing projects to invest in. It also facilitates funding, reviews capital improvement project requests for TOD on state lands, and monitors implementation and recommends policy and statutory changes to facilitate TOD initiatives. This grant application draws from preliminary recommendations outlined in the Hawai‘i TOD Infrastructure Financing and Delivery Strategy for Pilot Areas, expected to be published in December 2023, which focuses on infrastructure investments that will unlock at least 10,800 housing units that create affordable, mixed-income, mixed-use, and transit-oriented communities across the state’s counties. With additional time and additional infrastructure, it will help unlock up to 30,000 new units. Strategies recommended include both **investments in underserved communities**, and investments that

will unlock affordable housing projects in **high opportunity areas** to ensure affordable accessible housing for low- and middle-income residents.

- **To address the chronic shortages in affordable accessible units**, the State Legislature established in Act 127 (2016) the Special Action Team on Affordable Rental Housing, coordinated by the State Office of Planning and Sustainable Development. Act 127 also established an affordable rental housing goal, along with the Special Action Team, to provide recommendations for how to best reach that goal through conversion and new development. The Act established the goal of developing at least 22,500 affordable rental housing units by December 31, 2026. The Special Action Team has:
- Proposed amendments to the Hawai'i State Planning Act (Chapter 226, HRS, 2017 Legislative Session), including an update of the State Housing Functional Plan to prioritize housing opportunities for extremely low- to above moderate-income households. The amendments were enacted under Act 82 (2017);
  - Supported additional legislation that works to preserve existing affordable housing stock by authorizing qualified nonprofit housing trusts to repurchase affordable units developed with government assistance when a government entity waives its right of first refusal to repurchase the unit, and expand the types of housing projects that can be certified for exemptions from the general excise tax;
  - Identified parcels of land suitable for affordable housing developments; and
  - Outlined recommendations to meet the goal of developing at least 22,500 affordable rental housing units by December 31, 2026.
- **To address underused and deteriorating areas and historically underserved communities**, the State of Hawai'i established the Hawai'i Community Development Authority (HCDA) in 1976. Today, the state has five Community Development Districts (CDDs). The HCDA coordinates and facilitates **mixed-use and mixed-income development** within CDDs and supports **critical infrastructure needs for future development** throughout the State. CDDs include the Kaka'ako Community Development District (1976), the Kalaeloa Community Development District (2002), the He'eia Community Development District (2011), the Stadium Community Development District (2019), and the Pulehunui Community Development District (2022).

- ii. Do you have an acute demand for affordable housing? What are your remaining affordable housing needs and how do you know?

**All five counties in the State of Hawai'i are deemed priority geographies** by the U.S. Department of Housing and Urban Development (HUD) in the PRO Housing Notice of Funding Opportunity (NOFO). Communities across the islands face a lack of affordable accessible housing units, high costs of land, regulatory and administrative barriers that limit capacity to build housing, and the lack of infrastructure necessary to expand housing options.

While all five counties are deemed priority geographies, Kalawao County is the smallest county by land mass and second smallest county by population in the country and brings special considerations due to its status as a national historical park. For this reason, this proposal excludes discussion around Kalawao County from the grant application. Understanding the wide scope of

the housing burden, the application aims to provide critical financial and planning capacity and infrastructure investments for projects **spanning across the State's four primary counties**. Data discussed in this section draws from the Hawai'i Housing Finance & Development Corporation's 2019 Hawai'i Housing Planning Study<sup>1</sup>, which outlines housing needs by 2025, the Economic Research Organization at the University of Hawai'i's (UHERO) 2023 Hawai'i Housing Fact Book, which analyzes housing market trends; and the 2023 Hawai'i State Data Book, which provides data on housing construction.

Hawai'i has conducted comprehensive supply and demand assessments for both the homeownership and the rental housing markets. The Hawai'i Housing Planning Study series began in 1992 to provide comprehensive assessments of Hawai'i housing markets. The Hawai'i Housing Finance & Development Corporation conducted its most recent report in 2019 to provide comprehensive analyses of housing inventory; housing demand; housing projections for the year 2025; housing prices; housing development; housing for special needs groups; homelessness; tourism impacts on availability of housing; and housing for Native Hawaiians.

The State of Hawai'i will need 50,156 new housing units by 2025 to address housing demand. Demand projections for additional housing units consider the existing pent-up need for housing due to chronic shortages in housing stock, projected population changes, and the state of homelessness. Of the 50,000 units needed, 56% of the total projected units are needed to address pent-up demand due to chronic housing shortages. Most of the units needed by 2025 will need to be affordable; more than **26,000 additional affordable units—52% of the total units needed—will be required for people making at or below 80% area median income (AMI)**. An additional 6,056 units will be needed for those at 80-120% AMI.

**Hawai'i has a statewide shortage of affordable and available housing, particularly for populations at or below 80% AMI. The shortage of housing is particularly severe for very low-income and extremely low-income populations in the State.** In 2023, the National Low Income Housing Coalition found that in Hawai'i, for every 100 renters at 100% AMI, there were only 89 affordable units available. At 80% AMI, there were only 74 affordable units available per 100 renters. At 50% AMI, there are only 44 units available, and at **30% AMI that drops to 34 units available per 100 renters**.<sup>2</sup> According to 2022 data from the National Low Income Housing Coalition, there is a shortage of nearly 24,000 rental homes that are affordable and available for low-income renters. Over the next ten years, nearly 3,000 rental homes with an affordability requirement will expire, and over 1,600 homes face an immediate need for investment and repairs.<sup>3</sup>

High land value across the State leaves **very little naturally occurring affordable housing stock to preserve**. At the State's median household income of \$88,005, a household could afford a home at roughly \$350,000. Current Zillow data shows that, at the time of this application, there were just 272 listings for properties—both single family and condominium units—at or below \$350,000 across the entire State. Only 124 of these units were two bedrooms or larger, and 68% of total

<sup>1</sup> While methods vary to project housing demand and the number of units needed, all point to the scale and magnitude of the housing crisis.

<sup>2</sup> [https://nlihc.org/sites/default/files/SHP\\_HI.pdf](https://nlihc.org/sites/default/files/SHP_HI.pdf)

<sup>3</sup> [https://preservationdatabase.org/wp-content/uploads/2022/10/PD-Profile\\_2022\\_HI.pdf](https://preservationdatabase.org/wp-content/uploads/2022/10/PD-Profile_2022_HI.pdf)

listings were concentrated in Hawai‘i County. Efforts to preserve affordable housing are complicated by the large portion of **housing stock that sits vacant for most of the year or is used as short-term vacation rentals**. Hawai‘i has historically been in the top 20% of states losing housing units to vacancies. The 2022 State of Hawai‘i Data Book found that an average 14% of the total housing stock—78,524 units—sat vacant between 2017-2021. The 2023 UHERO Hawai‘i Housing Factbook found that 5.5% of the total housing stock—30,436—are active short-term vacation rentals. This **exacerbates displacement of local residents**.

Hawai‘i’s housing stock is aging and yet the indexed median sales price of a single-family home in 2020 is 3.6 times more expensive than in 2000. The UHERO Repeat Sales Index shows that when accounting for the **deteriorating quality of homes** between 2000 and 2020, prices are 4.7 times more expensive.

Native Hawaiians disproportionately experience housing burdens and face compounded barriers to affordable housing. **Native Hawaiians represent 31% of the need for affordable housing for those at or below 80% AMI, despite only making up nearly 26% of households in 2019**. The Hawaiian Homes Commission Act of 1920 established the Department of Hawaiian Home Lands to administer public land for homesteads to Native Hawaiians. Individuals have been waiting for decades to receive their allocated homestead, with nearly 29,000 people currently on the waitlist. The State’s affordable housing crisis has resulted in many Native Hawaiians moving out of state, **where according to 2020 U.S. Census data, for the first time in Hawai‘i’s history, more Native Hawaiians live in the continental U.S. than in Hawai‘i**.

#### *Hawai‘i County*

Across the State, Hawai‘i County is the most affordable. The median single-family home price is \$400,000, the median monthly rent is \$1,250 and the median annual household income is \$68,399. These prices are nationally far from affordable. In Pottawattamie County, Illinois—which has a similar median household income and population—the median home price is \$200,000. In Hawai‘i County, homeowners make up 70% of the housing market, where the median owner pays 24% of their income for housing. Renters make up 30% of the county’s housing market, where 50% are rent-burdened, meaning they pay over 30% of their income on rent. About **26% of renters are severely rent-burdened, meaning they pay over 50% of their income on rent**.

Estimates show that Hawai‘i County will need 13,303 new units by 2025 to meet demand, representing 27% of the total need for additional units across the State. **Of these units, 56% (7,489) will need to be affordable for those at or below 80% AMI**, and an additional 2,143 units will be needed for those between 80-120% AMI. **Nearly 30% of additional units are needed for those at or below 30% AMI**. To meet the demand for housing by 2025, Hawai‘i County needs to make available an average of 2,660 additional units per year. **Hawai‘i County is off pace to meet the demand for new housing units by 2025**. Between July 2020 and July 2022, Hawai‘i County saw an additional 1,751 new housing units, or 876 units per year—a third of the average number of units needed to be produced per year.

#### *City and County of Honolulu*

The City and County of Honolulu has the most expensive housing market. The median single-family home price is \$1,055,000, the median rent is \$1,870 and the median household income is

\$92,600. Homeowners make up 58% of the housing market, where the median owner's costs as a share of their income is 26%. Renters make up 42% of the county's housing market, where 57% are rent-burdened, and **2,928, or nearly 30%, are severely rent-burdened.**

The City and County of Honolulu is the most populous island and contains 66% of the State's total housing stock. The 2019 Hawai'i Housing Planning Study estimates that between 2020 and 2025, **the county will need 22,168 additional housing units.** Of those units, 54% (12,046) will need to be affordable for those making at or below 80% AMI, and an additional 3,037 will need to be affordable for households with 80-120% AMI. To meet the need of 22,168 housing units by 2025, the City and County of Honolulu must gain 4,400 additional housing units per year. **The county is off pace to meet the 22,168 target number of units.** Between July 2020 and July 2022, the county produced just 2,696 units, or 1,348 per year. At the current rate of production, the City and County of Honolulu will see just 30% of the total housing units needed by 2025.

### *Kaua'i County*

Kaua'i County is the least populated county in the State with a population of 73,247. In Kaua'i County, the median single-family home price is \$892,500, the median monthly rent is \$1,525, and the median annual household income is \$86,287. Homeowners make up 64% of the housing market, where the median owner costs as a share of income is about 28%. Renters make up 36% of the housing market, of which 47% are rent-burdened and **24% are severely rent-burdened.**

The county will need 4,281 additional housing units by 2025. Of those units, 57% (2,439) will need to be affordable for those making at or below 80% AMI. An additional 136 will be needed to be affordable for those making 80-120% AMI. Kaua'i County is one of two counties that experienced an **actual decrease in the total number of housing units in the past five years**—losing 241 housing units. To meet the 4,281 units needed by 2025, Kaua'i County must gain 857 additional housing units per year. The 2022 Hawai'i Data Book shows that between July 2020 and 2022, only 289 units were built, with an average of 144.5 units per year. Kaua'i County is well off-pace to meet its housing needs; at the present production rate, the county will see 17% of the total number of units needed to meet demand by 2025.

### *Maui County*

Maui County is the second-most expensive housing market in the state. The median single-family home price is \$1,000,000, the median rent is \$1,667, and the median household income is \$88,249. Homeowners make up 64% of the housing market and the median owner housing costs as a share of income is 27%. Renters constitute 36% of the total housing market. 54% are rent-burdened and nearly **29% are severely rent-burdened.** Maui County includes the islands of Maui, Lāna'i, Kaho'olawe, Molokini, and the majority of Moloka'i. Activities proposed in the grant application focus on Maui Island, which comprises more than 70% of the total county's population. Populations of the other islands are below the 50,000 population threshold identified in the NOFO.

By 2025, Maui County is estimated to need an additional 10,404 units. About 41% of these units (4,262) will need to be affordable to those at or below 80% AMI, and an additional 740 units will be needed for those between 80-120% AMI. Maui County is the other county that experienced an **actual decline in housing units since 2019, losing 175 units between 2019 and 2023.** This does not include the housing units lost due to the recent Lahaina wildfire, which burned about 2,000 residential structures, or roughly 3% of the county's total housing stock. Along with the

devastating human toll, the wildfire will place additional pressure on Maui's existing housing stock and exacerbate the issues outlined above.

To meet the 10,404 units needed by 2025, Maui County needs an average of 2,081 additional housing units per year. The 2022 Hawai'i Data Book shows that between July 2020 and 2022, the county built 1,335 units, or an average of 668 units per year. **Continuing at the same rate of production, the county will see just 32% of the total number of units needed to meet demand by 2025.** This does not include the additional housing units that will be needed to address the loss of housing due to the Lahaina wildfire.

- iii. What key barriers still exist and need to be addressed to produce and preserve more affordable accessible housing?

**Over the past few decades, the State of Hawai'i has invested significant resources to identify key barriers that exist in producing and preserving affordable housing.** The most recent effort to identify barriers to affordable housing production is Act 305, Session Laws of Hawai'i 2022. Known as the "Yes In My Back Yard Act," Act 305 creates an affordable housing working group co-chaired by the executive directors of the Hawai'i Housing Finance & Development Corporation and the Hawai'i Public Housing Authority. Members include representatives from the Hawai'i Senate and House of Representatives, the State Land Use Commission, the State Office of Planning and Sustainable Development, the Hawai'i Community Development Authority, each county agency, and other stakeholders. The YIMBY Working Group has prioritized **eight areas where opportunities exist for further consideration to increase the production of affordable housing.** They are listed in [priority order](#) below.

#### *1. Infrastructure*

**The State of Hawai'i has not been able to keep up with necessary investments in infrastructure. Infrastructure such as wastewater, potable water, drainage, and electrical systems are necessary to support new housing development but has not kept up.** Construction of infrastructure is complicated by environmental issues (proximity to sensitive resources, including the shoreline and ocean), historic matters (Native Hawaiian burial grounds are located throughout the islands), and the need to respect indigenous cultural practices. Economies of scale are limited in the State because lower population sizes span over a larger geographic distance within and among the islands.

The State of Hawai'i has some of the highest construction costs in the nation. Due to the state's geographic remoteness, most construction materials are imported from great distance, adding to cost and delivery time. The global supply-chain crisis that arose from the COVID-19 pandemic exacerbated this condition, and the emerging geopolitical confrontations threaten to do so even further. Additionally, the shortage of local, skilled labor drives up construction costs sharply.

Given the State of Hawai'i's small resident population—especially in comparison to the annual number of tourists—it has limited funds for tax credits and bonding capacity. While the majority of the State's bond capacity is regularly used for infrastructure, it cannot keep pace with necessary maintenance, let alone upgrades. The State also lacks innovative ways to finance offsite infrastructure so that costs can be shared equitably between public and private landowners. In



response to various studies documenting the issue, the Hawai‘i State Legislature appropriated \$500,000 in 2022 to develop strategies to overcome barriers to funding, financing, and the construction of public infrastructure in the State. Those strategies include the testing of potential options in four pilot transit-oriented development areas (TOD Pilot Areas) in the four counties of the State: Honolulu, Hawai‘i, Kaua‘i, and Maui.

**While the study will be completed in December 2023, preliminary recommendations—an infrastructure bank and critical infrastructure investments that will unlock development of nearly at least 10,800 additional housing units—are included in this grant application.** The study also points to building capacity, which is included in this grant application. Collaboration and coordination are required within each county—and between the State and the counties—to ensure that infrastructure is constructed in a strategic and coordinated fashion.

## *2. Zoning ordinances*

Each county has its own unique zoning ordinances and building codes. Their land control systems are complicated to understand and implement. The YIMBY Working Group identifies conflicting perspectives on addressing zoning as a barrier. Developers recommend the use of ‘by-right’ approval on housing projects to provide certainty; they suggest permitting procedures are often not timely or predictable. In fact, data suggests that the median permitting process across the State is nearly six months (161 days), with the median processing time being 458 days in Hawai‘i County, although efforts are currently underway to significantly cut down the processing time. County representatives are apprehensive towards a ‘by-right’ ministerial process because it limits the ability of county councils to hear and address community concerns, and limits planning departments to take context-specific concerns into account. **This issue requires more dialogue and research, which can be facilitated by staff hired under the proposed grant activities.**

## *3. Housing policies*

The YIMBY Group identified a need to evaluate county housing policies to streamline the development and preservation of affordable housing. For example, the effectiveness of inclusionary zoning policies in each county should be assessed to determine if they effectively generate and preserve affordable housing. **Staff hired under the proposed grant activities will work with counties to streamline housing regulations for affordable housing production, identify inclusionary zoning policies, and preserve affordable housing stock.**

## *4. State land use district amendments*

Unlike most other states, Hawai‘i has a two-tier land use control system: land is regulated via districts at the state level and via zoning at the county level. Currently, only 5% of lands statewide are districted for urban use. “Boundary amendments” are required to release land from state jurisdiction to be used for more urbanized uses, including housing. As such, the amount of land available for housing production is limited. There are different perspectives among stakeholders regarding changes to the land use boundary amendment process. **This is a complex issue, which will require further research and discussion that can be facilitated by staff hired under the proposed grant activities.** The Office of Planning and Sustainable Development represents the State’s interests in state land use district boundary amendments and is uniquely positioned to facilitate conversations to remove duplicative land use and zoning regulations in the State.

### *5. Exemptions from county requirements*

Pursuant to Hawai‘i Revised Statutes (HRS) Chapter 201H-38, affordable housing projects may be provided with varying degrees of exemptions from county zoning standards such as those relating to density, height, setbacks, and sidewalks. Various fee waivers are also available. Housing produced under the HRS 201H program can change the character of neighborhoods, and therefore, this program often faces resistance. The State and counties often lack the capacity to conduct meaningful community engagement regarding this program and provide in-depth community education to address long-term resistance to affordable housing production. Additionally, the HRS 201H process includes both the State, through the Hawai‘i Housing Finance & Development Corporation, and the county councils. Counties and the State have differing requirements for affordability of housing that can qualify for exemptions under HRS 201H. For example, the City and County of Honolulu includes specific AMI requirements, including 20% reserved for at or below 80% AMI and 31% of units reserved for 81-120% AMI, for a 30-year affordability period for both rental and homeownership. The State, on the other hand, requires 50% plus one unit at or below 140% AMI, and requires a 30-year affordability period for rental housing and a 10-year affordability period for homeownership. If the 201H program is not used, projects remain subject to regular design standards, fees and taxes—all of which increase development costs that are passed along to renters and homeowners. **Design standards, fees and taxes, as well as aligning the 201H requirements across counties and the State to meet unique housing needs while decreasing process duplication, requires additional analysis that staff hired under this grant proposal will address.**

### *6. Financing*

Affordable housing in the State of Hawai‘i does not pencil out without subsidies, and it does not have enough funding to subsidize necessary affordable housing or its infrastructure. The competitive funding and tax credit allocation process generates more proposals annually than can be funded or assisted. In addition to competitive federal tax credits, the State has the Dwelling Unit Revolving Fund (DURF), which provides financing for affordable housing and infrastructure development. The programs lack sufficient funding to meet the State’s housing needs. County capital improvement programming that funds infrastructure contributes to necessary, but slow, incremental improvements. At the pace infrastructure is currently built, the State will never solve its affordable housing crisis without the use of innovative financing. **This grant application discusses innovative financing mechanisms and proposes additional financing mechanisms, including the establishment of a statewide infrastructure bank, to address problems that currently constrain the production of affordable housing and critical infrastructure.**

### *7. Vacant and underutilized public lands*

The State of Hawai‘i has approximately 2,000 acres of state and county lands near rail and bus stations. While additional research is needed to identify the quantity of housing units that can be constructed in the Counties of Kaua‘i, Maui, and Hawai‘i, the *State of Hawai‘i Strategic Plan for Transit-Oriented Development*, last updated in March 2023, suggests that “a key element of the State’s TOD strategy is the provision of new affordable housing along the rail corridor. Estimates of the total number of housing units that could be added in the rail corridor over the next 50-plus years exceed 60,000 new units.” The *Honolulu TOD Study Scenarios Results Report* (2013) suggests that development near the rail line could accommodate 48,000 additional housing units by 2050 constructed under a “business as usual” model or up to 88,000 units under a scenario

taking greatest advantage of the planned rail investment. This includes the development of underutilized public parcels. **Currently, the lack of infrastructure significantly restrains development of vacant and underutilized public lands, which makes the activities outlined in the grant proposal particularly crucial.**

#### *8. Cultural Resources*

The current and past cultural practices and artifacts of Native Hawaiians are of great value to the entire State. Development must respect important archaeological sites and support ongoing cultural practices. Currently, building proposals and permits require review and approval by both the State Historic Preservation Division and the respective county within which the proposed project is located. These processes are lengthy and could more efficiently ensure the preservation of cultural and historic resources without unnecessarily delaying the timely development of housing. **Capacity-building provided under this grant would allow appropriate research and discussion into these activities to address this barrier.**

Since the YIMBY Working Group last met, devastating wildfires have burnt the historic town of Lahaina on Maui and destroyed many other homes. The loss of nearly 2,000 homes on Maui has greatly impacted the island's housing stock and economy. The cost of rebuilding has been estimated at over \$5.5 billion. The issues identified above only exacerbate the problems that Maui's residents are facing by applying additional pressure on Maui's already constrained affordable housing stock. This consequently increases pressure on the rest of the State's inventory as Lahaina and Maui residents find temporary accommodations throughout the State.

## Exhibit D: Soundness of Approach

i. What is your vision?

The proposal aims to overcome barriers to producing affordable housing in Hawai'i by:

- Addressing the eight key barriers identified by the YIMBY Working Group, including inadequate infrastructure; land use restrictions; zoning; and other regulatory, administrative, and legislative barriers to the production of affordable housing in high opportunity areas and community development in underserved communities;
- Creating new financing mechanisms to expand available funds for infrastructure and affordable housing construction; and
- Accelerating the strategic deployment of critical infrastructure to unlock desperately needed housing in each of the four counties.

To execute this vision and **enable increased production and preservation of affordable accessible housing** across the entire State for a sustained timeframe, the proposal specifically entails three main components:

- Hiring dedicated housing professionals to address regulatory, legislative, and administrative barriers identified by the YIMBY Working Group;
- Creating a **Statewide Infrastructure Bank** as a long-term infrastructure financing solution; and
- Investing in specific **infrastructure and infrastructure financing mechanisms to unlock at least 10,800 units** across the State's four main counties based on recommendations by the State Transit-Oriented Development Council, including:
  - Creating a Community Facilities District, or a similar infrastructure financing mechanism, in Iwilei, O'ahu, that helps raise the necessary funds for financing infrastructure improvements;
  - Designing wastewater improvements in Līhu'e, Kaua'i;
  - Designing infrastructure improvements for the Hawai'i Public Housing Authority's Kahekili Terrace project on Maui Island; and
  - Designing wells, reservoir, sewer, and roads from Ane Keohokalole Highway to Kamakana Villages on Hawai'i Island.

*Component 1: Addressing the YIMBY Working Group's eight key barriers identified in the production of affordable housing.*

The State envisions a program that creates capacity to manage this grant, works with counties to streamline housing regulations and building code updates, and preserves affordable housing. **Reducing the eight identified barriers will improve the production of both market rate and affordable housing** (and the potential indirect improvements in affordability generated through increased supply of market rate housing). The Office of Planning and Sustainable Development requests **two full-time housing professionals** for a dedicated housing team within its office.

While OPSD participates in the State Land Use Commission, the Transit-Oriented Development Council, and the YIMBY Working Group as a part of general government functions, no OPSD positions are dedicated to facilitating the creation of long-term infrastructure financing mechanisms or working with counties on regulatory land use matters that restrict housing production. With the YIMBY Working Group's efforts already underway in identifying barriers,

this new team's additional capacity will allow the State to execute proposals and start **addressing and removing these barriers**. This core team will work directly with the State and the counties to **streamline housing regulations and administrative processes** to cut costs and timelines for affordable housing development. The team will focus on policy changes that increase access to affordable accessible housing in high-opportunity areas and invest in underserved communities. **This effort is currently lacking and would add a new, essential resource to the State in lifting existing barriers to housing.**

The two new additional staff proposed will be a Planning Project Analyst and a Senior Planning Coordinator. Qualifications for the staff may include, but are not limited to, previous experience in affordable housing policy, preservation, development, financing, and community planning. Priorities for the Planning Project Analyst and Senior Planning Coordinator to address the YIMBY Working Group's eight key barriers will include, but are not limited to:

- Contracting associated with infrastructure design outlined further below in Component 3;
- Overseeing contracts for development of infrastructure financing mechanisms—like a statewide infrastructure bank, outlined in Components 2 and 3 below—and provide recommendations to the State Legislature for further financing and investments in affordable housing;
- Facilitating action with the counties to discuss and address:
  - Duplicative land use requirements between the state land use districts and county-level zoning identified by the YIMBY Working Group and counties;
  - Revisions to zoning regulations and county housing plans;
  - Alignment of HRS 201H requirements across state and county actors to decrease process duplication;
- Working with state agencies and the counties to recommend additional policy relating to regulatory and administrative changes for affordable housing production and preservation; and
- Creating a statewide diversity and equity plan for execution of grant activities.

*Component 2: Creating new financing mechanisms to expand available funds for infrastructure and housing construction.*

The State also intends to pursue a contract to analyze the need for a **Statewide Infrastructure Bank**. While a variety of organizations assist with funding infrastructure, their efforts are fragmented and often focus on individual housing projects, rather than boosting regional or statewide capacity. This component will unlock housing production at a larger, more impactful scale than existing initiatives. The State will build on the work of the [Hawai'i Housing Finance & Development Corporation](#) and the [Hawai'i Green Infrastructure Authority](#) to fill existing financing gaps to **expedite pathways to housing**. The State may need a new entity that functions similarly to an Infrastructure Bank or may need to develop capacity within its existing organizations to provide integrated planning, financing and delivery of infrastructure.

Using [Rhode Island](#) as a model, an Infrastructure Bank could provide a one-stop shop that leverages limited capital to offer innovative financing for an array of infrastructure-based projects, including water and wastewater, roads and bridges, energy efficiency and renewable energy, and brownfield remediation. An Infrastructure Bank could issue bonds, originate loans, make grants, and engage with and mobilize sources of public and private capital. The Bank could foster

infrastructure improvements that create jobs, promote economic development, and enhance the environment. The State will determine whether to add services to existing finance authorities or create a new entity to consolidate infrastructure financing.

*Component 3: Accelerating the strategic deployment of critical infrastructure—which the YIMBY Working Group identified as the number one barrier to affordable housing—to unlock desperately needed housing in each of the four counties.*

The next four requests involve TOD projects and/or neighborhoods, one in each of Hawai‘i’s counties. The purpose of the State’s TOD districts is to create modern, mixed-income, vibrant communities centered around public transportation. Apart from the proposed effort in the City and County of Honolulu involving the creation of an infrastructure financing tool that will predominantly benefit affordable housing projects, the infrastructure investments for Kaua‘i, Maui and Hawai‘i Counties will generally lead to the **production of housing with at least 51% of produced or preserved units directly benefiting low- and moderate-income individuals**. There will also be construction of new housing wherein no less than 20% of the units will directly benefit low- and moderate-income individuals.

#### Community Facilities District (or comparable mechanism) for Infrastructure, Iwilei, City and County of Honolulu

The Iwilei neighborhood is located in the City and County of Honolulu and is one of 25 opportunity zones in the state. Iwilei is an underserved community, where residents are disproportionately low and middle income. The median annual household income is \$20,000 lower than the state median annual household income. The neighborhood is also home to a high share of people of color, where 73% of residents are Asian, Black, or Native Hawaiian or Pacific Islander. The median single-family home price is \$890,000, and the median condominium price is \$410,000, leaving homeownership opportunities out-of-reach for many residents.

The Honolulu rail project is an 18.5 mile long, 19-station elevated guideway system that will link Kapolei with urban Honolulu. Interim rail service between Kapolei and Aloha Stadium began in June 2023. Along with a daily ridership of about 84,000, the State has identified more than 1,850 acres of developable land along the rail line. The Iwilei-Kapalama district encompasses more than 580 acres, representing the largest TOD district within Honolulu. The 2023 *Hawai‘i TOD Infrastructure Financing and Delivery Strategy for TOD Pilot Areas* suggests that a Community Facilities District, or comparable mechanism, would help raise the money and finance the total capital cost of \$674 million for drainage, electrical, and sewer work. Nearly 80% of the funds are required to enable affordable housing, as well as to ensure future viability, accommodate future growth, and invest in project-specific infrastructure.

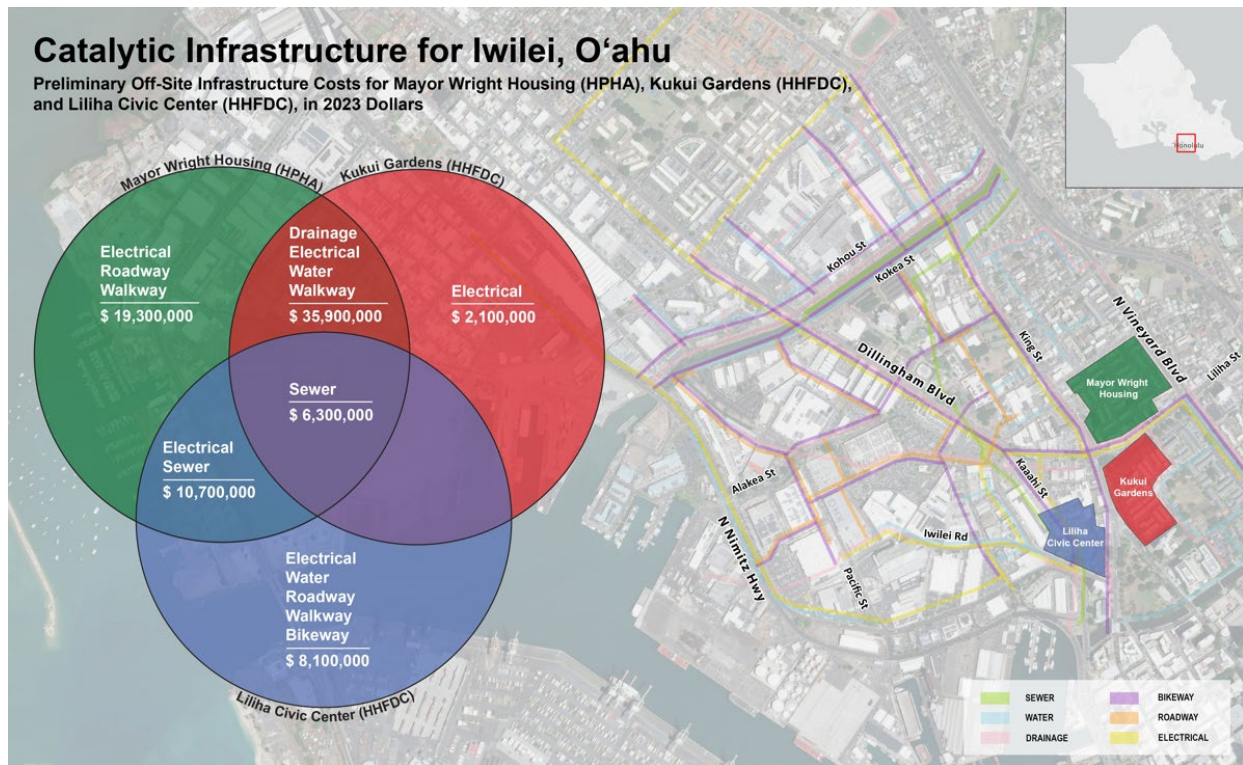
The 2022 *Infrastructure Improvement Master Plan for the Iwilei Area on O‘ahu*, prepared by the Hawai‘i Housing Finance & Development Corporation, includes 700 properties and covers approximately 552 acres. Various state agencies own properties within the area, including office, open space, educational, and residential uses. Over a third of Honolulu’s population lives within the Urban Honolulu Census Designated Place of the County, which includes the Iwilei-Kapalama Area, Honolulu’s central business district, Waikīkī, the Daniel K. Inouye International Airport,

and Honolulu Harbor. Proposed residential developments in the area include high-rise senior living, medium-low rise affordable housing, and market rate housing. With the projected completion of rail service, the *Iwilei Infrastructure Master Plan* suggests that the area—all within a short walking distance from three transit stops—could accommodate nearly 27,500 housing units over the next 30 to 50 years, with 8,600 units the initial phase.

Affordable housing projects that could benefit include, but are not limited to:

- The Hawai‘i Public Housing Authority’s Mayor Wright Homes and Kalanihulia Homes—which includes 2,500 new or renovated housing units where 66% will be available for renters with incomes below 120% AMI;
- The Department of Hawaiian Home Lands’ Kapalama Project, which will provide approximately 500 residential units for Native Hawaiians on the waitlist;
- The Kamehameha Schools Masterplan which, overtime, could build 4,000 to 5,000 new predominantly affordable and workforce homes; and
- EAH Housing’s Kukui Gardens family apartments, where 98% of 389 units serve those at or below 60% AMI, and the remaining units serve those at or below 110% AMI.

**Figure 1: Iwilei TOD Pilot Area - Financing area-wide infrastructure improvements**



An analysis conducted on behalf of the TOD Council estimates that \$500,000 is needed to create a Community Facilities District, or a comparable financing mechanism, that raises funds for financing infrastructure improvements in Iwilei. A Community Facilities District is only one of the necessary tools to raise capital for the estimated \$667 million needed in Iwilei. A Statewide Infrastructure Bank would also be needed to assemble the necessary funding and financing for the variety of infrastructure projects.



## Wastewater Improvements, Līhu‘e, Kaua‘i

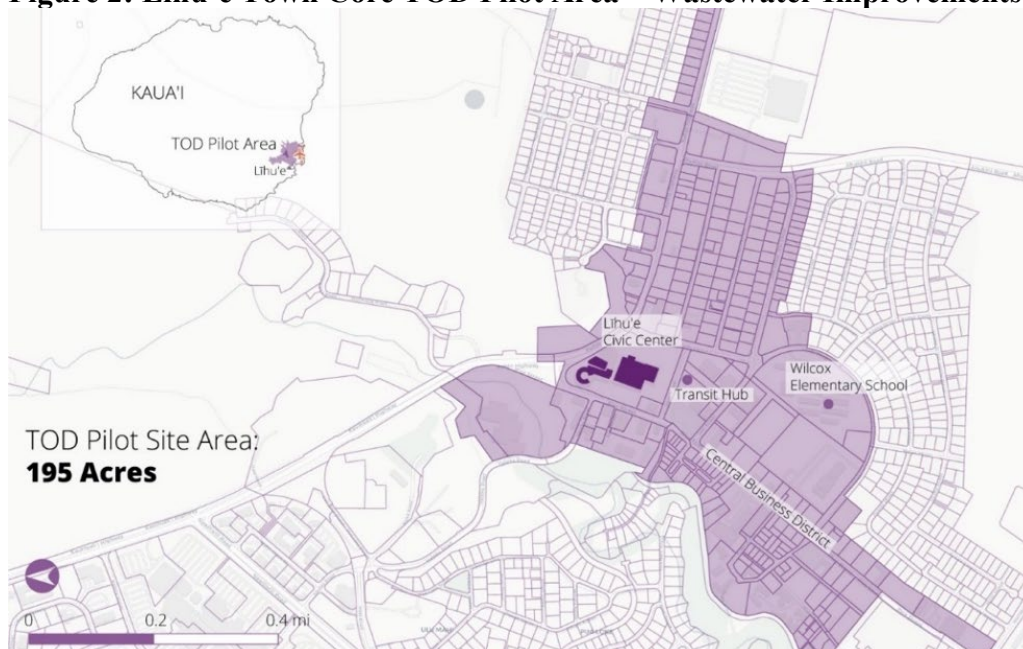
Līhu‘e is the second most populous neighborhood in Kaua‘i County, where the median household income is \$84,539. Residents of Līhu‘e are disproportionately cost-burdened by rent, where 31% of renters are severely rent-burdened as compared to 28% of renters who are severely rent burdened in the State at-large. The median single-family home price is \$751,000, and the median condominium price is \$505,000, leaving many residents locked out from homeownership opportunities. Compared to the county at large, Līhu‘e has a higher concentration of people of color, where 55% of residents are Asian, Black, Native Hawaiian, or Pacific Islander.

