

**AFFORDABLE HOUSING
PRODUCTION (AHP) PROGRAM**

FY2024-25 ANNUAL PLAN

**County of Hawai'i
Office of Housing and Community Development
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EXECUTIVE SUMMARY

Funding for the Affordable Housing Production (AHP) Program is made possible through Ordinance 22-77, which appropriates at least \$ 5,000,000 per year for the Office of Housing and Community Development (OHCD) to facilitate programs that support affordable housing production in the County of Hawai'i (County).

The purpose the Annual Plan is to outline the use of program funds, in compliance with Section § 2-1 of the AHP Program Administrative Rules.

In January 2024, OHCD initiated the process to amend the AHP Program Administrative Rules to enhance the program's overall effectiveness. The public comment period for the proposed amendments ran from February 14 to March 15, 2024, followed by a public hearing held in March 2024 to gather input and testimony on the proposed changes. After the hearing, OHCD finalized and published the amended rules in April 2024.

Additionally, OHCD held two public meetings in March to gather community feedback on the County's affordable housing needs. Key input from these meetings highlighted the need for:

- Homeownership Initiatives
- Addressing Gap Group Needs
- Workforce Housing Development
- Infrastructure development to support housing construction

Based on community feedback and various affordable housing studies, OHCD established the AHP Program Goals and Priorities for FY2024-25 as follows:

Background

Supporting, increasing, and sustaining affordable rental and owner-occupied housing production in the County is the primary goal of the AHP Program. While the County is committed to fostering housing solutions that are affordable and accessible to individuals across all income brackets, it has designated specific priorities for this funding round.

For the FY2024-25 funding cycle the AHP Program will prioritize projects that serve households earning between 81% and 140% of the Area Median Income (AMI), commonly referred to as the "Gap Group." This group represents moderate-income individuals who often don't qualify for many existing assistance programs due to their income levels yet still struggle to afford market-rate housing.

Below this AMI threshold, substantial government support is already in place, including:

- Up to 30% AMI: Available programs and assistance include homeless assistance grants, homeless prevention assistance, Emergency Solutions Grants (ESG), and Housing Trust Fund (HTF).
- Up to 60% AMI: Available programs and assistance include the Low-Income Housing Tax Credits (LIHTC), HOME Investment Partnership Program (HOME), and Hula Mae Multi-Family (HMMF).

- Up to 80% AMI: Available programs and assistance include Project-Based Vouchers (PBV), the Community Development Block Grant (CDBG), the Rental Housing Revolving Fund (RHRF), Housing Choice Vouchers (HCV), the Hawai'i Public Housing Authority (HPHA), and various other initiatives by the Department of Housing and Urban Development (HUD), such as closing cost and down payment assistance.

FY2024-25 Goals and Priorities:

1. **To prioritize the Gap Group:** Prioritize projects that serve households earning between 81% and 140% of the AMI. The focus aims to expand traditionally subsidized projects, typically targeted at AMIs below 80%, to include units up to 140% AMI. This approach aims to broaden housing opportunities for the gap group by leveraging AHP Program funds to bridge the affordability gap.
2. **Homeownership Initiatives:** Prioritize homeownership initiatives such as for-sale housing, down payment assistance and rent-to-own models, specifically catering to the workforce and families within the 81-140% AMI bracket. This approach not only helps in building community stability but also promotes wealth accumulation among residents who are typically first-time buyers.
3. **New Construction and Adaptive Reuse:** Prioritize new construction and adaptive reuse projects to address demand for both new construction and adaptive reuse solutions. Adaptive reuse, which involves transforming existing buildings into residential spaces, is a practical approach to addressing the housing shortage while constructing new homes is essential to meet the diverse needs of growing populations.

After incorporating these priorities into the Request for Proposals (RFP), OHCD issued the RFP for the AHP Program funds on May 1, with a submission deadline of July 1, 2024, at 4:30 HST. In May, OHCD also held two informational meetings to review AHP Program requirements, outline the RFP process, and assist interested applicants.

