



State of Hawaii

**CONSOLIDATED ANNUAL PERFORMANCE
AND EVALUATION REPORT
(CAPER)**

**For Program Year 2004
(July 1, 2004 - June 30, 2005)**

(Concentrating on the Counties of Hawaii, Kauai, and Maui)

September 30, 2005

Prepared by:
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CONSOLIDATED ANNUAL PERFORMANCE AND EVALUATION REPORT (CAPER)

Report Period: July 1, 2004 to June 30, 2005	Name and Address of Grantee: State of Hawaii Housing and Community Development Corporation of Hawaii 677 Queen Street, Suite 300 Honolulu, Hawaii 96813
Grant: HOME Investment Partnership Program Emergency Shelter Grant Housing Opportunities for Persons with AIDS	
<p>The grantee's authorized representative certifies that:</p> <ul style="list-style-type: none">a. To the best of his/her knowledge and belief the data in this report was true and correct as of the date of the report.b. The records described in 24 CFR 570.506 are being maintained and will be made available upon request.c. Activities have been carried out in compliance with the certifications submitted with the application, and future activities will be carried out in compliance with the certifications.	
Name and Title of Authorized Representative (Type/Print) Stephanie Aveiro Executive Director	Telephone (808) 587-0680
Signature of Authorized Representative	Date

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EXECUTIVE SUMMARY

The State Consolidated Annual Performance and Evaluation Report (CAPER) is an annual report submitted to the U.S. Department of Housing and Urban Development (HUD) that assesses the State of Hawaii's performance in meeting the goals, priorities, and objectives of its Consolidated Plan. The Consolidated Plan is a five-year strategy (July 1, 2000 – June 30, 2005) for the investment of federal resources to address the affordable housing and homeless needs in the state, primarily on the rural island counties of Hawaii, Kauai, and Maui.

This CAPER focuses on the administration of the HOME Investment Partnership (HOME), Housing Opportunities for Persons with AIDS (HOPWA), and Emergency Shelter Grant (ESG) programs by the Housing and Community Development Corporation of Hawaii (HCDCH) and the rural island counties for the period of July 1, 2004 to June 30, 2005.

Priorities and Objectives

The State of Hawaii's 2000 to 2004 Consolidated Plan priorities for assisting very low, low and moderate-income households are as follows:

- Increase the development of long-term affordable rental projects statewide.
- Provide increased financial and other types of assistance to needy households.
- Preserve and revitalize existing affordable housing.
- Provide increased opportunities for first-time homebuyers.
- Provide a continuum of housing and support services for homeless persons and families to enable them to achieve greater independence and stability.
- Provide housing and support services for persons with special needs.

The affordable housing strategies for 2000-2004 are summarized as follows:

Target group	Objective	HOME fund allocation	Measures of effectiveness	2000-2005
Extremely low, low and moderate income	Increase supply of affordable rental units	37% of HOME	# of affordable rental units	105 units
	Provide rental assistance		# of eligible households receiving rental assistance	300 households
Non-homeless special needs	Increase supply of supportive housing	15% of HOME	# of units	50 units
First-time homebuyers	Increase supply of affordable for-sale units	33% of HOME	# of units	110 units
Existing affordable housing stock	Rehabilitation activities	5% of HOME	# of units	30 units

Strategies to assist persons with HIV/AIDS and persons who are not homeless but require supportive housing for 2000-2004 are as follows:

Target population	Strategy	HOPWA fund allocation	Measures of effectiveness	2000-2005
Persons with HIV/AIDS	Tenant based rental assistance for persons living in the rural areas.	70% of HOPWA	No. of persons with HIV/AIDS provided rental assistance	18
Persons with HIV/AIDS	Housing information and support services for persons living in the rural areas.	30% of HOPWA	No. of persons with HIV/AIDS assisted	360

2000-2004 homeless strategies will provide a continuum of care as follows:

Target population	Strategy	ESG fund allocation	Measures of effectiveness*	2000-2005
Unsheltered homeless	Assistance provided by outreach vans and personnel	20% of ESG	No. of unsheltered persons assisted	1,900
Sheltered Homeless	Supportive services in emergency and transitional shelters	80% of ESG	No. transitioning to permanent housing	5,000

*Double counting may have occurred

Accomplishments during the 2004-2005 program year

In 2003-04, the State received \$3,718,451 in federal funding under the following programs:

HOME	\$ 3,322,108
ESG	215,343
HOPWA	<u>181,000</u>
	\$ 3,718,451

The HCDCH distributed \$1,086,413 in HOME funds to the County of Hawaii and \$69,833 to the County of Kauai (with \$1,016,580 and \$1,086,413 in HOME funds available for the County of Kauai and Maui respectively, remaining uncommitted). \$210,043 in ESG funds was also awarded to homeless providers in the rural areas through a competitive request for proposals process. Additionally, \$175,600 in HOPWA funds was competitively awarded to the Maui

AIDS Foundation to provide housing and support services for persons with HIV/AIDS in the rural island counties.

During Program Year 2003-04, the following accomplishments were made in priority areas:

Priority Goals and Accomplishments in 2004-05
<p>Increase the development of long-term affordable rental projects statewide.</p> <ul style="list-style-type: none"> Conditionally committed \$930,580 in FY 2004 CHDO funds to assist the Hawaii Island Community Development Corporation's development of the 2020 Kinoole Senior Housing Project in the County of Hawaii. The Kinoole Senior Housing Project is a 30 unit (1 resident manager) rental housing project for very low income families.
<p>Provide increased financial and other types of assistance to needy households.</p> <p>No activity.</p>
<p>Preserve and revitalize existing affordable housing.</p> <p>No activity.</p>
<p>Provide increased opportunities for first-time homebuyers.</p> <ul style="list-style-type: none"> Conditionally committed \$69,833 in HOME American Dream Downpayment Initiative Funds (ADDI), which is comprised of \$32,033 in FY 2003 and \$37,800 in FY 2004 HOME Funds to the County of Hawaii which will assist approximately 5-7 families with downpayment loans. Conditionally committed an additional \$463,500 in FY 2003 HOME funds to further assist the Self-Help Housing Corporation of Hawaii's Puhi Self-Help Housing Project, which will provide 41 Single Family housing units using a self-help building method of construction. <i>(Please note that these funds reflect a portion of the FY 2003 HOME funds that was originally made available to the County of Maui, but was subsequently offered to the Counties of Hawaii and Kauai due to the County of Maui's inability to meet HCDCH's document submittal deadlines for a FY 2003 HOME fund allocation.)</i> Conditionally committed \$69,833 in HOME American Dream Downpayment Initiative Funds (ADDI), which is comprised of \$32,033 in FY 2003 and \$37,800 in FY 2004 HOME Funds to the County of Kauai which will assist approximately 5-7 families with downpayment loans.
<p>Provide a continuum of housing and support services for homeless persons and families to enable them to achieve greater independence and stability.</p> <ul style="list-style-type: none"> Allocated \$160,322 in ESG funds to provide shelter and support services to 1,853 homeless persons. Leveraged \$49,721 in ESG funds with State funds to provide support services for 1,487 homeless persons.

Provide housing and support services for persons with special needs.

- Allocated \$175,600 in HOPWA funds, of which \$135,872 went to assist 42 persons with HIV/AIDS and 4 persons in the family unit to obtain and retain permanent housing and
- \$27,436 in HOPWA funds went to assist 54 persons with HIV/AIDS with support services and to provide housing information to 240 persons with HIV /AIDS.
- Supported a statewide HIV/AIDS Coordinating Council which meets quarterly to coordinate efforts, collaborate on new challenges, and strategize on emerging needs.