Since planning began in the mid-2000s, the Līhu‘e Civic Center has been the anchor of the town, located west of the Airport and the cruise ship terminal at Nawiliwili Harbor. A principal aim of the project is to support TOD development, particularly to promote walkability, transit accessibility, and affordable housing development on nearby state properties, such as the vacant former Police Station and underutilized Department of Health sites.

Downtown Līhu‘e was selected as a TOD Pilot Area because of its potential to help mitigate the housing and infrastructure constraints of the island. The 2023 *Hawai‘i Infrastructure Financing and Delivery Strategy for TOD Pilot Areas* determined that approximately \$8 million is needed in Līhu‘e for infrastructure to unlock housing and other beneficial redevelopment. The design of wastewater improvements alone will cost about \$800,000. The Līhu‘e Town Core TOD Pilot Area will unlock hundreds of housing units, with a focus on affordable housing units, including:

- Up to 83 units through the State Mixed-Use Civic Center Project;
- Up to 131 units through the Līhu‘e Civic Center Redevelopment Project;
- Up to 64 units through the Central Pacific Bank Site Redevelopment;
- Up to 372 residential units through the Rice Street Special Planning Area; and
- Additional affordable workforce housing through the Līhu‘e Mill Site Redevelopment.

**Figure 2: Līhu‘e Town Core TOD Pilot Area – Wastewater Improvements**



### Infrastructure Improvements for Kahekili Terrace Housing Project, Maui County

The Kahekili Terrace Housing Project is located in Wailuku-Kahului area on the island of Maui and is one of 25 opportunity zones in the state. About 70% of the population is people of color, and 20% of the population is above 65 years old. The median home price is \$930,000, the median rent is \$1,360 and the median household income is \$85,890. Many residents are locked out of affordable housing options; nearly 42% of households are rent-burdened.

The property is owned by the Hawai'i Public Housing Authority and consists of two separate sites, both built in 1966. Redevelopment of the property creates an exceptional opportunity to not only provide for the 1-to-1 replacement of the existing 82 low-income housing units, but also support added density for much-needed affordable, work force and/or market rate housing units on the 3.9-acre site. The property is in close proximity to the Wailuku Parking Garage, Civic Complex, and County's Wells Park redevelopment efforts. Infrastructure investments will unlock potential for the project's redevelopment, adding an additional potential 200 low-income and workforce units.

Added density is crucial for the Hawai'i Public Housing Authority, where the current waitlist for public housing is between two and five years. This redevelopment project is part of the Authority's broader Ka Lei Momi master plan to make 10,000 additional, predominantly affordable units available statewide. The Project will further support and enhance the Wailuku Redevelopment Area and the county public bus system to enable safe access for pedestrians, bicyclists, motorists, and transit users of all ages and abilities and provide the public with a fully integrated multi-modal transportation corridor to best serve the community. This project is included in the *State of Hawai'i Strategic Plan for Transit-Oriented Development* and is in the current pipeline for projects that could benefit from the Governor's 2023 *Emergency Proclamation Relating to Affordable Housing*. The design of infrastructure improvements will cost about \$500,000.

**Figure 3: Kahekili Terrace Housing Project**



## Wells, Reservoir, Sewer, Roads for Kamakana Villages, Hawai‘i Island

Kailua-Kona is a high-opportunity area and the most expensive neighborhood in Hawai‘i County and one of 25 opportunity zones in the state. While the county-wide median single-family home price is \$400,000, the median single-family home price in Kailua-Kona is \$970,000. The median household income is \$81,689, leaving most families locked out of homeownership opportunities. A household would need to make nearly \$200,000 a year to afford the median single-family home price. Seniors 65 years and older comprise 21% of the population and lack adequate affordable housing options.

The Kamakana Villages Senior/Low Income Housing in Kailua-Kona on Hawai‘i Island addresses the need for affordable housing for low-income families and for low-income seniors and their families. According to the 2023 research associated with the *Hawaii TOD Infrastructure Financing and Delivery Strategy for Pilot Areas*, the existing building includes 85 units for low-income seniors and families. The proposed redevelopment of Kamakana Villages, across two existing project sites, could unlock at least 1,400 additional predominantly affordable for sale and rental housing units, as well as commercial space, an elementary school, preserves, and parks. These two adjacent projects are both located along the Ane Keohokalole Highway Bus Transit trunk line within the Keahuolu Village Neighborhood transit-oriented development area. This redevelopment project is currently stalled as a direct result of a lack of adequate infrastructure.

This project is included in the *State of Hawai‘i Strategic Plan for Transit-Oriented Development* and is in the current pipeline for projects that could benefit from the Governor’s 2023 *Proclamation Relating to Affordable Housing*. The developer’s latest estimate of infrastructure costs for Kamakana Villages is \$58,500,000.

**Figure 4: Kamakana Villages Rendering, from County of Hawai‘i**



In summary, the State of Hawai‘i’s comprehensive proposal directly addresses the barriers identified in **Need [Factor (C)(iii)]** and relieves acute demand as follows:

| Response to Barriers and Timeframe  | National Objective   | Eligible Activity  |
|---|--|--|
| <b>Major Barriers: Infrastructure and Financing</b>   |  |  |
| Create a Statewide Infrastructure Bank (create 2026-ongoing)  | Benefits low- and moderate-income persons  | -Section 105(a)(14) (14) provision of assistance including loans and grants for activities which are carried out by public or private nonprofit entities<br>-Facilitate affordable housing production and preservation   |
| Create a Community Facilities District for Iwilei, Honolulu, or comparable infrastructure financing mechanism (create 2025-ongoing)                 | Benefits low- and moderate-income persons  | -Section 105(a)(14) (14) provision of assistance including loans and grants for activities which are carried out by public or private nonprofit entities<br>-Facilitate affordable housing production and preservation   |
| Design wastewater improvements in Līhu‘e, Kaua‘i (complete 2026)  | Benefits low- and moderate-income persons  | -Section 105(a)(2) construction of public works<br>-Facilitate affordable housing production and preservation  |
| Design infrastructure improvements for Kahekili Terrace on Maui (complete 2026)   | Benefits low- and moderate-income persons  | -Section 105(a)(2) construction of public works<br>-Facilitate affordable housing production and preservation  |
| Design wells, reservoir, sewer, roads for Kamakana Villages (complete 2026)   | Benefits low- and moderate-income persons  | -Section 105(a)(2) construction of public works;<br>-Facilitate affordable housing production and preservation   |
| <b>Major Barriers: Land Use &amp; Building Controls, Housing Policy, State Land Use Districting, Underutilized Public Lands, Cultural Resources</b> |  |  |
| Develop state capacity by hiring a team of two professionals dedicated to researching and overcoming barriers (2024-ongoing)                        | Benefits low- and moderate-income persons;<br>Prevents or eliminates slums or blight;<br>Meets community development needs having a particular urgency | -Section 105(a)(12) activities necessary to develop a comprehensive community development plan, and to develop a policy-planning-management capacity<br>-Further develop, evaluate and implement housing policies plans<br>-Improve housing strategies<br>-Facilitate affordable housing production and preservation |

The *Proclamation Relating to Housing* was first signed by Governor Green on July 17, 2023. The Governor used his authority as provided by the State Constitution and laws of the State of Hawai‘i to provide relief for disaster damages, losses, and suffering, and to protect the health, safety and welfare of the people. The severe shortfall of affordable housing prompted the *Proclamation*, among other initiatives from the Governor’s office to address the housing crisis. The shortfall is also now the reason why the State is applying for this PRO Housing Grant. On September 15, 2023, Governor Green signed the second *Proclamation Relating to Affordable Housing*, which was re-issued on October 24, 2023. *The Proclamation* aims to facilitate the development process and empower stakeholders to contribute to the creation of affordable housing for Hawai‘i residents. The *Proclamations* reflect extensive input from state and county agencies and community stakeholders. The second *Proclamation* is a continuation of the groundbreaking and visionary work launched by the Green Administration and the many housing stakeholders in Hawai‘i to eliminate the barriers to developing affordable housing.

This **proposed approach is expected to succeed in removing the identified barriers**, The solutions have already been identified, vetted, and included in various studies prepared for and by the State. Housing shortages and regulatory solutions are captured in the County Council-adopted community development plans of O‘ahu, Kaua‘i, Maui, and Hawai‘i Island, including:

- *Consolidated Plan, 2020 Action Plan* identifies infrastructure as the first “Strategy to remove/ameliorate the barriers to affordable housing.”
- *State Transit-Oriented Development Planning and Implementation Project for the Island of O‘ahu* (2020) concludes that “State goals such as the provision of substantial new housing, and the value that new development will create, will be jeopardized if the underlying regional infrastructure systems are not upgraded and implemented in a timely manner beforehand.”
- *Hawai‘i TOD Infrastructure Financing and Delivery Strategy for Pilot Areas* (2023)  
This report will be completed in December 2023, but preliminary deliverables already include information collected during site visits to the four counties, tours of the TOD Pilot Areas, meetings with county permitted interaction groups, individual meetings with county agencies (e.g., planning departments, housing agencies, mayors’ offices), individual meetings with state agencies (Department of Accounting and General Services, Hawai‘i Community Development Authority), and meetings with state senators and representatives of the State Legislature.

**This approach will lead to significant increases in the production and preservation of affordable housing.** If all four county-specific requests are funded, the infrastructure will unlock the production of at least **10,800 new housing units—the majority of which will be affordable for extremely low-income, low-income, moderate-income, and workforce populations throughout the State.** The one project that includes both demolition and reconstruction of units is managed by the Hawai‘i Public Housing Authority. The Hawai‘i Public Housing Authority receives funding assistance from the federal government and is in compliance with all federal regulations and requirements. As such, new housing opportunities will not invite displacement.

Housing shortages have long existed in Hawai‘i. The State regularly funds infrastructure improvements and permits and builds affordable housing. In this way, **the proposal compares to similar efforts.** However, the **lesson the State has learned** from those efforts is that incremental

capital improvement program funding and a fragmented approach will not address the backlog of housing needs fast enough. State and county efforts, while critical, are not making a significant dent in the State's housing needs. The State needs a dedicated housing team within the Office of Planning and Sustainable Development to develop, evaluate, and implement housing policies and plans and improve housing strategies—especially those pertaining to financing infrastructure, addressing zoning and regulatory barriers, and facilitating affordable housing production.

While the Hawai'i has not been able to build at the scale needed to address demand, the state has had **success in planning for and building affordable housing**. For example, in Fiscal Year 2022, the Hawai'i Housing Finance & Development Corporation assisted in the delivery of 1,531 units while managing assets totaling approximately \$1.7 billion. [Since its inception in 2006, the Hawai'i Housing Finance & Development Corporation facilitated the development of 13,741 affordable and workforce units statewide.](#)

The Hawai'i Housing Finance & Development Corporation also has the capacity to **fund and finance infrastructure improvements** in the same way that the Hawai'i Green Infrastructure Authority offers loans to homeowners who wish to reduce energy costs with the installation of solar panels. Through its Dwelling Unit Revolving Fund, the Hawai'i Housing Finance & Development Corporation has financed infrastructure improvements at Lima Ola on the island of Kaua'i and Varona Villages on the island of O'ahu. The 2023 *Hawai'i TOD Infrastructure Financing and Delivery Strategy for Pilot Areas* found that more capital can be raised and used in a more comprehensive manner through the creation of an Infrastructure Bank, modelled after a similar infrastructure financing entity in the state of Rhode Island. The **Hawai'i Housing Finance & Development Corporation and the Hawai'i Green Infrastructure Bank have succeeded** at institutionalizing processes that are reasonably straightforward to implement, understood by the local population, and can be monitored. This proposal will **emulate them** and build on their successes. This new Infrastructure Bank may even be joined to one or both of these entities, depending on necessary research and communications with these entities.

**Our proposal aligns with existing planning initiatives.** In 2016, Act 130, SLH 2016 (SB 3077) was signed into law designating the Office of Planning and Sustainable Development as the lead state agency to coordinate and advance smart growth and TOD planning in the State. This includes the TOD Council's [State of Hawai'i Strategic Plan for Transit-Oriented Development](#) (updated in March 2023), which includes the affordable housing projects contained in this proposal and identifies the need for infrastructure funding and financing.

One of the key principles identified in the plan is equitable development. The *Strategic Plan* recognizes that **transit-oriented development occasionally results in gentrification and displacement**. As such, the plan recommends strategies such as “community engagement, supportive land use policies, capital investments, small business/entrepreneurship programs, and tax credit programs” (from pages 1-14). This proposal includes statewide efforts to assist with infrastructure investments, but also includes specific investments in TOD areas such that **new housing opportunities are targeted to areas that allow current and future residents to access public transit, jobs, public services, or other amenities**. Because the projects are in TOD areas, and TOD areas are by their very nature mixed-use, the proposal **supports job creation and retention efforts**.

ii. What is your geographic scope?

The proposal will **benefit the entire State of Hawai'i, as well as specific neighborhoods in the City and County of Honolulu, Kaua'i, Maui, and Hawai'i Counties.** It creates a statewide institutional structure for overcoming regulatory land use barriers to the production of affordable housing and creates a comprehensive financing mechanism for infrastructure investments. The proposal will lead to the **creation of affordable housing units in high-opportunity areas and expansion of opportunity in underserved communities** by unlocking opportunities to develop affordable, mixed-income, mixed-use, and transit-oriented communities. **Maps, drawings, and renderings** of each specific project are included in section [Soundness of Approach (D)(i)].

iii. Who are your key stakeholders? How are you engaging them?

Hawai'i's *2023 Annual Action Plan of the Consolidated Plan* describes the State's funding plans for the coming program year and certifies program compliance with the Consolidated Plan, HOME, ESG, and HOPWA programs. Outreach was conducted to satisfy 24 CFR part 91. It included a series of virtual and in-person public hearings by each of the counties and the Hawai'i Housing Finance & Development Corporation to solicit input on housing and homeless needs and priorities. Public hearing notices were published in regional newspapers and in the *Honolulu Star-Advertiser* (a newspaper of general circulation) in August, September and October of 2022. Virtual and in-person public hearings were held from August through October 2022. A summary of the comments received is included in the *2023 Action Plan*.

In addition to the outreach conducted for the *2023 Action Plan*, the **State's Transit-Oriented Development Council** meets regularly to:

- Develop and implement a state strategic plan for TOD, including mixed-use and affordable and rental housing projects;
- Facilitate funding for TOD programs and projects;
- Monitor TOD implementation and recommend needed policy and statutory changes; and
- Review Capital Improvement Project requests for TOD on state lands.

The meetings are open to the public and comply with Hawai'i's Sunshine Laws. With representation from state and county governments and the community, the TOD Council serves as a forum for TOD planning and policy development. The Council is co-chaired by the directors of the Office of Planning and Sustainable Development and the Hawai'i Housing & Finance Development Corporation.

By law, all counties in the State of **Hawai'i are required to engage in long-range planning.** The general plans and community development plans produced and updated regularly involve a significant amount of public outreach. Public sentiment is both captured and reflected in plans that are ultimately adopted by the county councils. Such plans generally use a variety of **virtual and in-person mechanisms** intended to engage persons with unmet housing needs; residents of public or other affordable housing units; persons from all protected class groups under the Fair Housing Act; local and regional public agencies that provide funding or technical assistance for housing, transportation, and social services; community organizations, especially those that represent

protected classes; private and non-profit housing developers; community land trusts; advocacy organizations and legal groups; and business and civic leaders.

**A public comment period starting on October 3, 2023 and ending on October 18, 2023 and a public hearing conducted on Oct. 18, 2023** for the specific purposes of this proposal allowed opportunity for community feedback. Comments are addressed in the appendix. The engagement process follows Hawai‘i state guidelines and practices. Information about the NOFO and how to submit public comment was published in news media outlets, including online, print, and radio, and on the Governor’s website. Outreach was conducted in 13 commonly spoken languages.

The Hawai‘i Public Housing Authority and the Hawai‘i Housing Finance & Development Corporation—who have extensive experience in affordable housing finance and construction—were consulted at length to identify priority activities for this NOFO. In addition, relevant state and county leadership and agencies and housing and community development experts were consulted in the development of this specific proposal.

This proposal builds largely on work that has been vetted by the public and through the YIMBY Working Group and the State Transit-Oriented Development Council. The YIMBY Working Group has extensively outlined barriers to the production of affordable housing through exhaustive stakeholder engagement of state and county agencies, members of the State Legislature, and other relevant stakeholders. The proposed grant activities aim to provide further capacity building to address these identified barriers. The TOD Council includes 25 members representing state and county executive leadership, relevant agencies, and business, developer, and community leaders. **Specific stakeholders include developers, housing experts, builders/general contractors, and unions as well as persons in need of affordable housing.**

The activities in this grant proposal aim to provide **concrete funding to execute recommendations identified by these stakeholders, where due to an existing lack of funding, proposals have not already been implemented.** The activities outlined in this proposal have been extensively vetted by the public and housing and planning experts through existing processes. **Continued outreach** will occur during the grant’s period of performance by the housing team that will be hired with the grant funds.

iv. How does your proposal align with requirements to affirmatively further fair housing?

A professional team will be hired with the grant funds to work with the counties to **address barriers to the development of affordable housing in well-resourced areas of opportunity** and to institutionalize funding and financing mechanisms to assist with expediting investment in infrastructure. The YIMBY Working Group identified inadequate infrastructure as the primary impediment to housing production.

The proposal will **increase access for underserved groups** by creating a Statewide Infrastructure Bank, a Community Facilities District for Iwilei, or other finance mechanism that raises funds for financing infrastructure improvements, and funding for the design of infrastructure that will benefit specific affordable housing projects that have stalled due to the lack of infrastructure.



The **racial composition** of the people or households who are expected to benefit from the proposed grant activities reflect the demographics of Hawai‘i. According to the 2022 population estimates of the [US Census](#), Hawai‘i’s racial composition is:

|  |       |
|--|-------|
| Asian alone                                      | 37.1% |
| White alone                                      | 25.2% |
| Two or More Races                                | 24.7% |
| White alone, not Hispanic or Latino              | 21.3% |
| Hispanic or Latino                               | 11.1% |
| Native Hawaiian and Other Pacific Islander alone | 10.3% |
| Black or African alone                           | 2.2%  |
| American Indian and Alaska Native alone          | .4%   |

Hawai‘i is a racially and ethnically diverse state. Given Hawai‘i’s demographics and unique history, the State has barriers in achieving housing equity that differ from the **racial segregation** due to a long history of redlining commonly identified in communities elsewhere in the U.S. **Data consistently shows that Native Hawaiians disproportionately experience cost burdens relating to housing and face compounded hurdles in accessing affordable housing options.** This is illustrated by the decades-long waitlist for a Hawaiian homestead and the increasing exodus of Native Hawaiians from Hawai‘i to states where the cost of living and housing prices are much lower. The Department of Hawaiian Home Lands was consulted in the development of this proposal, and infrastructure investments will help make available additional homesteads for Native Hawaiians on the waitlist. Data also shows that the need for affordable housing is widespread, emphasizing the importance of immediate efforts to address affordable housing before the State loses its unique cultural identity due to more out migration of Hawai‘i’s diverse population.

In comparison to other communities, Hawai‘i has small minimum lot sizes for single-family residential development, beginning at 3,500 square feet. In most zones where only residential uses are allowed, most counties allow for at least one accessory dwelling unit. More needs to be done to generate more housing and more affordable housing, in particular. If the request is funded, the proposed housing team will engage in **planning and policy activities to address barriers in support of affordable housing.**

The State of Hawai‘i’s proposal includes statewide solutions and infrastructure investments in every county across a range of socio-economic communities in TOD pilot areas that encourage vibrant mixed-income communities. This will **ensure that affordable housing will not solely be concentrated in low-opportunity areas** or in areas that already have ample affordable housing. The infrastructure investments identified in the proposal will support affordable housing projects in transit-oriented areas with access to urban centers and job opportunities, **which expands access to well-resourced areas of opportunity.** Funds will be used in TOD areas near other affordable projects because those projects do not require that people own and maintain their own vehicles to access nearby economic opportunity. The State of Hawai‘i’s approach **addresses the housing needs of members of protected class groups, including persons with disabilities, families with children, and underserved communities of color** in that at least 51% of the housing produced will benefit low and moderate-income households in racially diverse neighborhoods.

This proposal addresses issues identified in the State's most recent fair housing plan or plans. In April of 2020, the University of Hawai'i Economic Research Organization published an [Analysis of Impediments to Fair Housing](#) for the following entities: Hawai'i Housing Finance & Development Authority, Hawai'i Department of Hawaiian Home Lands, Hawai'i Department of Human Services, Hawai'i Public Housing Authority, City and County of Honolulu Department of Community Services, Hawai'i County Office of Housing and Community Development, Kaua'i County Housing Agency, Maui County Department of Housing and Human Concerns. The *Analysis of Impediments* is a review of a jurisdiction's laws, regulations, and administrative policies, procedures, and practices affecting the location, availability, and accessibility of housing. It also provides an assessment of conditions—both public and private—affecting fair housing choice. The report suggested that government employees who deal with fair housing issues would benefit from additional training on fair housing. This proposal creates a team that could harness the necessary resources to provide such training. The team would also be able to assist with the following recommendations included in *Analysis of Impediments*: develop updated program rules and policies; policy communication and dissemination; language access improvements; and affirmatively furthering fair housing.

The **risk of displacement** will be addressed by this proposed housing team and by the assistance of the Hawai'i Public Housing Authority and Hawai'i Housing Finance & Development Corporation. Because of the federal funding that the Hawai'i Public Housing Authority and Hawai'i Housing Finance & Development Corporation regularly receive, the agencies have a variety of compliance mechanisms in place to ensure that planned activities do not lead to the displacement of vulnerable residents in communities of color.

A priority of the State and its counties is to create more mixed-use zones closer to transit. Counties have completed streets designs that help people safely travel that last mile to the rail or bus routes. However, the counties lack the capacity to do all that is necessary. The proposed housing team will support them and provide the necessary coordination so that **targeted barriers are eliminated**. The proposal will eventually result in the production of at least 10,800 units. Initial efforts will go toward designing and financing of infrastructure improvements, and this activity will not displace any existing tenants. Similarly, over time, this proposal will also address the housing needs of people with disabilities, increase their access to affordable housing, and **support independent living**. Affordable housing developments aimed to provide affordable housing for seniors will directly benefit from infrastructure investments included in this proposal. Since nearly all affordable housing in Hawai'i receives some sort of financial subsidy, affordable housing that will be built as a result of this grant proposal will be **required to comply with the Americans with Disabilities Act (ADA) and accessibility requirements under the Fair Housing Act**. The proposed housing team, with its partners, will ensure **compliance and implementation**. Given that this team will be located within state government, it will have the support of the legal team at the Hawai'i Department of the Attorney General.

Education on the barriers to developing and preserving affordable housing will help **overcome resistance to streamlining existing regulatory processes for housing development**. Throughout the State there is a shared understanding that there is a crisis in producing and preserving affordable housing and expressed interest in identifying and removing those barriers. The housing team will

work in close coordination with county planning and housing departments which not only understand the need for housing but have been revising their zoning codes and processes to address housing needs.

A statewide **diversity and equity plan** will be created by the proposed housing team. In the meantime, *Hawai‘i’s 2050 Sustainability Plan* and City and County of Honolulu’s Resiliency Office equity-related educational resources, tools, or public input are reflected in this proposal. The housing team will **engage and support minority-, women-, and veteran-owned businesses** during planning efforts and housing production. The team will establish, vet, and monitor metrics. A comprehensive set of housing data is regularly prepared for a consortium of state and county housing agencies. The study identifies housing conditions, presents demographic and economic characteristics of Hawai‘i’s households, and measures housing need, demand, and preferences. It also provides an update on housing inventory and rental housing data. The housing team will work with this consortium to better monitor and report on the amount of housing produced annually and on the **effect the proposal has on promoting desegregation, expanding equitable access to well-resourced areas of opportunity, furthering the de-concentration of affordable housing, and on tracking and evaluating the efficacy of the State’s efforts to advance racial equity.**

While this application seeks the funds to design the necessary infrastructure, implement certain financing tools, and establish an infrastructure bank, **these efforts will result in the production of at least 10,800 housing units—the majority of which will be affordable.** Given partners like the Hawai‘i Housing Finance & Development Corporation and the Hawai‘i Public Housing Authority’s experiences with federal funds, the team will rely on those agencies’ guidance to ensure that units are affirmatively marketed broadly to demographic groups that would be unlikely or least likely to apply absent such efforts. OPSD and its partners understand that any actions taken in furtherance of this section must be consistent with **federal nondiscrimination requirements.**

v. What are your budget and timeline proposals?

Should the proposal funding be approved, the team will ensure that the project will be cost-effective, in line with industry standards, and appropriate for the scope of the project. The budget for the proposed activities is as follows:

| Activities  | Requested HUD Share | Leveraged Funds | Basis for Estimate   |
|---|---------------------|-----------------|--|
| Hire staff: manage grant, address eight identified barriers                             | \$1,593,433.67      | \$0             | 2 FTE (\$65K, \$75K) annually plus 64.45% fringe benefits)   |
| Create an Infrastructure Bank   | \$500,000           | \$0             | Previous experience establishing HGIA  |
| <u>O‘ahu</u> : Create a Community Facilities District in Iwilei or comparable mechanism | \$500,000           | \$5,000,000     | <i>Iwilei Infrastructure Master Plan</i> Hawai‘i Housing Finance & Development Corporation Experience (2022) |

|  |                |             |   |
|--|----------------|-------------|---|
| <u>Kaua'i</u> : Design wastewater improvements in Līhu'e                     | \$800,000      | \$0         | Design = 10% of construction cost from 2023 <i>HI TOD Infrastructure Financing &amp; Delivery for TOD Pilot Areas</i> |
| <u>Maui</u> : Design infrastructure improvements for Kahekili Terrace        | \$500,000      | \$250,000   | Design = 10% of construction cost from 2023 <i>HI TOD Infrastructure Financing &amp; Delivery for TOD Pilot Areas</i> |
| <u>Hawai'i</u> : Design wells, reservoir, sewer, roads for Kamakana Villages | \$6,000,000    | \$3,000,000 | Design = 10% of construction cost from 2023 <i>HI TOD Infrastructure Financing &amp; Delivery for TOD Pilot Areas</i> |
| TOTAL  | \$9,893,433.67 | \$8,250,000 |   |

The proposed activities each have specific budgets and can be managed as discreet tasks. As such, it will **not be difficult to manage a successful project if HUD awards a different dollar amount than requested. The minimum funding amount that would allow the team to carry out the proposal's goals is \$1.6 million.** That would allow the hiring of a professional housing team. In addition to coordinating with Counties to address land use regulations, permitting, and related procedural matters, this team could pivot to researching grants that would then do the necessary institutional capacity building around infrastructure investments.

**Awarding 9% of the request** would allow the Office of Planning and Sustainable Development to hire a housing team and create a Statewide Infrastructure Bank in line with recommendations from the Hawai'i Green Infrastructure Authority and the Hawai'i Housing Finance & Development Corporation. These two components—staff and an Infrastructure Bank—will have a significant, long-term impact on the State. Together, these items build significant financial and administrative capacity that can be used by both the public and private sectors to develop the infrastructure that unlocks affordable housing production.

**Awarding 55% of the request** would allow the Office of Planning and Sustainable Development to hire the housing team to address affordable housing barriers identified by the YIMBY Working Group, establish a Statewide Infrastructure Bank to provide a long-term financing mechanism for infrastructure, and then use a Request for Proposal Process (RFP) to select and award infrastructure design or capacity building projects. While not every county would be assisted with infrastructure design assistance, the RFP process could fairly allocate the available funds, and would help make some important, incremental steps toward infrastructure construction, and thus, housing production. The housing team's efforts would be fully supported by the Office of Planning and Sustainable Development, the entity that uses RFPs annually to award state capital improvement program funds to county and state agencies for TOD projects.

See the subsequent page for a timeline of proposed grant activities.

| TASK (February 2024 - June 2025)   | START     | END        | 24-Feb | 24-Mar | 24-Apr | 24-May | 24-Jun | 24-Jul | 24-Aug | 24-Sep | 24-Oct | 24-Nov | 24-Dec | 25-Jan | 25-Feb | 25-Mar | 25-Apr | 25-May | 25-Jun |
|--|-----------|------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Building statewide capacity to address barriers</b>                                   |           |            |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Hire staff   | 2/1/2024  | 5/1/2024   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Onboard staff  | 5/1/2024  | 6/1/2024   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Training + Stakeholder Engagement  | 6/1/2024  | 7/1/2024   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Develop 5-Year Plan  | 7/1/2024  | 12/1/2024  |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Ongoing project management, policy development, etc.                                     | 12/1/2024 | 9/30/2029  |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| <b>Infrastructure Bank and Oahu Community Facilities District (or similar mechanism)</b> |           |            |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Research and stakeholder engagement  | 2/1/2024  | 5/1/2024   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Draft scope of work and RFP  | 5/1/2024  | 7/1/2024   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Issue RFP  | 7/1/2024  | 8/1/2024   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Select Bid and Sign contract   | 8/1/2024  | 12/31/2024 |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Draft/Vet Institutional Structure  | 1/1/2025  | 6/1/2025   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Draft necessary enabling legislation and rules   | 7/1/2025  | 12/1/2025  |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Submit to legislature for approval   | 1/1/2026  | 1/1/2026   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Draft standard operating procedures  | 2/1/2026  | 6/1/2026   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| House and operate new program within an existing state/city agency unit                  | 7/1/2026  | ongoing    |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| <b>Kauai, Maui, Hawaii Counties' Distinct Infrastructure Investments</b>                 |           |            |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Public and stakeholder engagement  | 3/1/2024  | 12/1/2024  |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Draft scope of work and RFP  | 10/1/2024 | 2/1/2025   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Issue RFP  | 7/1/2025  | 8/1/2025   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Select Bid and Sign Contract   | 9/1/2025  | 12/1/2025  |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Draft Design Documents   | 1/1/2026  | 6/1/2026   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Identify infrastructure construction funding/financing                                   | 5/1/2026  | 10/1/2026  |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Finalize design documents  | 7/1/2026  | 12/1/2026  |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |

| TASK (July 2025-ongoing)   | START     | END         | 25-Jul | 25-Aug | 25-Sep | 25-Oct | 25-Nov | 25-Dec | 26-Jan | 26-Feb | 26-Mar | 26-Apr | 26-May | 26-Jun | 26-Jul | 26-Aug | 26-Sep | 26-Oct | 26-Nov | 26-Dec |
|--|-----------|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Building statewide capacity to address barriers</b>                                   |           |             |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Hire staff   | 2/1/2024  | 5/1/2024    |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Onboard staff  | 5/1/2024  | 6/1/2024    |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Training + Stakeholder Engagement  | 6/1/2024  | 7/1/2024    |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Develop 5-Year Plan  | 7/1/2024  | 12/1/2024   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Ongoing project management, policy development, etc.                                     | 12/1/2024 | Project end |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| <b>Infrastructure Bank and Oahu Community Facilities District (or similar mechanism)</b> |           |             |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Research and stakeholder engagement  | 2/1/2024  | 5/1/2024    |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Draft scope of work and RFP  | 5/1/2024  | 7/1/2024    |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Issue RFP  | 7/1/2024  | 8/1/2024    |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Select Bid and Sign contract   | 8/1/2024  | 12/31/2024  |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Draft/Vet Institutional Structure  | 1/1/2025  | 6/1/2025    |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Draft necessary enabling legislation and rules   | 7/1/2025  | 12/1/2025   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Submit to legislature for approval   | 1/1/2026  | 1/1/2026    |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Draft standard operating procedures  | 2/1/2026  | 6/1/2026    |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| House and operate new program within an existing state/city agency unit                  | 7/1/2026  | Project end |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| <b>Kauai, Maui, Hawaii Counties' Distinct Infrastructure Investments</b>                 |           |             |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Public and stakeholder engagement  | 3/1/2024  | 12/1/2024   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Draft scope of work and RFP  | 10/1/2024 | 2/1/2025    |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Issue RFP  | 7/1/2025  | 8/1/2025    |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Select Bid and Sign Contract   | 9/1/2025  | 12/1/2025   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Draft Design Documents   | 1/1/2026  | 6/1/2026    |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Identify infrastructure construction funding/financing                                   | 5/1/2026  | 10/1/2026   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Finalize design documents  | 7/1/2026  | 12/1/2026   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |

## Exhibit E: Capacity

i. What capacity do you and your partner(s) have? What is your staffing plan?

The Office of Planning and Sustainable Development, the Hawai'i Housing Finance & Development Corporation, and the Hawai'i Public Housing Authority, will manage and oversee the grant funds. The Office of Planning and Sustainable Development and the Hawai'i Housing Finance & Development Corporation are administratively attached to the State's Department of Business, Economic Development & Tourism, and the Hawai'i Public Housing Authority is administratively attached to the Department of Human Services. All three agencies work in partnership with the Governor's Office as Governor Green's designated leads for executing his *Emergency Proclamation Relating to Affordable Housing*. They have worked together for many years on a variety of projects, ranging from permitting to legislation to financing. The agencies manage funds from the federal government and have track records that demonstrate capacity.

**The Office of Planning and Sustainable Development is the agency that will lead implementation of the proposed activities.** The Office of Planning and Sustainable Development assists the State with analyzing and formulating state policies and strategies. It also guides the allocation of resources and alignment of state activities and programs. This includes experience allocating State TOD Capital Infrastructure Project planning grants, which will prove essential in the execution of this grant. The Office is also responsible for evaluating and communicating potential or current opportunities and weaknesses of proposed activities and programs. The Office of Planning and Sustainable Development is the State's planning office and is charged with administering the **Hawai'i State Planning Act**, i.e., "to improve the planning process in this State, to increase the effectiveness of government and private actions, to improve coordination among different agencies and levels of government, to provide for wise use of Hawai'i's resources and to guide the future development of the State." See [HRS §226-1](#).

