

STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS

Land Development Division

MAR 29 2016

Date

**ADDENDUM NO. 3
TO
REQUEST FOR PROPOSALS**

**RFP-16-HHL-004
HAWAIIAN HOME LANDS RENTAL HOUSING IN THE VILLAGES OF LAIOPUA**

Notice to All Prospective Offerors

This addendum is hereby made a part of the contract documents for the Hawaiian Home Lands Rental Housing in the Villages of Laiopua, RFP-16-HHL-004, and it shall amend the said contract documents as detailed within this Addendum document.

APPROVED:



Norman L. Sakamoto, Acting Administrator
Land Development Division
Department of Hawaiian Home Lands

Please execute and immediately return the receipt below to the Department of Hawaiian Home Lands via facsimile to: **(808) 620-9299, Mr. Stewart Matsunaga, Master Planned Community Development Manager, Land Development Division.**

Receipt of Addendum No. 3 for Hawaiian Home Lands Rental Housing in the Villages of Laiopua, Request for Proposals No.: RFP-16-HHL-004, is hereby acknowledged.

Print: _____
(Name)

_____ (Title)

Name of Firm/Company

Date

ADDENDUM NO. 3

RFP NO.: RFP-16-HHL-004

HAWAIIAN HOME LANDS RENTAL HOUSING IN THE VILLAGES OF LAIOPUA

INCLUSIONS

This Addendum No. 3 shall incorporate the following amendments to RFP-16-HHL-004:

1. Responses to 14 Questions received on March 22, 2016

ADDENDUM 3
RFP-16-HHL-004

RESPONSES TO QUESTIONS:

Question #1:

Offer Form OF-2 Project Outline C. – What is meant by the “House Construction Program”?

Response: Offeror shall describe the proposed vertical construction including, but not limited to quantity, design, model type (br/ba), build-out schedule, and cost.

Question #2:

RFP 3.1 – Once the contract has been awarded can subcontractors be changed?

Response: Developer may change sub-contractors, but shall inform DHHL. All terms and conditions, and requirements of the contract shall apply to sub-contractors and sub-consultants.

Question #3:

RFP requires units to be offered to DHHL’s Undivided Interest list, then DHHL Hawaii Islandwide Residential List.

- (1) At any time will units be offered to the general public, if the first two priorities do not fill the units?

Response: No. This project offering is only available to qualified native Hawaiians on DHHL’s applicable residential waitlist.

- (2) Does the narrow tenant pool violate any fair housing rules, or federal/state resource rules?

Response: See attached Agenda Item F-2, Hawaiian Homes Commission Meeting of September 22, 1998.

Question #4:

RFP section 3.9 "Additional Information" states that certain forms, such as the HCE compliance and Insurance Certificates are to be included in section 3.9. How do we know which additional information to provide if it is not requested through the RFP?

Response: Offeror may provide current HCE Compliance and Liability Insurance Certificate. The additional information will be required of the developer at the time of selection.

Question #5:

The RFP states that the Offeror “shall prepare a rental management process...”

- (1) Do we have to enroll/register renter/tenants into an ongoing program, maintain and track their progress until they are ready to buy their home after the initial 15-year period?

Response: Offeror shall determine its renter’s financial management process from rent-up to homeownership conversion.

(2) Will DHHL have any involvement or oversight over this process?

Response: Offeror will be responsible for the implementation of the rental management program and to inform DHHL of actions taken with each tenant.

Question #6:

The RFP states that we have to prepare a management handbook.

(1) Is this for the renter/tenants with financial education material to assist them in purchasing a home.

Response: Offerors shall outline the contents of a rental management manual, which may be referred to as a "Resident Manual".

(2) Do we have to have a handbook ready to be submitted with the RFP?

Response: Offeror is not required to submit a Rental Management Handbook or Manual with the RFP, but may provide samples of current or past work.

Question #7:

If we partner with a financial institution to provide financial counseling, services, etc., will they be able to offer mortgages to the renter/tenants?

Response: Offeror shall determine the financial requirements and who best can address the needs of the tenant through counseling services and take-out financing.