Actions that can be taken to improve the program and achieve priorities: The HCDCH will continue to work closely with the County housing agencies and private non-profit entities in the administration of the HOME program.

To ensure the effective administration of the HOME Program, the HCDCH contracted with SPECTRUM Enterprises, Inc., an independent consultant to carry out the on-site monitoring responsibilities of the HOME Program and other rental programs administered by the HCDCH. The Property Management Coordinator in the Finance Branch works closely with the consultant to ensure HOME regulatory compliance within the rental properties.

A significant barrier to the performance of the State's HOME Program has been HUD's required change in the Authorizing Officer on HUD Form 7015.16, Authority to Use Grant Funds for the release of State HOME funds. Previously, HUD had accepted the signature of the HCDCH's Executive Director as the Authorizing Officer. However, in its November 17, 2004 correspondence, HUD has required the HCDCH to obtain the Governor's signature as the State's Authorizing Officer for the release of all State HOME Program funds. This new requirement has created a 60-day delay in project start-ups as the HCDCH must follow State protocol in the routing of its request to the Department of Human Services, the Department of Budget and Finance and finally to the Governor's Office for review and execution. The HCDCH is currently reviewing internal options to streamline the routing process. However, it is unsure as to whether the review requirements of the other State departments can be modified.

HCDCH can also improve its program administration through the provision of IDIS training to staff members new to the HOPWA and ESG program administration.

Self evaluation: Overall, the State has made good progress in meeting its objectives. The narratives in this CAPER provide details and an assessment of the accomplishments. Please refer to the HOME, ESG, and HOPWA program sections for evaluations of these programs, barriers that negatively impact the accomplishments of the goals, and any modifications or actions that will be implemented to improve the programs.

I. GENERAL

A. Description of Resources

The following resources are available to the State for use in meeting its strategic planning (5-year Consolidated Plan) goals.

HOME - The HOME Investment Partnerships program is intended to be a locally designed and administered program that expands the supply of decent, safe, affordable, and sanitary housing, with primary attention to low-income rental housing; strengthens the abilities of state and local governments to design and implement affordable housing strategies; and provides both federal financing and technical assistance (including the development of model programs and approaches). The program is also intended to provide local jurisdictions with a source of funds which can be used to implement locally designed housing programs which best fit local needs. *Activity: Rehabilitation, new construction, rental assistance, home buyer assistance*

Emergency Shelter Grants (ESG) - Emergency Shelter Grants may be used to renovate, rehabilitate, or convert buildings to be used as emergency shelters; to provide essential services (employment, health, drug abuse, or education); and to provide maintenance, operation, insurance, utilities, and furnishings for these facilities. *Activity: Operations, essential services, prevention*

Housing Opportunities for Persons with AIDS (HOPWA) - The Housing Opportunities for Persons with AIDS (HOPWA) program is authorized by the AIDS Housing Opportunity Act (AHOA) and amended by the Housing and Community Development Act of 1992. The program is designed to provide States and localities with resources and incentives to devise long-term comprehensive strategies for meeting the housing needs of persons with acquired immunodeficiency syndrome (AIDS) or related diseases and their families. The program authorizes entitlement grants and competitively awarded grants for housing assistance and services.

Since the State qualifies for a formula allocation on behalf of the State's rural counties, the consolidated plan describes the planning process with care provider input. Moneys are available both on a formula and competitive basis. Competitive grants are awarded based on applications submitted in response to a Notice of Funding Availability published in the Federal Register. Jurisdictions that do not qualify for formula grants are eligible to apply for competitive grants for the development of comprehensive, long-term strategies to address HIV/AIDS and homelessness. Additionally, jurisdictions that do qualify for formula grants may also apply for competitive grants for programs that address needs that are unmet by formula grants. *Activities: Rental housing assistance and support services.*

A description of other government and private resources is provided in Appendix A.

B. Investment of Available Resources

During this reporting period, the HCDCH committed \$500,000 (consisting of \$463,500 in regular project funds and \$36,500 in administrative funds) of its remaining \$1,000,000 in FY 2003 HOME funds. Of the \$3,322,108 in FY 2004 HOME funds, the HCDCH committed \$1,219,115 (\$930,580 in CHDO funds, \$139,666 in ADDI funds and \$148,869 in administrative funds). At the end of the reporting period, \$500,000 in FY 2003 and \$2,102,993 in FY 2004 HOME funds remains uncommitted.

The following shows the resources (grants, matching, and other funds) that were made available during the 2004-05 program year by county.

County of Hawaii

2003 HOME Allocation (Additional)

- *For Informational Purposes:* On April 8, 2005, the County of Hawaii published a public notice requesting for project proposals for the use of, among other amounts, the \$463,500 of FY03 HOME funds. The County has obtained the proper approvals to award these additional funds to its 2020 Kinoole Senior Residences Project. As the FY03 HOME State Recipient Agreement will be executed in FY 06, information will be provided in the next reporting period. . (The County of Hawaii's administrative funds in the amount of \$36,500 will also be included in the FY 03 HOME State Recipient Agreement.)

2004 HOME Allocation

- \$930,580 in CHDO funds has been conditionally committed to Hawaii Island Community Development Corporation's 2020 Kinoole Senior Residences Project. These funds will assist in the development and construction of 30 one-bedroom rental complex (29 rental units, 1 resident manager unit) in Hilo for very low income elderly residents.

Other anticipated sources of funding for this project include a combined total of \$6,361,021 from Rural Community Assistance Corporation, state and federal Low Income Housing Tax Credits, State Rental Assistance Revolving Fund and additional HOME Program funds.

- \$69,833 in American Dream Downpayment Initiative funding.
- County of Hawaii's administrative funds in the amount of \$86,000.

County of Kauai

2003 HOME Allocation (Additional)

- An additional \$463,500 (for a total of \$963,500) in HOME project funds has been conditionally committed to Kauai's Puhi Self-Help Housing Project. These funds will help to finance the development of 41 affordable single family dwelling units through the self-help building method. (Note: The previous CAPER indicated that Puhi Self-Help is a 42-unit project. For clarification, the Project is a 42-lot subdivision with 41 improved lots and 1 interior roadway lot. The project will deliver 41 housing units.)

Other anticipated sources of funding for this project includes a combined total of \$6,983,500 from Rural Community Assistance Corporation, Hawaii Foundation, Community Development Block Grant, Housing Assistance Council, Rural Housing Service 502 and the Self Help Housing Corporation of Hawaii.

- County of Kauai's administrative funds in the amount of \$36,500.

2004 HOME Allocation

- \$69,833 in American Dream Downpayment Initiative funding.
- *For informational purposes only:* On July 7, 2005, the HCDCH transmitted the FY 2004 HOME State Recipient Agreement (the "Agreement") for execution by the County of Kauai. This Agreement, once fully executed, will allocate a total of \$1,016,580 of FY 2004 HOME Funds to the County of Kauai. Of this amount, \$774,949 will used to provide financing for the Kalepa Villlage Phase 3 Project, \$155,631 (CHDO set-aside) will be used to provide additional HOME financing (for a total of \$733,031) to the KEO Transitional Housing Project, and \$86,000 will be used for the County of Kauai's administrative expenses. As the FY 2004 Agreement will be fully executed in FY 06, information will be provided in the next reporting period.

County of Maui

2003 HOME Allocation

- On November 15, 2004, the HCDCH notified the County of Maui that its FY 2003 HOME Program funds were no longer available to them and would be reallocated. The reallocation was as a result of the County not providing the HCDCH with required information for approval. The County's FY 2003 HOME Program funds were subsequently offered to the Counties of Hawaii and Kauai on December 1, 2004. (See above for information on the 2003 HOME Allocation (Additional).