The Hawai'i State Planning Act was adopted in 1978 for the following purposes: (1) to improve the planning process in the State, (2) to increase the effectiveness of government and private actions, (3) to improve coordination among different agencies and levels of government, (4) to provide for wise use of Hawai'i's resources, and (5) to guide the future development of the State. HRS Chapter 226 sets forth the *Hawai'i State Plan*, which (1) serves as a guide for the future long-range development of the State; (2) identifies the goals, objectives, policies, and priorities for the State; (3) provides a basis for determining priorities and allocating limited resources, such as public funds, services, human resources, land, energy, water, and other resources; (4) improves coordination of federal, state, and county plans, policies, programs, projects, and regulatory activities; and (5) establishes a system for plan formulation and program coordination to provide for an integration of all major state and county activities.

The Office of Planning and Sustainable Development has the **management capacity** to hire, train, and house the new team of two professionals that will be dedicated to implementing the grant. The Office of Planning and Sustainable Development has a director, existing divisions that understand and work on short- and long-range matters of importance to the State, a statewide geographic information system, and clerical and accounting staff. It has the authority to **procure contracts and hire staff** within the structure of the State and has the internal controls to launch and implement this effort.

**The Hawai'i Housing Finance & Development Corporation** is the State's affordable housing development and management agency. The Hawai'i Housing Finance & Development Corporation is governed by a board of nine members, six of whom are public appointees, along with the Director of Finance, the Director of the Department of Business, Economic Development & Tourism, and a representative from the Governor's Office. The Hawai'i Housing Finance & Development Corporation's statutory powers range from: housing advocacy and information system; housing research; housing counseling; acquisition, use, and disposition of property; cooperative agreements with other governmental agencies; development of property; eminent domain, exchange or use of public property; and other governmental contracts and housing management. In practice, however, the bulk of the agencies' activities are focused on affordable housing development and finance. As such, it is an important agency for the development and management of affordable housing and state advocacy for affordable housing.

**The Hawai'i Public Housing Authority** helps provide Hawai'i residents with affordable housing for low-income individuals and shelter without discrimination. The Hawai'i Public Housing Authority efforts focus on developing affordable rental and supportive housing, public housing, and the efficient and fair delivery of housing services to the people of Hawai'i. Federal Public Housing is a U.S. Department of Housing and Urban Development program first established in 1937 to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. The Hawai'i Public Housing Authority is the sole provider of Federal Public Housing Statewide. The Hawai'i Public Housing Authority also administers State Public Housing which operates similarly to, but independent of, the federal program. As of June 2022, both programs combined serve over 5,200 families, or approximately 13,000 individuals. In 2022, the Hawai'i Public Housing Authority was also one of 29 agencies that was selected for HUD's Landlord Incentives Cohort of the Moving to Work (MTW) Demonstration Program due to its work and commitment to supporting low-income people.

The Office of Planning and Sustainable Development's capacity to design and plan—or to address barriers in production and preservation of affordable housing—is **not dependent on its partners**. As such, the grant funds, or OPSD's ability to implement activities, will not be impacted if a partner drops out. The likelihood of a partner dropping out, though, is negligible, because the partners are state agencies and proposed grant activities would support their work in affordable housing finance and development.

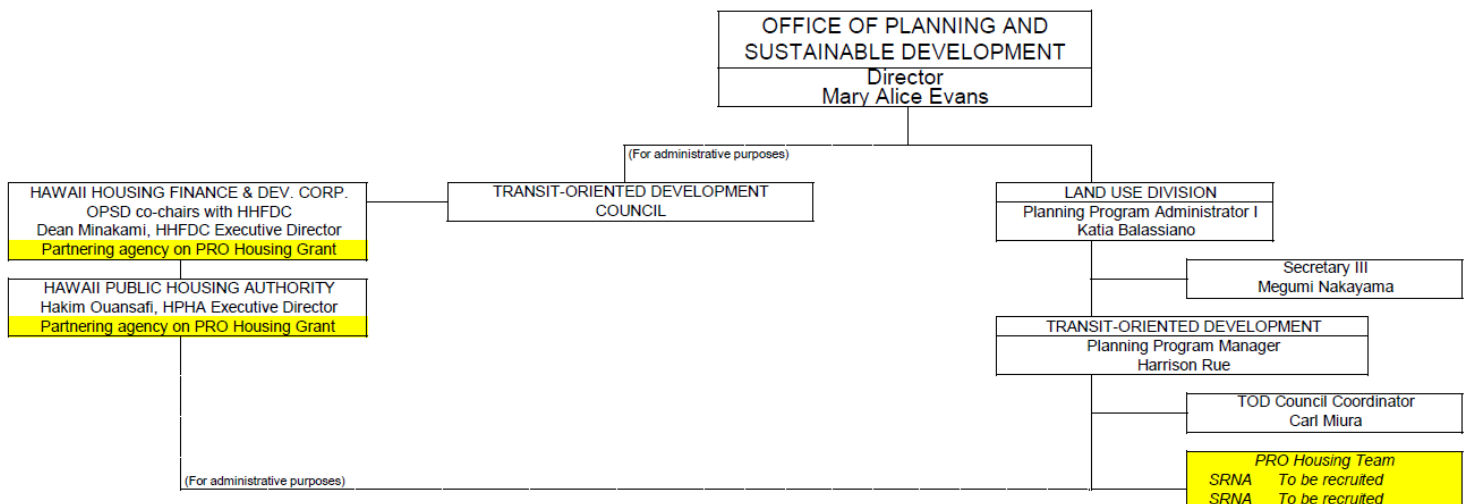
The partners, though, bring valuable expertise to the grant proposal. The three agencies work together on legislative matters and participate in the State TOD Interagency Council and YIMBY Working Group. The Hawai'i Public Housing Authority and the Hawai'i Housing Finance & Development Corporation's extensive collective expertise and experience navigating civil rights and fair housing and ADA regulations, policies, and programs—including the Hawai'i Public Housing Authority's administration of the Federal Public Housing program and State Public Housing program—to increase access to quality housing for low-income families and individuals will ensure the needs of underserved communities are addressed effectively and efficiently for each proposed activity. The Hawai'i Public Housing Authority and Hawai'i Housing Finance and Development's advice and guidance on civil rights and fair housing matters will greatly increase the effectiveness of each of the activities proposed and significantly advance the proposal's goal to affirmatively further fair housing.



As recipients of HUD grants, the Hawai‘i Public Housing Authority and the Hawai‘i Housing Finance & Development Corporation will also provide grants administration expertise and experience. The Hawai‘i Housing Finance & Development Corporation is a grantee of both the HOME Investment Partnerships Program and the Housing Trust Fund, while HPHA is the sole provider of federal public housing statewide. In addition, the State’s counties included in this application receive Community Development Block Grants and can provide technical assistance to the State. If awarded, PRO Housing funds will be the Office of Planning and Sustainable Development’s first HUD award, so experience held by the Hawai‘i Public Housing Authority and the Hawai‘i Housing Finance and Development Corporation regarding HUD Office of Community Planning and Development grant management and reporting requirements, processes, and procedures generally will serve as valuable resources to Office of Planning and Sustainable Development in fulfilling the award requirements.

The Office of Planning and Sustainable Development has **experience working with and coordinating partners** (including contractors, funders, subrecipients, community stakeholders, and other government agencies) in projects similar in scope of scale to the proposed activities. Over the years, Office of Planning and Sustainable Development has received millions of dollars from the U.S. Department of Commerce’s Economic Development Administration and National Oceanic and Atmospheric Administration.

The Office of Planning and Sustainable Development staff in partnership with the Governor’s Office **wrote this application**. Katia Balassiano, Planning Program Administrator I, Land Use Division, Office of Planning and Sustainable Development, and Lindsay Apperson, Federal Recovery Plan Subject Matter Area Specialist, Office of the Governor were primary authors. In addition to these offices, the representatives from the Hawai‘i Housing Finance & Development Corporation, the Hawai‘i Public Housing Authority, the YIMBY Working Group, the Hawai‘i Green Infrastructure Authority, the Hawai‘i Community Development Authority, and the Department of the Attorney General reviewed it. The Hawai‘i Public Housing Authority and Hawai‘i Housing Finance & Development Corporation have **direct experience working with civil rights and fair housing issues** including, for example, working with data to analyze racial or economic disparities. Both agencies have experience designing and operating programs that have contributed to tangible reductions in racial and economic disparities.



## Exhibit F: Leverage

i. Are you leveraging other funding or non-financial contributions?

As described in [Factor: Capacity, (E)(i)], the Office of Planning and Sustainable Development, the Hawai'i Housing Finance & Development Corporation, and the Hawai'i Public Housing Authority will manage and oversee the PRO Housing award. As the State's housing leads, and the agencies designated with executing Governor Green's *Proclamation Relating to Affordable Housing*, these three agencies are not only fully supportive of the activities proposed herein but firmly committed to prioritizing its activities and goals through the following financial commitments. The Office of Planning and Sustainable Development has the opportunity to **leverage \$8,250,000 in additional funds if awarded a PRO Housing grant**. These additional funds demonstrate the need for and commitment to the proposed activities, increasing the financial effect of the requested PRO Housing funds by 83%. This financial commitment, along with those of expertise, experience, and partnership, significantly advances the goal to produce 10,800 units through projects as well as the overall, long-term goal of removing barriers to producing and preserving affordable housing.

*Kahekili Terrace Housing Project*

To support the design of infrastructure improvements for Kahekili Terrace Housing Project, the Office of Planning and Sustainable Development and the Hawai'i Public Housing Authority (HPHA) commit \$250,000 as financial leverage. These funds are sourced from OPSD's TOD Capital Improvement Project grant awarded to HPHA to broaden the scope of the Kahekili Terrace Housing Project to incorporate consideration of TOD objectives and promote collaboration in project planning and development. With these funds, HPHA will conduct planning studies and environmental assessments necessary for the redevelopment of existing housing on site. HPHA's commitment of these funds will increase density and make more affordable, work force, and market rate housing units available. This leverage significantly advances the project's PRO Housing goal of increasing affordable housing opportunities to areas that allow current and future residents to access public transit, jobs, public services, or other amenities. In addition to this financial commitment, the Hawai'i Public Housing Authority also commits to providing technical expertise and assistance towards the design and development of infrastructure for the Kahekili Terrace Housing Project. Given that the Hawai'i Public Housing Authority is the existing lead agency responsible for the complete planning and construction of the Kahekili Terrace Housing Project, the Hawai'i Public Housing Authority's technical expertise and assistance is critical to ensuring the design of infrastructure improvements are conducted effectively and efficiently.

*Iwilei-Kapalama TOD Pilot Area*

In support of the Community Facilities District for infrastructure in Iwilei-Kapalama, the Office of Planning and Sustainable Development is leveraging \$5,000,000 from the Hawai'i Housing Finance & Development Corporation. These funds will prepare a master plan and Environmental Impact Statement for infrastructure improvements and development and redevelopment of State-owned properties near the Iwilei Transit Station, the same region the Community Facilities District proposed herein covers. A financing mechanism for infrastructure improvements is a necessary component in the development master plan. The Hawai'i Housing Finance & Development Corporation's commitment of these funds demonstrates how critical an infrastructure financing mechanism is to the overall planning and development of this TOD area and will further the PRO

Housing goal of increasing housing opportunities to areas that allow current and future residents to access public transit, jobs, public services, or other amenities.

### *Kamakana Villages*

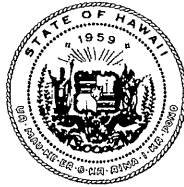
To design wells, reservoir, sewer, and roads for Kamakana Villages, the Office of Planning and Sustainable Development is leveraging \$3,000,000 from the Hawai'i Housing Finance & Development Corporation. These funds are budgeted to support planning and design of water infrastructure at Kamakana Villages. The Kamakana Villages project is fully entitled, with lack of water availability the only remaining obstacle to the development of affordable housing units. Given that water infrastructure remains the final barrier to unlocking 1,600 affordable housing units, the Hawai'i Housing Finance & Development Corporation's commitment of these funds directly and significantly advances the removal of barriers to producing affordable housing.

### *Statewide*

The Office of the Governor is firmly committed to supporting the proposed activities described in this application through executive leadership, coordination, and partnership. Building upon the collaborative relationship developed through the issuance of the second *Proclamation Relating to Affordable Housing*, the Office of the Governor will continue to advocate for and facilitate collaborative efforts amongst the Hawai'i Housing Finance & Development Corporation, the Hawai'i Public Housing Authority, and the Office of Planning and Sustainable Development. Additionally, given the alignment of this proposal with the Office of the Governor's priorities, the Office of the Governor commits that its Housing Team will pursue housing efforts that parallel and further those proposed herein, drawing upon the expertise and political and community connections of its Housing Team's members.

JOSH GREEN, M.D.  
GOVERNOR

SYLVIA LUKE  
LT. GOVERNOR



DEAN MINAKAMI  
INTERIM 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  
PHONE: (808) 587-0620  
FAX: (808) 587-0600

IN REPLY REFER TO:

23:OED-27

September 28, 2023

Ms. Marion Mollegen McFadden  
Principal Deputy Assistant Secretary for Community Planning and Development  
U.S. Department of Housing and Urban Development  
451 7<sup>th</sup> Street, S.W.  
Washington, DC 20410

Subject: Funding Commitment for the State of Hawaii Office of Planning and Sustainable Development PRO Housing Application

Dear Ms. McFadden:

The Hawaii Housing Finance and Development Corporation (HHFDC) wishes to provide this commitment letter relating to the PRO Housing application submitted by the State of Hawaii Office of Planning and Sustainable Development.

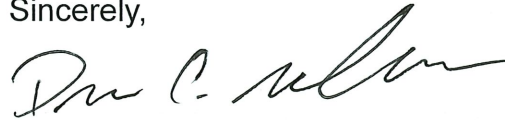
One project proposed in the application is the construction of infrastructure to support affordable housing in the Iwilei-Kapalama region of the City and County of Honolulu. On November 14, 2019, the HHFDC Board of Directors approved a budget of \$5.0 million for preparation of an infrastructure master plan and Environmental Impact Statement for this same region. As such, the requested funds in the PRO Housing application are complementary to ongoing work, and the current commitment by HHFDC will leverage the requested funds. A copy of the For Action approving the budget for the infrastructure master plan and EIS is attached as attachment A.

A second project in the PRO Housing application is the development of water infrastructure to support Kamakana Villages, a master-planned community being developed by HHFDC. This project is fully entitled and only lack of water availability is inhibiting the development of affordable units. On February 9, 2023, the HHFDC Board approved a master plan, project developer, and a loan of \$3,000,000 to the project developer for various purposes including planning and design of water infrastructure. The requested funds in the PRO Housing application complement the funds budgeted by HHFDC and HHFDC's funds will leverage the funds requested in the application. A copy of the For Action approving the commitment of funds for Kamakana Villages is attached as attachment B.

Ms. Marion Mollegen McFadden  
September 28, 2023  
Page 2

In closing, we are in strong support of the PRO Housing application submitted by the State of Hawaii Office of Planning and Sustainable Development. Should you have any questions, feel free to contact me at [dean.minakami@hawaii.gov](mailto:dean.minakami@hawaii.gov) or 808-587-0518.

Sincerely,

A handwritten signature in black ink, appearing to read "Dean C. Minakami". The signature is fluid and cursive, with a large initial "D" and "M".

Dean Minakami  
Interim Executive Director

Attachments

**JOSH GREEN, M.D.**  
GOVERNOR  
KE KIA'ĀINA



**HAKIM OUANSAFI**  
EXECUTIVE DIRECTOR

**BARBARA E. ARASHIRO**  
EXECUTIVE ASSISTANT

STATE OF HAWAII  
KA MOKU'ĀINA O HAWAI'I  
**HAWAII PUBLIC HOUSING AUTHORITY**

1002 NORTH SCHOOL STREET  
POST OFFICE BOX 17907  
HONOLULU, HAWAII 96817

IN REPLY PLEASE REFER TO:

23:OED/67

October 2, 2023

Marion Mollegen McFadden  
HUD Principal Deputy Assistant Secretary  
451 7<sup>th</sup> Street, S.W.  
Washington, DC 20410

Re: Intent to Participate – HUD Pathways to Removing Obstacles to Housing Grant

This letter is to confirm the mutual intent of both the State of Hawai'i Office of Planning and Sustainable Development (OPSD) and the Hawaii Public Housing Authority (HPHA) to collaborate and enter into a partner agreement, contingent upon the award of funds from the United States Department of Housing and Urban Development (HUD) for the Pathways to Removing Obstacles to Housing (PRO Housing) competition, to carry out eligible activities as provided in the State of Hawai'i OPSD PRO Housing application.

The HPHA assists Hawaii residents with affordable housing and shelter without discrimination. HPHA efforts focus on developing affordable rental and supportive housing, public housing, and the efficient and fair delivery of housing services to the people of Hawaii. Federal Public Housing is a HUD program first established in 1937 to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. HPHA is the sole provider of Federal Public Housing statewide. HPHA also administers State Public Housing which operates similar to, but independent of the federal program. As of June 2022, both programs combined serve over 5,200 families, or approximately 13,000 individuals.

If awarded the PRO Housing grant, HPHA intends to provide support to OPSD including, but not limited to, guidance in working with civil rights and fair housing issues and providing technical expertise in the execution of infrastructure design and development for the Kahekili Terrace Housing Project. HPHA has committed \$225,000.00 of funds for planning the Kahekili Terrace Housing Project from a grant provided by OPSD.

It is understood that this letter is only an expression of our intent and a binding partner agreement detailing the terms and conditions of the proposed partnership that must be executed before the use of any PRO Housing funds, if awarded.

Sincerely,



Hakim Ouansafi,  
Executive Director



Reviewed and Approved by the Executive Director   AH    
November 14, 2019

## FOR ACTION

### I. REQUEST

Approve: (1) a Budget from the Dwelling Unit Revolving Fund (“DURF”) to Prepare a Master Plan and Environmental Assessment/Environmental Impact Statement for Infrastructure Improvements and Development/Redevelopment of Various State-Owned Properties Near the Iwilei Transit Station, TMK Nos.: 1-5-007:001; 1-7-026:006, 053; 1-7-027:001; 1-7-029:003; and (2) Authorization of the Executive Director to Enter into Memorandums of Understanding or Agreement Related Thereto with Stakeholders

### II. FACTS

- A. The Honolulu Rail Transit Project is a 20-mile rail system extending from East Kapolei to Ala Moana Shopping Center that will include 21 transit stations. The first phase of the project, extending from East Kapolei to Aloha Stadium, is planned to open in late 2020. The entire system from Kapolei to Ala Moana is expected to be operational by 2025.
- B. A transit station in Iwilei is planned to be constructed as part of the Rail Transit Project. The State of Hawaii owns about 34 acres of land within an approximately quarter-mile radius of the Iwilei Transit Station as shown in Exhibit A and as described in the following table<sup>1</sup>.

| ID | TMK                       | Existing Use                      | Acres |
|----|---------------------------|-----------------------------------|-------|
| 1  | 1-5-007: 001              | Liliha Civic Center (DAGS/HHFDC)  | 3.8   |
| 2  | 1-7-027: 001              | Aala Park (portion, E.O. to City) | 3.6   |
| 3  | 1-7-026: 006              | Kalanihulia Apartments (HPHA)     | 1.9   |
| 4  | 1-7-026: 053              | Kukui Gardens (EAH Housing/HHFDC) | 9.4   |
| 5  | 1-7-029: 003 <sup>2</sup> | Mayor Wright Homes (HPHA)         | 14.8  |

- C. The City prepared the Downtown Neighborhood TOD Plan which was adopted by the City Council via Resolution 16-247, CD1, FD1 on September 6, 2017. The Downtown Neighborhood TOD Plan, which includes the Iwilei, Chinatown, and

<sup>1</sup>Department of Accounting and General Services (“DAGS”); Hawaii Housing Finance and Development Corporation (“HHFDC”); City and County of Honolulu (“City”); Hawaii Public Housing Authority (“HPHA”)

<sup>2</sup> In December 2017, the HPHA and MWH Partners, LLC (comprised of Hunt Development Group, LLC, McCormack Baron Salazar, Inc., and Vitus Group) executed a master development agreement to redevelop Mayor Wright Homes. On April 24, 2018, the Governor accepted the Final EIS for the Mayor Wright Homes redevelopment. As described in the EIS, the redevelopment project proposes to convert the existing development into a new mixed-income, mixed-use transit-oriented development with 2,448 rental units and 80,000 sq. ft. of commercial space.

Downtown Transit Stations, anticipates that 6,500 new dwelling units, 632,000 sq. ft. of commercial retail space, and 1,077,000 of office/R&D/light industrial space could be developed around the rail stations.

- D. The City has prepared the Iwilei/Kapalama TOD Infrastructure Needs Assessment. The assessment concluded that nearly all infrastructure systems will need to be upgraded to allow for the anticipated growth around the Iwilei and Kapalama Transit Stations. The total estimated infrastructure investment is up to \$910 million, of which \$475 million is presently unfunded.
- E. On December 14, 2017, the HHFDC Board of Directors approved a Memorandum of Understanding between HHFDC and the Department of Accounting and General Services for the development of a mixed-use affordable rental Housing and Office Space/Civic Center facility at the Liliha Civic Center site.
- F. The City and HHFDC are in discussions regarding the requirements for the establishment of a regional state infrastructure subaccount under HRS §201H-191.5, Hawaii Revised Statutes (“HRS”) with respect to the state properties shown in Exhibit A.

### III. DISCUSSION

- A. This For Action seeks approval of: (1) a budget of \$5.0 million from the Dwelling Unit Revolving Fund to prepare a Master Plan and Environmental Assessment or Environmental Impact Statement, as applicable, for infrastructure improvements and development/redevelopment of State-owned properties near the Iwilei Transit Station; and (2) authorization of the Executive Director to enter into Memorandums of Understanding/Agreement (“MOAs/MOUs”) related thereto.
- B. Development of the Honolulu rail transit project and Iwilei Transit Station presents an opportunity to evaluate State-owned lands in close proximity to the station and to optimize their use to support the state’s goals for Transit-Oriented Development.
- C. Significant off-site infrastructure upgrades will be necessary to enable redevelopment of the State-owned properties. An infrastructure assessment, cost estimates, and financing strategy will be prepared as part of the master plan.
- D. MOU/MOA with various State and City agencies and other stakeholders will be necessary for the preparation of a Master Plan and Environmental Assessments or Impact Statements for infrastructure improvements and development/redevelopment of State properties and the establishment of a regional State infrastructure subaccount under §201H-191.5, HRS.
- E. Development/redevelopment of the State-owned parcels will require compliance with Chapter 343, HRS, due to the use of state land and funds.
- F. The scope of work for the master planning would include, but not be limited to, the following:

1. Conduct workshop meeting(s) with the HHFDC, DAGS, HPHA, Department of Land and Natural Resources, and other stakeholders to determine parcels to be included in the planning effort, the development program, development phasing, and design considerations.
  2. Prepare master plan concepts for the state-owned parcels taking into consideration the preferred development program, design preferences, infrastructure availability, phasing and impact to existing uses, and development cost.
  3. Prepare a preliminary engineering report and cost projections to investigate on-site and off-site infrastructure requirements for the preferred master plan concept.
  4. Prepare a master plan report documenting the planning process, summarizing input obtained from agency and community meetings, findings of the preliminary engineering report, cost estimates, infrastructure financing, and considerations for each of the alternative master plan concepts.
  5. Prepare a Phase 1 environmental site assessment for the parcels included in the master plan to determine the presence of lead, asbestos, or other contaminants that may impact use of the property.
  6. Prepare an Environmental Assessment or Environmental Impact Statement, and supporting studies, as applicable, in compliance with Chapter 343, HRS.
  7. Conduct community meetings, during the master planning process and the Environmental Assessment or Environmental Impact Statement process.
- G. The estimated cost for the master planning exercise, including preparation of an Environmental Assessment or Environmental Impact Statement, as applicable, is \$5,000,000.
- H. As of September 30, 2019, the uncommitted DURF balance was approximately \$21.4 million.<sup>3</sup>

#### IV. RECOMMENDATION

That the HHFDC Board of Directors approve the following, substantially as described in this For Action:

- A. Preparation of a Master Plan and Environmental Assessment or Environmental Impact Statement, as applicable, for Infrastructure Improvements and Development/Redevelopment of State-owned properties near the Iwilei Transit Station;
- B. Authorize the Executive Director to enter into MOUs/MOAs with various State and City agencies and stakeholders for the preparation of a Master Plan and Environmental Assessments or Impact Statements, as applicable, for

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<sup>3</sup> The Legislature appropriated to the DURF \$25 Million, \$42 Million, and \$25 Million for FY 2018 (SLH 2017), FY 2020 (SLH 2019) and FY 2021 (SLH 2019), respectively. These appropriations are not included in the total cash available.

Infrastructure Improvements and Development/Redevelopment of properties and establishment of a regional State infrastructure subaccount with the City.

- C. Approval of a budget of up to \$5.0 million from the DURF for the Project, as such budget may be amended by the Executive Director; and,
- D. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action;

Subject to the following:

- A. Availability of DURF funds;
- B. Approval of release of DURF funds by the Governor; and
- C. Compliance with all laws and rules, and such other terms and conditions as may be required by the Executive Director.

Attachments: Exhibit A – Location Map

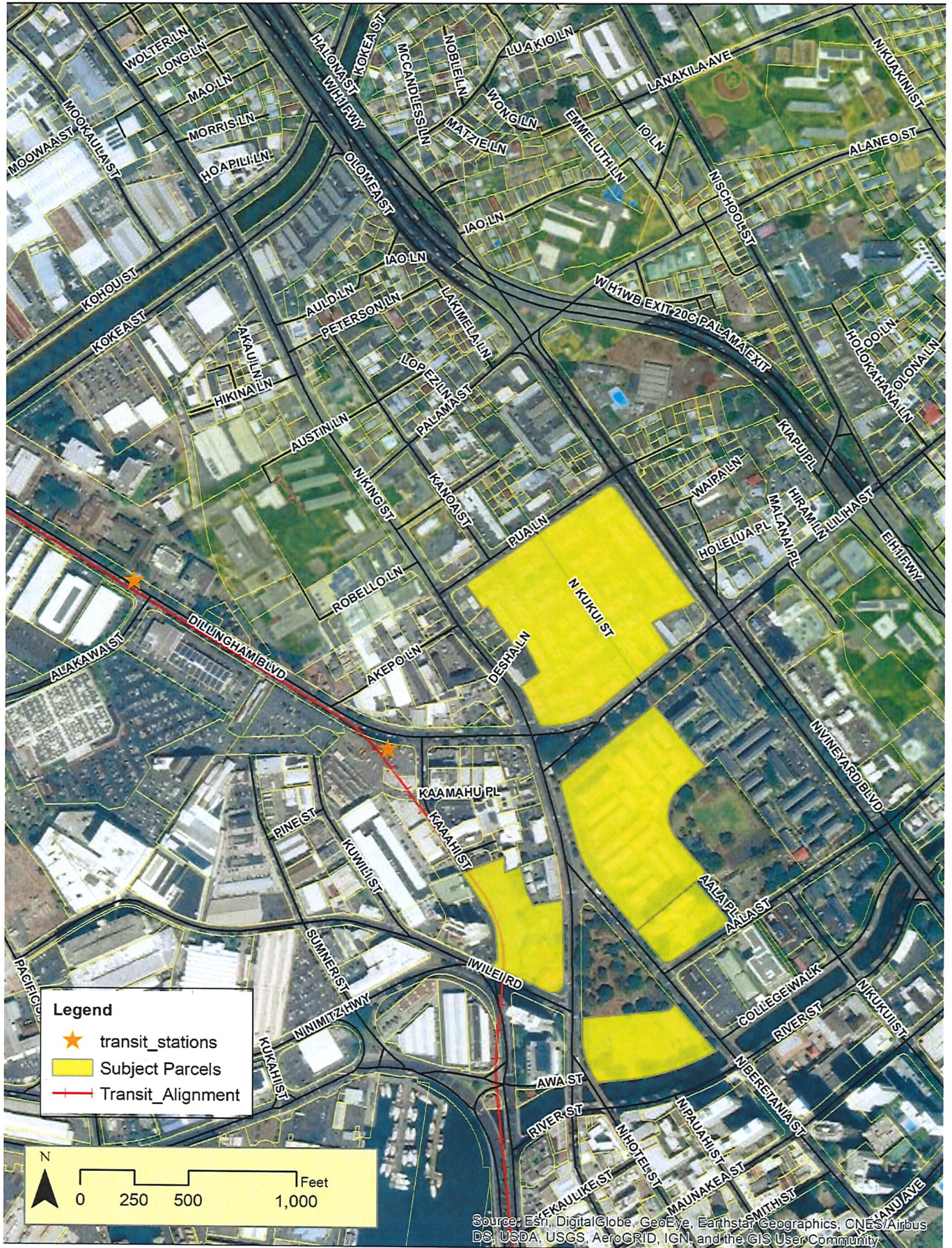
Prepared by: Dean Minakami, Development Section Chief




Reviewed by: Deepak Neupane, Development Branch Chief



### LOCATION MAP



### EXHIBIT A

Reviewed and Approved by the Executive Director 

February 9, 2023

**FOR ACTION****I. REQUEST**

Approve: (1) a Revised Master Plan; (2) an Amended and Restated Development Agreement with SCD Kamakana, LLC, or Other Successor Entities Approved by the Executive Director; (3) Conveyance of the Property and Development of the Project in Accordance with the Amended and Restated Development Agreement; and (4) an Interim Loan from the Dwelling Unit Revolving Fund for Off-site Project Costs for the Kamakana Villages at Keahuolu Project Located in Keahuolu, North Kona, TMK Nos.: (3) 7-4-021: 020, 024, 028 to 037, 039 to 043, and 045 to 047

**II. FACTS**

|                         |   |     |                      |    |   |           |   |     |                      |            |                       |       |             |     |                 |       |                 |           |                 |       |           |            |   |       |             |
|-------------------------|---|-----|----------------------|----|---|-----------|---|-----|----------------------|------------|-----------------------|-------|-------------|-----|-----------------|-------|-----------------|-----------|-----------------|-------|-----------|------------|---|-------|-------------|
| Project:                | Kamakana Villages at Keahuolu   |     |                      |    |   |           |   |     |                      |            |                       |       |             |     |                 |       |                 |           |                 |       |           |            |   |       |             |
| Address:                | Palani Road, Keahuolu, North Kona, Hawai'i  |     |                      |    |   |           |   |     |                      |            |                       |       |             |     |                 |       |                 |           |                 |       |           |            |   |       |             |
| TMK:                    | (3) 7-4-021: 020, 024, 028 to 037, 039 to 043, and 045 to 047 <sup>1</sup>  |     |                      |    |   |           |   |     |                      |            |                       |       |             |     |                 |       |                 |           |                 |       |           |            |   |       |             |
| Acreage:                | 272.063 acres   |     |                      |    |   |           |   |     |                      |            |                       |       |             |     |                 |       |                 |           |                 |       |           |            |   |       |             |
| Land Use:               | Urban   |     |                      |    |   |           |   |     |                      |            |                       |       |             |     |                 |       |                 |           |                 |       |           |            |   |       |             |
| Zoning:                 | Agriculture (A-5a) <sup>2</sup>   |     |                      |    |   |           |   |     |                      |            |                       |       |             |     |                 |       |                 |           |                 |       |           |            |   |       |             |
| HHFDC Involvement:      | Landowner/Lessor/Lender   |     |                      |    |   |           |   |     |                      |            |                       |       |             |     |                 |       |                 |           |                 |       |           |            |   |       |             |
| Type:                   | Master Planned Affordable, Mixed-Use Housing Project  |     |                      |    |   |           |   |     |                      |            |                       |       |             |     |                 |       |                 |           |                 |       |           |            |   |       |             |
| Land Tenure:            | Fee Simple; Leasehold   |     |                      |    |   |           |   |     |                      |            |                       |       |             |     |                 |       |                 |           |                 |       |           |            |   |       |             |
| Unit Types (Estimated): | <table> <tbody> <tr> <td>762</td> <td>Units Multi – Family</td> </tr> <tr> <td>85</td> <td>Units Kamakana Family Rental (Existing)</td> </tr> <tr> <td><u>85</u></td> <td>Units Kamakana Senior Rental (Existing)</td> </tr> <tr> <td>932</td> <td>Units Multi – Family</td> </tr> <tr> <td><u>637</u></td> <td>Units Single – Family</td> </tr> <tr> <td>1,569</td> <td>Units Total</td> </tr> </tbody> </table><br><table> <tbody> <tr> <td>298</td> <td>2-Bedroom Units</td> </tr> <tr> <td>1,019</td> <td>3-Bedroom Units</td> </tr> <tr> <td><u>82</u></td> <td>4-Bedroom Units</td> </tr> <tr> <td>1,399</td> <td>New Units</td> </tr> <tr> <td><u>170</u></td> <td>Existing Units Kamakana Family and Senior Rental Projects</td> </tr> <tr> <td>1,569</td> <td>Units Total</td> </tr> </tbody> </table> | 762 | Units Multi – Family | 85 | Units Kamakana Family Rental (Existing) | <u>85</u> | Units Kamakana Senior Rental (Existing) | 932 | Units Multi – Family | <u>637</u> | Units Single – Family | 1,569 | Units Total | 298 | 2-Bedroom Units | 1,019 | 3-Bedroom Units | <u>82</u> | 4-Bedroom Units | 1,399 | New Units | <u>170</u> | Existing Units Kamakana Family and Senior Rental Projects | 1,569 | Units Total |
| 762                     | Units Multi – Family  |     |                      |    |   |           |   |     |                      |            |                       |       |             |     |                 |       |                 |           |                 |       |           |            |   |       |             |
| 85                      | Units Kamakana Family Rental (Existing)   |     |                      |    |   |           |   |     |                      |            |                       |       |             |     |                 |       |                 |           |                 |       |           |            |   |       |             |
| <u>85</u>               | Units Kamakana Senior Rental (Existing)   |     |                      |    |   |           |   |     |                      |            |                       |       |             |     |                 |       |                 |           |                 |       |           |            |   |       |             |
| 932                     | Units Multi – Family  |     |                      |    |   |           |   |     |                      |            |                       |       |             |     |                 |       |                 |           |                 |       |           |            |   |       |             |
| <u>637</u>              | Units Single – Family   |     |                      |    |   |           |   |     |                      |            |                       |       |             |     |                 |       |                 |           |                 |       |           |            |   |       |             |
| 1,569                   | Units Total   |     |                      |    |   |           |   |     |                      |            |                       |       |             |     |                 |       |                 |           |                 |       |           |            |   |       |             |
| 298                     | 2-Bedroom Units   |     |                      |    |   |           |   |     |                      |            |                       |       |             |     |                 |       |                 |           |                 |       |           |            |   |       |             |
| 1,019                   | 3-Bedroom Units   |     |                      |    |   |           |   |     |                      |            |                       |       |             |     |                 |       |                 |           |                 |       |           |            |   |       |             |
| <u>82</u>               | 4-Bedroom Units   |     |                      |    |   |           |   |     |                      |            |                       |       |             |     |                 |       |                 |           |                 |       |           |            |   |       |             |
| 1,399                   | New Units   |     |                      |    |   |           |   |     |                      |            |                       |       |             |     |                 |       |                 |           |                 |       |           |            |   |       |             |
| <u>170</u>              | Existing Units Kamakana Family and Senior Rental Projects   |     |                      |    |   |           |   |     |                      |            |                       |       |             |     |                 |       |                 |           |                 |       |           |            |   |       |             |
| 1,569                   | Units Total   |     |                      |    |   |           |   |     |                      |            |                       |       |             |     |                 |       |                 |           |                 |       |           |            |   |       |             |
| Target Market:          | 617 New For-Sale Units at 140% or below the U.S. Department of Housing and Urban Development (HUD) Area Median Income (AMI)(Affordable Units)   |     |                      |    |   |           |   |     |                      |            |                       |       |             |     |                 |       |                 |           |                 |       |           |            |   |       |             |

<sup>1</sup> Parcels 025, 026, & 027 are now owned by the County of Hawai'i. Parcels 042 & 043 are ceded land remnant lots. Parcels 038 and 049 were conveyed back to HHFDC and released from the Development Agreement at the closing of construction financing and the issuance of ground leases to the subsidiaries of The Michaels Development Company I, L.P. for the Kamakana Senior and Family Rental Projects. Parcel 044 is Phase 1A of Manawalea and Kaeka Streets and Parcel 048 is the Manawalea Street Extension, both of which have been dedicated to the County of Hawai'i.