OHCD received 13 proposals totaling approximately \$48 million in funding requests. Each proposal was reviewed in accordance with the AHP Program Administrative Rules and Section 4 of the FY2024-25 AHP Program Proposal Guide.

OVERVIEW OF AVAILABLE FUNDS:

ITEM	AMOUNT
FY2024-25 Appropriation	\$ 9,000,000
FY2023-24 Reappropriation	\$ 5,500,000
Total Appropriation:	\$ 14,500,000
Administrative Expenses*	\$ (520,000)
Set-Aside**	\$ -
Total Funds Available:	\$ 13,980,000

* Administrative Expenses total 5.78%: Allocation can be up to 10% of the total appropriated amount, excluding reappropriations per Section §1-3 Funding (5) of Administrative Rules.

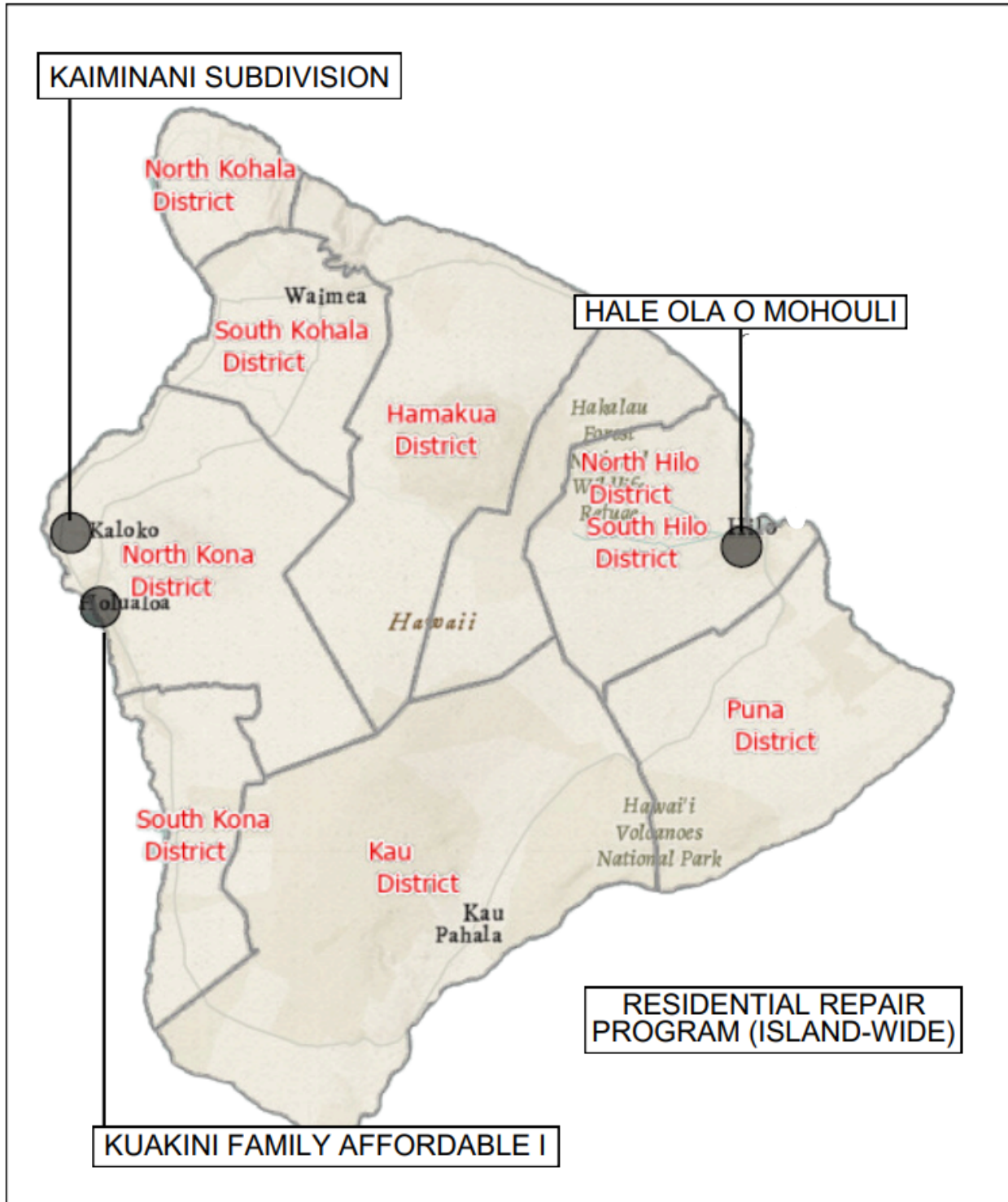
** Discretionary up to 30% of the total appropriated amount per Section §1-3 Funding (6) of Administrative Rules.