2004 HOME Allocation

- *For informational purposes only:* On March 29, 2005, the County of Maui submitted its FY 2004 HOME Program/Project Description. The County proposed to utilize \$930,580 of regular and CHDO funds to provide financing for two affordable rental housing projects, \$69,833 for the County of Maui's American Dream Downpayment Initiative Program, and \$86,000 for the County of Maui's administrative expenses. The HCDCH will report the status of the commitment of the County of Maui's FY 2004 HOME funds in the next reporting period.

Inn the November 14, 2004 letter to the County, the HCDCH also stated that the County must satisfactorily address any and all outstanding issues identified in its September 17, 2004 letter concerning documentation for the Lokahi Pacific First Time Homebuyers Program and also meet the submittal dates identified in the FY 2004 timeline (the FY 2004 Program Description was due on March 31, 2005) in order to be eligible to receive an allocation of FY 2004 HOME/ADDI Funds. Please refer to Section 9 under "slow moving projects" for information on the HCDCH's determination regarding the documentation submitted for the Lokahi Pacific First Time Homebuyers Program.

2004 ESG and HOPWA Allocations

Total ESG and HOPWA funds expended, as of June 30, 2005 are shown below:

Program Year	Funded Amount	Net Drawn Amount	Balance
ESG PY 2004	\$215,343.00	\$166,581.33	\$ 48,761.67
ESG PY 2003	177,000.00	174,028.11	2,971.89
HOPWA PY 2003	176,000.00	172,486.87	3,513.13
HOPWA PY2004	181,000.00	154,830.83	20,769.17

A comparison of the resources made available during the 2004-05 period and accomplishments of the Consolidated Plan goals follows.

Table 1: Comparison of HOME Objectives and Accomplishments

Objective	Proposed HOME Allocation* (1)	Actual PY2004 HOME Allocation (2)	Proposed PY 2003 Accomplishments	Actual PY 2004 Accomplishments	Five Year Goals (2000-05)	Total Accomplished 2000-05
Increase supply of affordable rental units	\$0 (0%)	\$0 (0%)	21 rental units	0 units	105 units	240 units
Provide rental assistance	\$0 (0%)	\$0 0%	60 households	0	300 households	0
Increase supply of supportive housing	\$2,036,109 (61%)	\$930,580 (28%)	10 units	0 units (conditionally committed funds for 30 units)	50 units	52 units
Provide increased opportunities for first-time home buyers	\$755,631 (23%)	\$0 (0%) (\$463,500 in FY 03 Funds (3))	22 households	0 households (conditionally committed more funds for 41 units)	110 households	85 households
American Dream Downpayment Initiative	\$209,499 (6%)	\$139,666 (4%)		0 households (Conditionally committed funds for 10-14 households)		
Preserve existing affordable housing stock through rehabilitation activities	\$0 (0%)	\$0 (0%)	6 units	0 units	30 units	7 units
Administration	\$258,000	\$ 86,000 (\$36,500 in FY03 Funds (3))		Counties admin. HCDCH admin.		
	\$62,869 (10%)	\$ 62,869 (5% total)				
Uncommitted Funds	\$0 (0%)	\$2,102,993 (63%)				

* Per 2004-05 Action Plan.

(1) Amounts were based on the types of committed projects, as well as those anticipated for use with the 2004-05 HOME fund allocations.

(2) The actual use of the PY 2004 HOME funds are based on the housing needs of each County.

(3) Reflects portion of the \$1 million of FY 03 funds that was originally available to the County of Maui, but due to the County of Maui's inability to meet HCDCH's deadlines, was subsequently offered to the Counties of Hawaii and Kauai.

Table 2. Comparison of HOPWA Objectives and Accomplishments

Objective	Proposed HOPWA Allocation*	Actual PY2004 HOPWA Allocation	Proposed PY2004 Accomplishments	Actual PY2004 Accomplishments	Five Year Goals (2000-05)	Total 2000-05
Provide rental assistance for persons with HIV/AIDS	\$135,872 (70%)	\$135,872 (75%)	Assist 28 persons with HIV/AIDS	Assisted 42 individuals (and 4 persons in family unit)	Assist 18 persons with HIV/AIDS	85
Provide supportive services for persons with HIV/AIDS	\$51,216 (30%)	\$30,770 (18%)	Assist 260 persons with HIV/AIDS	Assisted 740 with housing information and 54 with support services	Assist 360 persons with HIV/AIDS	1679
Administration for Provider	\$12,292 (7%)	\$12,292 (7%)	N/A	N/A	N/A	N/A
Administration for HCDCH	\$5,400 (3%)	\$5,400 (3%)				

* Per 2004-05 Action Plan.

Table 3: Comparison of ESG Objectives and Accomplishments

Objective	Proposed ESG Allocation*	Actual PY2004 ESG Allocation	Proposed PY2004 Accomplishments	Actual PY2004 Accomplishments	Five Year Goals (2000-05)	Totals 2000-05
Operating and maintenance expense for emergency shelters	\$160,322 (74%)	\$160,322 (74%)	Assist 2,488 persons	Assisted 1,853 persons	Assist 5,000 persons	8,585
Salary expense for shelter staff to provide essential services to eligible clients	\$ 49,721 (23%)	\$ 49,721 (23%)	Assist 959 persons	Assisted 1,487 unsheltered persons	Assist 1,900 persons	7,743
Administration	\$5,300 (2%)	\$5,300 (2%)	N/A	N/A	N/A	N/A

*Per 2004-05 Action Plan.

C. Civil Rights Program Related Requirements

1. *Geographic Distribution of Investments*

Maps showing the geographic distribution of resources are included in Appendix B.

County of Hawaii

HOME funds are allocated through a Request for Proposal (RFP) process. The projects selected for the HOME program serve low and moderate persons.

County of Kauai

The County of Kauai does not follow a set formula when investing available resources on community development and housing activities. Funding decisions are based on considerations such as addressing priorities, project-readiness, site suitability, and applicant qualifications. If possible, consideration is given to area benefit projects that can equitably distribute resources and benefits to larger geographical areas of the island. No minority concentrated areas are known to exist on Kauai.

County of Maui

Geographical areas served are countywide for the First Time Homebuyers Assistance Program, West Maui (Lahaina, Kaanapali, Kahana, Napili, and Kapalua for the West Maui Resource Center, Central Maui (Wailuku and Kahului) for the Wailuku Small Business Market Center and the Hale O Mana'o Lana Hou, Phase II Project.

2. *Participation in Benefits*

HOME program participation by racial and ethnic status of the families and persons assisted is provided in Section II.A.1, Number and Types of Families Served.

HOPWA participation by racial and ethnic status is provided

ESG participation by racial and ethnic status appears in the IDIS reports.

In ESG Program Year 2004, 29% of the homeless people using ESG-funded services were Caucasian, and 38% were Hawaiian. Both ethnicities are over-represented in the State's homeless population. According to the 2003 Homeless Point in Time Survey, Caucasians comprise 34% of the State's total homeless population and Hawaiians comprise 38.7%.

The Communicable Diseases Report for the Department of Health reported that Caucasians accounted for 59% of AIDS cases, and Hawaiians represented 10% of cases. Participation in HOPWA Program Year 2004-05 was 56% Caucasian and 30% Hawaiian.