<sup>2</sup> Final Environmental Impact Statement, Keahuolu Affordable Housing Project, Belt Collins Hawaii Ltd. (September 2008).

170 Units Kamakana Family & Senior Rental (Existing)  
787 Total Affordable Units  
782 Market Units  
 1,569 Total Units  
 111,700 Square Feet of Commercial Space

Developer Contact: Stanford S. Carr, Manager  
 SCD Kamakana, LLC  
 1100 Alakea Street, 27<sup>th</sup> Floor  
 Honolulu, Hawai'i 96813  
 Phone: 537-5220, ext. 225

- A. Kamakana Villages at Keahuolu is Hawai'i Housing Finance and Development Corporation's (HHFDC) 272-acre master planned community in Keahuolu, North Kona, Hawai'i. On March 31, 2009, after a request for proposals process, HHFDC executed a development agreement (Development Agreement) with Forest City Hawai'i Kona, LLC (Forest City), for the development of 2,330 residential units, 197,000 gross square feet of commercial space, an elementary school, parks, archaeological preserves and open space at Kamakana Villages at Keahuolu (Project). More than 50% of the units will be affordable at 140% and below the HUD AMI. See attached **Exhibit A**, Location Map, and **Exhibit B**, Forest City Master Plan.
- B. On March 3, 2009, loan documents for a \$25 million interim loan from the Dwelling Unit Revolving Fund were executed with Forest City for the development of the Project (DURF Loan).
- C. The Project site (Property) is held in escrow by FHT Kamakana, LLC (FHT) pursuant to an Agreement Regarding Conveyance and Escrow with First Hawai'i Title Corporation dated June 26, 2009, as amended (FHTC Escrow Agreement).
- D. On September 5, 2017, HHFDC and Forest City executed the Fifth Amendment to the Development Agreement, which essentially provided for the following:
1. Assignment of the Development Agreement and DURF Loan to Alaka'i Development Kona I LLC (Alaka'i), an entity owned by former employees of Forest City, for the completion of the Manawalea Street Extension;
  2. Modified the DURF Loan to approximately \$8.4 million to complete the Manawalea Street Extension;
  3. Release of Forest City from the Development Agreement and DURF Loan; and
  4. Upon completion and dedication of the Manawalea Street Extension to the County of Hawai'i, the Development Agreement and DURF Loan to Alaka'i would be terminated.
- E. On April 17, 2018, HHFDC and Alaka'i executed the Sixth Amendment to the Development Agreement, which essentially provided for the assignment of the Development Agreement, except for the DURF Loan and the completion of the Manawalea Street Extension, to SCD Kamakana, LLC (SCD), an entity owned by developer Stanford Carr.

- F. The Manawalea Street Extension was substantially completed by Alaka'i in August 2018 and dedicated to the County of Hawai'i on October 2, 2019. On January 6, 2022, HHFDC executed a release of Alaka'i from the Development Agreement and DURF Loan for the Project.

### III. DISCUSSION

- A. In 2019, SCD revised the master plan for the Project. See attached Exhibit C, Concept Plan, Exhibit D, Phasing Plan, and Exhibit E, Summary Table.
- B. On September 21, 2021, HHFDC received a draft revised Development Agreement for the Project. On November 1, 2021, HHFDC forwarded to SCD draft revisions for an amended and restated Development Agreement for the Project. After negotiations with SCD, this For Action seeks approval of an amended and restated Development Agreement for the Project, with the following major provisions:
1. Adopts the revised master plan and the estimated unit counts described herein and as shown on the attached Exhibits C, D and E.
  2. The Affordable Units in the Project will be completed by December 31, 2035 (Completion Date); the Completion Date may be extended for five years upon SCD's request provided that there has been substantial progress<sup>3</sup> towards completion of the Affordable Units.
    - a. If Developer has not proceeded with the development of Phase 1<sup>4</sup> and acquired applicable title to Phase 1 by July 1, 2028, then either party shall have the right to terminate the Development Agreement.
    - b. HHFDC reserves the right to terminate the Development Agreement within six years from the date of the Development Agreement, if SCD fails to obtain all permits necessary to proceed with development of on-site projects at the finished development sites, and all permits and approvals from the Commission on Water Resources Management (CWRM) necessary to develop Well Site #4 (defined below).
    - c. HHFDC reserves the right to terminate the Development Agreement if SCD fails to complete<sup>5</sup> at least 380 new Affordable Units by December 31, 2032.
    - d. SCD may terminate the Development Agreement at any time based on infeasibility. SCD's costs to date of termination will be reimbursed from available funds from land sales proceeds deposited in the Land Development Escrow Account (described below).
  3. More than 50% of the total residential units in the Project shall be Affordable Units.<sup>6</sup>

<sup>3</sup> Completion of at least 500 new Affordable Units in the Project as evidenced by a certificate of occupancy for each Unit.

<sup>4</sup> Phase 1 is MF-2, MF-3, and MF-4 as shown on the attached Exhibits C and D.

<sup>5</sup> As evidenced by a certificate of occupancy for each Unit.



4. For-sale projects may be developed in fee simple. Commercial, residential rental, and mixed-use projects without a residential for-sale component shall be developed under ground leases fixed for a term of 65 years at a minimum lease rent paid directly to HHFDC in advance pursuant to the policy for ground lease rent approved by the HHFDC Board of Directors on November 18, 2021.<sup>7</sup> Ground leases shall also be subject to a lease premium at appraised value paid into the Land Development Escrow Account.
  - a. Conveyance of the applicable parcel for development of on-site projects shall be subject to the payment into an escrow account (Land Development Escrow Account)<sup>8</sup> of the applicable land price or lease premium at appraised value of the parcel conveyed. Land for non-revenue generating lots, such as roads, parks, schools, preservation areas, will be valued at \$1 per lot.<sup>9</sup>
  - b. Conveyance of land for for-sale projects with Affordable Units shall be subject to restrictions on affordability and HHFDC’s buy-back and shared appreciation requirements. Residential affordable rental projects shall remain affordable for the term of the ground lease.
  - c. Each finished lot or pad ready for on-site development shall be subject to a subdevelopment agreement negotiated between SCD and the purchaser/developer, with consent by HHFDC. If SCD is the purchaser/developer of the finished lot or pad, the subdevelopment agreement will be between SCD and HHFDC. The subdevelopment agreement will identify the on-site project to be built and any lot-specific restrictions and requirements.
5. As master developer of the Project, SCD will be reimbursed or paid, for the following:

<sup>6</sup> SCD proposes to build 617 new Affordable for-sale Units at 140% or below the AMI. The Michaels Organization developed 170 units at the Kamakana Family and Senior Rental projects, for a total of 787 Affordable Units at Kamakana Villages. SCD proposes to build 782 new market units for a total of 1,569 units at Kamakana Villages—more than 50% of the units are Affordable Units. One parcel of 7.7 acres at the entry of the Project at Road A (see Exhibit D) is proposed to be commercial use.

<sup>7</sup> SCD proposes to build all the new residential units as for-sale projects. The requirement for ground leases is provided for the commercial use and should SCD’s plans change and SCD or another developer develops a rental or mixed-use project without a for-sale component. Section III.C.5. of the HHFDC For Action dated November 18, 2021 provides,

“**Annual Base Rent.** The new ground lease shall provide for annual base rent payable annually in advance based on the below schedule and increasing by three percent (3%) per year (compounded) during the entire term of the lease. (The purpose of the annual base rent is to help to pay for HHFDC’s estimated allocated lease administration costs, and it is recommended that these costs be reevaluated every five years.)

| <u>Lease Commencement Date</u> | <u>Initial Annual Rent</u> |
|--------------------------------|----------------------------|
| Fiscal Year 2022               | \$10,000                   |
| Fiscal Year 2023               | \$10,500                   |
| Fiscal Year 2024               | \$11,000                   |
| Fiscal Year 2025               | \$12,500                   |
| Fiscal Year 2026               | \$13,000”                  |

<sup>8</sup> All payments from the Land Development Escrow Account will be approved by HHFDC.

<sup>9</sup> Subject to restrictions as deemed necessary by HHFDC.

- a. SCD to be reimbursed for third-party off-site Project costs advanced by SCD and approved by HHFDC at a 10% internal rate of return (IRR) from the SCD DURF Loan Part I (defined below); the 10% IRR is limited to costs advanced up to the closing of the SCD DURF Loan Part I (defined below);
  - b. An overhead and project management fee of five percent (5%) of all off-site development costs of the Project (excluding the project management fee and any SCD profit);<sup>10</sup> and
  - c. A sales incentive fee of three percent (3%) of the gross sales proceeds from the sale or lease of finished lots or pads ready for on-site development to third-party developers, in lieu of any brokerage fees for the sale.
6. Off-site master plan Project costs approved by HHFDC shall be paid from the Land Development Escrow Account, in the following order of priority:
- a. On-going Project costs to the extent not paid from the SCD DURF Loan (defined below);
  - b. Project reserve account;<sup>11</sup>
  - c. Repayment of the SCD DURF Loan (defined below), plus \$500,000 for HHFDC's execution of the Memorandum of Understanding (MOU) with the U.S. Fish and Wildlife Service (FWS) for Village 9, which FWS required in order for FWS to execute the MOU for Kamakana Villages; and
  - d. At the completion of the Project, any funds remaining in the Land Development Escrow Account will be split 50-50 between SCD and HHFDC.
7. SCD is responsible for maintenance of the Property.
8. Development of individual on-site projects will be managed under separate budgets from the master plan off-site Project budget. Residential for-sale projects developed by SCD will be developed as follows:
- a. SCD will acquire the land at appraised value, however, the price of the land will be deferred under a purchase money mortgage, and paid pro-rata into the Land Development Escrow Account at the closing of each completed unit to the homebuyer;
  - b. SCD will be paid a profit of twelve percent (12%) of the on-site project costs (excluding profit)<sup>12</sup> based upon a cost certification at the completion of each project;
  - c. Any excess of on-site project revenues over project costs will be split 50-50 between SCD and HHFDC; and

<sup>10</sup> Not from the SCD DURF Loan (defined below). The project management fee may be evenly prorated over the life of the Project or as otherwise agreed to between SCD and HHFDC.

<sup>11</sup> All payments from the reserve account to be approved by HHFDC.

<sup>12</sup> Assuming no DURF loan is used to develop the on-site project. The SCD project management fee for on-site projects shall be limited to 3% of the gross sales prices of the completed units.

- d. SCD may apply for a DURF loan for an on-site residential project satisfying the requirements for the use of DURF funds, e.g., more than 50% of the total units are Affordable Units, on a project-by-project basis. The twelve percent (12%) developer's profit for qualifying on-site projects may be re-negotiated (reduced) if DURF funds are used.
9. SCD will be responsible for all costs necessary to entitle and develop the Project in accordance with all laws and encumbrances, including but not limited to the following:
    - a. SCD will negotiate an amendment to, or a new water agreement in lieu of the now-lapsed Water Agreement with the Water Board of the County of Hawai'i dated November 22, 2011 for the development and dedication of Keopu-HFDC Well No. 3857-05 at Tax Map Key No. (3) 7-5-013: 022 (Well Site #4) for the Project. HHFDC reserves the right to allocate water from Well Site #4 for up to 175 multi-family units with landscaping for Village 9 at the Villages of La'i'opua, Tax Map Key No. (3) 7-4-020: 004 (por.).
    - b. SCD agrees to provide FHT first opportunity to provide title and escrow services at the Project pursuant to the FHT Escrow Agreement.
    - c. Letter agreement with the Queen Lili'uokalani Trust (QLT) dated November 10, 2011 describing requirements for historical, archaeological and cultural matters, transportation matters, and miscellaneous matters, including written notification to QLT on revisions to the Development Agreement, the failure of which could result in the nullification of the revisions to the Development Agreement approved by the HHFDC Board, at QLT's request.
  - C. SCD is requesting for an interim loan in the total amount of \$15 million from the Dwelling Unit Revolving Fund (DURF) for off-site master plan costs for the Project (SCD DURF Loan). Sales proceeds from the sale of finished lots or pads for on-site development is proposed to be revolved in the Land Development Escrow Account and the SCD DURF Loan is proposed to be repaid from the Land Development Escrow Account.
    1. At the completion of the Project, after all expenses and the SCD DURF Loan and the \$500,000 fee to HHFDC for the Village 9 MOU have been paid, any available funds in the Land Development Escrow Account will be split 50-50 between HHFDC and SCD.
    2. As indicated in the attached summary cash flow (8/24/22) labelled as **Exhibit F**:
      - a. The total revenues projected from the sale or lease of finished development lots or pads is approximately \$104.1 million;
      - b. The peak loan amount of \$13.8 million is estimated to occur in Year 3; and

- c. At the completion of the Project, there is projected to be a surplus of approximately \$1.6 million in the Land Development Escrow Account.

D. The total Project budget is summarized as follows:

| Budget                                 | Amount           | %    |
|--|------------------|------|
| <b>Revenues</b>                        |                  |      |
| Finished Lot Sales/Lease               | 104,102,500      | 100% |
| Less: Land Closing Costs               | (3,123,075)      | 2%   |
| Net Revenue                            | 100,979,425      | 98%  |
| <b>Expenses</b>                        |                  |      |
| Infrastructure Cost                    | 81,652,121       | 82%  |
| Consultant, Fees, Other Costs          | 16,570,837       | 16%  |
| Subtotal                               | 98,222,958       |      |
| DURF Loan Fee, 1 pt.                   | 150,000          | 0%   |
| SCD Cost to Date, w-10% IRR, Estimated | 1,000,000        | 1%   |
| Total Cost                             | 99,372,958       | 100% |
| <b>Revenues Less Expenses</b>          | <b>1,606,467</b> |      |

- E. An appraisal of the finished development lots has not been done. The total real property assessed value of the lots at Kamakana Villages for 2022 is approximately \$8.8 million. A tax map of the area including Kamakana Villages is attached hereto as **Exhibit G**. A comparison of the lots in SCD’s master plan and the tax map indicates that, except for SCD’s lots MF-2, MF-3, and MF-4, shown in Exhibits C and D, the land and real property assessed values for Kamakana Villages are not comparable because the lots for the real property assessed values do not represent subdivided and improved lots ready for development of on-site projects. Lots MF-2, MF-3, and MF-4 are not ready for development because there is no water available for development. See **Exhibit H**.
- F. In 2013, Forest City completed an appraisal of the fee simple value (as of December 31, 2013) of the lots equivalent to SCD’s lots MF-2, MF-3 and MF-4. A comparison of SCD’s proposed revenue budget and the Forest City’ appraised value of SCD’s lots MF-2, MF-3 and MF-4 is attached hereto as Exhibit H for comparison. Forest City’s appraised value of these lots indicate that SCD’s projected sales revenue budgeted for these lots are not inconsistent with the 2013 uninflated appraised value of these lots.
- G. As indicated in Exhibit F, the peak loan amount of \$13.8 million for the Project occurs in Year 3. SCD is requesting a total DURF Loan of \$15 million for off-site Project costs and unforeseeable expenses, including a contested case hearing for the CWRM permit for Well Site #4.<sup>13</sup>
- H. The proposed interest rate for the SCD DURF Loan is zero percent. At the end of the Project, any remaining proceeds in the Land Development Escrow Account would be split 50-50 between SCD and HHFDC. An assessment of an interest rate for the SCD DURF Loan would have left little or no funds remaining in the

<sup>13</sup> Please note that there is otherwise no Contingency budget for the Project.

Land Development Escrow Account, or a portion of the SCD DURF Loan remaining unpaid at the completion of the Project.

- I. There are currently no water credits for development of the Project. SCD will be required to seek a permit from CWRM for development of Well Site #4, and develop and dedicate the well to the Department of Water Supply to enable development at the Project. The National Park Service has been objecting to development of wells mauka of the Kaloko-Honokōhau National Park, which includes Well Site #4.
- J. Since the Project is dependent upon an uncertain approval from CWRM for Well Site #4, and to minimize encumbrance of DURF funds for the full amount of the SCD DURF Loan pending CWRM approval, this For Action seeks approval of a portion of the SCD DURF Loan (SCD DURF Loan Part I) for master planned off-site costs for the Project, as follows:
  1. Loan Amount: \$3.0 million, excluding interest  
Borrower: SCD or other successor entity approved by the Executive Director  
Interest Rate: 0% per annum  
Loan Fee: 1 point  
Loan Term: Completion Date, or earlier termination with the Development Agreement, unless otherwise extended by the Executive Director at its sole discretion  
Collateral: Property  
Mortgage Priority: First mortgage, unless otherwise approved by the Executive Director  
DURF Funds: DURF II or FAMIS 382 – Taxable Bond Funds (Unrestricted Use)  
Special Conditions:
    - a. Non-recourse loan;
    - b. SCD's overhead, project management fee, and profit (if any) shall not be paid from the SCD DURF Loan;
    - c. The SCD DURF Loan shall not be used for development of on-site projects;
    - d. All plans, approvals and work product paid by the SCD DURF Loan shall be assigned to HHFDC;
    - e. Any land purchased with the SCD DURF Loan for development of the Project shall be held in escrow by FHT;
    - f. HHFDC reserves the right to terminate the SCD DURF Loan Part I if SCD fails to obtain all permits necessary to proceed with development of on-site projects at finished development sites, and all permits and approvals from CWRM necessary to develop Well Site #4 within six years from the date of the Development Agreement;
    - g. The SCD DURF Loan shall terminate if the Development Agreement is terminated;

- h. The SCD DURF Loan will be repaid from the Land Development Escrow Account; and
  - i. The SCD DURF Loan will be forgiven if the Project is deemed to be unfeasible as approved by HHFDC.
2. The objective of the SCD DURF Loan Part I is to enable SCD to be reimbursed for the following expenses:
- a. Third-party off-site Project cost-to-date with a 10% IRR as described in the Development Agreement;
  - b. Ongoing real property taxes, third-party maintenance, and operational expenses approved by HHFDC, for the near future; and
  - c. Costs to seek CWRM approval for Well Site #4.

If the CWRM approval for Well Site #4 is obtained, HHFDC plans to seek HHFDC Board approval for the balance of the SCD DURF Loan for off-site costs to develop the Project.

- 3. The ratio of the proposed SCD DURF Loan Part I to total Project cost is 3.0%.
  - 4. A risk assessment of the SCD DURF Loan Part I to SCD for development of the Project is attached hereto as **Exhibit I**.
  - 5. A draft budget for the SCD DURF Loan Part I is attached hereto as **Exhibit J**.
  - 6. As of December 31, 2022, the balance of net available cash balance of DURF funds is approximately \$20.9 million.<sup>14</sup>
- K. On November 9, 2017, the HHFDC Board approved a single-asset development entity of Stanford Carr, or other successor entities approved by the Executive Director, as Eligible Developers pursuant to Section 15-307-24, Hawaii Administrative Rules.

#### IV. RECOMMENDATION

That the HHFDC Board of Directors approve the following for the Kamakana Villages at Keahuolu Project located in Keahuolu, North Kona, Hawai'i, TMK Nos. (3) 7-4-021: 020, 024, 028 to 037, 039 to 043, and 045 to 047, substantially as discussed in this For Action:

- A. A revised master plan;
- B. Execution of an amended and restated Development Agreement with SCD Kamakana, LLC, or other single-asset successor entities of Stanford Carr approved by the Executive Director;

<sup>14</sup> Act 88, SLH 2021 appropriated cash infusion to DURF for FY 2022 of \$20,000,000. This appropriation is not included in the estimated net available cash balance.

- C. Conveyance of the Property and development of the Project in accordance with the amended and restated Development Agreement;
- D. SCD DURF Loan Part I of up to \$3.0 million for development of the Project; and
- E. Authorize the Executive Director to take all actions necessary to effectuate the purpose of this For Action;

Subject to the following:

- F. Execution of the amended and restated Development Agreement and SCD DURF Loan Part I documents within one calendar year of this For Action, unless otherwise extended at the sole discretion of the Executive Director;
- G. Completion of all the Affordable Units in the Project by December 31, 2035 (Completion Date); the Completion Date may be extended for five years provided that there has been substantial progress towards completion of the Affordable Units, unless otherwise extended at the sole discretion of the Executive Director;
- H. Availability of DURF funds;
- I. Approval of release of DURF funds by the Governor;
- J. Approval as to form of necessary documents by the Department of Attorney General and execution by the Executive Director; and
- K. Compliance with all rules and regulations and such other terms and conditions as may be required by the Executive Director.

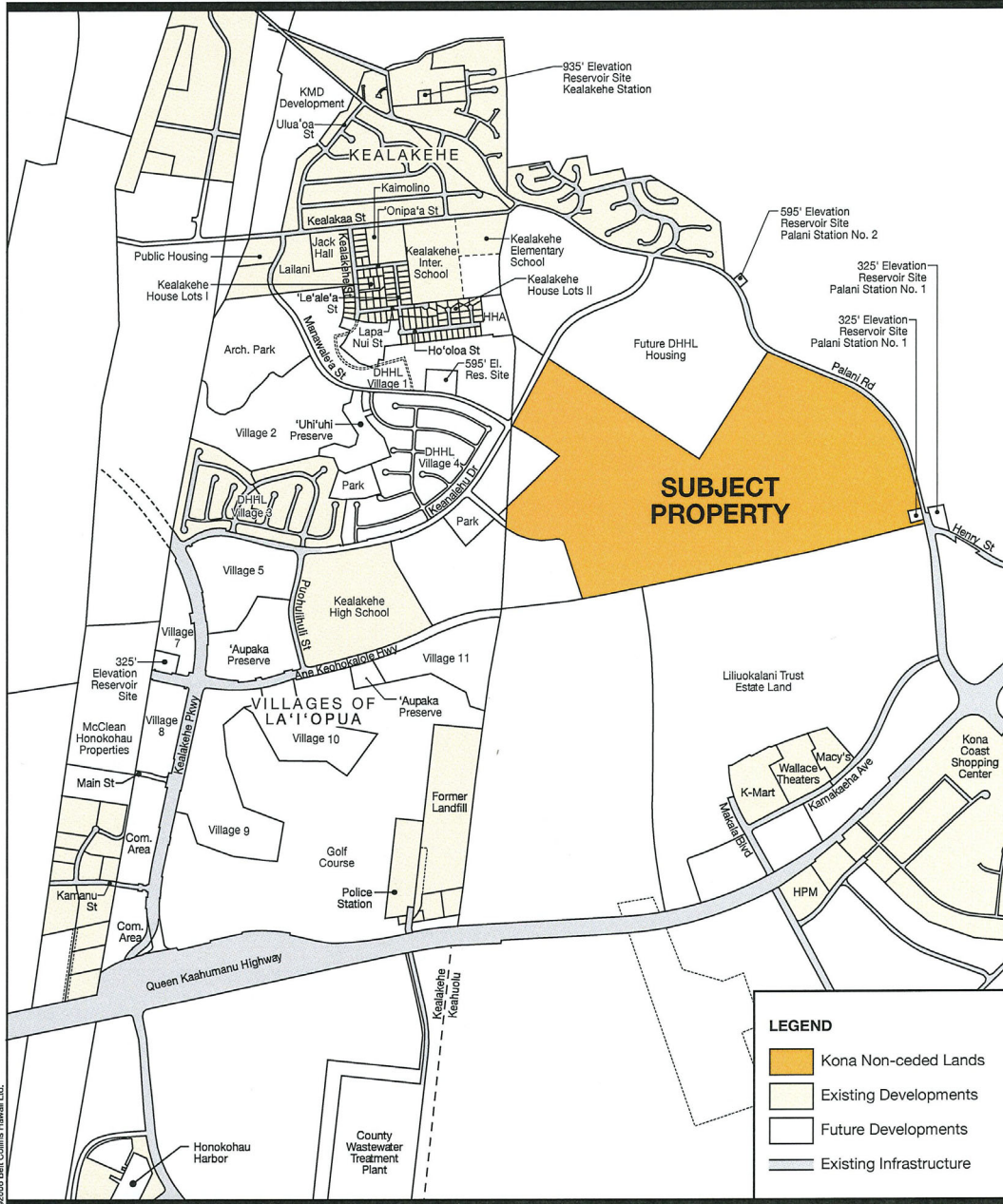
Attachments: Exhibit A – Location Map  
 Exhibit B – Forest City Master Plan  
 Exhibit C – SCD Master Plan  
 Exhibit D – SCD Phasing Plan  
 Exhibit E – SCD Master Plan Summary Table  
 Exhibit F – Summary Cash Flow  
 Exhibit G – Tax Map Key Map  
 Exhibit H – Land Value Comparison  
 Exhibit I – DURF Risk Assessment Matrix  
 Exhibit J – Draft Budget for SCD DURF Loan Part I

Prepared by: Stan S. Fujimoto, Project Manager SR  
 Reviewed by: Dean Minakami, Development Branch Chief DM  
Jov Randy Chu, Development Section Chief SR

Approved by The Board of Directors at its meeting  
 on February 9, 2023  
Development Branch  
 Please take necessary action.

  
 EXECUTIVE DIRECTOR

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0 600 1200 1800  
SCALE IN FEET

**EXHIBIT A**

**KONA NON-CEDED LAND**  
Hawaii Housing Finance and Development Corporation



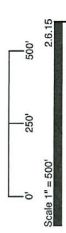
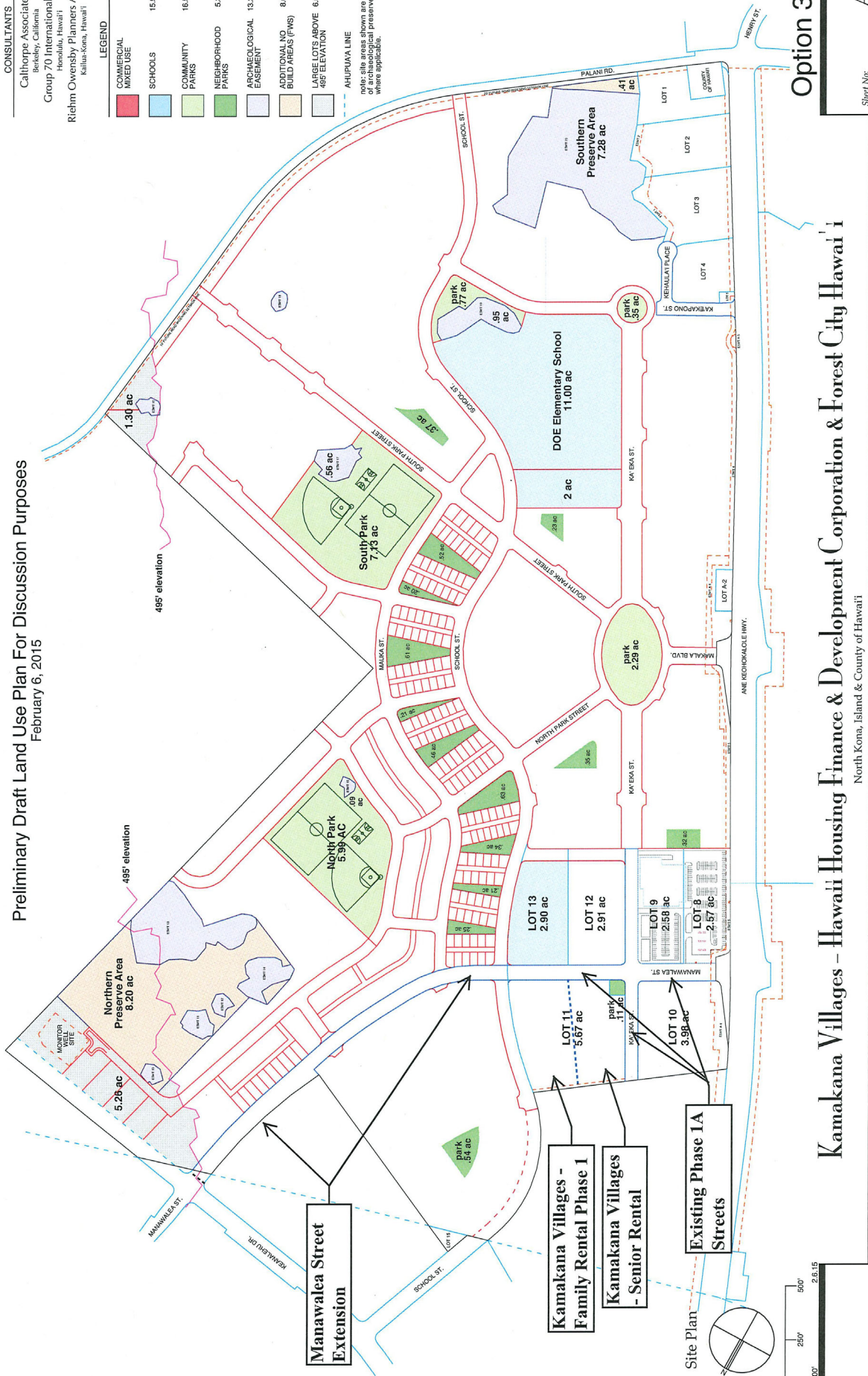
**LEGEND**

|                                  |                      |
|----------------------------------|----------------------|
| COMMERCIAL MIXED USE             | 15.99 ACRES AND OVER |
| SCHOOLS                          | 16.53 ACRES          |
| COMMUNITY PARKS                  | 6.34 ACRES           |
| NEIGHBORHOOD PARKS               | 13.26 ACRES          |
| ASSEMBLY ORIGINAL EASEMENT       | 8.61 ACRES           |
| ADDITIONAL NO. BUILD AREAS (FWS) | 6.56 ACRES           |
| LARGE LOTS ABOVE 495' ELEVATION  |                      |
| AHIUPUUA LINE                    |                      |

note: site areas shown are net of archaeological preserves (where appropriate).