OVERVIEW OF PROJECTS AWARDED:

ORGANIZATION	PROJECT NAME	PROJECT TYPE	TENTATIVE START	RECOMMENDED	UNITS	AMI	AFFORD.	DIST.
Hale Ola O Mohouli LLLP	Hale Ola O Mohouli	New Construction	Q3 2025	\$ 3,200,000	91	30-60%	60 yr	2
Kuakini Family Affordable I LP	Kuakini Family Affordable I	Acquisition, Plan & Design	Q1 2026	\$ 5,000,000	48	30-60%	61 yr	7
OHCD Community Development Division	Kaiminani Subdivision	Infrastructure	Q1 2027	\$ 4,200,000	25	80-140%	65 yr	8
OHCD Community Engagement Division	Residential Repair Program	Financial Assistance	Q3 2025	\$ 875,000	17	Up to 80%	10 yr	Var.
Totals:				\$ 13,275,000	181			
	Remaining Funds					\$ 705,000***		

*** Remaining funds will be carried over to the next funding cycle.

PROJECT LOCATIONS MAP



HALE OLA O MOHOULI

Applicant:	Hawaii Island Community Development Corporation (HICDC) dba Hale Ola O Mohouli LLLP
Total Requested:	\$ 3,200,000
Total Awarded:	\$ 3,200,000
Location:	Hilo, TMK: (3) 2-4-001:168 Located on Mohouli Street in the direction of Kaumana Dr, right before the intersection with Kukuau Street
Land Tenure:	State land conveyed to the County through an executive order and leased to a developer
Project Type:	New Construction (Anticipated Start of Unit Construction: Q3 2025)
Housing Type:	Multi-Family Rental
Length of Affordability:	60 years*
Affordability Restrictions:	12 Units @ 30% Area Median Income (AMI) 38 Units @ 50% AMI 40 Units @ 60% AMI 1 Manager Unit ----- Total: 91 Units*

Hale Ola O Mohouli LLLP has requested \$3.2 million in AHP Program funds for a 91-unit housing development project serving families and the elderly. The project will consist of 32 one-bedroom units, 58 two-bedroom units, and a manager's unit, aligning with the AHP Program's goal of increasing affordable housing supply through new construction. The development has already secured key approvals, including 201H and environmental compliance. Funding sources include HOME Investment Partnerships Program, Housing Trust Fund, FY2023-24 AHP Program funds, and Project-Based Vouchers. Additionally, the project is in the process of applying funding from the Hawai'i Housing Finance and Development Corporation. The applicant, HICDC, doing business as Hale Ola O Mohouli LLLP, has a strong track record with similar and comparable projects, including the 99-unit Kauhale I Ke Kula Uka (formerly known as the Kaloko Heights project) in Kona.

* Project details have been adjusted from the initial plan to reflect recent changes in the affordability period and units.