3. *Fair Housing*

The State and Counties are committed to eliminating racial and ethnic segregation and other discriminatory practices in housing. The State and Counties use various programmatic and enforcement tools to achieve this goal. The fundamental goal is to

make housing choice a reality. The HCDCH and County Housing Agencies employ Fair Housing Officers. During Program Year 2004-05, fair housing activities were to help remove impediments involved the following actions:

Statewide activities

- HCDCH and the County Fair Housing Officers held monthly meetings with the Hawaii Civil Rights Commission, HUD and the Legal Aid Society of Hawaii to discuss joint planned activities -- training workshops, coordinating efforts between the State and each county.
- HCDCH and the Counties conducted Fair Housing and Landlord Tenant workshops in April and May 2004 in all counties throughout the state.
- The Governor signed a proclamation in April 2005 that designated April as Fair Housing month in the State of Hawaii.
- HCDCH provided assistance to the general public, including persons with disabilities and families with children, on issues relating to Landlord Tenant Code and potential fair housing complaints.
- HCDCH educated various housing and social service providers on their responsibilities under the Fair Housing Act.
- HCDCH educated various tenants on their rights under the Fair Housing Act and referred complaints to the Hawaii Civil Rights Commission
- HCDCH assisted persons with disabilities on ways to request a reasonable accommodation/modification from a housing provider.
- HCDCH investigated complaints within the State of Hawaii
- HCDCH worked with advocate groups to address issues within the disability community.
- During the reporting period, the Fair Housing Officer received 35 telephone inquiries. Of the telephone contacts received, 21 were for possible housing discrimination matters, centering mostly on accommodations for physical and mental disabilities, familial status and race.
- The Fair Housing Officer monitored local newspapers on a weekly basis to review rental and sales solicitation ads for compliance with the requirements of the Fair Housing Act

II. HUD Community Planning and Development Programs

A. HOME Program and Affordable Housing

The HCDCH allows the Counties, as HOME Program State Recipients, to utilize their share of HOME funds to address their respective housing needs. The funds must be used to address the housing priorities set forth in the State's Consolidated Plan, and the HOME project/program must be in compliance with HOME regulations.

1. Number and Type of Families Served

Families assisted during the Program Year 2004-05 were previously reported in the 2003-04 CAPER. No additional families were assisted during the Program Year 2004-05.

2. Distribution of HOME funds among categories of housing needs

For 2004-05, the HCDCH planned for HOME to be allocated as follows: 61% to meet the rental and special needs housing objectives; 29% to increase affordable for-sale and homeownership objectives; 0% to meet the rehabilitation objectives; and 10% for administrative costs.

3. Results of On-site Inspection of Rental Housing Assisted

HCDCH conducted the following inspections:

- Paanau Village – The physical inspection for the project was conducted on August 17, 2004. The project is in good physical condition. The buildings and grounds are maintained in decent, safe and sanitary conditions. The three (3) HOME units inspected were found to be in decent, safe and sanitary condition.
- Maui Farm – The physical inspection for the project was conducted on March 8, 2005. The physical condition of the project and the general appearance of the landscape are good. The buildings and grounds are maintained in a decent, safe and sanitary condition. The one (1) HOME unit inspected was found to be in decent, safe and sanitary condition.
- Lihue Court Rehabilitation – The physical inspection for the project was conducted on March 24, 2005. The project is in good physical condition. The buildings and grounds are maintained in a decent, safe and sanitary condition. The eight (8) HOME units inspected were found to be in decent, safe, and sanitary condition.
- Hualalai Elderly – Phase I - The project was reviewed by SPECTRUM Enterprises, Inc. on June 13, 2005. SPECTRUM Enterprises, Inc.'s report is pending, and the HCDCH will provide the results of the review in the 2005-06 CAPER.
- Hualalai Elderly – Phase II - The project was reviewed by SPECTRUM Enterprises, Inc. on June 13, 2005. SPECTRUM Enterprises, Inc.'s report is pending, and the HCDCH will provide the results of the review in the 2005-06 CAPER.

- Hale Makana O'Waiale - The project was reviewed by SPECTRUM Enterprises, Inc. on June 22, 2005. SPECTRUM Enterprises, Inc.'s report is pending, and the HCDCH will provide the results of the review in the 2005-06 CAPER.

Note: In our 2003-04 CAPER, the HCDCH indicated that it was waiting for a written response from the County of Maui regarding the rescheduling of an inspection for one (1) remaining unit in the project. The County has informed the HCDCH that the one (1) remaining unit was inspected during their June 28 and 29, 2005 inspection of the project. The results of the inspection will be provided in the 2005-06 CAPER.

- Kekuilani Gardens – While identified in the 2004-05 Action Plan as a project to be monitored, the HCDCH was unable to schedule an on-site inspection during the reporting period. The project is currently scheduled to be monitored by SPECTRUM Enterprises, Inc. in November 2005.

4. Assessment of Affirmative Marketing Actions:

During this reporting period, the HCDCH has evaluated the affirmative marketing actions of the Counties of Hawaii, Kauai and Maui as State Recipients under the State's HOME Program. Based on its review, the HCDCH has determined that the Counties have adequately complied with the applicable affirmative marketing procedures.

5. Section 3

The HCDCH requires the Counties of Hawaii, Kauai and Maui, as State Recipients under the State's HOME Program, either to adopt their own or the State's Section 3 Plan. The County of Hawaii has adopted the State's Plan, and the Counties of Kauai and Maui have developed their own. Pursuant to the respective Section 3 Plans, the Counties have certified that, to the greatest extent feasible, employment and other economic opportunities generated by HUD funds, or HUD-assisted projects will be directed to low and very low income persons.

6. Assessment of Outreach to Minority Owned and Women Owned Businesses

The Counties of Hawaii, Kauai and Maui as State Recipients under the State's HOME Program have each acknowledged their acceptance and utilization of the State's current MBEs/WBEs Outreach Program as follows:

- All solicitations for the procurement of services and property by the state recipients, subrecipients or other entities receiving funding under the HOME Program shall be required to include outreach efforts to the MBEs and WBEs (such as utilization of the State of Hawaii's Department of Transportation's Disadvantaged Business Enterprise Directory).
- All public notices of bids solicitation and requests for proposals shall include a statement that encourages participation by MBEs and WBEs.
- State recipients, subrecipients and other entities receiving funding under the HOME Program shall be required to report annually on the type and number of

contracts awarded, the names and addresses of the firms awarded bids, the dollar value of all contracts awarded, the dollar value of contracts awarded to MBEs and WBEs, names and addresses of MBEs/WBEs who submitted bids but were not awarded contracts, and the method of implementing the outreach requirements.

7. Data on the Amount of Program Income Used

The HCDCH allows the Counties of Hawaii, Kauai, and Maui, as State Recipients under the State's HOME Program, to retain all program income for redistribution to other HOME Program eligible activities. HOME program income must be utilized prior to drawing from the U.S. Treasury account. The receipts and uses of program income during the reporting period are summarized below.

According to the Action Plan for Program Year 2004, the Counties of Hawaii and Maui did not anticipate program income, while the County of Kauai anticipated receiving \$166,000 in program income. The following reflects the actual amount of program income/recaptured funds received and disbursed by the Counties during the reporting period. (Note: Only program income/recaptured funds received and drawn during July 1, 2004 through June 30, 2005 are being reported in this CAPER.)

As indicated, the County of Hawaii did not receive any program income, however, it received unexpected recaptured funds totaling \$92,591.63 during the reporting period: \$67,159.63 from Kalaoa View Estates (deferred sale price payoffs), \$7,432.00 from Hawaii Self-Help (loan payoffs) and \$18,000 from the County's HOME Rehabilitation Loan Program (loan payoffs). The County applied \$64,331.42 of its recaptured funds towards the Kamuela Senior Housing Project and \$9,441.35 towards its HOME administrative costs. (Note: To remain in compliance with the requirements of the HOME Program's 10% administrative expense limitation, the HCDCH offset the amount allocated for administrative funding for the County of Hawaii by the like amount of \$9,441.35 as a result of the use of recaptured funds. The \$9,441.35 is subsequently reallocated back to the County of Hawaii as either regular or CHDO funds for use in an eligible HOME activity.) As of June 30, 2005, the County of Hawaii had \$18,818.86 of available program income/recaptured funds.