Question #8:

Regarding the \$1,000 per day liquidated damages "will only be applicable to DHHL sources of funds for vertical construction". Is this only for the financing side?

Response: Liquidated damages will apply to DHHL sources of funds after a final project schedule is determined at the time of contracting.

Question #9:

Can we do slab on grade or must it be post and pier construction as noted in the RFP?

Response: Vertical construction is subject to the DCCRs and Design Guidelines of the Villages of Laiopua.

Question #10:

Why are there two 2 bedroom types? What is the difference?

Response: Offeror's house construction program is not limited to any number of model types. It is up to Offeror's interpretation of the market and financial feasibility to determine the number of model types, its cost, and financial qualification.

Question #11:

Is the laundry allowed in a closet with sliding doors on the exterior? We could also use architectural screens to hide it if needed. The Design Guideline prohibits it in an exterior location except if it is screened from view.

Response: Offeror is not required to submit detailed floor plans in response to this RFP.

However, Offeror can note intentions or exceptions on any renderings provided, or in the “Conditions” section. House plans, after contracting needs approval by the Villages of Laiopua Design Review Committee, prior to application for building permit.

Question #12:

Addendum 1 contains draft documents “Modifications, Rules & Guidelines (printed December 30, 1997) and Handbook for New Residential Construction (December 1997). Since these documents are almost 20 years old and marked as DRAFT, do the builders still have to follow these guidelines?

For example, The Handbook requires two committees to review design standards for the Villages of Laiopua – New Construction committee (NCC) and Modifications Committee (MC) - - are these still applicable under this RFP? Do the SFDR building heights of 30 feet still applicable?

Are the minimum front and rear setbacks still 15 feet and side yard setbacks of 8 feet still required?

Response to all of Question #12: The documents and design guidelines noted above are currently applicable.

Question #13:

When we did the site visit at the pre-RFP meeting, there was a section in Village 4 that was fenced off and when we asked about it, we were told it was a “nature preserve” The map does not show it – Is that part of an existing lot? If so what is that lot number?

Response: There are 118 lots in Village 4 that are available for house construction. Lot 121 (future park) , Lot 108 (Uhiuhi preserve) , and Lot 120 (cluster mail box lot) are not included as a buildable lot. The fenced “nature preserve” is a plant preserve area that is not part of Village 4.

Question #14:

In the Addendum under E. Green Building section, the RFP makes reference to an “Exhibit L Green Building ” but there is no Exhibit L in the RFP.

Response: Offeror shall prepare its own proposed Green Building outline and schedule.

ADDENDUM 3

RFP-16-HHL-004

Attachment to Question #3

STATE OF HAWAII

DEPARTMENT OF HAWAIIAN HOME LANDS

September 22, 1998

To: Chairman and Members, Hawaiian Homes Commission

From: Ray Soon, Administrator
Temporary Development Assistance Group

Subject: Rent to Own Project within Village 6, Villages of
Kapolei, Kapolei, Oahu, Hawaii

RECOMMENDED MOTION/ACTION

That the Hawaiian Homes Commission approve the following actions:

1. Select _____ as the developer for the RENT-TO-OWN (RTO) PROJECT WITHIN VILLAGE 6 OF THE VILLAGES OF KAPOLEI in accordance with the specifications of the Request for Proposals, Solicitation No. RFP-97-HHL-003.
2. Authorize the Chairman to negotiate the terms and conditions of a three phase development agreement:
 - Phase 1, Rent-to-Own Project Feasibility Study: Conclusively determine the feasibility of implementing a RTO Low-Income Housing Tax Credit (LIHTC) project within Village 6.
 - Phase 2, LIHTC Application: Subject to DHHL approval of Phase 1, submit and process the LIHTC application(s) to the appropriate governmental agencies for award.

- Phase 3, Implementation: Proceed with RTO project development upon satisfaction of the following conditions:

- Award of LIHTC in the minimum amount(s) as determined by approved project feasibility model(s), and

- Receipt of DHHL written notice to proceed, issued on the basis that all DHHL expenditures for the total development of Village 6, Villages of Kapolei, will not exceed the approved HHL Fiscal Year 1999 Trust Fund budget.