10/25/2023

Preliminary Draft Land Use Plan For Discussion Purposes  
 February 6, 2015

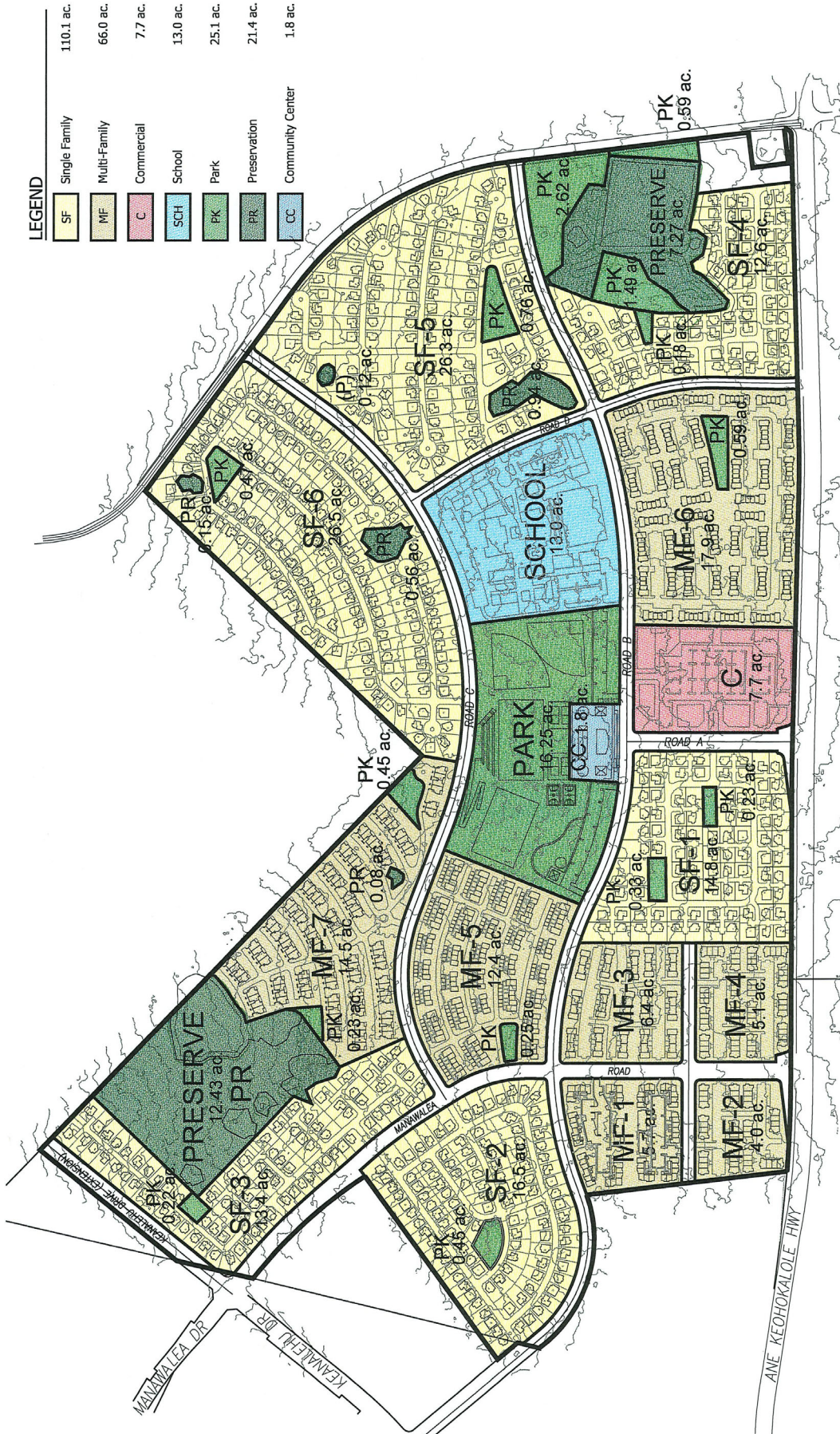


Option 31

Kamakana Villages - Hawaii Housing Finance & Development Corporation & Forest City Hawai'i

North Kona, Island & County of Hawaii

EXHIBIT B



**LEGEND**

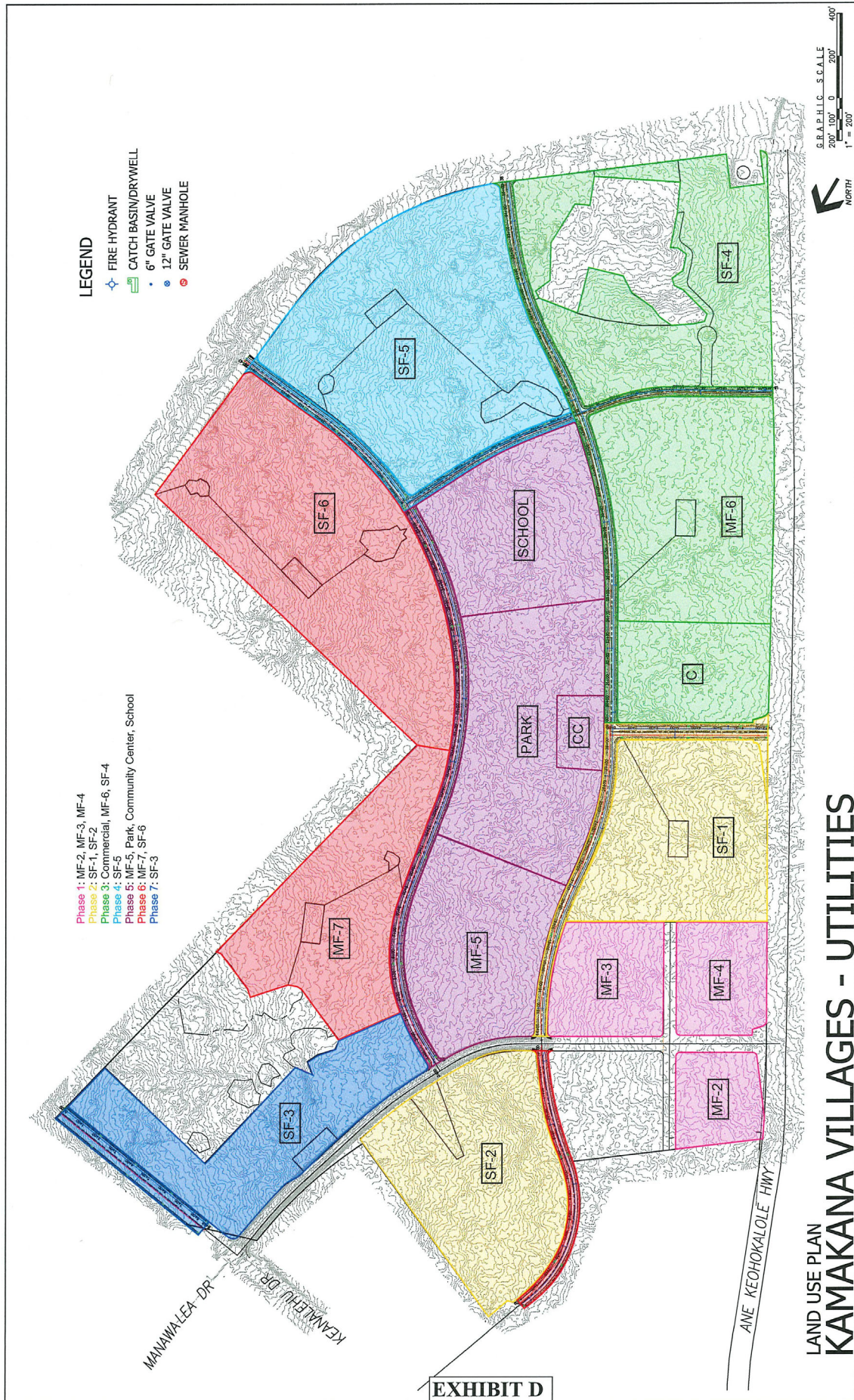
|     |                  |           |
|-----|------------------|-----------|
| SF  | Single Family    | 110.1 ac. |
| MF  | Multi-Family     | 66.0 ac.  |
| C   | Commercial       | 7.7 ac.   |
| SCH | School           | 13.0 ac.  |
| PK  | Park             | 25.1 ac.  |
| PR  | Preservation     | 21.4 ac.  |
| CC  | Community Center | 1.8 ac.   |

**GRAPHIC SCALE**  
 200' 100' 0 200' 400'  
 NORTH  
 1" = 200'

KAILUA-KONA, HAWAII

LAND USE PLAN  
**KAMAKANA VILLAGES - MASTER PLAN**  
 KAMAKANA VILLAGE, LLC  
 AUGUST 2019

EXHIBIT C



| <b><u>Kamakana Villages at Keahuolu Proposed Master Development Plan October 2019</u></b><br><b><u>Tax Map Key Nos.: (3) 7-4-021: 020, -24, -28 to -49</u></b> |                    |                    |                      |
|--|--------------------|--------------------|----------------------|
| <u>Land Use</u>  | <u>Acreage</u>     |                    |                      |
| Residential  | 176.10             |                    |                      |
| School/Civic<br>Park   | 14.80<br>25.11     |                    |                      |
| Commercial   | 7.70               |                    |                      |
| Archaeological/Preserve  | 21.55              |                    |                      |
| Utility Area   | 1.50               |                    |                      |
| Road   | 24.15              |                    |                      |
| <b>Total</b>   | <b>270.91</b>      |                    |                      |
| <b>Phase</b>   | <b>Total Units</b> | <b>Multifamily</b> | <b>Single-Family</b> |
| Phase 1  | 250                | 250                | --                   |
| Phase 2  | 203                | --                 | 203                  |
| Phase 3  | 345                | 264                | 81                   |
| Phase 4  | 115                | --                 | 115                  |
| Phase 5  | 136                | 136                | --                   |
| Phase 6  | 265                | 112                | 153                  |
| Phase 7  | 85                 | --                 | 85                   |
| Kamakana Senior & Family   | 170                | 170                | --                   |
| <b>Totals</b>  | <b>1569</b>        | <b>932</b>         | <b>637</b>           |



| Phase  | Revenue                                    | Units | Area      | Budget         | Year 12       | Year 13       | Year 14        | Year 15         |
|--|--|-------|-----------|----------------|---------------|---------------|----------------|-----------------|
| <b>KAHAMANA MASTER PLAN - PRO FORMA</b>        |  |       |           |                |               |               |                |                 |
| <b>Revenue</b>                                 |  |       |           |                |               |               |                |                 |
| 1  | MF-2                                       | 60    | \$ 6.40   | \$ 1,920,000   | \$ -          | \$ -          | \$ -           | \$ -            |
| 2  | MF-3                                       | 80    | \$ 6.40   | \$ 2,720,000   | \$ -          | \$ -          | \$ -           | \$ -            |
| 3  | MF-4                                       | 84    | \$ 6.10   | \$ 2,604,000   | \$ -          | \$ -          | \$ -           | \$ -            |
| 4  | MF-5                                       | 85    | \$ 13.40  | \$ 7,035,000   | \$ -          | \$ -          | \$ -           | \$ -            |
| 5  | MF-6                                       | 138   | \$ 12.40  | \$ 7,956,000   | \$ -          | \$ -          | \$ -           | \$ -            |
| 6  | MF-7                                       | 90    | \$ 14.80  | \$ 5,142,000   | \$ -          | \$ -          | \$ -           | \$ -            |
| 7  | MF-8                                       | 115   | \$ 26.30  | \$ 14,465,000  | \$ -          | \$ -          | \$ -           | \$ -            |
| 8  | MF-9                                       | 113   | \$ 26.30  | \$ 13,275,000  | \$ -          | \$ -          | \$ -           | \$ -            |
| 9  | MF-10                                      | 254   | \$ 17.90  | \$ 12,092,500  | \$ 13,000,000 | \$ 7,500,000  | \$ -           | \$ -            |
| 10   | MF-11                                      | 81    | \$ 12.60  | \$ 7,596,000   | \$ -          | \$ 7,596,000  | \$ -           | \$ -            |
| 11   | MF-12                                      | 1397  | \$ 178.10 | \$ 104,102,800 | \$ 27,330,000 | \$ 7,560,000  | \$ -           | \$ -            |
| <b>Subtotal &gt;&gt;&gt;</b>                   |  |       |           |                |               |               |                |                 |
| Annual Total Revenue >>>                       |  |       |           |                |               |               |                |                 |
| Accumulated Revenue Developed >>>              |  |       |           |                |               |               |                |                 |
| Accumulated Units Developed >>>                |  |       |           |                |               |               |                |                 |
| <b>Triggered Backbone Infrastructure Costs</b> |  |       |           |                |               |               |                |                 |
| 1  | Infrastructure Construction - Phase 1      |       |           | \$ 11,400,000  |               |               |                |                 |
| 2  | Indirect Construction Soft Costs - Phase 1 |       |           | \$ 1,296,118   |               |               |                |                 |
| 3  | Infrastructure Construction - Phase 2      |       |           | \$ 2,936,342   |               |               |                |                 |
| 4  | Indirect Construction Soft Costs - Phase 2 |       |           | \$ 22,673,173  |               |               |                |                 |
| 5  | Infrastructure Construction - Phase 3      |       |           | \$ 3,465,022   |               |               |                |                 |
| 6  | Indirect Construction Soft Costs - Phase 3 |       |           | \$ 1,831,108   | \$ 1,796,384  | \$ 1,296,384  | \$ -           | \$ -            |
| 7  | Infrastructure Construction - Phase 4      |       |           | \$ 29,843,139  | \$ 7,260,765  | \$ 7,260,765  | \$ 7,260,765   | \$ 7,260,765    |
| 8  | Indirect Construction Soft Costs - Phase 4 |       |           | \$ 1,507,816   | \$ 1,201,916  | \$ 1,201,916  | \$ 510,768     | \$ 510,768      |
| 9  | Infrastructure Construction - Phase 5      |       |           | \$ 1,021,532   | \$ -          | \$ -          | \$ -           | \$ -            |
| 10   | Indirect Construction Soft Costs - Phase 5 |       |           | \$ 1,827,128   | \$ -          | \$ -          | \$ -           | \$ -            |
| 11   | Infrastructure Construction - Phase 6      |       |           | \$ 433,532     | \$ -          | \$ -          | \$ -           | \$ -            |
| 12   | Indirect Construction Soft Costs - Phase 6 |       |           | \$ 433,532     | \$ -          | \$ -          | \$ -           | \$ -            |
| 13   | Infrastructure Construction - Phase 7      |       |           | \$ 98,272,258  | \$ 16,178,971 | \$ 16,178,971 | \$ 9,786,831   | \$ 11,826,447   |
| 14   | Indirect Construction Soft Costs - Phase 7 |       |           | \$ 4,251,428   | \$ 3,621,428  | \$ 2,645,770  | \$ (8,786,831) | \$ (11,826,447) |
| <b>Subtotal &gt;&gt;&gt;</b>                   |  |       |           |                |               |               |                |                 |
| Annual Cash Flow After All Costs >>>           |  |       |           |                |               |               |                |                 |
| Accumulated Cash Flow After All Costs >>>      |  |       |           |                |               |               |                |                 |
| <b>Financing (DRIF) Loan</b>                   |  |       |           |                |               |               |                |                 |
| Initial Loan                                   |  |       |           |                |               |               |                |                 |
| Fees   |  |       |           |                |               |               |                |                 |
| Interest                                       |  |       |           |                |               |               |                |                 |
| Mortgage                                       |  |       |           |                |               |               |                |                 |
| Total Financing Costs >>>                      |  |       |           |                |               |               |                |                 |
| Total Cash After Financing >>>                 |  |       |           |                |               |               |                |                 |
| Loan   |  |       |           |                |               |               |                |                 |
| Beginning Loan Bal                             |  |       |           |                |               |               |                |                 |
| Cash Disbursements                             |  |       |           |                |               |               |                |                 |
| Cash Receipts                                  |  |       |           |                |               |               |                |                 |
| Ending Loan Balance                            |  |       |           |                |               |               |                |                 |
| Cash Flow Effect of Financing >>>              |  |       |           |                |               |               |                |                 |
| Cash Flow After Financing >>>                  |  |       |           |                |               |               |                |                 |
| Total  |  |       |           |                |               |               |                |                 |
| Year 12  |  |       |           |                |               |               |                |                 |
| Year 13  |  |       |           |                |               |               |                |                 |
| Year 14  |  |       |           |                |               |               |                |                 |
| Year 15  |  |       |           |                |               |               |                |                 |

EXHIBIT F-1

Summary

| Kamakana Villages at Keahuolu Infrastructure Summary Page                                |                       | Use of Funds   |                      | DEV PM FEES  |
|--|-----------------------|--|----------------------|--------------|
| <b>Sources of Funds</b>  |                       | <b>Infrastructure Construction - Phase 1</b>   |                      |              |
| <b>Phase 1 Land Sales</b>  |                       | <b>Infrastructure Construction - Phase 1</b>   |                      |              |
| MF-2   | \$ 1,500,000          | MF-2   | \$ -                 |              |
| MF-3   | \$ 2,720,000          | MF-3   | \$ -                 |              |
| MF-4   | \$ 2,040,000          | MF-4   | \$ -                 |              |
| Keopu Well 4 Connected to Existing 1.0 MG Tank   | \$ -                  | Keopu Well 4 Connected to Existing 1.0 MG Tank   | \$ 11,400,000        |              |
| <b>Subtotal</b>  | <b>\$ 6,260,000</b>   | <b>Subtotal</b>  | <b>\$ 11,400,000</b> |              |
|  |                       | <b>Indirect Construction/ Soft Costs - Phase 1</b>                                       |                      |              |
|  |                       | Engineering & Consultant Fees  | \$ 498,918           |              |
|  |                       | Developer - Project Management Fee, 5% of costs  | \$ 570,000           | \$ 570,000   |
|  |                       | Land Closing   | \$ 187,800           |              |
|  |                       | RPT  | \$ 150,000           |              |
|  |                       | G&A  | \$ 250,400           |              |
|  |                       | <b>Subtotal</b>  | <b>\$ 1,598,118</b>  |              |
| <b>Phase 1 Total &gt;&gt;&gt;</b>  | <b>\$ 6,260,000</b>   | <b>Phase 1 Total &gt;&gt;&gt;</b>  | <b>\$ 12,998,118</b> |              |
| <b>Phase 2 Land Sales</b>  |                       | <b>Infrastructure Construction - Phase 2</b>   |                      |              |
| Phase 2 Roadway Infrastructure Cost  | \$ -                  | Phase 2 Roadway Infrastructure Cost  | \$ 6,652,490         |              |
| MF-5   | \$ 7,750,000          | MF-5   | \$ -                 |              |
| SF-1   | \$ 8,662,500          | SF-1   | \$ -                 |              |
| SF-2   | \$ 7,035,000          | SF-2   | \$ -                 |              |
| NEW 1.0-MG Reservoir on DHHL   | \$ -                  | NEW 1.0-MG Reservoir on DHHL   | \$ 4,355,680         |              |
| County Traffic Mitigation (CoH MOA Prior to 600th Unit)                                  | \$ -                  | County Traffic Mitigation (CoH MOA Prior to 600th Unit)                                  | \$ 472,000           |              |
| <b>Subtotal</b>  | <b>\$ 23,447,500</b>  | <b>Subtotal</b>  | <b>\$ 11,480,170</b> |              |
|  |                       | <b>Indirect Construction/ Soft Costs - Phase 2</b>                                       |                      |              |
|  |                       | Engineering & Consultant Fees  | \$ 574,008           | \$ 574,008   |
|  |                       | Developer - Project Management Fee, 5% of Costs  | \$ 574,008           |              |
|  |                       | Land Closing   | \$ 703,425           |              |
|  |                       | RPT  | \$ 190,000           |              |
|  |                       | G&A  | \$ 937,300           |              |
|  |                       | <b>Subtotal</b>  | <b>\$ 2,939,342</b>  |              |
| <b>Phase 2 Total &gt;&gt;&gt;</b>  | <b>\$ 23,447,500</b>  | <b>Phase 2 Total &gt;&gt;&gt;</b>  | <b>\$ 14,419,512</b> |              |
| <b>Phase 3 Land Sales</b>  |                       | <b>Infrastructure Construction - Phase 3</b>   |                      |              |
| Phase 3 Roadway Infrastructure Cost  | \$ -                  | Phase 3 Roadway Infrastructure Cost  | \$ 9,596,173         |              |
| County Traffic Mitigation  | \$ -                  | County Traffic Mitigation  | \$ -                 |              |
| Commercial   | \$ 7,122,500          | Commercial   | \$ -                 |              |
| SF-3   | \$ 8,140,000          | SF-3   | \$ 77,000            |              |
| South Preserve & "No Development Area"   | \$ -                  | Electrical Substation  | \$ 3,000,000         |              |
| Electrical Substation  | \$ -                  | Second Well Development & New 1.0 MG Tank  | \$ 10,000,000        |              |
| <b>Subtotal</b>  | <b>\$ 15,262,500</b>  | <b>Subtotal</b>  | <b>\$ 22,673,173</b> |              |
|  |                       | <b>Indirect Construction/ Soft Costs - Phase 3</b>                                       |                      |              |
|  |                       | Engineering & Consultant Fees  | \$ 1,133,659         |              |
|  |                       | Developer - Project Management Fee, 5% of costs  | \$ 1,133,659         | \$ 1,133,659 |
|  |                       | Land Closing   | \$ 457,875           |              |
|  |                       | RPT  | \$ 150,000           |              |
|  |                       | G&A  | \$ 610,500           |              |
|  |                       | <b>Subtotal</b>  | <b>\$ 3,485,692</b>  |              |
| <b>Phase 3 Total &gt;&gt;&gt;</b>  | <b>\$ 15,262,500</b>  | <b>Phase 3 Total &gt;&gt;&gt;</b>  | <b>\$ 26,158,866</b> |              |
| <b>Phase 4 Land Sales</b>  |                       | <b>Infrastructure Construction - Phase 4</b>   |                      |              |
| Phase 4 Roadway Infrastructure Cost  | \$ -                  | Phase 4 Roadway Infrastructure Cost  | \$ 5,185,575         |              |
| SF-4   | \$ 14,465,000         | SF-4   | \$ -                 |              |
| County Traffic Mitigation  | \$ -                  | County Traffic Mitigation  | \$ -                 |              |
| <b>Subtotal</b>  | <b>\$ 14,465,000</b>  | <b>Subtotal</b>  | <b>\$ 5,185,575</b>  |              |
|  |                       | <b>Indirect Construction/ Soft Costs - Phase 4</b>                                       |                      |              |
|  |                       | Engineering, Consultant & Other Fees 6%  | \$ 259,279           |              |
|  |                       | Developer - Project Management Fee, 5% of costs  | \$ 259,279           | \$ 259,279   |
|  |                       | Land Closing 3%  | \$ 433,950           |              |
|  |                       | RPT  | \$ 150,000           |              |
|  |                       | G&A 4%   | \$ 578,500           |              |
|  |                       | <b>Subtotal</b>  | <b>\$ 1,681,108</b>  |              |
| <b>Phase 4 Total &gt;&gt;&gt;</b>  | <b>\$ 14,465,000</b>  | <b>Phase 4 Total &gt;&gt;&gt;</b>  | <b>\$ 6,866,683</b>  |              |
| <b>Phase 5 Land Sales</b>  |                       | <b>Infrastructure Construction - Phase 5</b>   |                      |              |
| Phase 5 Roadway Infrastructure Cost  | \$ -                  | Phase 5 Roadway Infrastructure Cost  | \$ 6,186,022         |              |
| MF-6   | \$ 9,787,500          | MF-6   | \$ -                 |              |
| SF-5   | \$ 15,237,500         | SF-5   | \$ -                 |              |
| Park   | \$ -                  | Park   | \$ 10,687,500        |              |
| Community Center   | \$ -                  | Community Center   | \$ -                 |              |
| School   | \$ -                  | School   | \$ -                 |              |
| NEW 1.0-MG Reservoir on DHHL   | \$ -                  | NEW 1.0-MG Reservoir on DHHL   | \$ -                 |              |
| Off-Site B   | \$ -                  | Off-Site B   | \$ 9,994,617         |              |
| Civil Defense warning siren  | \$ -                  | Civil Defense warning siren  | \$ 175,000           |              |
| <b>Subtotal</b>  | <b>\$ 25,025,000</b>  | <b>Subtotal</b>  | <b>\$ 29,043,139</b> |              |
|  |                       | <b>Indirect Construction/ Soft Costs - Phase 5</b>                                       |                      |              |
|  |                       | Engineering, Consultant & Other Fees 6%  | \$ 1,452,157         |              |
|  |                       | Developer - Project Management Fee, 5% of costs  | \$ 1,452,157         | \$ 1,452,157 |
|  |                       | Land Closing 3%  | \$ 750,750           |              |
|  |                       | RPT  | \$ 150,000           |              |
|  |                       | G&A 4%   | \$ 1,001,000         |              |
|  |                       | <b>Subtotal</b>  | <b>\$ 4,806,064</b>  |              |
| <b>Phase 5 Total &gt;&gt;&gt;</b>  | <b>\$ 25,025,000</b>  | <b>Phase 5 Total &gt;&gt;&gt;</b>  | <b>\$ 33,849,203</b> |              |
| <b>Phase 6 Land Sales</b>  |                       | <b>Infrastructure Construction - Phase 6</b>   |                      |              |
| Phase 6 Roadway Infrastructure Cost - (COH MOA 11b Road B Extension Fronting DHHL Lands) | \$ -                  | Phase 6 Roadway Infrastructure Cost - (COH MOA 11b Road B Extension Fronting DHHL Lands) | \$ -                 |              |
| MF-7   | \$ 12,082,500         | MF-7   | \$ -                 |              |
| SF-6   | \$ 7,560,000          | SF-6   | \$ -                 |              |
| County Traffic Mitigation (CoH MOA Prior to 1200th Unit)                                 | \$ -                  | South Preserve & "No Development Area"   | \$ 18,532            |              |
| <b>Subtotal</b>  | <b>\$ 19,642,500</b>  | County Traffic Mitigation (CoH MOA Prior to 1200th Unit)                                 | \$ 1,003,000         |              |
|  |                       | <b>Subtotal</b>  | <b>\$ 1,021,532</b>  |              |
|  |                       | <b>Indirect Construction/ Soft Costs - Phase 6</b>                                       |                      |              |
|  |                       | Engineering, Consultant & Other Fees 6%  | \$ 51,077            |              |
|  |                       | Developer - Project Management Fee, 5% of costs  | \$ 51,077            | \$ 51,077    |
|  |                       | Land Closing 3%  | \$ 589,275           |              |
|  |                       | RPT  | \$ 150,000           |              |
|  |                       | G&A 4%   | \$ 785,700           |              |
|  |                       | <b>Subtotal</b>  | <b>\$ 1,627,128</b>  |              |
| <b>Phase 6 Total &gt;&gt;&gt;</b>  | <b>\$ 19,642,500</b>  | <b>Phase 6 Total &gt;&gt;&gt;</b>  | <b>\$ 2,648,660</b>  |              |
| <b>Phase 7 Land Sales</b>  |                       | <b>Infrastructure Construction - Phase 7</b>   |                      |              |
| Phase 7 Roadway Infrastructure Cost - (CoH MOA 11c Kealahou Drive Extension)             | \$ -                  | Phase 7 Roadway Infrastructure Cost - (CoH MOA 11c Kealahou Drive Extension)             | \$ -                 |              |
| County Traffic Mitigation  | \$ -                  | County Traffic Mitigation  | \$ -                 |              |
| North Preserve & No Development Area   | \$ -                  | North Preserve & No Development Area   | \$ 348,532           |              |
| <b>Subtotal</b>  | <b>\$ -</b>           | Village 9 MOU fee  | \$ 500,000           |              |
|  |                       | <b>Subtotal</b>  | <b>\$ 848,532</b>    |              |
|  |                       | <b>Indirect Construction/ Soft Costs - Phase 7</b>                                       |                      |              |
|  |                       | Engineering, Consultant & Other Fees 6%  | \$ 390,958           |              |
|  |                       | Developer - Project Management Fee, 5% of costs  | \$ 42,427            | \$ 42,427    |
|  |                       | Land Closing 3%  | \$ -                 |              |
|  |                       | RPT  | \$ -                 |              |
|  |                       | G&A 4%   | \$ -                 |              |
|  |                       | <b>Subtotal</b>  | <b>\$ 433,385</b>    |              |
| <b>Phase 7 Total &gt;&gt;&gt;</b>  | <b>\$ -</b>           | <b>Phase 7 Total &gt;&gt;&gt;</b>  | <b>\$ 1,281,917</b>  |              |
| <b>Total Proceeds</b>  | <b>\$ 104,102,500</b> | <b>Total Infrastructure Cost</b>   | <b>\$ 81,652,121</b> |              |
| <b>Sources of Funds Total</b>  | <b>\$ 104,102,500</b> | <b>Total Consultant, Fees, Other Cost</b>  | <b>\$ 16,570,837</b> |              |
|  |                       | <b>Total Project Cost</b>  | <b>\$ 98,222,958</b> |              |
|  |                       | Total Developable Acres  | 178.10               |              |
|  |                       | Total Cost/Developable Acre  | \$ 551,505           |              |
|  |                       | Total Developer Fees   | \$ 4,082,606         |              |

EXHIBIT F-2

Consultants, Fees, Other Cost

| Phase 1   | % of Infrastructure hard cost | Estimated Budget | Changes      | Revised Budget | Note                                     | DEV PM Fees   |
|---|-------------------------------|------------------|--------------|----------------|--|---------------|
| Engineering & Consultant Fees                   |                               | \$ 391,687       | \$ 48,031    | \$ 439,918     | TNWRE revised redesign                   |               |
| Developer - Project Management Fee, 5% of costs | 5%                            | \$ 570,000       | \$ -         | \$ 570,000     |  | \$ 570,000    |
| Legal/Accounting                                | 0%                            | \$ -             | \$ -         | \$ -           |  |               |
| Construction Management                         | 0%                            | \$ -             | \$ -         | \$ -           |  |               |
|   |                               |                  |              | Subtotal       |  | \$ 1,009,918  |
|   | % of revenue                  | Estimated Budget | Changes      | Revised Budget |  |               |
| Land Closing                                    | 3%                            | \$ 187,800       | \$ -         | \$ 187,800     | legal, commissions, adm, sales incentive |               |
| RPT   |                               | \$ 150,000       | \$ -         | \$ 150,000     | 75000x2 Based on current RPT \$75K/year  |               |
| G&A   | 4%                            | \$ 250,400       | \$ -         | \$ 250,400     | overhead, operational, maintenance       |               |
|   |                               |                  |              | Subtotal       |  | \$ 588,200    |
|   | % of Infrastructure cost      | Estimated Budget | Changes      | Revised Budget | Note                                     |               |
| Phase 2   |                               |                  |              |                |  |               |
| Engineering & Consultant Fees                   | 6%                            | \$ 688,810       | \$ (114,802) | \$ 574,008     |  |               |
| Developer - Project Management Fee, 5% of Costs | 5%                            | \$ 574,008       | \$ -         | \$ 574,008     |  | \$ 574,008    |
| Legal/Accounting                                | 0%                            | \$ -             | \$ -         | \$ -           |  |               |
| Construction Management                         | 0%                            | \$ -             | \$ -         | \$ -           |  |               |
|   |                               |                  |              | Subtotal       |  | \$ 1,148,017  |
|   | % of revenue                  | Estimated Budget | Changes      | Revised Budget |  |               |
| Land Closing                                    | 3%                            | \$ 703,425       | \$ -         | \$ 703,425     | legal, commissions, adm, sales incentive |               |
| RPT   |                               | \$ 150,000       | \$ -         | \$ 150,000     | 75000x2 Based on current RPT \$75K/year  |               |
| G&A   | 4%                            | \$ 937,900       | \$ -         | \$ 937,900     | overhead, operational, maintenance       |               |
|   |                               |                  |              | Subtotal       |  | \$ 1,791,325  |
|   | % of Infrastructure cost      | Estimated Budget | Changes      | Revised Budget | Note                                     |               |
| Phase 3   |                               |                  |              |                |  |               |
| Engineering & Consultant Fees                   | 6%                            | \$ 1,360,390     | \$ (226,732) | \$ 1,133,659   |  |               |
| Developer - Project Management Fee, 5% of costs | 5%                            | \$ 1,133,659     | \$ -         | \$ 1,133,659   |  | \$ 1,133,659  |
| Legal/Accounting                                | 0%                            | \$ -             | \$ -         | \$ -           |  |               |
| Construction Management                         | 0%                            | \$ -             | \$ -         | \$ -           |  |               |
|   |                               |                  |              | Subtotal       |  | \$ 2,267,317  |
|   | % of revenue                  | Estimated Budget | Changes      | Revised Budget |  |               |
| Land Closing                                    | 3%                            | \$ 457,875       | \$ -         | \$ 457,875     | legal, commissions, adm, sales incentive |               |
| RPT   |                               | \$ 150,000       | \$ -         | \$ 150,000     | 75000x2 Based on current RPT \$75K/year  |               |
| G&A   | 4%                            | \$ 610,500       | \$ -         | \$ 610,500     | overhead, operational, maintenance       |               |
|   |                               |                  |              | Subtotal       |  | \$ 1,218,375  |
|   | % of Infrastructure cost      | Estimated Budget | Changes      | Revised Budget | Note                                     |               |
| Phase 4   |                               |                  |              |                |  |               |
| Engineering & Consultant Fees                   | 6%                            | \$ 311,135       | \$ (51,856)  | \$ 259,279     |  |               |
| Developer - Project Management Fee, 5% of costs | 5%                            | \$ 259,279       | \$ -         | \$ 259,279     |  | \$ 259,279    |
| Legal/Accounting                                | 0%                            | \$ -             | \$ -         | \$ -           |  |               |
| Construction Management                         | 0%                            | \$ -             | \$ -         | \$ -           |  |               |
|   |                               |                  |              | Subtotal       |  | \$ 518,558    |
|   | % of revenue                  | Estimated Budget | Changes      | Revised Budget |  |               |
| Land Closing                                    | 3%                            | \$ 433,950       | \$ -         | \$ 433,950     | legal, commissions, adm, sales incentive |               |
| RPT   |                               | \$ 150,000       | \$ -         | \$ 150,000     | 75000x2 Based on current RPT \$75K/year  |               |
| G&A   | 4%                            | \$ 578,600       | \$ -         | \$ 578,600     | overhead, operational, maintenance       |               |
|   |                               |                  |              | Subtotal       |  | \$ 1,162,550  |
|   | % of Infrastructure cost      | Estimated Budget | Changes      | Revised Budget | Note                                     |               |
| Phase 5   |                               |                  |              |                |  |               |
| Engineering & Consultant Fees                   | 6%                            | \$ 1,742,588     | \$ (290,431) | \$ 1,452,157   |  |               |
| Developer - Project Management Fee, 5% of costs | 5%                            | \$ 1,452,157     | \$ -         | \$ 1,452,157   |  | \$ 1,452,157  |
| Legal/Accounting                                | 0%                            | \$ -             | \$ -         | \$ -           |  |               |
| Construction Management                         | 0%                            | \$ -             | \$ -         | \$ -           |  |               |
|   |                               |                  |              | Subtotal       |  | \$ 2,904,314  |
|   | % of revenue                  | Estimated Budget | Changes      | Revised Budget |  |               |
| Land Closing                                    | 3%                            | \$ 750,750       | \$ -         | \$ 750,750     | legal, commissions, adm, sales incentive |               |
| RPT (2018-2019)                                 |                               | \$ 150,000       | \$ -         | \$ 150,000     | 75000x2 Based on current RPT \$75K/year  |               |
| G&A   | 4%                            | \$ 1,001,000     | \$ -         | \$ 1,001,000   | overhead, operational, maintenance       |               |
|   |                               |                  |              | Subtotal       |  | \$ 1,901,750  |
|   | % of Infrastructure cost      | Estimated Budget | Changes      | Revised Budget | Note                                     |               |
| Phase 6   |                               |                  |              |                |  |               |
| Engineering & Consultant Fees                   | 6%                            | \$ 61,292        | \$ (10,215)  | \$ 51,077      |  |               |
| Developer - Project Management Fee, 5% of costs | 5%                            | \$ 51,077        | \$ -         | \$ 51,077      |  | \$ 51,077     |
| Legal/Accounting                                | 0%                            | \$ -             | \$ -         | \$ -           |  |               |
| Construction Management                         | 0%                            | \$ -             | \$ -         | \$ -           |  |               |
|   |                               |                  |              | Subtotal       |  | \$ 102,153    |
|   | % of revenue                  | Estimated Budget | Changes      | Revised Budget |  |               |
| Land Closing                                    | 3%                            | \$ 589,275       | \$ -         | \$ 589,275     | legal, commissions, adm, sales incentive |               |
| RPT   |                               | \$ 150,000       | \$ -         | \$ 150,000     | 75000x2 Based on current RPT \$75K/year  |               |
| G&A   | 4%                            | \$ 785,700       | \$ -         | \$ 785,700     | overhead, operational, maintenance       |               |
|   |                               |                  |              | Subtotal       |  | \$ 1,524,975  |
|   | % of Infrastructure cost      | Estimated Budget | Changes      | Revised Budget | Note                                     |               |
| Phase 7   |                               |                  |              |                |  |               |
| Engineering & Consultant Fees                   | 6%                            | \$ 50,912        | \$ (8,485)   | \$ 42,427      |  |               |
| Developer - Project Management Fee, 5% of costs | 5%                            | \$ 42,427        | \$ -         | \$ 42,427      |  | \$ 42,427     |
| Legal/Accounting                                | 0%                            | \$ -             | \$ -         | \$ -           |  |               |
| Construction Management                         | 0%                            | \$ -             | \$ -         | \$ -           |  |               |
| North Preserve & No Development Area            |                               | \$ 348,532       | \$ -         | \$ 348,532     |  |               |
| Village 9 MOU fee                               |                               | \$ 500,000       | \$ -         | \$ 500,000     |  |               |
|   |                               |                  |              | Subtotal       |  | \$ 933,385    |
|   | % of revenue                  | Estimated Budget | Changes      | Revised Budget |  |               |
| Land Closing                                    | 3%                            | \$ -             | \$ -         | \$ -           |  |               |
| RPT   |                               | \$ 150,000       | \$ (150,000) | \$ -           | Lands all sold/ dedicated                |               |
| G&A   | 4%                            | \$ -             | \$ -         | \$ -           | overhead, operational, maintenance       |               |
|   |                               |                  |              | Subtotal       |  | \$ -          |
|   |                               |                  |              | Total >>>      |  | \$ 17,070,837 |
|   |                               |                  |              |                |  | 4,082,606     |