The County of Kauai received \$150,843.73 in program income and \$492,117.49 of unexpected recaptured funds (loan payoffs) from its First Time Homebuyer Program during the reporting period. The County applied \$290,595 towards the Kalepa Village Phase 2B Project, \$3,404.42 towards the Lihue Court Transitional Housing Project, and \$66,142.21 (composed of \$15,084.38 of additional program income use and \$51,057.83 of regular administrative funds) towards its HOME administrative cost. Pursuant to the amendment of 24 CFR Part 92.207 of the HOME regulations, the County of Kauai utilized 10% of its newly generated program income for payment of reasonable administrative costs in the amount of \$15,084.38. (Note: To remain in compliance with the requirements of the HOME Program's 10% administrative expense limitation, the HCDCH offset the amount allocated for administrative funding for the County of Kauai by the like amount of \$51,057.83 as a result of the program income use. The \$51,057.83

is subsequently reallocated back to the County of Kauai as either regular or CHDO funds for use in an eligible HOME activity.) As of June 30, 2005, the County of Kauai had \$282,819.59 of available program income.

As reflected in the 2003-04 CAPER, the HCDCH was working with the County of Maui and Lokahi Pacific on the reconciliation of the recaptured funds that were used for new HOME loans and not reported in IDIS. The results of such reconciliation are discussed in Number 9 below under "Slow-Moving Projects".

8. HOME Match Report

The State's match requirement for this reporting period is 25%. Please refer to Appendix C for the HOME Match Report.

9. Slow-Moving Projects

As mentioned in the 2003-04 CAPER, the County of Maui's Hale O Mana'o Lana Hou, Phase II Project continues to be a slow moving activity; the last funding draw was on July 11, 2003. The County of Maui was planning to complete the project in IDIS during the 2004-05 reporting period. However, the U.S. Department of Housing and Urban Development (HUD) asked that project completion in IDIS be delayed due to certain issues that arose during HUD's review of the project. (The project was funded by the HOME Investment Partnerships Program as well as the Section 811 Program.) Specifically, HUD determined that certain design costs, which were paid by the HOME Program were budgeted to be paid by the Section 811 Program. In order to resolve these issues, HUD authorized the reimbursement of \$69,153 to the County of Maui's local HOME Account for certain design costs on July 13, 2005. Once the reimbursement from the Section 811 Program is received, the County of Maui can complete the project in IDIS. Any remaining funds will be made available for another HOME CHDO activity.

The County of Maui's Lokahi Pacific First-Time Homebuyers Program is also a slow moving program. As mentioned in the 2003-04 CAPER, the HCDCH discovered that new HOME loans were made with recaptured HOME funds, and that the new HOME loans and the recaptured HOME funds were not reflected in IDIS. As such, the HCDCH was working with the County of Maui and Lokahi Pacific to reconcile the recaptured funds and would report the results in the 2004-05 CAPER.

Based on the information received from the County of Maui (initial request was made on August 11, 2004; final set of documentation was received on June 2, 2005), the HCDCH was able to complete its review and inform the County of Maui of its determination on July 22, 2005. Areas of concern included commingling of other funds with HOME Program funds; lack of substantiating documentation to support administrative draws; use of HOME funds to provide financing for another program; excess interest collected for loans paid in full not reimbursed to borrowers; shortage in interest for loans paid in full not collected from borrowers; HOME funds drawn in excess of actual loans provided; multiple draws for the same borrowers; loans not properly documented in IDIS; and personal credits reports pulled by employees of Lokahi Pacific. Based on the reconciliation, the HCDCH requested that Lokahi Pacific reimburse the County of Maui's

local HOME account an additional \$27,632.97. (On March 4, 2005, Lokahi Pacific returned \$235,980.45 to the County of Maui's local HOME account.) In its July 22, 2005 determination, HCDCH also requested that the County of Maui close out the Lokahi Pacific First-Time Homebuyer Program. The outcome of HCDCH's determination will be provided in the 2005-06 CAPER for HUD's information.

Lastly, a slow moving activity involved the preparation and execution of a Memorandum of Understanding (MOU) between the County of Maui and the Department of Hawaiian Home Lands. (Information on the MOU was not included in the 2003-04 CAPER as the HCDCH believed it was premature to provide a report due to unresolved issues involving conversations with HUD and compliance with HUD's Official Policy Newsletter (HOMEfires – Vol. 5 No. 5, November 2003). In October 2003, the HCDCH met with staff from the County of Maui, HUD, and the Department of Hawaiian Homelands (DHHL) to discuss a potential MOU between the County of Maui and DHHL with regards to the County of Maui's Lokahi Pacific First-Time Homebuyers Program. With the issuance of the HOMEfires – Vol. 5 No.5 in November 2003, the affordability restrictions as they related to resale and recapture were clarified. However, due to delays in the County of Maui submission of accurate documentation, as well as discussions between HUD and HCDCH, there was a delay in finalizing the MOU. In early 2005, the MOU was finalized and ready to be executed by the County of Maui and DHHL. However, due to the new HOME loan and recaptured fund information that was also being reviewed and reconciled during this time (see above), the HCDCH advised the County of Maui to stop Lokahi Pacific from processing any new HOME loans under the County of Maui's First-Time Homebuyer Program. As mentioned above, HCDCH has requested the County of Maui to close out the Lokahi Pacific First-Time Homebuyer Program.

10. Reasonableness of Costs

To ensure cost reasonableness in HOME projects, the HCDCH requires the Counties of Hawaii, Kauai and Maui, as State Recipients under the State's HOME Program, to comply with the uniform administrative requirements contained within 24 CFR §92.505, including, but not limited to, the requirements in OMB Circular No. A-87. The HCDCH relies on OMB Circular No. A-133 audits, as applicable in its use on project close-outs. The HCDCH has also retained the right to require the Counties to provide for a separate certification and review of the total project cost by an independent third party as may be deemed necessary.

In addition, due to Hawaii's high housing costs, the Counties must often leverage their limited HOME Program funds with other funding sources, such as the HCDCH's Low Income Housing Tax Credit and Rental Housing Trust Fund Programs. Projects receiving funding from the HCDCH are further reviewed to ensure cost reasonableness since the HCDCH reviews the anticipated sources and uses statements and applicable construction and operational budgets provided at the time of application.

11. Self Evaluation

Rental Housing

The State's five year goal (2000-05) was to increase the supply of affordable rentals by 105 units. Although there were no new rental units produced during the 2004-05 program year, the completion of 240 units in 2000-05 (200 units in Hale Makana O' Waiale and 40 units in the Lihue Court Townhomes) has far exceeded the State's five year rental housing objective. In addition, there are currently 2 HOME-funded rental projects under construction – Kalepa Village and Wailuku Small Business Center. These additional projects will further increase the supply of affordable rental units by 44 units, of which 16 units will be HOME-assisted.

The State exceeded its five year goal of 50 units in supportive housing with the completion of 52 completed units. The completed HOME-assisted units include 8 units for the developmentally challenged in Hale Ulu Hoi III, 8 transitional units for the sheltered/unsheltered /at-risk homeless in Lihue Court, 29 elderly units in Hualalai I and 7 elderly units in Hualalai II. The State is continuing its efforts to address the shortage of special needs housing with 6 new supportive housing projects either under construction or conditionally committed for development. These projects include the 2020 Kinoole Senior Residence, Kamuela Senior Housing, West Maui Community Resource Center, Aloha Housing, Central Maui Senior Housing, and Hale O Mana'o Lana Hou – Phase II. These additional projects will further increase the supply of units for special needs by 140 units, of which 137 units will be HOME-assisted.