KUAKINI FAMILY AFFORDABLE I

Applicant:	GSF LLC dba Kuakini Family Affordable I LP
Total Requested:	\$ 5,000,000
Total Awarded:	\$ 5,000,000
Location:	Kona, TMK: (3) 7-5-017:005 Located on Kuakini Hwy in the direction of Kailua-Kona, right before the intersection with Walua Rd and Oni Oni St
Land Tenure:	Pending Acquisition
Project Type:	Acquisition and Planning & Design (Anticipated Start of Unit Construction: Q1 2026)
Housing Type:	Multi-Family Rental
Length of Affordability:	61 years
Affordability Restrictions:	3 Units @ 30% Area Median Income (AMI) 44 Units @ 60% AMI 1 Manager Unit ----- Total: 48 Units

Kuakini Family Affordable I LP has requested \$5 million in AHP Program funds to acquire property for a 48-unit housing development project. The project will consist of 10 one-bedroom, 25 two-bedroom, and 12 three-bedroom units, along with a manager's unit, aligning with the AHP Program's goal of increasing affordable housing supply through new construction. Key pre-acquisition activities, including a Phase 1 Environmental Assessment and an appraisal, have been completed. The applicant, GSF LLC, doing business as Kuakini Family Affordable I LP, has a proven track record with similar and comparable developments, including the 110-unit Waikoloa Family Affordable project in Waikoloa Village.

KAIMINANI SUBDIVISION

Applicant:	OHCD Community Development Division
Total Requested:	\$ 4,200,000
Total Awarded:	\$ 4,200,000
Location:	Kona, TMK (3) 7-3-010:056 and (3) 7-3-010:061 (portion of) Located on Kaiminani Drive in the direction of Queen Ka'ahumanu Hwy, right before the intersection with Ane Keohokalole Hwy
Land Tenure:	State land conveyed to the County through an executive order
Project Type:	Infrastructure (Anticipated Start of Unit Construction: Q1 2027)
Housing Type:	Single-Family For-Sale (leasehold)
Length of Affordability:	65 years
Affordability Restrictions:	25 Units @ 80 -140% Area Median Income (AMI) ----- Total: 25 Units

The OHCD Community Development Division requested \$4.2 million in AHP Program funds for an infrastructure development project to prepare land for 25 affordable single-family homes, to be sold under leasehold to workforce households. This project aligns with the AHP Program's goals of increasing affordable housing supply through new construction, supporting homeownership initiatives, and addressing the housing needs of the gap group. The project has successfully selected a professional services provider for planning and land preparation, with the Executive Order nearly finalized and plans to utilize capital improvement and county housing revolving funds. As a specialized division within OHCD, the applicant focuses on implementing community development projects, including the completion of 91 single-family homes in Kamakoa Nui and the ongoing Kamakoa Nui Workforce Housing-Mini Loop Road and Infrastructure Development, which will prepare land in Waikoloa for the development of 643 housing units.

RESIDENTIAL REPAIR PROGRAM

Applicant:	OHCD Community Engagement Division
Total Requested:	\$ 875,000
Total Awarded:	\$ 875,000
Location:	Island-Wide
Land Tenure:	Fee simple
Project Type:	Financial Program (Anticipated Start of Unit Rehabilitation: Q3 2025)
Housing Type:	Owner-occupied properties
Length of Affordability:	10 years minimum
Affordability Restrictions:	17 Units @ 80% or below Area Median Income (AMI) ----- Total: 17 Units

The OHCD Community Engagement Division requested \$875,000 in AHP Program funds for the Residential Repair Program, which aims to provide financial assistance to approximately 17 homeowners through low-interest loans that may convert to grants based on affordability requirements. These funds will support essential repairs to ensure safe and sanitary housing conditions, aligning with the AHP Program’s goal of supporting homeownership initiatives. The applicant, a specialized division within OHCD focuses on community engagement and homelessness prevention, has successfully provided approximately 35 loans across the island, with the most recent repairs to property located in Ocean View, replacing the roof and addressing termite issues to ensure safe housing for the low-income homeowner. Currently, 27 homeowners are on the waitlist for assistance.