EXHIBIT F-3



Revenue Summary

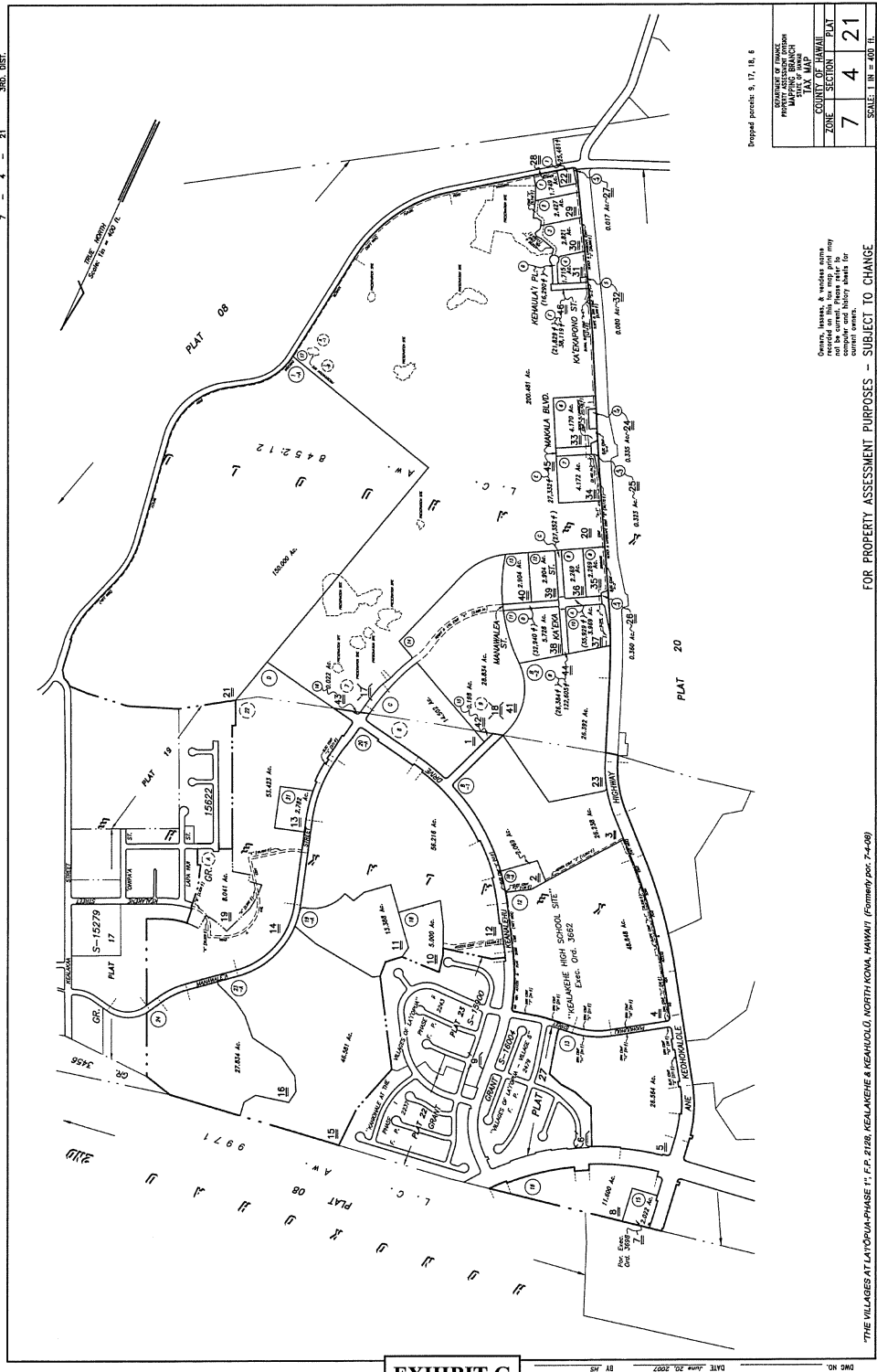
| Phase | Module   | Acreage | Unit count | Cumulative         | Density/Acre             | Land Price     | Price/Acre     | Price/Unit | Year Sold |
|-------|--|---------|------------|--------------------|--------------------------|----------------|----------------|------------|-----------|
| 1     | MF-2   | 4.00    | 96         | 236                | 16.50                    | \$ 1,500,000   | \$ 375,000     | \$ 22,727  | Year 4    |
| 1     | MF-3   | 8.40    | 90         | 326                | 14.06                    | \$ 2,720,000   | \$ 425,000     | \$ 30,222  | Year 5    |
| 1     | MF-4   | 5.10    | 94         | 420                | 18.43                    | \$ 2,040,000   | \$ 400,000     | \$ 21,702  | Year 6    |
| 2     | Keolu Well 4 Connected to Existing 1.0 MG Tank<br>Phase 2 Roadway Infrastructure Cost            |         |            |                    |                          |                |                |            | Year 1    |
| 2     | SF-1   | 16.50   | 113        | 533                | 6.85                     | \$ 8,662,500   | \$ 525,000     | \$ 76,659  | Year 4    |
| 2     | SF-2   | 13.40   | 65         | 618                | 6.34                     | \$ 7,035,000   | \$ 525,000     | \$ 82,765  | Year 6    |
| 2     | NEW 1.0-MG Reservoir on DHHL<br>County Traffic Mitigation (COH MOA Prior to 600th Unit)          | 12.40   | 135        | 754                | 10.97                    | \$ 7,750,000   | \$ 625,000     | \$ 56,985  | Year 6    |
| 3     | Phase 3 Roadway Infrastructure Cost<br>County Traffic Mitigation                                 |         |            |                    |                          |                |                |            | Year 6    |
| 3     | Commercial   | 7.70    |            |                    |                          | \$ 7,122,500   | \$ 925,000     |            | Year 7    |
| 3     | SF-3   | 14.80   | 90         | 844                | 6.08                     | \$ 8,140,000   | \$ 550,000     | \$ 90,444  | Year 8    |
| 3     | Second Well Development & New 1.0 MG Tank<br>Electrical Substation                               |         |            |                    |                          |                |                |            | Year 8    |
| 4     | Phase 4 Roadway Infrastructure Cost  |         |            |                    |                          |                |                |            | Year 8    |
| 4     | SF-4   | 26.30   | 115        | 959                | 4.37                     | \$ 14,465,000  | \$ 550,000     | \$ 125,783 | Year 9    |
| 4     | County Traffic Mitigation  |         |            |                    |                          |                |                |            | Year 9    |
| 5     | Phase 5 Roadway Infrastructure Cost  |         |            |                    |                          |                |                |            | Year 10   |
| 5     | SF-5   | 26.50   | 153        | 1222               | 5.77                     | \$ 15,237,500  | \$ 575,000     | \$ 89,592  | Year 11   |
| 5     | MF-6   | 14.50   | 110        | 1069               | 7.59                     | \$ 9,787,500   | \$ 675,000     | \$ 88,977  | Year 11   |
| 5     | Park   |         |            |                    |                          |                |                |            | Year 10   |
| 5     | Community Center   |         |            |                    |                          |                |                |            | Year 10   |
| 5     | School   |         |            |                    |                          |                |                |            | Year 10   |
| 5     | NEW 1.0-MG Reservoir on DHHL   |         |            |                    |                          |                |                |            | Year 10   |
| 5     | Off-Site B   |         |            |                    |                          |                |                |            | Year 10   |
| 5     | Civil Defense warning siren  |         |            |                    |                          |                |                |            | Year 10   |
| 6     | Phase 6 Roadway Infrastructure Cost - (COH MOA 11b Road B Extension Fronting DHHL Lands)         | 17.90   | 264        | 1333               | 14.75                    | \$ 12,082,500  | \$ 675,000     | \$ 45,767  | Year 12   |
| 6     | MF-7   | 12.60   | 81         | 1414               | 6.43                     | \$ 7,560,000   | \$ 600,000     | \$ 93,333  | Year 13   |
| 6     | SF-6   |         |            |                    |                          |                |                |            | Year 14   |
| 6     | County Traffic Mitigation (COH MOA Prior to 1200th Unit)<br>South Preserve & No Development Area |         |            |                    |                          |                |                |            | Year 15   |
| 7     | Phase 7 Roadway Infrastructure Cost - (COH MOA 11c Keanalehu Drive Extension)                    |         |            |                    |                          |                |                |            | Year 15   |
| 7     | County Traffic Mitigation  |         |            |                    |                          |                |                |            | Year 15   |
| 7     | North Preserve & No Development Area   |         |            |                    |                          |                |                |            | Year 15   |
| 7     | Village B MOU fee  |         |            |                    |                          |                |                |            | Year 15   |
| Phase |  | Acreage | Density    | Density/Acre (Ave) |                          | Land Price     | Land Closing   |            |           |
| 1     |  | 15.50   | 250        | 16.33              |                          | \$ 6,260,000   | \$ (187,800)   |            |           |
| 2     |  | 42.30   | 334        | 6.60               |                          | \$ 23,447,500  | \$ (703,425)   |            |           |
| 3     |  | 22.50   | 90         | 6.08               |                          | \$ 15,262,500  | \$ (457,875)   |            |           |
| 4     |  | 26.30   | 115        | 4.37               |                          | \$ 14,465,000  | \$ (433,950)   |            |           |
| 5     |  | 41.00   | 263        | 7.59               |                          | \$ 25,025,000  | \$ (750,750)   |            |           |
| 6     |  | 30.50   | 345        | 10.69              |                          | \$ 19,642,500  | \$ (569,275)   |            |           |
| 7     |  | 0.00    | 0          | -                  |                          | \$ -           | \$ -           |            |           |
|       | Total Developable Acres - Remaining Phases   | 178.10  | 1,397      | 7.84               |                          | \$ 104,102,500 | \$ (3,123,075) |            |           |
|       | MF-1 existing TMO Kupuna & Ohana units (170)   | 5.7     | 1,170      | 1,584              | Density/Developable Acre |                |                |            |           |
|       | Total - Developable Acres - All Phases   | 183.80  | 1,567      | 8.53               |                          |                |                |            |           |

EXHIBIT F-4

Revenues & Costs

| Phase | Module   | Acreage       | Land Price            | Triggered Infrastructure Hard Costs | Year Triggered |
|-------|--|---------------|-----------------------|-------------------------------------|----------------|
| 1     | MF-2   | 4.00          | \$ 1,500,000          | \$ -                                | Year 4         |
| 1     | MF-3   | 6.40          | \$ 2,720,000          | \$ -                                | Year 5         |
| 1     | MF-4   | 5.10          | \$ 2,040,000          | \$ -                                | Year 6         |
| 1     | Keopu Well 4 Connected to Existing 1.0 MG Tank   | 0.00          | \$ -                  | \$ 11,400,000                       | Year 1         |
| 2     | Phase 2 Roadway Infrastructure Cost  | 0.00          | \$ -                  | \$ 6,652,490                        | Year 5         |
| 2     | MF-5   | 12.40         | \$ 7,750,000          | \$ -                                | Year 4         |
| 2     | SF-1   | 16.50         | \$ 8,662,500          | \$ -                                | Year 6         |
| 2     | SF-2   | 13.40         | \$ 7,035,000          | \$ -                                | Year 6         |
| 2     | NEW 1.0-MG Reservoir on DHHL   | 0.00          | \$ -                  | \$ 4,355,680                        | Year 6         |
| 2     | County Traffic Mitigation (CoH MOA Prior to 600th Unit)                                  | 0.00          | \$ -                  | \$ 472,000                          | Year 6         |
| 3     | Phase 3 Roadway Infrastructure Cost  | 0.00          | \$ -                  | \$ 9,596,173                        | Year 7         |
| 3     | County Traffic Mitigation  | 0.00          | \$ -                  | \$ -                                | Year 7         |
| 3     | Commercial   | 7.70          | \$ 7,122,500          | \$ -                                | Year 8         |
| 3     | SF-3   | 14.80         | \$ 7,140,000          | \$ 77,000                           | Year 8         |
| 3     | Second Well Development & New 1.0 MG Tank  | 0.00          | \$ -                  | \$ 10,000,000                       | Year 8         |
| 3     | Electrical Substation  | 0.00          | \$ -                  | \$ 3,000,000                        | Year 8         |
| 4     | Phase 4 Roadway Infrastructure Cost  | 0.00          | \$ -                  | \$ 5,185,575                        | Year 9         |
| 4     | SF-4   | 26.30         | \$ 14,465,000         | \$ -                                | Year 9         |
| 4     | County Traffic Mitigation  | 0.00          | \$ -                  | \$ -                                | Year 10        |
| 5     | Phase 5 Roadway Infrastructure Cost  | 0.00          | \$ -                  | \$ 8,186,022                        | Year 11        |
| 5     | MF-6   | 14.50         | \$ 9,787,500          | \$ -                                | Year 12        |
| 5     | SF-5   | 26.50         | \$ 15,237,500         | \$ -                                | Year 11        |
| 5     | Park   | 0.00          | \$ -                  | \$ 10,687,500                       | Year 10        |
| 5     | Community Center   | 0.00          | \$ -                  | \$ -                                | Year 10        |
| 5     | School   | 0.00          | \$ -                  | \$ -                                | Year 10        |
| 5     | NEW 1.0-MG Reservoir on DHHL   | 0.00          | \$ -                  | \$ -                                | Year 10        |
| 5     | Off-Site B   | 0.00          | \$ -                  | \$ 9,994,617                        | Year 10        |
| 5     | Civil Defense warning siren  | 0.00          | \$ -                  | \$ 175,000                          | Year 10        |
| 6     | Phase 6 Roadway Infrastructure Cost - (COH MOA 11b Road B Extension Fronting DHHL Lands) | 0.00          | \$ -                  | \$ -                                | Year 12        |
| 6     | MF-7   | 17.90         | \$ 12,082,500         | \$ -                                | Year 12        |
| 6     | SF-6   | 12.60         | \$ 7,560,000          | \$ -                                | Year 13        |
| 6     | County Traffic Mitigation (CoH MOA Prior to 1200th Unit)                                 | 0.00          | \$ -                  | \$ 1,003,000                        | Year 14        |
| 6     | South Preserve & "No Development Area"   | 0.00          | \$ -                  | \$ 18,532                           | Year 15        |
| 7     | Phase 7 Roadway Infrastructure Cost - (CoH MOA 11c Keanalua Drive Extension)             | 0.00          | \$ -                  | \$ -                                | Year 15        |
| 7     | County Traffic Mitigation  | 0.00          | \$ -                  | \$ -                                | Year 15        |
| 7     | North Preserve & No Development Area   | 0.00          | \$ -                  | \$ 348,532                          | Year 15        |
| 7     | Village 9 MOU fee  | 0.00          | \$ -                  | \$ 500,000                          | Year 15        |
| Phase |  | Acreage       | Land Price            | Triggered Infrastructure Hard Costs |                |
| 1     |  | 15.50         | \$ 6,260,000          | \$ 11,400,000                       |                |
| 2     |  | 42.30         | \$ 23,447,500         | \$ 11,480,170                       |                |
| 3     |  | 22.50         | \$ 15,262,500         | \$ 22,673,173                       |                |
| 4     |  | 26.30         | \$ 14,465,000         | \$ 5,185,575                        |                |
| 5     |  | 41.00         | \$ 25,025,000         | \$ 29,043,139                       |                |
| 6     |  | 30.50         | \$ 19,842,500         | \$ 1,021,532                        |                |
| 7     |  | 0.00          | \$ -                  | \$ 848,532                          |                |
|       | <b>Total - All Phases</b>  | <b>178.10</b> | <b>\$ 104,102,500</b> | <b>\$ 81,652,121</b>                |                |

EXHIBIT F-5



7 - 4 - 21 3RD. DIST.

Dropped parcels 9, 17, 18, 6

|                         |    |
|-------------------------|----|
| COUNTY OF HAWAII        |    |
| TAX MAP                 |    |
| MUNICIPALITY OF WAILUKU |    |
| MUNICIPALITY OF WAILUKU |    |
| MUNICIPALITY OF WAILUKU |    |
| MUNICIPALITY OF WAILUKU |    |
| ZONE                    | 7  |
| SECTION                 | 4  |
| PLAT                    | 21 |
| SCALE: 1 IN. = 400. FT. |    |

County, District, & zoning information shown on this map is for informational purposes only and does not constitute a warranty. The information shown on this map is not to be used for any other purpose. The information shown on this map is not to be used for any other purpose. The information shown on this map is not to be used for any other purpose.

FOR PROPERTY ASSESSMENT PURPOSES - SUBJECT TO CHANGE

"THE VILLAGES AT LATOPIA-PHASE 1", F.P. 2128, KEALAKEHE & KEANUKULU, NORTH KOHA, HAWAII (Formerly par. 7-4-98)

EXHIBIT G

3/25/09  
1/24/10  
1/24/10  
8/27/10  
4/30/12

DWG NO. DATE: 10/25/2023 BY: MS

LAND PRICE COMPARISON/ACRE - SCD PRO FORM A (8/24/22)  
KAMAKANA VILLAGES AT KEAHUOLU

9/5/2022

| Phase | Module                         | Units | Acres  | Price Per Acre | Budget      | TMK (3) 7-4-021: | 2022 RPT Assessed Values   | RPT Acreage    | Total RPT Value | 2013 FC Appraised Fee Value | Total Appraised Fee Value | Notes                         |  |
|-------|--------------------------------|-------|--------|----------------|-------------|------------------|--|----------------|-----------------|-----------------------------|---------------------------|-------------------------------|--|
| 1     | MF-2                           | 66    | 4.00   | 375,000        | 1,500,000   |                  | 037 349,900  | 3.980          | 349,000         | 2,118,000                   | 2,118,000                 | Appraised for commercial use. |  |
| 1     | MF-3                           | 90    | 6.40   | 425,000        | 2,720,000   |                  | 039 318,900<br>040 315,600   | 3.249<br>3.169 | 634,500         | 1,397,000<br>1,363,000      | 2,760,000                 | Appraised for MF rental.      |  |
| 1     | MF-4                           | 94    | 5.10   | 400,000        | 2,040,000   |                  | 035 290,000  | 2.570          | 580,500         | 1,127,000                   | 2,257,000                 | Appraised for MF rental.      |  |
| 2     | SF-1                           | 113   | 16.50  | 525,000        | 8,662,500   |                  | 036 290,500  | 2.576          | 580,500         | 1,130,000                   | 2,257,000                 | Appraised for MF rental.      |  |
| 2     | SF-2                           | 85    | 13.40  | 525,000        | 7,035,000   |                  |  |                |                 |                             |                           |                               |  |
| 2     | MF-5                           | 136   | 12.40  | 625,000        | 7,750,000   |                  | 041 872,300  | 18.686         | 872,300         |                             |                           |                               |  |
| 3     | Commercial                     | 0     | 7.70   | 925,000        | 7,122,500   |                  |  |                |                 |                             |                           |                               |  |
| 3     | SF-3                           | 90    | 14.80  | 550,000        | 8,140,000   |                  |  |                |                 |                             |                           |                               |  |
| 4     | SF-4                           | 115   | 26.30  | 550,000        | 14,465,000  |                  |  |                |                 |                             |                           |                               |  |
| 5     | SF-5                           | 153   | 26.50  | 575,000        | 15,237,500  |                  |  |                |                 |                             |                           |                               |  |
| 5     | MF-6                           | 110   | 14.50  | 675,000        | 9,787,500   |                  |  |                |                 |                             |                           |                               |  |
| 6     | MF-7                           | 264   | 17.90  | 675,000        | 12,082,500  |                  |  |                |                 |                             |                           |                               |  |
| 6     | SF-6                           | 81    | 12.60  | 600,000        | 7,560,000   |                  |  |                |                 |                             |                           |                               |  |
| 7     | No Revenue Projects in Phase 7 | 0     |        |                |             |                  |  |                |                 |                             |                           |                               |  |
|       |                                | 1,397 | 178.10 |                | 104,102,500 |                  | 020 3,647,700<br>024 100<br>028 255,400<br>029 284,100<br>030 300,800<br>031 254,000<br>032 90,000<br>033 357,900<br>034 358,000<br>042 107,300<br>043 81,800<br>044 100<br>045 100<br>046 100<br>047 597,900<br>048 100 |                |                 |                             |                           |                               |  |
|       |                                |       |        |                |             |                  |  |                | 8,772,600       |                             |                           |                               |  |

EXHIBIT H

Y:\dev\sec\project\kama\DA SCD\For Actn\veh h - rev per acre scd pro forma.9-5-22

**EXHIBIT I - DURF LOAN RISK ASSESSMENT MATRIX  
KAMAKANA VILLAGES – DURF LOAN TO SCD KAMAKANA, LLC**

| <b>PROJECT FACTORS</b>                               | <b>LOW RISK</b>   | <b>MODERATE RISK</b>  | <b>HIGH RISK</b>  | <b>PROPOSED LOAN</b>   |
|--|---|---|---|--|
| <b>Entitlement Status</b>                            | Fully Entitled. No discretionary approvals needed. Subdivision complete.            | Entitlements or discretionary permits are in process--public review process complete (hearings, EA/EIS comment period). Or subdivision approval required. | Entitlements or discretionary permits are in process. Public review process not complete. | LOW – The Project is entitled; permit from Commission on Water Resources Management (CWRM) is needed for development of Well Site #4; the SCD DURF Loan Part I is primarily to reimburse SCD Kamakana, LLC (SCD) for costs-to-date, real property taxes, ongoing maintenance expenses, and costs to seek CWRM approval of Well Site #4. Also, HHFDC reserves the right to cancel the SCD DURF Loan Part I if the CWRM permit is not obtained within 6 years of the date of the Development Agreement. HHFDC plans to seek HHFDC Board approval of the balance of the SCD DURF Loan if CWRM approval of Well Site #4 is obtained. |
| <b>Developer Qualifications</b>                      | Developer has completed at least 2 similar project in the past 10 years in Hawai'i. | Developer has completed at least 1 similar project in the past 7 years in Hawai'i.  | Developer has not completed a similar project in the past 7 years in Hawai'i.             | LOW – As discussed in the 11/9/17 For Action approving Developer as an Eligible Developer, the Developer has completed 30 projects in Hawai'i, 5 of them with HHFDC, and at least 2 projects in the past 10 years in Hawai'i. Master planned projects are rare; the Developer has completed at least 1 master planned project in the past 10 years in Hawai'i.   |
| <b>Project Cost</b>                                  | Per unit project cost is equal to representative projects.                          | Per unit project cost is up to 10% below representative projects.   | Per unit project cost is more than 10% below representative projects.                     | LOW – The total cost of development is approximately \$541,000/usable acre. Developer is continuing with the development of the Project from Forest City; entitlements are done, and major roads are done for the initial phase of the Project; the Project has an advantage because it has identified a well site and preliminary engineering and the EA for the first of two wells at Well Site #4 are completed. The SCD DURF Loan Part I defers major Project costs until after CWRM approval of Well Site #4 is obtained.   |
| <b>Project Feasibility</b><br>DSCR (rental projects) | 1.25 or higher  | 1.15 to 1.24  | Less than 1.15  | N/A.   |

**EXHIBIT I – DURF LOAN RISK ASSESSMENT MATRIX  
KAMAKANA VILLAGES – DURF LOAN TO SCD KAMAKANA, LLC**

|   | LOW RISK  | MODERATE RISK   | HIGH RISK  | PROPOSED LOAN   |
|---|---|---|--|---|
| Gross Margin (for sale projects)                  | 15% or higher   | 10% to 15%  | Less than 10%  | HIGH - The estimated surplus of revenue over costs is \$1.6 million on a total Project budget of approximately \$99 million. This is a gross margin of 0.0%.  |
| Construction Contingency                          | 10% or higher   | 5% to 9%  | Less than 5%   | LOW – The SCD DURF Loan Part I is primarily to reimburse SCD for costs-to-date, real property taxes, ongoing maintenance expenses, and costs to seek CWRM approval of Well Site #4; the Contingency budget of \$1 million in the draft SCD DURF Loan Part I budget is 33% of the SCD DURF Loan Part I budget of \$3 million.  |
| Infrastructure (water, sewer, drainage, electric) | Preliminary engineering complete and infrastructure capacity availability is confirmed. | Preliminary engineering complete, infrastructure upgrades are necessary and costs and timing have been accounted for. | Preliminary engineering not completed or costs and timing of necessary upgrades not fully accounted for. | MODERATE – The Project requires the development of Well Site #4; development of Well Site #4 requires a permit from CWRM; Well Site #4 also requires an amendment to the EA to develop the second of 2 wells at the site pursuant to new DWS rules; the SCD DURF Loan Part I is primarily to reimburse SCD for costs-to-date, real property taxes, ongoing maintenance expenses, and costs to seek CWRM approval of Well Site #4; also, HHFDC reserves the right to cancel the SCD DURF Loan Part I if the CWRM permit is not obtained within 6 years of the date of the Development Agreement. Major costs are being deferred until after CWRM approval of Well Site #4 is obtained. |
| Environmental                                     | Phase I/II ESA complete. All remediation complete.                                      | Phase I/II ESA complete. Site remediation in process.   | Phase I ESA not complete, or remediation not started.  | LOW – a Phase I/II ESA for hazardous materials was not done for the Project, however, the property is undeveloped virgin land and the risk of hazardous waste contamination is low; the developer will complete this report as needed.  |
| <b>LOAN FACTORS</b>                               |   |   |  |   |

**EXHIBIT I - DURF LOAN RISK ASSESSMENT MATRIX  
KAMAKANA VILLAGES – DURF LOAN TO SCD KAMAKANA, LLC**

|                         | <b>LOW RISK</b>   | <b>MODERATE RISK</b>  | <b>HIGH RISK</b>   | <b>PROPOSED LOAN</b>  |
|-------------------------|---|---|--|---|
| <b>Loan Type</b>        | Bridge loan with construction take out financing locked in place; construction loans for viable rehabilitation projects.  | Construction loan with moderate market risk; land loans for entitled land under 75% of appraised value.   | Land loans for unentitled land above 75% of appraised value; construction loans with high market risk.   | MODERATE – The SCD DURF Loan Part I is primarily to reimburse SCD for costs-to-date, real property taxes, ongoing maintenance expenses, and costs to seek CWRM approval of Well Site #4; also, HHFDC reserves the right to cancel the DURF loan if the CWRM permit is not obtained within 6 years of the date of the Development Agreement. The property is entitled. An appraisal of the property has not been done, however the proposed loan of \$3 million is 3.0% of the total Project budget of \$99 million. This is well below 75% of the total Project budget because the Project is developed in phases.<br><br>LOW – The DURF loan is proposed to be a first mortgage on the fee simple interest of the Project; for onsite projects developed by SCD, the sales price of the large lot parcel will be deferred until the sale of individual units to homeowners; in this case, the DURF loan may be subordinated to the senior lender as necessary; otherwise, no prior mortgage for the Project is envisioned. |
| <b>Security of Loan</b> | 1st Mortgage Position<br><br>Amount is less than 5% of DURF balance; Loan to total project cost ratio is less than 10%; and loan default will not jeopardize reserve. | 2nd Mortgage<br><br>Amount is 6% to 10% of DURF balance; or Loan to total project cost ratio is greater than 10% but less than 20%; or loan default may jeopardize reserve. | Junior to 2nd<br><br>Amount is more than 10% of DURF balance. Loan to total project cost ratio is greater than 20%; or loan default will jeopardize reserve. | MODERATE - As of 12/31/22, the estimated available DURF funds is \$20.9 million, excluding \$20 million from Act 88, SLH 2021 for FY 2022. The proposed DURF loan of \$3 million is 7.3% of all available DURF funds.   |
| <b>Loan Amounts</b>     | Project phasing limits loan exposure; success of first phase triggers future loan disbursements.  | Possible to adjust phasing or construction type should market forces change.  | No phasing. Entire loan is at risk, e.g. high-rise construction.   | LOW – The Project has 7 phases and 13 parcels for sale or lease for development of onsite projects. Revenue from the sale or lease of development lots or pads at appraised value is proposed to be revolved in an external escrow account for the phased development of the Project. Progression to subsequent phases will be limited by the   |
| <b>Loan Increments</b>  |   |   |  |   |

**EXHIBIT I - DURF LOAN RISK ASSESSMENT MATRIX  
KAMAKANA VILLAGES – DURF LOAN TO SCD KAMAKANA, LLC**

|                            | <b>LOW RISK</b>  | <b>MODERATE RISK</b>  | <b>HIGH RISK</b>  | <b>PROPOSED LOAN</b>   |
|----------------------------|--|---|---|--|
| <b>Loan Term</b>           | Two years or less  | Two to four years   | More than four years.   | funds available in the escrow account. The SCD DURF Loan Part I is primarily to reimburse SCD for costs-to-date, real property taxes, ongoing maintenance expenses, and costs to seek CWRM approval of Well Site #4; also, HHFDC reserves the right to cancel the DURF loan if the CWRM permit is not obtained within 6 years of the date of the Development Agreement. Major Project costs are being deferred until after CWRM approval of Well Site #4 is obtained.<br><br>HIGH – The termination date of the loan is 12/31/2035. HHFDC may terminate the DURF loan if SCD does not obtain necessary permits from CWRM for development of Well Site #4 within 6 years from the date of the Development Agreement, or if other milestones are not achieved. |
| <b>MARKET FACTORS</b>      |  |   |   |  |
| <b>Project Location</b>    | Urban location near transit lines and ancillary services.                  | Urban location not near transit or services.  | Suburban location with uncertain demand.                              | LOW – The Project is located on Palani Road mauka of Kailua-Kona near transit lines and ancillary services.<br><br>MODERATE – The developer proposes to build 617 affordable for-sale units, which, together with the Michaels’ Affordable Family and Senior Rental Projects, amount to 787 total affordable units out of a total of 1,569 units at Kamakana Villages—more than 50% affordable units. Repayment of the SCD DURF Loan will be by proceeds from the sale or lease of finished development lots or pads for onsite projects at appraised value from the escrow account.   |
| <b>Demand</b>              | High demand for proposed unit types. Demand demonstrably outstrips supply. | Existing units available comparable to proposed units, but market support for additional units. | Ample inventory serving the proposed income levels or market classes. | MODERATE – Bulk sale of finished lots or building pads for onsite projects will be sold or leased at appraised value. Prices for affordable units will be targeted at 140% or  |
| <b>Market Risk/Pricing</b> | Project price points are at least 20% below                                | Project price points are at least 10% below   | Project price points are comparable to area market pricing.           |  |



**EXHIBIT 1 - DURF LOAN RISK ASSESSMENT MATRIX  
KAMAKANA VILLAGES – DURF LOAN TO SCD KAMAKANA, LLC**

|  | <b>LOW RISK</b>                      | <b>MODERATE RISK</b>                 | <b>HIGH RISK</b> | <b>PROPOSED LOAN</b>   |
|--|--------------------------------------|--------------------------------------|------------------|--|
|  | comparable market rates in the area. | comparable market rates in the area. |                  | below the U.S. Department of Housing and Urban Development area median income, and market units will be sold at market prices. |

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SCD DURF LOAN PART I BUDGET  
KAMAKANA VILLAGES AT KEAHUOLU

1/26/2023  
11:55 AM

| SCOPE OF WORK                                | Land Development Escrow Account | DURF Part II           | DURF Part I            | Total Project Budget    | check         |              |               |
|--|---------------------------------|------------------------|------------------------|-------------------------|---------------|--------------|---------------|
| <b>ACQUISITION:</b>                          |                                 |                        |                        |                         |               |              |               |
| Land   | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| Building/Improvements                        | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| <b>Subtotal: Acquisition</b>                 | <b>\$0.00</b>                   | <b>\$0.00</b>          | <b>\$0.00</b>          | <b>\$0.00</b>           |               |              |               |
| <b>CONSTRUCTION/REHABILITATION WORK:</b>     |                                 |                        |                        |                         |               |              |               |
| Site Work - Off Site                         | \$7,377,361.00                  | \$11,400,000.00        | \$0.00                 | 18,777,361.00           |               |              |               |
| Site Work - On Site                          | \$62,374,760.00                 | \$0.00                 | \$0.00                 | 62,374,760.00           |               |              |               |
| Rehabilitation                               | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| New Construction - Residential               | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| New Construction - Commercial                | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| New Construction - Community Svc Facility    | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| Parking - Structured                         | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| Contractor Profit                            | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| Contractor Overhead                          | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| Contractor General Requirements              | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| <b>Subtotal: Construction/Rehabilitation</b> | <b>\$69,752,121.00</b>          | <b>\$11,400,000.00</b> | <b>\$0.00</b>          | <b>\$81,152,121.00</b>  |               |              |               |
| <b>INTERIM AND SOFT COSTS:</b>               |                                 |                        |                        |                         |               |              |               |
| Accounting/Cost Certification                | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| Advertising/Marketing                        | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| Appraisal                                    | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| Architect Fee - Design                       | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| Architect Fee - Supervision                  | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| Building Permits                             | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| Consulting                                   | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| Engineering                                  | \$3,949,122.00                  | \$351,934.00           | \$0.00                 | 4,301,056.00            |               |              |               |
| Environmental Report                         | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| Insurance                                    | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| Legal Fee                                    | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| Market Study                                 | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| Organizational Expenses                      | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| Payment & Perform. Bond - Owner Paid         | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| Taxes - Other                                | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| Taxes - Real Property                        | \$675,000.00                    | \$0.00                 | \$225,000.00           | 900,000.00              |               |              |               |
| Other: Land Closing                          | \$2,972,835.00                  | \$150,240.00           | \$0.00                 | 3,123,075.00            |               |              |               |
| Other: General Conditions & Administration   | \$3,444,750.00                  | \$0.00                 | \$719,350.00           | 4,164,100.00            |               |              |               |
| <b>Subtotal: Interim &amp; Soft</b>          | <b>\$11,041,707.00</b>          | <b>\$502,174.00</b>    | <b>\$944,350.00</b>    | <b>\$12,488,231.00</b>  |               |              |               |
| <b>FINANCING AND SYNDICATION COSTS:</b>      |                                 |                        |                        |                         |               |              |               |
| Bond Financings Costs                        | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| Construction Loan - Fees                     | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| Construction Loan - Interest                 | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| Credit Report                                | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| HIFDC LIHTC Fee                              | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| Legal Fee - Financing                        | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| Lender/Investor Inspection Fee               | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| Permanent Loan - Enhancement Fee             | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| Permanent Loan - Fee                         | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| Tax Opinion                                  | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| Title, Escrow & Recording                    | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| Other: DURF Loan Fee                         | \$0.00                          | \$120,000.00           | \$30,000.00            | 150,000.00              |               |              |               |
| Other:                                       | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| <b>Subtotal: Financing &amp; Syndication</b> | <b>\$0.00</b>                   | <b>\$120,000.00</b>    | <b>\$30,000.00</b>     | <b>\$150,000.00</b>     |               |              |               |
| <b>DEVELOPER FEE:</b>                        |                                 |                        |                        |                         |               |              |               |
| Developer - Reimbursement + 10% IRR          | \$0.00                          | \$0.00                 | \$1,000,000.00         | 1,000,000.00            |               |              |               |
| Developer - Fee                              | \$4,082,606.00                  | \$0.00                 | \$0.00                 | 4,082,606.00            |               |              |               |
| Developer - Overhead                         | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| Developer - Consulting Fee                   | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| Developer - Management Fee                   | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| <b>Subtotal: Developer Fee</b>               | <b>\$4,082,606.00</b>           | <b>\$0.00</b>          | <b>\$1,000,000.00</b>  | <b>\$5,082,606.00</b>   |               |              |               |
| <b>PROJECT RESERVES:</b>                     |                                 |                        |                        |                         |               |              |               |
| Replacement/Capital Reserve                  | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| Operating Reserve                            | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| Other: North Preserve & No Development       | \$0.00                          | \$0.00                 | \$0.00                 | 0.00                    |               |              |               |
| Other: Village 9 MOU fee                     | \$500,000.00                    | \$0.00                 | \$0.00                 | 500,000.00              |               |              |               |
| <b>Subtotal: Project Reserves</b>            | <b>\$500,000.00</b>             | <b>\$0.00</b>          | <b>\$0.00</b>          | <b>\$500,000.00</b>     | 99,372,958.00 | 1,150,000.00 | 98,222,958.00 |
| <b>CONTINGENCY:</b>                          |                                 |                        |                        |                         |               |              |               |
| Contingency                                  | \$624,030.00                    | (22,174.00)            | \$1,025,650.00         | 1,627,506.00            |               |              |               |
| <b>Subtotal: Contingency</b>                 | <b>\$624,030.00</b>             | <b>(22,174.00)</b>     | <b>\$1,025,650.00</b>  | <b>\$1,627,506.00</b>   |               |              |               |
| <b>TOTAL PROJECT COST</b>                    | <b>\$86,000,464.00</b>          | <b>\$12,000,000.00</b> | <b>\$3,000,000.00</b>  | <b>\$101,000,464.00</b> |               |              |               |
| <b>TOTAL DURF LOAN</b>                       |                                 |                        | <b>\$15,000,000.00</b> |                         |               |              |               |

**MEMORANDUM OF AGREEMENT**  
BETWEEN THE OFFICE OF PLANNING AND SUSTAINABLE DEVELOPMENT  
AND  
THE HAWAI‘I PUBLIC HOUSING AUTHORITY  
FOR THE USE OF TRANSIT-ORIENTED DEVELOPMENT CIP FUNDS  
FOR THE KAHEKILI TERRACE PRELIMINARY MASTER DEVELOPMENT PLAN

This Memorandum of Agreement (“MOA”) is made and entered into, this \_\_\_ day of \_\_\_\_\_, 2021, by the Office of Planning and Sustainable Development, State of Hawai‘i, (“OPSD”), and the Hawai‘i Public Housing Authority, State of Hawai‘i, (“HPHA”) for the purpose of promoting transit-oriented development on State lands. For the purposes of this MOA, “transit-oriented development” (“TOD”) is defined as a type of community development that includes a mix of land uses such as housing, office, retail, public services, and/or other amenities integrated into a walkable, moderate- to high-density neighborhood and located within designated TOD zones or within a one-half mile radius of public transportation nodes.