In the area of tenant-based rental assistance, the State did not meet its five year goal of providing 300 eligible households with rental assistance. As stated in the 2003-04 CAPER, the County of Hawaii has been focusing its efforts on leasing up its expiring Section 8 vouchers in a tight rental market characterized by a lack of affordable rental units. Although the County did not provide any HOME rental assistance to new families, it continued to provide assistance to existing qualified families with other funds.

In March 2005, the U.S. Department of Housing and Urban Development (HUD) informed the County of Hawaii that there would be a reduction in federal funding which would seriously impact the families participating in the Section 8 Program. On April 8, 2005, the County of Hawaii issued an RFP soliciting for projects proposals for the use of HOME funds that became available from 1) a project being cancelled by the developer, 2) additional (FY03) HOME funds that were made available to the County of Hawaii, and 3) unexpended HOME funds from completed Projects. To address HUD's cutback, the County of Hawaii's Existing Housing Division responded to the County of Hawaii's April 8, 2005 Request for Proposal (RFP) for HOME funds and will be receiving an additional \$740,000 of HOME funds to provide HOME tenant based rental assistance to eligible families.

Homeownership

The State fell below its five year goal of 110 homebuyers. A total of 85 homebuyers were provided homeownership assistance. During this reporting period, the HCDCH was

working with the County of Maui to reconcile the new HOME loans that were made with recaptured funds. (As mentioned in the 2003-04 CAPER, the HCDCH discovered that new HOME loans were made with recaptured funds and not reflected in IDIS. See “Slow-Moving Projects” above for more information on this topic.) Based on the information received from the County of Maui, the HCDCH determined that there are potentially another 32 families that received HOME assistance. The HCDCH will continue to work with the County of Maui to confirm its determination and will provide the outcome in the 2005-06 CAPER for HUD’s information. With the addition of these 32 families, the State would exceed its five year goal, having provided total of 117 families with homebuyer assistance. The State remains committed to providing homeownership opportunities for low income families, especially with the funding provided under the American Dream Downpayment Initiative.

The State did not meet its five year goal of 30 units in the area of preserving existing affordable housing stock through rehabilitation activities; only 7 units were assisted with HOME funds. Funding priority was given to provide for supportive/special needs rental projects.

For more information on HOME projects/activities, please see the attached Exhibits A, B, C and D in Appendix C.

Exhibit A identifies all active HOME activities, the type and amount of HOME funds drawn and the status of these activities as of June 30, 2005.

Exhibit B identifies the specific HOME projects/activities completed during the five year period from July 1, 2000 – June 30, 2005.

Exhibit C provides a complete listing of HOME projects/activities from inception of the HOME Program to June 30, 2005.

Exhibit D provides a list of completed HOME Projects from inception of the HOME Program to June 30, 2005.

B. HOPWA

HCDCH allocated \$175,600 in HOPWA funds to the Maui Aids Foundation (MAF), a centralized administrative agency that services the counties of Hawaii, Kauai, and Maui (islands of Maui, Lanai and Molokai). The State contracted with MAF as the administrator in an effort to facilitate the efficient use of the funds and increase flexibility in providing needed services in the rural counties.

The MAF has Memoranda of Understanding with the Big Island AIDS Project and the West Hawaii AIDS Foundation on the island of Hawaii and Malama Pono on the island of Kauai. Collectively, the four organizations successfully provide persons with HIV/AIDS living in the rural counties with long and short-term rental assistance and with supportive services on a first come, first-served basis among the counties.

The remaining balance of \$5,400 was retained for HCDCH's administrative costs.

1. Distribution of HOPWA Funds among Categories of Need

The use of the funds addresses all objectives identified in the 2003-04 Action Plan. Summaries of program accomplishments are shown in Table 2; Appendix D, Performance Tables 1 and 2; and IDIS. The statistical information reflects the period July 1, 2004 to June 30, 2005, although the 12-month contract term began September 1, 2004, and ends June 30, 2005.

Through the tenant-based rental assistance program, 28 individuals and 4 persons in the family unit were able to retain permanent housing in open market rentals. Under the program, the MAF and partnering agencies in the consortium work in concert to complete intakes and applications, conduct unit inspections, and verify participant eligibility on their respective islands.

The AIDS service providers continue to serve as many clients as possible, given limited funding levels, by better networking with various non-profit organizations, government agencies, and the private sector. 54 persons were assisted with support services only, and 740 persons received housing information services.

2. Barriers Encountered and Mitigative Actions

There were no significant barriers encountered in the performance of HOPWA supported activities. Private agencies operate the program in the rural island counties; this provides direct monitoring and accountability.

However, there are a limited number of HIV-knowledgeable physicians on each of the islands of Hawaii, Kauai, and Maui, and no HIV-knowledgeable physician on the islands of Lanai and Molokai. The response is to send more clients to Honolulu for work up and switch to Kaiser Medical Center where a physician, specializing in HIV care, is on staff.

One challenge has been accommodating the rental subsidy needs of clients who relocate to Honolulu temporarily for medical treatment - how to extend support to that client when the client is in the City and whether to maintain his/her subsidized unit in the rural county while it is vacant. Another challenge has been working within the fair market rent (FMR) in a highly volatile rental market. The FMRs for Hawaii do not appear to be in line with the increasing rents on the rural islands. The statewide Hawaii AIDS Housing Coalition continues to work with the City, the State and HUD to resolve these issues.

3. Monitoring

The HCDCH monitors the HOPWA Program project sponsors. The monitoring includes a review of independent financial audits, monthly review of expenses for tenant-based rental assistance and supportive service, verification of reported expenditures and persons served, and communication/training provided via telephone, e-mail and by facsimile. The program specialist documents any areas of noncompliance and details corrective action needed through written correspondence, telephone interviews, and by e-mail.

4. Other Resources

Other resources used in conjunction with the HOPWA program include funding from the State Department of Health STD/AIDS Prevention Branch, Ryan White CARE Act funds contracted and passed through by the statewide AIDS consortium, HOPWA Special Project of National Significance (SPNS) funds, Maui County general fund, United Way, private foundation funds, and various fundraising activities. Additionally, numerous volunteer hours are logged in support of the program.

Each of the above noted agencies has individuals living with HIV on its Board of Directors, utilizes Client Advisory Councils, participates in HIV Prevention Community Planning and HIV Care Planning processes, and administers Ryan White CARE Act Funds. Additionally, each agency provides a plethora of services to their clients, funded from other sources, such as case management, food bank programs, emergency financial assistance, support groups, and psychological-social support.

5. Slow-Moving Projects

The HOPWA Program has been run in a timely manner and funds have been used in an efficient and timely manner.

6. Reasonableness of Costs

Having the MAF serve as the grant sub-recipient for the providers from the three rural island counties allows for efficient use of funds, coordinated networking, and sharing of resources. MAF serves as the field staff who can better scrutinize the expenditures to ensure that costs are reasonable and monitored. HOPWA funds were not used for acquisition or demolition activities of occupied real property.

C. Emergency Shelter Grant Program

The HCDCH issued a request for proposals for ESG funds and selected proposals based on meeting the homeless needs of the counties, which coincide with the goals, objectives and priorities noted in the Consolidated Plan, and on the ability to provide services at a reasonable cost.

On June 15, 2004, HUD notified the State that the allocation for ESG was \$215,343. By July 15, 2004, the HCDCH executed contracts for the entire grant amount (S-04-DC-15-0001) with private nonprofit homeless providers; this was within the required 65 days of the grant agreement with HUD.