BACKGROUND

1. In December 1996 the department issued Solicitation No. RFP-97-HHL-004, a request for turnkey development proposals for five of six parcels in Village 6, Villages of Kapolei.
2. In April 1997 Solicitation No. RFP-97-HHL-005, a request for the development of a Rent-to-Own project (parcel 6) within Village 6 at the Villages of Kapolei was issued.
3. In December 1997 Solicitation No. 004 was cancelled with the HHC authorizing the department to serve as the developer for the Village 6 Project.
4. In response to Solicitation No. 005, on July 30, 1997 proposals were received from Mark Development, Inc (MDI) and Native Hawaiian Development, L.L.C. (NHD) for development of a RTO project. Due to development uncertainties a combination of five different options were presented; all distinctively acknowledging the fact that "gap equity" financing is required either by government and/or private entities to subsidize rents for low-income tenants. In addition, both proposals indicated that federal and state Low Income Housing Tax Credits (LIHTC) could provide "gap equity" financing with DHHL compliance to federal Fair Housing Act requirements.
5. On August 27, 1998 DHHL issued Addendum No. 1 to the RFP (Exhibit A), requesting that each RTO proposer provide

additional information due to modified project conditions as noted below:

- The December 1997 HHC approval authorizing DHHL to be the developer of the project.
 - The deletion of multifamily in favor of single family units as a required land use option.
 - The requirement to utilize the LIHTC Program, as created by the Tax Reform Act of 1986.
6. On September 9, 1998 MDI and NHD submitted additional information as requested by Addendum No. 1.

DISCUSSION

It has always been staff concern that unless exceptions are granted, any type of project preference that violates HUD's non-discrimination provisions under fair housing and civil rights statutes and regulations may make a project ineligible to receive LIHTC. However, recent conversations with U.S. Department of Housing and Urban Development (HUD) representatives lead staff to conclude that the racial preferences mandated by the Hawaiian Homes Commission Act do not violate the provisions of the Fair Housing and title VI of the Civil Rights Act. HUD has encouraged DHHL to submit a pilot LIHTC project application for approval as a test project.

In further support of HUD/DHHL position is U.S. Senate Bill No. 109 Native American Housing and Assistance and Self-Determination Amendments of 1998, which in part provides:

"(1) IN GENERAL. -To the extent that the requirements of title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) or of title VIII of the Civil Rights Act of 1968 (42 U.S.C. 3601 et seq.) apply to assistance provided under this title, nothing in the requirements concerning discrimination on the basis of race shall be construed to prevent the provision of assistance under this title-

- (A) to the Department of Hawaiian Home Lands on the basis that the Department served Native Hawaiians; or

(B) to an eligible family on the basis that the family is a Native Hawaiian family.

(2) CIVIL RIGHTS. -Program eligibility under this title may be restricted to Native Hawaiians."

Although the provisions of the Fair Housing Act may continue to be a controversy, it is understood that there are numerous benefits to establishing a project as a Hawaiian Home Lands LIHTC RTO project. These benefits include the following:

- The Project provides government assisted affordable turnkey rental housing with an option to purchase for low income native Hawaiian applicants with incomes as low as 30% to 60% of the areas median income. These applicants currently would not be able to obtain a lease under current rules and turnkey policies.
- The Project offers a potential to recapture hard infrastructure site development cost for continued installation of infrastructure improvements on additional Hawaiian Home Lands projects.
- The Project provides federal and state subsidies for leveraging existing HHL Trust Funds.
- The Project provides Equity Project Gap Financing.

Due to uncertainties of LIHTC program requirements each offerer was asked to provide information for a plan to address the three phases. Both offerers estimate that the phases 1 and 2 can be completed for under \$175,000. If LIHTC are awarded, it is anticipated that no additional funding will be required beyond the previous HHC, HHL Trust Fund approval for Fiscal Year 1999.

RECOMMENDATION

T-DAG recommends that the Hawaiian Homes Commission, in accordance with the criteria and responsibilities provided in Exhibit B and the encouragement of HUD representatives to prepare a pilot project for LIHTC submission, select a developer and authorize the chairman to negotiate a development agreement as recommended above.