RECITALS

WHEREAS, Act 130, Session Laws of Hawai‘i (“SLH”) 2016, was enacted to:  
(1) maximize the benefits of redevelopment of State lands in areas served by public transportation statewide, including the revitalization of neighborhoods, increased affordable housing inventory, improvement in worker access to jobs, and reduction in fuel consumption; and (2) establish the Hawai‘i Interagency Council for Transit-Oriented Development (“TOD Council”) to advise the State in achieving this objective;

WHEREAS, the purpose of Act 130, SLH 2016, is to promote effective and efficient TOD planning and coordination among State agencies and counties statewide, and Act 130, SLH 2016, charges OPSD with coordinating and facilitating the maximum redevelopment potential for State lands around transportation nodes and in promoting smart growth;

WHEREAS, State agencies shall consider broader State TOD and smart growth objectives in site and facility planning and design in areas served by public transportation, in order for the State to achieve the long-term maximum development potential of these lands and State TOD objectives, including the following:

- Provision of affordable housing;
- Mixed-use development with revenue potential to State agencies;
- Incorporation of other State agency needs in project planning to achieve multi-agency benefits, such as shared infrastructure investments;
- Provision for social infrastructure, such as school capacity, and co-location of public services and amenities to promote efficient use of State resources and investments in facility development;
- Sustainable site and building design, including consideration of impacts of climate change on proposed projects; and

- Incorporation of Complete Streets and multi-modal transportation systems to support walkability and greater use of public transportation, and reduce reliance on individual automobile use and reduce greenhouse gas emissions in the transportation sector;

WHEREAS, Act 88, SLH 2021, appropriated Capital Improvement Project (“CIP”) funds to Program ID BED 144, OPSD, Statewide Planning and Coordination (“TOD CIP funds”), for “[P]lans, feasibility and cost studies, and coordination of TOD projects, TOD public infrastructure requirements, and related environmental review documents for TOD projects in the State TOD Strategic Plan [*State Strategic Plan for Transit-Oriented Development*], Statewide”;

WHEREAS, the funds appropriated pursuant to Act 88, SLH 2021, have been allotted to Appropriation Account B-21-406, Fiscal Year 2022, established for the expenditure of TOD CIP funds by OPSD for the stated purpose above;

WHEREAS, in recognition that broader State TOD or smart growth objectives are often outside the scope of individual State agency project plans, TOD CIP funds appropriated to OPSD shall be awarded to State agencies to assist them in broadening the scope of their project or master plans to incorporate consideration of these broader objectives and to promote collaboration in project planning and development so that the project makes a meaningful contribution to the realization of TOD communities;

WHEREAS, HPHA proposes to prepare a Kahekili Terrace Preliminary Master Development Plan for the redevelopment of Kahekili Terrace situated in Wailuku, Maui (“Project”), which project has been approved by the TOD Council for inclusion in the *State Strategic Plan for Transit-Oriented Development*, and HPHA seeks funding to undertake the planning studies and environmental assessments necessary for the Project;

WHEREAS, HPHA submitted a proposal for TOD CIP funds for the Project, which was selected by OPSD for an award of TWO HUNDRED TWENTY-FIVE THOUSAND AND NO/100 DOLLARS (\$225,000.00) in TOD CIP funds from Appropriation Account B-21-406 (“Award”), for conduct of the Project, as described in Exhibit A, Conceptual Scope of Work for the Kahekili Terrace Preliminary Master Development Plan;

WHEREAS, OPSD proposes to delegate funds in the amount of the Award to HPHA and HPHA agrees to be the expending agency for the Award funds to pay for consulting services for the Project; and

WHEREAS, OPSD and HPHA acknowledge the need for this MOA to ensure that the funds awarded are used to facilitate the achievement of State TOD objectives and the purpose for which funds were appropriated, and to delineate control and responsibilities of each party in the use of funds in procurement and contract administration toward this end.

NOW, THEREFORE, in consideration of the mutual promises provided herein, the parties agree as follows:

1. The Award funds subject to this MOA shall be used solely for the reimbursement of payments for consultant services pursuant to an executed contract to conduct the Project as described in Exhibit A, Conceptual Scope of Work for the Kahekili Terrace Preliminary Master Development Plan, attached hereto and made of a part hereof (“Project Contract”).
2. Roles and Responsibilities of the Hawai‘i Public Housing Authority
  - A. HPHA shall obtain approval of the delegation, release, and transfer of funds in said amount, and shall account for the Project in the HPHA CIP implementation plan, pursuant to procedures for the delegation of CIP funds set forth in Executive Memorandum 97-07, as amended.
  - B. HPHA shall be solely responsible for compliance with Hawai‘i Revised Statutes (“HRS”) Chapter 103D, contract administration, expenditure of funds, and any reporting on the use of the Award funds.
  - C. HPHA shall consult with OPSD and other key State and County of Maui (“County”) agencies on how the Project’s scope of work will address broader State and County TOD objectives as well as other State and County issues and concerns specific to the Project site.
  - D. HPHA shall ensure that, at a minimum, the proposed scope of work for the Project Contract contains the following: (i) agency stakeholder interviews to ascertain the TOD opportunities and needs of impacted State and/or County agencies; (ii) identification of best practices and options for incorporating State and County TOD objectives into the master development plan, including County Complete Streets and multi-modal transportation objectives; and (iii) identification of the potential environmental work and infrastructure needed to support the implementation of the master development plan.
  - E. HPHA shall prepare a solicitation notice, in consultation with OPSD, for consulting services that includes incorporation of broader State and County TOD objectives and Complete Streets and multi-modal transportation elements in preparation of the master development plan.
  - F. HPHA shall submit a draft Project Contract for OPSD review and acceptance prior to finalizing the Project Contract for contract execution. The Project Contract shall include a provision that requires five (5) percent of the funds awarded be retained until OPSD has reviewed and provided written acceptance of the final Project Contract deliverables.
  - G. HPHA shall establish a Project Team (“Project Team”), to include representatives of OPSD, the County Planning Department, and other key State or County agencies to advise HPHA and its consultants in the

conduct of the Project funded by the Award funds. HPHA shall establish in consultation with the Project Team, a schedule for regular Project Team meetings. Project Team members shall have access to all communications and meetings related to the Project. Project Team member agreement, which shall not be unreasonably withheld, shall be required prior to HPHA undertaking any proposed activities or accepting any draft materials and documents as final.

- H. HPHA shall require the lead consultant(s) retained for the Project to:
- i. Provide at least one Project presentation to the TOD Council, to be made following OPSD acceptance of the final Project deliverables;
  - ii. Submit a summary report of the Project, to include an expenditure table that summarizes expenses by tasks and/or deliverables for work performed for the Project;
  - iii. Annotate all public documents completed as part of the consultant contract, other than documents exclusively for internal use by the consultant, with the following statement, on the back of the front cover or the title page (or in the case of maps, in the title block).  
  
“This project was funded through an appropriation for transit-oriented development planning by the Hawai‘i State Legislature in Act 88, Session Laws of Hawai‘i 2021.”; and
  - iv. Provide OPSD with two print copies of the final plan documents and materials, and electronic document files in PDF and native file formats on a USB storage device for all documents and materials produced with the Award funds.

3. Roles and Responsibilities of the Office of Planning and Sustainable Development

- A. OPSD shall provide HPHA with guidance and support in a timely manner, including facilitating interaction required with other agencies or stakeholders, to facilitate timely completion of all required work tasks.
- C. OPSD shall review draft materials and provide written comments to HPHA in a timely manner, with comments due no later than two (2) weeks from receipt of materials and a written request for comments from HPHA.
- D. OPSD shall participate as a member of the Project Team for the purposes of monitoring project progress in accordance with the Project schedule.

4. Scope of Work and Deliverables for Funds Expended

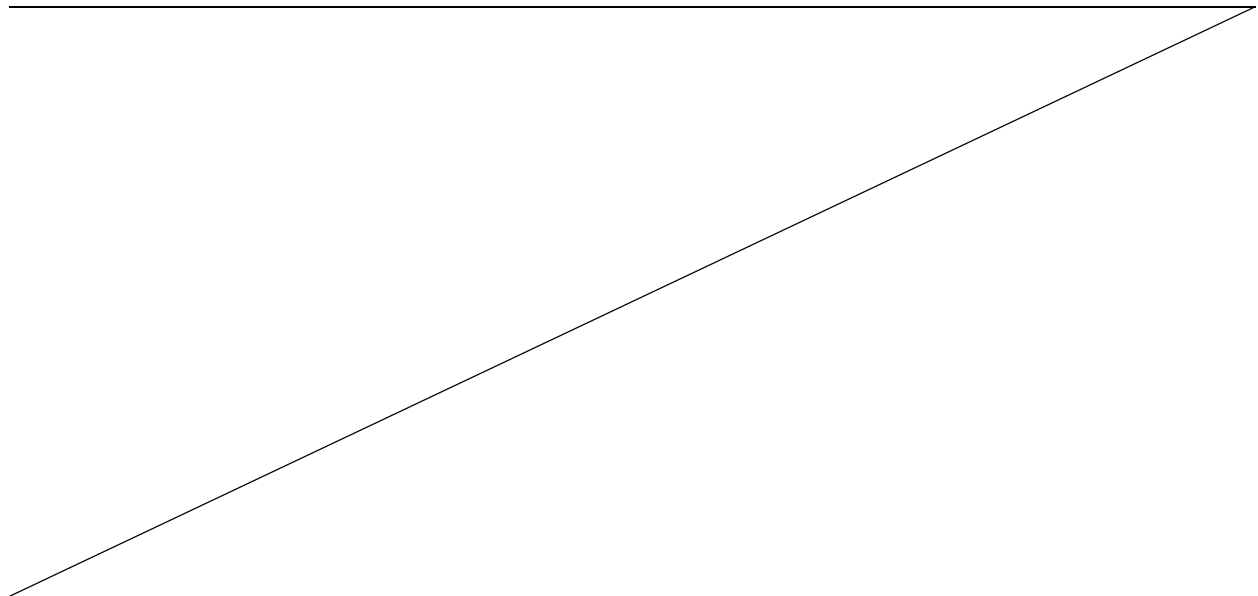
- A. The final Project scope of work, deliverables, Project schedule, and budget shall be incorporated herein, when HPHA has finalized the Project scope of work with its consultant(s). A copy of the Project contract and the consultant(s) Project work plan shall be submitted to OPSD upon HPHA acceptance of the Project work plan.
- B. The proposed timeframe for Project completion is twenty-four (24) months from the date of the HPHA letter providing notice to its consultant(s) to proceed.
- C. The final deliverables are anticipated to include, at a minimum, a preliminary master plan for the Project area. If funds allow, additional reports may include a civil engineering report on infrastructure required to support development of the Project and an environmental assessment of onsite soil conditions.

5. Term and Termination

Unless otherwise extended pursuant to Paragraph 6, this MOA shall terminate on the date upon which the Project Contract is terminated, or the date of OPSD written acceptance of the final Project report and deliverables, whichever is later.

6. Amendment

Any changes or modifications to this MOA shall be made only by written amendment to the MOA, signed by all parties.



IN WITNESS WHEREOF, the parties have duly executed this MOA on the day and year first above written.

OFFICE OF PLANNING AND  
SUSTAINABLE DEVELOPMENT

HAWAI'I PUBLIC HOUSING AUTHORITY

By: \_\_\_\_\_  
MARY ALICE EVANS  
Director

By: \_\_\_\_\_  
HAKIM OUANSAFI  
Executive Director

Date: \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM:

APPROVED AS TO FORM:

\_\_\_\_\_  
Deputy Attorney General for  
Office of Planning and Sustainable  
Development

\_\_\_\_\_  
Deputy Attorney General for  
Hawai'i Public Housing Authority



## Exhibit G: Long-Term Effect

- i. What permanent, long-term effects will your proposal have? What outcomes do you expect?

The people of Hawai‘i acknowledge the housing crisis and have worked for decades to identify and address the root causes of this critical problem. The multiple studies referenced in the needs section have identified barriers and offered solutions. With the funding provided through the PRO Housing grant, the State will address the infrastructure, land use, zoning, and other regulatory, administrative, and legislative barriers identified by the YIMBY Working Group; create financing mechanisms to expand the available funds for infrastructure and housing construction; and strategically develop the critical infrastructure necessary to unlock desperately needed housing in each of the State’s four primary counties.

Over the past two decades, numerous reports, recommendations, and working groups across the State consistently identify the lack of infrastructure as one of the primary barriers—if not the primary barrier—preventing the development of direly needed affordable housing. The reality in Hawai‘i is that even with regulatory, zoning, and legislative reforms that lift barriers in the production and preservation of affordable housing, without critical infrastructure and financing mechanisms for infrastructure developments, new affordable and accessible units will never be realized. Thousands of units will sit vacant waiting for sufficient infrastructure investment.

For this reason, this proposal includes a strong focus on creating capacity to institutionalize financing and design infrastructure to unlock housing production over time. As such, the **funded activities will enable the production and preservation of affordable housing units** long after the grant’s period of performance. What has prevented Hawai‘i from succeeding is the lack of a coordinated effort at the state level and these crucial tools for infrastructure financing. With the funds from PRO Housing, this new **approach should permanently remove key barriers to producing and preserving affordable housing.**

The table below identifies expected achievements of each proposed activity and their anticipated permanent, long-term effect.

| Activity  | Expected Achievements  | Permanent, Long-Term Effect  |
|---|--|--|
| Hire a team of two professionals dedicated to researching and overcoming barriers | Removal of major barriers as identified by YIMBY Working Group, i.e., Land Use & Building Controls, Housing Policy, State Land Use Districting, Underutilized Public Lands, Cultural Resources | Institutionalize capacity to assist counties with code revisions, streamline permitting for affordable housing, develop strategies for preservation and sustained production. Eliminate duplication of state/county reviews, especially for 201H, cultural resources and state land districting. |
| Create a Statewide Infrastructure Bank  | Either create a stand-alone Infrastructure Bank or fold into Hawai‘i’s existing financing authorities to provide loans and/or grants currently not funded                                      | Construct infrastructure on a neighborhood-wide or regional basis such that it sustains housing production.  |

|  |  |   |
|--|--|---|
| Create a Community Facilities District for Iwilei, Honolulu or comparable infrastructure financing mechanism | An infrastructure financing mechanism is created   | The funds will be raised through the Communities Facilities District to issue a bond for the financing of infrastructure improvements. Infrastructure will be constructed that supports the creation of 8,600 housing units will be constructed in phase 1 and 27,500 by phase 3. |
| Design wastewater improvements in Līhu‘e, Kaua‘i   | The documents produced should be sufficient for the County of Kaua‘i to proceed with procurement of vendors for construction                 | Infrastructure will be constructed that supports the creation of at least 600 housing units. Infrastructure will be designed for climate change resiliency.   |
| Design infrastructure improvements for Kahekili Terrace in Wailuku, Maui                                     | The documents produced should be sufficient for the County of Maui to proceed with procurement of vendors for infrastructure construction    | Infrastructure will be constructed that supports the creation of 200 housing units will be constructed. Infrastructure will be designed for climate change resiliency.  |
| Design wells, reservoir, sewer, roads to Kamakana Villages in Kailua Kona, Hawai‘i                           | The documents produced should be sufficient for the County of Hawai‘i to proceed with procurement of vendors for infrastructure construction | Infrastructure will be constructed that supports the creation of 1,400 housing units will be constructed. Infrastructure will be designed for climate change resiliency   |

The effort may encounter **roadblocks** associated with lengthy regulatory and administrative processes to approve infrastructure projects. These roadblocks are encountered due to chronic staffing shortages and other administrative barriers in review processes relating to permitting, environmental issues, and historic and cultural matters. State and county officials are dedicated to decreasing processing times while preserving critical environmental, cultural, and historic resources to overcome this roadblock. In addition, Not In My Back Yard-type sentiments should be expected, as well. The best way to counteract these roadblocks is through **education, trust building, and the real provision of assistance**. The proposed new housing team, located within the State Office of Planning and Sustainable Development, will be able to overcome this barrier by working with counties, grant partners, and other state agencies to find solutions.

The proposal will result in **reducing housing cost burdens** for residents without increasing other costs, because the infrastructure designed (and ultimately constructed) in Honolulu, Kaua‘i, Maui and Hawai‘i counties will be in TOD areas. The **production and preservation of affordable housing** will be near amenities, public services, jobs, transit, schools, and other important community assets and locations. The counties and State already have some regulations and programs in place to facilitate affordable housing development and prevent gentrification in transit-oriented development areas. The OPSD housing team will work with counties to further improve codes and avoid escalating housing cost burdens.

The creation of an Infrastructure Bank will likely serve as a **model for other communities**. The State's understanding is that many communities continue to fund infrastructure improvements in a slow, disjointed manner. The creation and use of an infrastructure financing mechanism, like a Community Facilities Districts, can be **replicated elsewhere** in Hawai'i. Hawai'i County has one Community Facilities District, but its use is limited to very few landowners. The new housing team can provide training and guidance regarding how these mechanisms can be used more extensively elsewhere.

All of the State's counties are incorporating resiliency into their land control regulations and design standards. The **significant environmental risks** include wildfires, as seen recently with the devastation on Maui, and sea level rise associated with climate change. The Counties work to update their codes in alignment with the State Building Code Council. The proposed housing team can ensure their efforts are better coordinated and, thereby, easier for the development community to understand and implement. Consistency will expedite permitting and housing construction.

The Office of Planning and Sustainable Development developed a statewide sustainability planning and coordination program pursuant to Hawai'i's Sustainability Priority Guidelines and Principles established by [Hawai'i Revised Statutes § 226-108](#). The [Hawai'i 2050 Sustainability Plan](#) contains guidance regarding resilient and energy-efficient features, such as native vegetation, reclaimed water, and efforts to mitigate the effects of climate change. The proposal is aligned with the *Hawai'i 2050 Sustainability Plan* to **efficiently promote community resilience**.

**Success at the end of the period of performance and beyond** entails the production of sufficient housing units such that demand no longer outweighs supply and ensures greater accessibility of affordable housing—a vision shared across the proposal's partners. **The path to success is clear**, where infrastructure unlocks affordable housing. The State needs funding, staff, financing mechanisms, and infrastructure to achieve the goals. By building the infrastructure needed and creating the necessary funding and financing mechanisms, this proposal will enable the **construction and preservation of a total of 10,800 housing units** in the short-term.

Building on previous work that has identified the State's housing needs and the potential impact the proposal's activities could make, there exist **clear, quantifiable metrics** by which to assess this project. As identified earlier in prompt (a), the *Hawai'i Housing Planning Study* identified a statewide need of 50,156 new housing units by 2025 to address the demand for housing. Of the total projected units needed, 56% are needed to address historic pent-up demand. Additionally, the *Study* estimated that just over half of the 50,156 total units will be needed for people making at or below 80% AMI. An additional 6,056 units will be needed for those at 80 to 120% AMI.

If this proposal is funded, at least 10,800 housing units will be constructed, which will get the State of Hawai'i significantly closer to its total need for additional housing units to address chronic shortages. Given that the Hawai'i Public Housing Authority and the Hawai'i Housing Finance & Development Corporation will likely assist with subsidizing the necessary units, the great majority of those units will ease housing cost burdens, overcrowding, displacement, contribute to stabilizing median home prices. Regarding the preservation of affordability, the new housing team will be

tasked with identifying solutions to prevent the loss of 3,000 affordable rental units due to expiring affordability restrictions.

Beyond facilitating the production of housing via infrastructure construction, the new housing team will be expected to work in partnership with the counties to **remove barriers to affordable housing production** that have inhibited access to well-resourced neighborhoods for protected class groups and vulnerable populations, and to expand access to housing opportunities, in general. All four of Hawai'i's county planning departments understand what must be done to improve land use regulations and processes, but have either not received the support they have needed or do not have the capacity to do the work themselves.

The **long-term effect of this proposal** should result in regulations, policies and processes that encourage the production of more units on existing single-family lots; allow residential development above ground floor commercial uses; streamline permitting in areas near transit and away from environmentally or culturally sensitive areas; and minimize regulatory hurdles for the production and preservation of affordable housing.

## Attachment A: Public Comment

## i. Summary of Public Comments

The Hawai'i Office of Planning and Sustainable Development received 22 public comments and two additional pieces of testimony during its public hearing hosted for the purposes of the PRO Housing Grant Application. Of the 24 comments and testimony submitted, 22 were expressly supportive of the activities proposed in the grant application. The remaining two comments requested permission to build on agriculturally zoned land and requested housing options after displacement from the Maui wildfires. The comment requesting housing assistance from Maui wildfires was referred to case management services.

Relating to the activities proposed in the grant application, feedback from the public comment period suggested increasing financing mechanisms for affordable housing and infrastructure to support affordable housing, reforms to zoning including by-right development, establishing renters' protections, launching a pilot program with relaxed regulations for affordable housing, and removing duplications in the permitting process. The suggestions and conversations will be addressed by activities proposed in the grant proposal. The only suggestion that will not explicitly be covered by the PRO Housing grant is regarding renters' protections, where there are current activities outside of those proposed under the grant at the county and state levels, such as legislation around voucher discrimination and landlord-tenant mediation.

Relating to the grant proposal at large, feedback from the public comment period suggested hiring staff professionals with more specialized experience. Changes in the application from three proposed staff to two, higher-qualified proposed staff are included in the revised application. The public comment period also suggested providing more explicit job roles and priorities for the proposed staff. This information is included in the updated application. There were no substantial suggestions for, nor changes made to, the proposed grant activities or allocation of funding for grant activities.

## ii. List of Commentors

- 1) Arjuna Heim, Senior Housing Policy Analyst, Hawai'i Appleseed Center for Law and Economic Justice
- 2) Trey Gordner, Director, Hawai'i Zoning Atlas with support from Devon Chodzin and James Dingwall
- 3) Laurie Makaneole
- 4) Phyllis Shaver
- 5) Senator Ronald D. Kouchi, Senate President, Hawai'i State Senate
- 6) Patrick F. Hurney, Director of Housing Development, Hope Services Hawai'i
- 7) Bernard Carvalho
- 8) John Kawamoto
- 9) Mayor Mitchell D. Roth, Mayor, County of Hawai'i
- 10) Lyndsey Garcia, Director of Advocacy, Hawai'i Association of REALTORS

- 11) Rob Van Tassell, Director of Advocacy and Communications, Catholic Charities Hawai'i
- 12) Adam Roversi, Director, Kaua'i County Housing Agency
- 13) Representative Tory N. Hashimoto, State Representative House District 10 and Housing Chair, Hawai'i House of Representatives
- 14) Tom Shigemoto, President, Kaua'i Housing Development Corporation
- 15) Carlo R. Mireles, President, Miren Development
- 16) Joan Lloyd
- 17) Bruce Beard, Chief Executive Officer, Honua'ula LLC
- 18) Aaron Hultgren, Chief Financial Officer, Hulalalai Court LLC
- 19) Councilmember Tyler Dos Santos-Tam, Honolulu City District 6, Honolulu City Council
- 20) Senator Stanley Chang, District 9 and Committee on Housing Chair, Hawai'i State Senate
- 21) Keith Webster
- 22) Sterling Higa, Executive Director, Housing Hawai'i's Future

iii. Comments (see attached)



**From:** [Gov.Housing.Testimony](#)  
**To:** [Laurie Makaneole](#); [Gov.Housing.Testimony](#)  
**Subject:** RE: [EXTERNAL] Barriers to housing- testimony  
**Date:** Wednesday, October 4, 2023 8:08:21 AM

---

Thank you for submitting testimony regarding the Pro Housing Grant.

Best,  
Tami

Tami Whitney (she/her) | Special Advisor on Housing  
Office of the Governor | Ke Ke'ena O Ke Kia'āina  
State of Hawai'i  
Office: (808) 586-0034  
Email: [gov.housing@hawaii.gov](mailto:gov.housing@hawaii.gov)  
Stay Connected with Governor Green

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-----Original Message-----

From: Laurie Makaneole <[makaneole@yahoo.com](mailto:makaneole@yahoo.com)>  
Sent: Tuesday, October 3, 2023 7:37 PM  
To: Gov.Housing.Testimony <[gov.housing.testimony@hawaii.gov](mailto:gov.housing.testimony@hawaii.gov)>  
Subject: [EXTERNAL] Barriers to housing- testimony

Aloha,

We are hoping that people on Ag zoned lands that are located in urban/ rural area will be able to build at least 2 homes on certain AG zoned lands.

We live on Kauai, we live on Agriculture zoned and we have a large road on our east and on our west we border a subdivision. We we are in an urban type of area. We have a septic system to accommodate 5 bedrooms but our home has only 2 bedrooms. We farm our land and our son [ who is also a low paid farmer] and his family need a house to live in and we are not allowed to build a 2nd home on our land.

Please take steps to truly support farmers and people who live on Ag zoned lands to allow multiple homes on Ag zoned lands.

Thank you From Laurie Makaneole

**From:** [Phyllis Shaver](#)  
**To:** [Gov.Housing.Testimony](#)  
**Subject:** [EXTERNAL] 2023 PRO Housing Funding Application  
**Date:** Tuesday, October 10, 2023 4:22:50 AM

---

I'm all for affordable housing and have enjoyed the benefits for 2 years. Now I'm displaced by the Maui wildfires and sheltering in my son's home. I'm on fix income looking for a hud apartment with little hope for me and fellow people people in all the low cost place in Lahaina. Wondering if will have any priority for subsidized housing.

Phyllis Shaver



October 12, 2023

TO: U.S. Department of Housing and Urban Development  
RE: PRO Housing Grant

Housing Hawai'i's Future is a movement led by young locals who will create opportunities for Hawai'i's next generation by ending the workforce housing shortage.

Infrastructure is the key to unlocking housing. And Hawai'i desperately needs to remove the obstacles to new housing, including zoning.

This proposal will create the staffing needed to identify and remove obstacles.

Please support it.

Thank you,

A handwritten signature in black ink that reads "Sterling Higa".

Sterling Higa  
Executive Director  
Housing Hawai'i's Future  
[sterling@hawaiifuture.org](mailto:sterling@hawaiifuture.org)  
+1 (808) 782-7868

**From:** [kwebster401@morus.us](mailto:kwebster401@morus.us)  
**To:** [Gov.Housing.Testimony](#)  
**Subject:** [EXTERNAL] 2023 PRO Housing Funding Application  
**Date:** Saturday, October 14, 2023 12:10:11 PM

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TESTIMONY of  
**Keith Webster**

Before the  
OFFICE OF PLANNING & SUSTAINABLE DEVELOPMENT

Wednesday, October 18, 2023  
1:30 PM  
415 S. Beretania Street, Suite 415  
Honolulu, Hawaii 96813

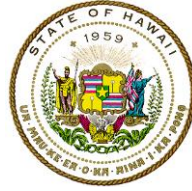
In consideration of  
PATHWAYS TO REMOVING OBSTACLES TO HOUSING DRAFT GRANT  
APPLICATION

I strongly support OPSD's PRO-Housing draft grant application. If we're going to make progress in solving our housing crisis we need to reduce the barriers to providing that housing. While the proposed changes won't solve our problems they are a significant step, Providing infrastructure is a big reason many affordable projects don't pencil out. If together through government we can provide some of the needed infrastructure we can all work together to house our people.

My wife and I are 35 year residents of Hawaii and this is our home. Our 30 year old son left for the mainland with his partner. Although they consider Hawaii their true home they didn't see any way to make Hawaii work for them. Too many of our young people are coming to that same conclusion. Together, we can work to keep young people and our kupuna in the islands. This will benefit our culture, our families and our economy.

Thank you for the opportunity to provide testimony in strong support of OPSD's draft PRO-Housing application.

Respectfully,  
**Keith Webster, Kaneohe**



The Senate  
Ka 'Aha Kenekoa

STATE CAPITOL  
HONOLULU, HAWAII 96813

TESTIMONY of  
Senator Stanley Chang

Before the  
OFFICE OF PLANNING & SUSTAINABLE DEVELOPMENT

Wednesday, October 18, 2023  
1:30 PM  
415 S. Beretania Street, Suite 415  
Honolulu, Hawaii 96813

In consideration of  
PATHWAYS TO REMOVING OBSTACLES TO HOUSING DRAFT GRANT  
APPLICATION

As Chair of the Committee on Housing for the Hawaii State Senate, I **strongly support** the Office of Planning & Sustainable Development's (OPSD) Pathways to Removing Obstacles to Housing (PRO Housing) draft grant application. If fully funded, this proposal will unlock over **10,000 affordable units** across four counties in Hawaii, expanding equitable access to housing, transit, jobs, and other public services. The need for such action in Hawaii is profound and imminent.

The state of Hawaii is facing a severe housing shortage. A 2019 Department of Business, Economic Development & Tourism (DBEDT) study found that, in order to keep up with demand, **50,000 housing units need to be built in the next five years**. But Hawaii has only been building at a rate of 2,000 units per year, far lower than the 10,000 necessary to house its residents. In large part, the lack of housing development is due to inadequate infrastructure and financing state-wide. As a result of limited housing options coupled with sky-high demand, Hawaii's population has declined for seven consecutive years and **more Native Hawaiians are now living outside Hawaii than in Hawaii**. I commend OPSD and the Office of the Governor for this proposal that will help deliver on the important promise that everyone born and raised in Hawaii will be able to live good lives here in Hawaii.

OPSD's proposal requests \$9.9 million from the U.S. Department of Housing & Urban Development (HUD) to address eight barriers to affordable housing identified by the State's

October 18, 2023  
Page 2 of 2

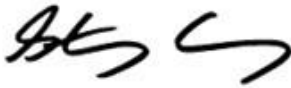
YIMBY Working Group, including inadequate infrastructure, land use restrictions, zoning, and other regulatory, administrative, and legislative barriers. In particular, OPSD and the Governor's Housing Team will:

- Create a Statewide Infrastructure Bank to finance infrastructure such as water, wastewater, roads, energy sources, and brownfield remediation. The Infrastructure Bank will issue bonds, loans, and grants to both public and private partners.
- Create a Community Facilities District in Iwilei, Oahu to raise funds for financing infrastructure; design wastewater improvements in Lihue, Kauai; design infrastructure improvements for Hawaii Public Housing Authority's Kahekili Terrace project on Maui; and design reservoir, sewer, and roads from Ane Keohokalole Highway to Kamakana Villages on Hawaii Island.
- Hire three full-time equivalent positions for dedicated housing professionals to address regulatory, legislative, and administrative barriers identified by the State's YIMBY Working Group.

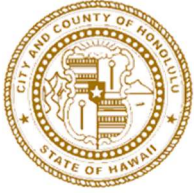
OPSD and the Office of the Governor's work to secure these funds from HUD is critical to ensuring the development of 10,000 units across four counties over the next six years. The primary obstacle for Hawaii's people today is the housing shortage. **If the State is equipped with the funds to execute this proposal, it will ensure the security and prosperity of Hawaii's residents for generations to come.**

Thank you for the opportunity to provide testimony in strong support of OPSD's draft PRO Housing application.

Respectfully,



Stanley Chang  
Senator, District 9  
Chair, Committee on Housing



# HONOLULU CITY COUNCIL

**KE KANIHELA O KE KALANA O HONOLULU**

530 S. KING ST. STE. 202, HONOLULU, HI 96813

**TYLER DOS SANTOS-TAM**  
HONOLULU CITY COUNCIL  
DISTRICT VI  
TELEPHONE: (808) 768-5006  
FAX: (808) 768-1176  
EMAIL: [tdossantos-tam@honolulu.gov](mailto:tdossantos-tam@honolulu.gov)

October 16, 2023

Housing Team  
C/O Office of the Governor  
415 S. Beretania Street, Suite 415  
Honolulu, Hawaii 96813

RE: In SUPPORT of Pathways to Removing Obstacles to Housing Draft Grant Application

I **strongly support** the proposal by the Office of State Planning and Sustainable Development (OPSD) for the Pathways to Removing Obstacles to Housing (PRO Housing) grant draft application. If fully funded, this proposal could unlock over **10,000 affordable units**, expanding equitable access to housing, transit, jobs, and other public services. The need for such action in Hawai'i - and in my district in particular - is hugely important.

The OPSD proposal would request \$9.9 million from the U.S. Department of Housing and Urban Development (HUD) to address eight barriers to affordable housing, including: inadequate infrastructure, land use restrictions, zoning, and other regulatory, administrative, and legislative barriers. Through the use of the PRO Housing grant systemic issues can be addressed to supply access and affordability to the people.

The state of Hawaii is facing a severe housing shortage. In order to keep up with demand, **50,000 housing units need to be built in the next five years**. But recently, Hawaii has only been building at a rate of 2,000 units per year, far lower than the 10,000 necessary to house its residents. This is in large part due to inadequate infrastructure, financing, and investment state-wide.

These challenges have caused Hawaii's population to decline. Now, **more Native Hawaiians are now living outside Hawaii than in Hawaii**. OPSD's proposal would work to counteract this concerning trend.

The primary objective is to increase and protect affordable housing. **If the state is equipped with the funds to execute this proposal, it will ensure the security and prosperity of Hawaii's residents for generations to come**. During my tenure at City Council I will work diligently to help further expand affordable housing. Thank you for the opportunity to provide testimony in strong support of the PRO-Housing application.

Respectfully,

A handwritten signature in black ink that reads 'Tyler Dos Santos - Tam'.

Tyler Dos Santos -Tam  
Honolulu City Councilmember  
District 6

TESTIMONY of  
AARON HULTGREN

Before the  
OFFICE OF PLANNING & SUSTAINABLE DEVELOPMENT

Wednesday, October 18, 2023  
1:30 PM  
415 S. Beretania Street, Suite 415  
Honolulu, Hawaii 96813

In consideration of  
PATHWAYS TO REMOVING OBSTACLES TO HOUSING DRAFT GRANT  
APPLICATION

I **strongly support** OPSD's PRO-Housing draft grant application. If fully funded, this proposal will unlock over **10,000 affordable units** across four counties in Hawaii, expanding equitable access to housing, transit, jobs, and other public services. The need for such action in Hawaii is profound and imminent.