1. Allocation of ESG Funds and Accomplishments

As proposed in the state Five-Year Consolidated Plan (July 1, 2000 through June 30, 2005) and Action Plan (July 1, 2004 through June 30, 2005), HCDCH allocated ESG funds among the Counties of Hawaii, Maui, and Kauai, and reserved three percent for HCDCH's administrative costs. The HCDCH awarded the funds as itemized below:

	Program	Administration	Total
<u>County of Hawaii:</u>			
- Child & Family Service (Hale Ohana Domestic Abuse)	\$8,000	-0-	\$ 8,000.00
- East Hawaii Coalition for the Homeless (Kiheipua Shelter)	36,500	-0-	36,500.00
(Hale O Puna)	13,600	-0-	13,600.00
- Turning Point for Families (West HI Domestic Abuse)	10,000	-0-	<u>10,000.00</u>
Sub-total			\$68,100.00
<u>County of Kauai:</u>			
-Kauai Economic Opportunity	\$38,343	-0-	\$38,343
- YWCA of Kauai	\$14,600	-0-	<u>14,600.00</u>
Sub-total			\$ 52,943.00
<u>County of Maui:</u>			
- Maui Economic Concerns of the Community (Ka Hale A Ke Ola)	\$50,000	-0-	\$50,000.00
(West Side Resource Center)	24,000	-0-	24,000.00
- Women Helping Women (Hale Lokomaikai)	\$15,000	-0-	<u>15,000.00</u>
Sub-total			\$89,000.00
<u>HCDCH:</u>		\$5,300.00	<u>\$5,300.00</u>
Total:	\$210,043.00	\$5,300.00	\$215,343.00

A comparison of ESG objectives and accomplishments is shown in Table 3 on page 11 of this CAPER.

The State entered into agreements with six recipients to subsidize homeless shelter operators so they are able to maintain their ability to provide homeless shelter as stated in the Priority Needs Summary Table of the State of Hawaii 2003-2004 Action Plan.

Homeless strategies along a continuum of care are as follows:

Priority/Target Group	Strategy	ESG fund allocation	Measures of effectiveness
Sheltered Homeless	Support the services in emergency and transitional shelters	100% of ESG	1,000 individuals transition to permanent housing

Program accomplishments by county are as follows:

County of Hawaii

Four recipients were awarded ESG funds to subsidize their operational costs at homeless or abuse shelters. Since the island of Hawaii is so large, the funding allocation is distributed to West and East Hawaii. This division provides more convenient access to program services.

- *\$10,000.00 for operational expenses, including utilities, repair and maintenance of the shelter, and outreach services* was committed to Turning Point for Families, which operates West Hawaii Domestic Abuse. This provides housing for homeless persons who are battered or fleeing physical and/or sexual abuse and served 143 homeless persons.

Hawaii County continues to have a major problem with people using “Ice.” Many of the domestic violence victims served over the last year were addicted. If domestic violence victims try to leave the relationship, they are threatened with being reported to Child Welfare Services. This could cause them to lose custody of their children. Lack of affordable housing is another problem, as victims often do not have any real resources of their own.

- *\$31,722.00 for operational expense of the homeless emergency shelter* was committed to East Hawaii Coalition for the Homeless (EHCH), which operates a homeless emergency and transitional shelter on the east side of the island. It provided shelter for 408 homeless persons.

Lack of affordable housing in East Hawaii has resulted in longer shelter stays, and created a backlog for those seeking shelter. At the end of June 2005, there were 23 families on the waiting list at the shelter.

County of Maui

- *\$74,000.00 for operational expenses of the emergency shelter* was committed to Maui Economic Concerns of the Community (MECC), which operates Ka Hale A Ke Ola Homeless Resource Center and West Side Resource Center. This is the island's only emergency and transitional homeless shelter for families and individuals, and it served 733 homeless persons.

During the 12 months ended June 30, 2005 the Ka Hale A Ke Ola Homeless Resource Center provided 104,650 resident nights of shelter. This is an increase from the historical annual average of approximately 84,000 resident nights of shelter.

- *\$15,000 for operational expenses* was committed to Women Helping Women, which operates a shelter that provides 24-hour, 7-day/week advocacy and services for women and children victims of domestic violence. They provided shelter for 315 homeless persons.

The shelter has recently seen an increase in immigrant women victims. The corresponding language, cultural, and religious barriers present new challenges for the staff. Most of these battered women believe that they are married to very powerful men who can have them deported.

County of Kauai

- *\$38,343.00 for the prevention of homelessness* was committed to Kauai Economic Opportunity, which operates the only transitional shelter on Kauai. KEO has a group home for 5-6 persons located in Puhii and a nine (9) 2-bedroom apartments at Lihue Court Townhomes. KEO's Care-a-Van program provides services to 18 scheduled sites on the island. It remains a vital link between the island's homeless population and medical services, legal services, emergency food and supplies and social services.
- *\$14,600.00 for the operation of the abuse shelter* was committed to the YWCA of Kauai, which operates the Family Violence Shelter. This abuse shelter has a 24 bed capacity and provided shelter for 112 persons.

Assistance with Temporary Restraining Orders has more than doubled over the past year. Women escaping from violent situations often turn to the Family Violence Shelter because they fear for the safety of friends or relatives, should they assist them with housing.

2. Barriers Encountered and Mitigative Actions Taken

A barrier to the effective administration of the State's HOPWA and ESG programs is that some grantees are not submitting reports on a timely basis. In addition, there are some problems with the IDIS. The HCDCH will identify steps to address these issues and may request technical assistance from HUD to correct errors in the system and to train HCDCH staff.

3. HCDCH Monitoring/Oversight Process

The HCDCH conducted site visits at two of the seven funded projects during the program year:

Ohana Spouse Abuse Shelter (CFS)
Turning Point for Families

November 15, 2004
November 19, 2004

The site visits include a review of records to verify the information provided in the grantee's reports. At a minimum, a close review is conducted of the reported number of persons served (for verification of the client's eligibility for services, and for timely case management), and inspection of the premises to verify the existence of program services and amenities as reported by the grantee.

The HCDCH notes its findings in a performance compliance review report that is submitted to the grantee. If deficiencies are present, the grantee is required to submit a corrective action plan that is deemed acceptable by HCDCH. At the subsequent site visit, the HCDCH verifies that the corrective action plans addressing the previous year's findings were implemented.

The HCDCH monitors the grantee's accomplishment of its goals and objectives and the timeliness of grant expenditures in program year 2003-04 through the review of quarterly reports and payment requests.

4. Match Requirement

The State has satisfied HUD's requirement to match funding provided by the ESG program as described in 24 CFR 576.51 and 42 USC §11375. The HCDCH exceeded the required matching fund amount by funding the homeless provider agencies in the Counties of Hawaii, Maui, and Kauai during the fiscal year through the State Homeless Shelter Stipend Program and the State Homeless Outreach Program. Stipend Program funds are used to assist and enable homeless persons to obtain and retain permanent housing and to live as independently as possible by providing safe, decent, and sanitary temporary shelter as well as meeting other basic survival needs. The program addresses the obstacles that prevent homeless persons from obtaining and retaining housing through a coordinated effort of health, housing, and social services programs. The Outreach Program funds provide intake and referral services and other needed basic services to the unsheltered homeless, who might not otherwise receive assistance. The program's goal is to assist unsheltered homeless persons to progress towards healthier, more stable living conditions with the ultimate goal of permanent housing and self-sufficiency.

