



HAWAIIAN HOME LANDS
HAWAIIAN HOMES COMMISSION
DEPARTMENT OF HAWAIIAN HOME LANDS

RENTAL HOUSING IN THE VILLAGES OF LA'ŌPUA

Item E-1 Workshop
Hawaiian Homes Commission

Tuesday, February 19, 2019

VILLAGES OF LA'I 'OPUA, KEALAKEHE, HAWAII



Residential Development in the Villages of La'i'Opua

- Village 3, 225 Turnkey lots Completed 2000
- Village 5, 45 Turnkey Completed 2012
- Village 5, 11 Self-help occupied in 2017
- Village 5, 15 Self-help planned 2019-2020
- Village 5, 45 single-family lots available
- Village 4 (Akau), 118 single-family lots completed 2015
- Village 4 (Hema), 101 single-family lots planned for 2021

La'i'Opua Village 4 Subdivision Phase 1 - Akau

- 118 residential lot subdivision
- Infrastructure construction substantially complete
- Infrastructure Cost: \$10,350,000



Rent with Option to Purchase Project Model

The project development model, similar to Kapolei Hoolimalima, provides affordable rental housing to families earning less than 60% of the area median income.

Renters shall be provided an “Option to Purchase” the home at the end of the 15-year rental compliance period; should the home be purchased, a 99-year homestead lease would be amended or awarded.

Why Rent with Option to Purchase?

The project development model was proposed due to financial challenges facing the La'i'Opua Undivided Interest List and Islandwide Residential List, including debt, credit, and down payment requirements to purchase turnkey lot.

Provides an alternate housing offer for 222 La'i'Opua Undivided Interest lessees.

Procurement History

Pursuant to Section 220.5, Hawaiian Homes Commission Act, 1920, as amended, DHHL is authorized to enter into and carry out contracts to develop available lands for homestead, commercial, and multi-purpose projects by Project Developer agreement.

Procurement History

On February 5, 2016, DHHL advertised Request for Proposal, RFP-16-HHL-004, titled “Hawaiian Home Lands Rental Housing in the Villages of La’i’Opua.

The purpose of this RFP was to solicit proposals from qualified housing developers for a “Rent with Option to Purchase” housing development on 163 lots in Villages 4 and 5.

Procurement History

The project development model, similar to Kapolei Hoolimalima, provides affordable rental housing to families earning less than 60% of the area median income.

Renters shall be provided an “Option to Purchase” the home at the end of the 15-year rental compliance period; should the home be purchased, a 99-year homestead lease would be awarded.

Procurement History

Five sealed proposals were received by the submittal deadline on April 20, 2016.

A five member Evaluation Committee, approved by the Head of Purchasing Agency (Chairman), independently reviewed all proposals, found all five proposals “Acceptable” and recommended the top three Proposals for “Best and Final Offers” (BAFO).

Procurement History

Two BAFO proposals were received.
One BAFO proposal was received after the deadline.

The Evaluation Committee reviewed two BAFO proposals and the original proposal from the late submittal (pursuant to RFP Administrative Rules), and recommended to the HOPA, the selection of “Ikaika Ohana”.

Procurement History

On August 25, 2017,, Ikaika Ohana was awarded the contract for RFP-16-HHL-004, Hawaiian Home Lands Rental Housing in the Villages of La'i'Opuia.

Land Development Division staff began the negotiation of a Development Agreement for the development of a Rent with Option to Purchase project on 118 lots in Village 4 and 45 lots in Village 5.

Procurement History

In June 2018, the Hawaiian Homes Commission approved \$5 Million of NAHASDA funds for this project.

Negotiations continued until February 12, 2019, when DHHL and Ikaika Ohana executed the Development Agreement, after review by the Department of Attorney General.

Low Income Housing Tax Credit (LIHTC) Application

On February 15, 2019, Ikaika Ohana submitted its LIHTC application to Hawaii Housing Finance Development Corporation (HHFDC)

Low Income Housing Tax Credit (LIHTC) Application

Should Ikaika Ohana be successful in securing LIHTC financing, then DHHL will negotiate a development lease, including terms and conditions for NAHASDA financing, rental offer and agreements, including services and guidance provided to renters to become successful homebuyers.

Estimated Development Schedule

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| 1) LIHTC award | May/June | 2019 |
| 2) Start UI/Applicant Contact | July | 2019 |
| 3) Sale of LIHTC | December | 2019 |
| 4) Start House Construction | December | 2019 |
| 5) Start Rent Up Qualification Process | July | 2020 |
| 6) First Occupancy; Start 15-year Rental Compliance | December | 2020 |
| 7) Complete Rent Up | June | 2021 |
| 8) Exercise Option to Purchase | May | 2036 |