The state of Hawaii is facing a severe housing shortage. A 2019 DBEDT study found that, in order to keep up with demand, **50,000 housing units need to be built in the next five years**. But Hawaii has only been building at a rate of 2,000 units per year, far lower than the 10,000 necessary to house its residents. In large part, the lack of housing development is due to inadequate infrastructure and financing state-wide. As a result of limited housing options coupled with sky-high demand, Hawaii's population has declined for seven consecutive years and **more Native Hawaiians are now living outside Hawaii than in Hawaii**. I commend OPSD and the Office of the Governor for this proposal that will help deliver on the important promise that everyone born and raised in Hawaii will be able to live good lives here in Hawaii.

OPSD's proposal requests \$9.9 million from HUD to address eight barriers to affordable housing identified by the YIMBY Working Group, including inadequate infrastructure, land use restrictions, zoning, and other regulatory, administrative, and legislative barriers. In particular, OPSD and the Governor's Housing Team will:

- Create a Statewide Infrastructure Bank to finance infrastructure such as water, wastewater, roads, energy sources, and brownfield remediation. The Infrastructure Bank will issue bonds, loans, and grants to both public and private partners.
- Create a Community Facilities District in Iwilei, Oahu to raise funds for financing infrastructure; design wastewater improvements in Lihue, Kauai; design infrastructure improvements for Hawaii Public Housing Authority's Kahekili Terrace project on Maui; and design reservoir, sewer, and roads from Ane Keohokalole Highway to Kamakana Villages on Hawaii Island.
- Hire three FTE positions for dedicated housing professionals to address regulatory, legislative, and administrative barriers identified by the State's YIMBY Working Group.



OPSD and the Office of the Governor's work to secure these funds from HUD is critical to ensuring the development of 10,000 units across four counties over the next six years. The primary obstacle for Hawaii's people today is the housing shortage. **If the state is equipped with the funds to execute this proposal, it will ensure the security and prosperity of Hawaii's residents for generations to come.**

Thank you for the opportunity to provide testimony in strong support of OPSD's draft PRO-Housing application.

Respectfully,

A handwritten signature in cursive script that reads "Aaron L. Hultgren".

Aaron Hultgren  
Chief Financial Officer  
Hulalalai Court LLC

TESTIMONY of  
BRUCE BEARD

Before the  
OFFICE OF PLANNING & SUSTAINABLE DEVELOPMENT

Wednesday, October 18, 2023  
1:30 PM  
415 S. Beretania Street, Suite 415  
Honolulu, Hawaii 96813

In consideration of  
PATHWAYS TO REMOVING OBSTACLES TO HOUSING DRAFT GRANT  
APPLICATION

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OPSD and the Office of the Governor's work to secure these funds from HUD is critical to ensuring the development of 10,000 units across four counties over the next six years. The primary obstacle for Hawaii's people today is the housing shortage. **If the state is equipped with the funds to execute this proposal, it will ensure the security and prosperity of Hawaii's residents for generations to come.**

Thank you for the opportunity to provide testimony in strong support of OPSD's draft PRO-Housing application.

Respectfully,



Bruce Beard  
Chief Executive Officer  
Honua'ula LLC

TESTIMONY of  
CARLO R. MIRELES

Before the  
OFFICE OF PLANNING & SUSTAINABLE DEVELOPMENT

Wednesday, October 18, 2023  
1:30 PM  
415 S. Beretania Street, Suite 415  
Honolulu, Hawaii 96813

In consideration of  
PATHWAYS TO REMOVING OBSTACLES TO HOUSING DRAFT GRANT  
APPLICATION

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The state of Hawaii is facing a severe housing shortage. A 2019 DBEDT study found that, in order to keep up with demand, **50,000 housing units need to be built in the next five years**. But Hawaii has only been building at a rate of 2,000 units per year, far lower than the 10,000 necessary to house its residents. In large part, the lack of housing development is due to inadequate infrastructure and financing state-wide. As a result of limited housing options coupled with sky-high demand, Hawaii's population has declined for seven consecutive years and **more Native Hawaiians are now living outside Hawaii than in Hawaii**. I commend OPSD and the Office of the Governor for this proposal that will help deliver on the important promise that everyone born and raised in Hawaii will be able to live good lives here in Hawaii.

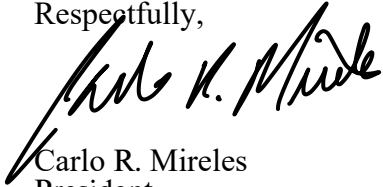
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Thank you for the opportunity to provide testimony in strong support of OPSD's draft PRO-Housing application.

Respectfully,

A handwritten signature in black ink, appearing to read "Carlo R. Mireles". The signature is written in a cursive, flowing style.

Carlo R. Mireles  
President  
Mirein Development

TESTIMONY of  
JOAN LLOYD

Before the  
OFFICE OF PLANNING & SUSTAINABLE DEVELOPMENT

Wednesday, October 18, 2023  
1:30 PM  
415 S. Beretania Street, Suite 415  
Honolulu, Hawaii 96813

In consideration of  
PATHWAYS TO REMOVING OBSTACLES TO HOUSING DRAFT GRANT  
APPLICATION

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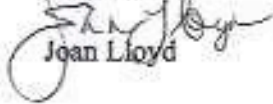
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Thank you for the opportunity to provide testimony in strong support of OPSD's draft PRO-Housing application.

Respectfully,



Joan Lloyd

**From:** [Tom Shigemoto](#)  
**To:** [Gov.Housing.Testimony](#)  
**Subject:** [EXTERNAL] 2023 PRO Housing Funding Application  
**Date:** Tuesday, October 17, 2023 4:28:56 PM

---

My name is Tom Shigemoto, President of the Kauai Housing Development Corporation. We are a 501(c) 3 non-profit affordable housing organization formed specifically to develop affordable housing for qualified residents of Kauai.

I understand that HUD is contemplating appropriating funds to assist with infrastructure development for this very purpose.

I hereby submit a strong recommendation in support of any legislation intended to making funds available for infrastructure needs to forward the provision of affordable housing in the Lihue area. As you know, without the needed sewer, water and power improvements it is impossible to realize any form of affordable housing. Water, especially, is the biggest challenge for lands in Lihue to be developed into affordable and other housing.

I ask that every consideration be given to my plea to grant these funds to allow my organization and all other housing developers with the opportunity to accomplish our missions. Thank you.



October 17, 2023

U.S. Department of Housing and Urban Development  
451 7th Street S.W.,  
Washington, DC 20410

To Whom it May Concern:

**SUBJECT: SUPPORT OF STATE OF HAWAI‘I PRO HOUSING GRANT APPLICATION**

As the Hawai‘i State Representative for House District 10, which encompasses Waiehu, Wailuku, Waikapū to Sand Hills and the Housing Chair for the Hawai‘i House of Representatives. I wish to add my strong support for the State of Hawai‘i’s PRO Housing grant application.

In the 2022 Legislative Session, I introduced HB 1837 which established a statewide working group on affordable housing to foster increased inter-agency coordination on housing and zoning issues, raise public awareness of ongoing state and county efforts to reduce barriers to affordable housing development, and propose legislation. With the support of our Legislature and then Governor David Ige, we were able to pass this bill. It showed our commitment to affordable housing and working with our counties to find solutions. The working group which I sit on, is currently meeting and hoping to have a report completed before our next legislative session.

I believe that this working group will continue to find solutions in the next coming years and with the grant funding, we may work together to implement these solutions.

I am happy to support the State of Hawai‘i’s grant application. If you have any questions or concerns, please do not hesitate to contact me at (808) 586-9444 or by email at RepHashimoto@capitol.hawaii.gov.

Sincerely,



Troy N. Hashimoto  
State Representative  
District 10

October 17, 2023

Housing Team  
c/o Office of the Governor  
415 S. Beretania Street, Suite 415  
Honolulu, Hawaii 96816

RE: The State's 2023 PRO Housing Funding Application

The Kaua'i County Housing Agency would like to express its deep support for the Hawai'i Office of Planning and Sustainable Development's application to the U.S. Department of Housing and Urban Development's (HUD) notice of funding opportunity for the Pathways to Removing Obstacles to Housing (PRO Housing) grant.

The state's proposal provides a necessary, multi-pronged approach to take critical steps in addressing Hawai'i's housing crisis. Staff dedicated to addressing barriers in producing affordable housing will allow for additional support to the state and counties in finding innovative solutions to regulatory, administrative, financial, and legislative roadblocks.

Kaua'i County is currently off pace to meet the demand for additional housing units by 2025, and one of our primary challenges in expanding affordable and accessible housing is infrastructure. The establishment of a statewide infrastructure bank will help address critical gaps in available infrastructure to realize housing for local residents.

This proposal includes specific infrastructure investments identified that will allow Kaua'i County to build critical infrastructure in Downtown Līhu'e that is a high priority for the county. This critical investment in infrastructure for the area could unlock 600 desperately needed housing units for Kaua'i residents.

Sincerely,



Adam P. Roversi  
Kauai County Housing Director



## CATHOLIC CHARITIES HAWAII

### TESTIMONY IN SUPPORT OF: PATHWAYS TO REMOVING OBSTACLES TO HOUSING DRAFT GRANT APPLICATION

TO: OFFICE OF PLANNING & SUSTAINABLE DEVELOPMENT  
 FROM: Rob Van Tassell, President and CEO, Catholic Charities Hawai'i  
 Hearing: Wednesday, October 18, 2023, 1:30 PM, 415 S. Beretania Street, Suite 415

Thank you for the opportunity to provide testimony in **support** of the Pathways To Removing Obstacles To Housing Draft Grant Application. I am Rob Van Tassell, with Catholic Charities Hawai'i.

Catholic Charities Hawai'i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai'i for over 75 years. CCH has programs serving elders, children, families, homeless, and immigrants. Our mission is to provide services and advocacy for the most vulnerable in Hawai'i. Catholic Charities Hawai'i has a long history of working in the areas of affordable housing and homelessness.

We strongly support OPSD's PRO-Housing draft grant application. If fully funded, this proposal will unlock over 10,000 affordable units across four counties in Hawaii, expanding equitable access to housing, transit, jobs, and other public services. The need for such action in Hawaii is profound and imminent.

The state of Hawaii is facing a severe housing shortage. A 2019 DBEDT study found that, in order to keep up with demand, 50,000 housing units need to be built in the next five years. But Hawaii has only been building at a rate of 2,000 units per year, far lower than the 10,000 necessary to house its residents. In large part, the lack of housing development is due to inadequate infrastructure and financing state-wide. As a result of limited housing options coupled with sky-high demand, Hawaii's population has declined for seven consecutive years and more Native Hawaiians are now living outside Hawaii than in Hawaii. I commend OPSD and the Office of the Governor for this proposal that will help deliver on the important promise that everyone born and raised in Hawaii will be able to live good lives here in Hawaii.

OPSD's proposal requests \$9.9 million from HUD to address eight barriers to affordable housing identified by the YIMBY Working Group, including inadequate infrastructure, land use restrictions, zoning, and other regulatory, administrative, and legislative barriers. In particular, OPSD and the Governor's Housing Team will:

- Create a Statewide Infrastructure Bank to finance infrastructure such as water, wastewater, roads, energy sources, and brownfield remediation. The Infrastructure Bank will issue bonds, loans, and grants to both public and private partners.
- Create a Community Facilities District in Iwilei, Oahu to raise funds for financing infrastructure; design wastewater improvements in Lihue, Kauai; design infrastructure improvements for Hawaii Public Housing Authority's Kahekili Terrace project on Maui; and design reservoir, sewer, and roads from Ane Keohokalole Highway to Kamakana Villages on Hawaii Island.

- Hire three FTE positions for dedicated housing professionals to address regulatory, legislative, and administrative barriers identified by the State's YIMBY Working Group.

OPSD and the Office of the Governor's work to secure these funds from HUD is critical to ensuring the development of 10,000 units across four counties in Hawaii over the next six years. The primary obstacle for Hawaii's people today is the housing shortage. If the state is equipped with the funds to execute this proposal, it will ensure the security and prosperity of Hawaii's residents for generations to come.

Thank you for the opportunity to provide testimony in strong support of OPSD's draft PRO-Housing application.

Please contact our Director of Advocacy and Community Relations,  
Shellie Niles at [shellie.niles@catholiccharitieshawaii.org](mailto:shellie.niles@catholiccharitieshawaii.org) if you have any questions.

October 18, 2023

**Office of Planning & Sustainable Development**

415 South Beretania Street, Suite 415

Honolulu, HI 96813

**RE: Pathways to Removing Obstacles to Housing Draft Grant Application**

**HEARING: Wednesday, October 18, 2023, at 1:30 p.m.**

Aloha,

My name is Lyndsey Garcia, Director of Advocacy, testifying on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its over 11,000 members. HAR **supports** the Office of Sustainable Developments ("OPSD") PRO-Housing draft grant application.

According to the Department of Business Economic Development and Tourism's 2019 report on Housing Demand in Hawai'i, the state needs up to 45,497, housing units to meet demand in Hawai'i by 2030.<sup>1</sup> Ultimately, we have a housing supply problem, and investment is needed to meet our State's housing challenges. If this proposal secures full funding, it has the potential of generating over 10,000 affordable housing units across four counties in Hawai'i. Consequently, it will expand the accessibility of housing, transportation, job opportunities, and public services in a manner that promotes equity.

The OPSD proposal seeks \$9.9 million in funding from the Department of Housing and Urban Development ("HUD") to confront eight barriers to affordable housing recognized by the YIMBY Working Group. These challenges encompass insufficient infrastructure, land use constraints, zoning issues, as well as various regulatory, administrative, and legislative obstacles.

OPSD and the Office of the Governor's work to secure these funds from HUD is critical to ensuring the development of 10,000 units across four counties in Hawaii over the next six years. The primary obstacle for Hawaii's people today is the housing shortage. Having the necessary funds to put this proposal into action will significantly contribute to alleviating our state's housing issues and assist our residents in fulfilling one of their most basic needs – housing.

For the foregoing reasons, Hawai'i Association of REALTORS® supports this measure. Mahalo for the opportunity to testify.

<sup>1</sup> Department of Business, Economic Development & Tourism. (2019). *Hawaii Housing Demand 2020-2030*. <https://files.hawaii.gov/dbedt/economic/reports/housing-demand-2019.pdf>

**From:** [John Kawamoto](#)  
**To:** [Gov.Housing.Testimony](#)  
**Subject:** [EXTERNAL] 2023 PRO Housing Funding Application  
**Date:** Wednesday, October 18, 2023 2:47:14 PM

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TESTIMONY of  
**JOHN KAWAMOTO**

Before the  
OFFICE OF PLANNING & SUSTAINABLE DEVELOPMENT

Wednesday, October 18, 2023  
1:30 PM  
415 S. Beretania Street, Suite 415  
Honolulu, Hawaii 96813

In consideration of  
PATHWAYS TO REMOVING OBSTACLES TO HOUSING DRAFT GRANT  
APPLICATION

I strongly support OPSD's PRO-Housing draft grant application. If fully funded, this proposal will unlock over 10,000 affordable units across four counties in Hawaii, expanding equitable access to housing, transit, jobs, and other public services. The need for such action in Hawaii is profound and imminent.

The state of Hawaii is facing a severe housing shortage. A 2019 DBEDT study found that, in order to keep up with demand, 50,000 housing units need to be built in the next five years. But Hawaii has only been building at a rate of 2,000 units per year, far lower than the 10,000 necessary to house its residents. In large part, the lack of housing development is due to inadequate infrastructure and financing state-wide. As a result of limited housing options coupled with sky-high demand, Hawaii's population has declined for seven consecutive years and more Native Hawaiians are now living outside Hawaii than in Hawaii. I commend OPSD and the Office of the Governor for this proposal that will help deliver on the important promise that everyone born and raised in Hawaii will be able to live good lives here in Hawaii.

OPSD's proposal requests \$9.9 million from HUD to address eight barriers to affordable housing identified by the YIMBY Working Group, including inadequate infrastructure, land use restrictions, zoning, and other regulatory, administrative, and legislative barriers. In particular, OPSD and the Governor's Housing Team will:

- Create a Statewide Infrastructure Bank to finance infrastructure such as water, wastewater, roads, energy sources, and brownfield remediation. The Infrastructure Bank will issue bonds, loans, and grants to both public and private partners.
- Create a Community Facilities District in Iwilei, Oahu to raise funds for financing infrastructure; design wastewater improvements in Lihue, Kauai; design infrastructure improvements for Hawaii Public Housing Authority's Kahekili Terrace project on Maui; and design reservoir, sewer, and roads from Ane Keohokalole Highway to Kamakana Villages on Hawaii Island.
- Hire three FTE positions for dedicated housing professionals to address regulatory, legislative, and administrative barriers identified by the State's YIMBY Working Group.

OPSD and the Office of the Governor's work to secure these funds from HUD is critical to ensuring the development of 10,000 units across four counties in Hawaii over the next six years. The primary obstacle for Hawaii's people today is the housing shortage. If the state is equipped with the funds to execute this proposal, it will ensure the security and prosperity of Hawaii's residents for generations to come.

Thank you for the opportunity to provide testimony in strong support of OPSD's draft PRO-Housing application.

**From:** [Bernard Carvalho Jr.](#)  
**To:** [Gov.Housing.Testimony](#)  
**Subject:** [EXTERNAL] 2023 PRO Housing Funding Application  
**Date:** Wednesday, October 18, 2023 6:50:58 AM

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“2023 PRO Housing Funding Application,”. Please accept my total support for this funding opportunity to support our housing crisis throughout our State! This is truly a state-wide team effort and securing this grant will definitely move us forward! IMUA...

Get [Outlook for iOS](#)



TESTIMONY of  
**Trey Gordner, Director**  
**Hawaii Zoning Atlas**

Before the  
OFFICE OF PLANNING & SUSTAINABLE DEVELOPMENT

Wednesday, October 18, 2023  
1:30 PM  
415 S. Beretania Street, Suite 415  
Honolulu, Hawaii 96813

In consideration of  
PATHWAYS TO REMOVING OBSTACLES TO HOUSING DRAFT GRANT APPLICATION

The Hawaii Zoning Atlas team is pleased to extend its **strong support** to the State of Hawaii's PRO Housing draft grant application. The Hawaii Zoning Atlas publishes an [online interactive map](#) that explores how restrictive zoning laws can make it difficult to build diverse, affordable housing. We aspire to help solve Hawaii's housing crisis by providing independent and reliable land use data, research, and policy analysis. In keeping with our mission, we provide the following comments.

The HUD NOFO highlights 5 criteria for evaluating applications: need (35 pts), soundness of approach (35 pts), capacity (10 pts), leverage (10 pts), and long-term effect (10 pts).

**Need:** The draft application does an excellent job of articulating our need for affordable housing, the current administration's considerable effort in addressing that need, and the barriers that block continued progress. Notably, "HUD encourages applications that will discuss key barriers related to land-use regulations, permitting, or related procedural issues" (p 34). The application could benefit by more explicitly targeting certain zoning or building code provisions for investigation by PRO staff, or even proposing a pilot program to relax problematic requirements in limited areas. Other jurisdictions have recently reconsidered minimum lot sizes, parking minimums, and floor area ratios, for example. The checklist from the Niskanen Center's [testimony to HUD on the AFFH rule](#) offers a vetted list of options.

**Soundness of Approach:** The application proposes both practical short-term projects, such as the design of infrastructure improvements for public and low-income housing, and visionary long-term projects, such as the development of new financing mechanisms for infrastructure. This balanced approach distinguishes the State of Hawaii's PRO application from its peers. However, the link between the infrastructure projects identified and the number of units they will support could be stronger. The HZA team also wishes to emphasize two aspects of the HUD NOFO: that the priority "is to serve low- and moderate-income people" (p 5) and that grants must not fund the "general conduct of government" (p 16). The application may benefit from addressing these two aspects more explicitly in each of the 3 components listed under Exhibit D.

**Capacity:** The application adequately demonstrates the buy-in and capabilities of existing State agencies. However, County buy-in and capabilities are not covered, even though earlier sections mention them as

important partners on certain proposed initiatives. Moreover, the staffing plan would benefit from brief descriptions of roles and responsibilities for the 3 intended FTEs for the PRO Housing Team, justifying the specific salaries included in the budget.

**Leverage:** The application connects the requested \$9.9 million in grant funds to an additional \$8.25 million in leveraged funds. The HZA team challenges the State to identify and include an additional \$1.7 million so that the leverage ratio is at least 1:1. Currently there are no dollars leveraged for the staff, infrastructure bank, or Kaua'i proposals—these might be the places to start. Otherwise, eliminating regulatory barriers to affordable housing might allow public and private actors on Maui to replace lost housing units more efficiently, and this might enable them to conditionally commit recovery funds toward PRO Housing grant activities.

**Long-term Effect:** The goals of each individual activity are well-stated and reasonable, as is the justification for prioritizing infrastructure. Minor points for improvement include 2 typos we identified in the table in Exhibit G:

- “1,8600” in the Iwilei row
- A second “will be constructed” in the Lihue row

Overall, the Hawaii Zoning Atlas team commends the State on an impressive application that proposes to meet a critical need with innovative solutions identified by in-depth research with relevant stakeholders. We sincerely hope that OPSD and its partners are awarded the full requested amount and stand ready to support the new PRO Housing Team with policy and data research tasks.

Respectfully submitted,

Trey Gordner

Director, Hawaii Zoning Atlas

With drafting support from Devon Chodzin and James Dingwall

## Comments on Hawaii's Office of Planning and Sustainable Development HUD PRO Housing Grant Application from Hawai'i Appleseed Center for Law & Economic Justice

Public Comment Date:  
October 18<sup>th</sup>, 2023  
1:30 PM, 677 Queen St.

Hawaii Appleseed appreciates the opportunity to submit comments on the OPSD's application to HUD's PRO Housing Grant. Hawaii Appleseed Center for Law & Economic Justice is a non-profit working for social and economic justice for all residents of Hawai'i through research-based policies and community collaboration. Hawai'i Appleseed (HA) applauds the OPSD's determination to eliminate barriers to affordable housing production and offers comments on some of the proposals in the PRO Housing Grant Application.

The PRO Housing Grant lists 5 eligible uses for the grant funding:

1. Creation of housing and community plans.
2. Create TOD zones.
3. Incentivize development of vacant lots or conversion of commercial properties to residential and mixed-use.
4. Streamlining permitting processes and expanding by-right development.
5. Reducing barriers to development such as residential property height limitations, off street parking requirements, density restrictions and minimum lot sizes.

The proposed grant to be submitted by OPSD addresses mainly the first eligible criteria: creation of housing and community plans, as the main use of grant monies if approved by HUD to the state. Proposed responses to barriers look to address long term infrastructure issues which have restricted ability to create affordable housing and the hiring of 3.0 FTE housing staff to dedicate research into barriers of affordable housing.

As this is a competitive grant that will be awarded to states which are further along in addressing barriers to housing production Hawaii Appleseed would like to encourage the OPSD to include more directed focus on addressing issues to creation of affordable housing construction—namely the most needed of which is in the 0-80% AMI and include proposals to address ongoing issues of displacement due to lack of renter protections.

Specifications of Hawaii's PRO Housing grant highlight HPHA's Ka Lei Momi Redevelopment project which would serve households up to 120% AMI<sup>1</sup> which is, by definition, more than what half of the population makes. Additionally, the 2019 Hawaii Housing Planning Study states that over 50% (26,230 units) of

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<sup>1</sup> [https://governor.hawaii.gov/wp-content/uploads/2023/10/OPSD\\_HUD\\_PRO-Housing-Grant-Application\\_DRAFT\\_2023-10-03.pdf](https://governor.hawaii.gov/wp-content/uploads/2023/10/OPSD_HUD_PRO-Housing-Grant-Application_DRAFT_2023-10-03.pdf) pg. 10

housing demand for the years 2020-2025 would need to be targeted to AMI ranges from 0-80%, of that demand 10,457 need to serve households making 0-30% AMI<sup>2</sup>. HA suggests that the PRO Housing Grant include addressing barriers to preserving and creating units in that 0-80% AMI need, specifically, housing targeted for 0-50% AMI as these are units which require more targeted public investment than other housing forms.

Hawaii has been faced with ongoing housing affordability for residents since a warning from 1970's Lieutenant Governor Tom Gill expressed fears of legislation that would fail to ensure housing for the working class<sup>3</sup>. Today we are faced with rising costs of rents where 78% of our extremely low<sup>4</sup> income residents are seniors, part of the workforce, or both and pay more than 30% of their income on rent<sup>5</sup>. This PRO Housing grant is an opportunity for the state to intentionally invest in housing all it's residents.

Suggested inclusions to the PRO Housing Grant:

- Increasing annual funding allocation to the Rental Housing Revolving Fund (RHRF) and Dwelling Unit Revolving Fund (DURF):

*It is necessary to increase the capacity of HHFDC to fund affordable housing projects. History of HHFDC shows that since 2006 the agency has facilitated the development of 13,741 affordable and work force units statewide<sup>6</sup> which pencils out to around 800 units a year—only 17% of annual needed production of workforce and affordable housing units per year.*

- Establishing renter protections which include but are not limited to:
  - o Rental relief
  - o Landlord tenant mediation
  - o Regulation of rent increases

*Act 57 established in 2021 created mandatory landlord-tenant mediation paired with rental relief. This prevented a major wave of evictions across the state and was a successful preventative measure to eviction<sup>7</sup>. Furthermore, research by Government Accountability Office associate every \$100 increase in median rent with a 9% increase in homelessness<sup>8</sup>. Hawaii has no regulation to prevent such increases from happening, establishing rent stabilization protections can help prevent locals (27% of which are cost burdened) from slipping further into instability and solidify efforts to prevent displacement of residents and preserve naturally occurring affordable housing stock.*

- Legalizing by-right development of four-plex's on single family lots:

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<sup>2</sup> [https://dbedt.hawaii.gov/hhfdc/files/2020/01/FINAL-State\\_Hawaii-Housing-Planning-Study.pdf](https://dbedt.hawaii.gov/hhfdc/files/2020/01/FINAL-State_Hawaii-Housing-Planning-Study.pdf) pg. 38

<sup>3</sup> <https://www.civilbeat.org/2022/07/a-warning-on-hawaiis-housing-crisis-from-1970/>

<sup>4</sup> 0-30% AMI

<sup>5</sup> <https://nlihc.org/housing-needs-by-state/hawaii>

<sup>6</sup> [https://governor.hawaii.gov/wp-content/uploads/2023/10/OPSD\\_HUD\\_PRO-Housing-Grant-Application\\_DRAFT\\_2023-10-03.pdf](https://governor.hawaii.gov/wp-content/uploads/2023/10/OPSD_HUD_PRO-Housing-Grant-Application_DRAFT_2023-10-03.pdf) pg. 29

<sup>7</sup> <https://nlihc.org/resource/13-1-success-stories-era>

<sup>8</sup> <https://www.gao.gov/products/gao-20-433>

*Hawaii's zoning practices are largely exclusionary; single family housing is approved by-right in most places while more sensible dense construction is severely limited. Allowing for by-right development of up to four-plex's in single-family lots meets HUD's requirements to addressing direct zoning barriers to construction of housing.*

- Remove duplications in the permitting process:

*Enable HHFDC to take responsibility for the 201H process, currently developers have to seek County Council approval, upon rejection they are then allowed to go directly to HHFDC for approval. This adds more direct confrontation with NIMBY's and the possibility of disapproval by the council due to constituent pressures. Requiring 201H projects to go through county first when upon rejection they can seek approval from HHFDC simply increases the time it takes for construction to start.*

Hawaii Appleseed thanks the OPSD for considering these comments in the PRO Housing Grant application and looks forward to success in addressing barriers to affordable housing construction.

Arjuna Heim  
Senior Housing Policy Analyst  
Hawaii Appleseed Center for Law & Economic Justice



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## MEMORANDUM

TESTIMONY of  
Patrick Hurney

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Before the  
OFFICE OF PLANNING & SUSTAINABLE DEVELOPMENT

Wednesday, October 18, 2023  
1:30 PM  
415 S. Beretania Street, Suite 415  
Honolulu, Hawaii 96813

In consideration of  
PATHWAYS TO REMOVING OBSTACLES TO HOUSING DRAFT GRANT APPLICATION

I strongly support OPSD's PRO-Housing draft grant application. If fully funded, this proposal will unlock over 10,000 affordable units across four counties in Hawaii, expanding equitable access to housing, transit, jobs, and other public services. The need for such action in Hawaii is profound and imminent.

The state of Hawaii is facing a severe housing shortage. A 2019 DBEDT study found that, in order to keep up with demand, 50,000 housing units need to be built in the next five years. But Hawaii has only been building at a rate of 2,000 units per year, far lower than the 10,000 necessary to house its residents. In large part, the lack of housing development is due to inadequate infrastructure and financing state-wide. As a result of limited housing options coupled with sky-high demand, Hawaii's population has declined for seven consecutive years and more Native Hawaiians are now living outside Hawaii than in Hawaii. I commend OPSD and the Office of the Governor for this proposal that will help deliver on the important promise that everyone born and raised in Hawaii will be able to live good lives here in Hawaii.

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Create a Community Facilities District in Iwilei, Oahu to raise funds for financing infrastructure; design wastewater improvements in Lihue, Kauai; design infrastructure improvements for Hawaii Public Housing Authority's Kahekili Terrace project on Maui; and design reservoir, sewer, and roads from Ane Keohokalole Highway to Kamakana Villages on Hawaii Island.

Hire three FTE positions for dedicated housing professionals to address regulatory, legislative, and administrative barriers identified by the State's YIMBY Working Group.

OPSD and the Office of the Governor's work to secure these funds from HUD is critical to ensuring the development of 10,000 units across four counties over the next six years. The primary obstacle for Hawaii's people today is the housing shortage. If the state is equipped with the funds to execute this proposal, it will ensure the security and prosperity of Hawaii's residents for generations to come.

Thank you for the opportunity to provide testimony in strong support of OPSD's draft PRO-Housing application.

Respectfully,

*Patrick F. Hurney*

Patrick F. Hurney  
Director of Housing Development  
Hope Services Hawaii

October 18, 2023

Marion Mollegan McFadden  
Principal Deputy Assistant Secretary for Community Planning and Development  
United States Department of Housing and Urban Development  
451 7<sup>th</sup> Street, S.W.  
Washington, DC 20410

Re: State of Hawaii Office of Planning and Sustainable Development (SOHOPSD)  
Pathways to Removing Obstacles to Housing (PRO Housing) Grant Application

I am informed that the State of Hawaii SOHOPSD is applying for a PRO Housing grant. Please accept this letter in strong support of OPSD's grant application as Hawaii is actively taking steps to address its need for affordable housing and remediating its deteriorating and inadequate infrastructure.

As set out in OPSD's grant application, the dearth of affordable housing in Hawaii is at a crisis level, such that Hawaii Governor Josh Green issued an emergency proclamation on July 17, 2023, to address Hawaii's housing needs. To exacerbate Hawaii's housing emergency, on August 8, 2023, wildfires swept through Lahaina, Maui and burned 2,200 buildings, of which approximately 1,900 were single family homes or residences, immediately removing existing housing stock for these residents.

In Hawaii, there are approximately 88,000 cesspools that are releasing some 53 million gallons of untreated sewage into the ground each day – posing a serious risk to streams, rivers, watersheds, near shore ocean waters, and drinking water from freshwater aquifers. These cesspools were built in rural areas on Oahu and most of the neighbor islands as sewage hookup was not a viable economic or logistical option at the time they were built. Hawaii has required all cesspools to be removed by the year 2050 and is attempting to create pathways for residents to comply with the law.



I am informed that the PRO Housing grant seeks to help communities that are actively taking steps to remove barriers to address affordable housing needs, including outdated and inadequate infrastructure, housing stock preservation and/or reduction from natural hazards, and bureaucratic hurdles to affordable housing. The PRO Housing grant will be a welcome infusion to SOHOPSD in addressing Hawaii's housing needs.

Thank you for your consideration of the SOHOPSD's application and if there are any questions with regard to the foregoing, please do not hesitate to contact me.

Sincerely,

Handwritten signature of Ronald D. Kouchi in black ink.

---

RONALD D. KOUCHI  
Senate President



**Mitchell D. Roth**  
*Mayor*

**Lee E. Lord**  
*Managing Director*

**Robert H. Command**  
*Deputy Managing Director*

## County of Hawai'i Office of the Mayor

25 Aupuni Street, Suite 2603 • Hilo, Hawai'i 96720 • (808) 961-8211 • Fax (808) 961-6553  
KONA: 74-5044 Ane Keohokalole Hwy., Bldg C • Kailua-Kona, Hawai'i 96740  
(808) 323-4444 • Fax (808) 323-4440

October 18, 2023

Via e-mail

Housing Team  
c/o Office of the Governor  
415 S. Beretania Street, Suite 415  
Honolulu, Hawai'i 96816  
Email: [gov.housing.testimony@hawaii.gov](mailto:gov.housing.testimony@hawaii.gov)

**SUBJECT: STATE'S 2023 PRO HOUSING FUNDING APPLICATION**

Aloha,

The County of Hawai'i Office of Housing and Community Development would like to express its deep support for the Hawai'i Office of Planning and Sustainable Development's application to the U.S. Department of Housing and Urban Development's (HUD) notice of funding opportunity for the Pathways to Removing Obstacles to Housing (PRO Housing) grant.

The housing crisis in Hawai'i has devastating consequences for residents of Hawai'i County. Even as the most affordable county in the state, our residents struggle to afford monthly expenses relating to housing. As a result, many of our local residents are leaving the state in search of more affordable places to live, statewide 20 people left every day in 2022. For the first time in the state's history, more Native Hawaiians live outside of the state of Hawai'i than in it—threatening the state's unique cultural and historic identity.

The statewide YIMBY working group established in 2022 identified eight key regulatory, administrative, and legislative barriers in producing affordable housing in the state. Dedicated professionals that could be hired with funding from this grant application will be essential in helping build capacity to respond to barriers. This capacity does not currently exist and will be essential as we work to protect and expand access to affordable housing.

In Hawai'i County, as throughout the rest of the state, one of our primary challenges in expanding affordable and accessible housing is infrastructure. We lack adequate financing methods, where often developing critical infrastructure is passed onto housing developers. This drives up development costs that are then passed along to our local residents. Without addressing our infrastructure needs, our projects don't pencil out and make it harder to build housing that is affordable for our people.

This proposal includes specific infrastructure investments that will help Hawai'i County realize the Kamakana Villages at Keahuolu development project, which will provide critical housing options for low-income families and seniors in the most expensive neighborhood on the island. This critical investment in infrastructure for the area will help realize 1,600 affordable units for our local Hawai'i County families.

State of Hawaii PRO Housing  
Housing Team  
c/o Office of the Governor  
October 18, 2023  
Page 2

10/25/2023

Office of Planning and Sustainable Development

Should you have any questions, feel free to contact Housing Administrator Susan Kunz at (808) 961-8379 or via email at [susan.kunz@hawaiicounty.gov](mailto:susan.kunz@hawaiicounty.gov).

Mahalo,

A handwritten signature in black ink, appearing to read "M. Roth", written in a cursive style.

Mitchell D. Roth, Mayor  
County of Hawai'i