State Homeless Programs	Hawaii	Maui	Kauai	Total
Stipend Program	\$429,000	\$760,000	\$ 60,000	\$1,249,000
Outreach Program	350,000	80,000	95,000	525,000
Total	\$779,000	\$840,000	\$155,000	\$1,774,000

The State contracted with 12 agencies statewide under the Stipend Program to operate 29 emergency and transitional homeless shelters. The following provider agencies operate shelters in the Counties of Hawaii, Maui, and Kauai:

Provider and Shelters on Hawaii, Kauai, and Maui

Provider Agency	Homeless Shelter	Type
Island of Hawaii		
Catholic Charities Community & Immigrant Services	Kawaihae	Transitional housing for families
EHCH-Kiheipua	Hilo	Transitional/emergency housing for families
Mental Health Kokua	Hale Lehua & Surf	Transitional housing for mentally ill singles
Island of Maui		
Maui Economic Concerns of the Community	Ka Hale A Ke Ola & West Side Resource Center	Emergency shelter for singles and families
Mental Health Kokua	Maui Crisis	Transitional shelter for families
Island of Kauai		
Kauai Economic Opportunity	Komohana Group Home	Transitional housing for disabled singles
	Lihue Court Apartments	Transitional housing for families

5. Slow-Moving Projects

All projects are proceeding in a timely manner.

6. Reasonableness of Costs

The HCDCH reviewed the applicants' proposed budgets to ensure that costs were reasonable and considered high priority items to maintain the homeless shelter. The recipients have been receiving ESG awards for the past several years and have, over time, streamlined their operations to minimize costs and maximize benefits to their clients. No grant awards for acquisition with rehabilitation or demolition activities of occupied real property were issued. An ESG financial status report is included as Appendix E.

III. OTHER HUD PROGRAM ACTIONS

A. Continuum of Care

Hawaii's heritage of *'ohana* or "family" connotes the community sense of belonging and taking responsibility for one another. That inter-relationship of all members in the community is a precursor for the Continuum of Care (CoC) concept wherein the community seeks to provide a continuum of services for those in need. The formal mechanism of a community-based continuum of care is now a vital part of each county's planning structure in Hawaii.

Continuum of Care Planning

Each county is a part of the chain of eight Hawaiian Islands, separated by the Pacific Ocean. Hawaii's non-contiguous islands make the development of a region-wide strategy a challenge, unlike in other states where the development of a regional strategy is more feasible. Therefore, the HCDCH implemented active CoC planning groups in each of the rural counties.

The planning for a CoC continues to be locally driven, and the HCDCH is an active participant in each County's planning efforts. The coordinated efforts between the HCDCH and each county's CoC group are to ensure that services are not duplicative or overlapping.

Homeless Assistance

The State of Hawaii, through the HCDCH, awarded the following funds to private agencies for the provision of services, shelter and programs for the homeless: \$3,587,000 for the State Homeless Stipend Program (shelter and supportive services); \$61,077 for the State Homeless Grant and Loan Program (rent/housing deposit and utility payment assistance); \$825,600 for the State Homeless Outreach Program (service to the unsheltered homeless including case management and the provision of medical care, food, living supplies, and referrals); \$215,343 for the Emergency Shelter Grant Program; \$160,000 for the Housing Opportunities for Persons with AIDS Program; and \$622,761 for the Supportive Housing Program.

Homeless Management Information System

The Homeless Management Information System (HMIS) went online July 2003. The system is web-based and provides a comprehensive overview of Hawaii's homeless population as well as track the chronically homeless numbers and service utilization. Data on homeless clients from an existing State database was converted over, and staff members from homeless agencies throughout the state have received training on how to use the system. Since HUD has just released its HMIS standards, changes to the system are needed and are expected to be implemented over the next several months.

Statewide Planning

The state participates each year in the National Hunger and Homeless Awareness week in November. On November 16, 2004, the 9th Annual Statewide Homeless Forum convened at the State Capitol. The focus was on the adoption of a strategic plan to end homelessness in Hawaii in 10 years.

Mainstreaming and Collaboration

The Hawaii Homeless Policy Academy has embarked on several initiatives to provide the additional affordable housing units and the case management/housing placement services that are needed to foster success.

- The State Department of Health, Adult Mental Health Division (AMHD) responded to the housing needs of the seriously and persistently mentally ill with 392 housing units of supported housing.

- AMHD has also agreed to take the lead intervention role for the chronically homeless with dual diagnosis. This is significant for the client who has previously fallen between the boundaries of the substance abuse and mental illness jurisdictions.
- AMHD has placed on-line 711 supportive housing units, which provide on-site services in varying degree according to need in group home settings.
- The State Department of Human Services has allocated \$500,000 for housing placement and case management to help the homeless find and retain housing for the long term. This includes a concerted effort to cultivate landlords to enhance their willingness to rent to homeless clients and to Section 8 voucher holders.
- The State Legislature has again allocated \$150,000 in addition to the regular homeless program budget, over the next year, for outreach case management to sustain the chronically homeless in permanent rental units.
- The HCDCH contracted \$825,600 in state fund with private outreach providers to provide emergency stabilization services to unsheltered homeless. Services include assessment, case management and transition into shelters and permanent rental units. Three of the contracts were with rural county outreach agencies, totaling \$525,000.

“Housing First,” an evidence-based practice, is the philosophy that drives the Academy’s efforts. Housing First is the practice of assessing the needs of the chronically homeless person or family and placing them in permanent housing of their choice. Home-based case management and mainstream services are key to helping them retain permanent housing. The continuum of care planning groups heartily endorsed the philosophy at the Statewide Forum in November 2003 and at the presentations at each continuum meeting.

Homeless Resource Guides

HCDCH continued its efforts to update and distribute the Homeless Resource Directory and Homeless Help Cards. These aids provide a guide to resources to law enforcement agencies, health institutions, and the general public.

Homeless Needs Assessment

Collaboration among the Counties and several State agencies resulted in a new Homeless needs assessment in August 2003, to update the last assessment conducted in 1999.

HOPWA Collaboration and Planning

The HCDCH coordinates the Hawaii AIDS Housing Coalition, which meets quarterly to discuss barriers to clients and to explore mitigating actions. The Council includes representatives of AIDS housing and service providers, the Department of Health STD/AIDS Branch, the City and County of Honolulu Department of Community Services, and HCDCH.

B. Public Housing Issues/Initiatives

The HCDCH, resident associations, and service providers have been working together to make the public housing communities safe, clean, decent, and sanitary places to live and raise children.

The HCDCH has taken the lead in promoting resident development and self-sufficiency through a variety of activities. Most of the programs are federally funded and emphasize drug and crime elimination, education, job training, economic development, and aging in place (for the elderly and disabled). Performance reports for each federal grant are submitted to HUD. A summary of the activities undertaken during the 2004-05 program year follows:

Educational Opportunities

The HCDCH continues to work with the Adult Community Schools on Oahu to provide Competency Based High School Diploma Program (CBASE) classes for adult residents to obtain a High School certificate. Evening classes were provided at three different locations throughout the year including the windward area, leeward coast and Kalihi.

Transportation Support

HCDCH continued to provide monthly bus passes for residents participating in training, educational activities or volunteering for community services activities.

Neighborhood Networks

April 2005 marked the beginning of year two of a three-year, \$250,000 HUD Resident Opportunities and Self-Sufficiency Program (ROSS) grant to provide educational and vocational training at Kuhio Park Terrace and Kuhio Homes. Through a contract with the HCDCH, the Samoan Service Providers Association (SSPA) provided remediation and essential skills, acculturation, basic computer skills and accredited computer training to further education, increase earnings and/or attain employment. At the end of the first year, SSPA's program included over 45 participants with 2 gainfully employed.

Elderly Services

The HCDCH received another three-year grant from the HUD Resident Opportunities and Self-Sufficiency (ROSS) Program in the amount of \$300,000 to provide case management, congregated and translation services to Kalanihuia and Makamae elderly housing projects. The HCDCH previously received two 3-year grants from the HUD that provided identical supportive services for the elderly and disabled at Kalakaua, Makua Alii, Paoakalani, Punchbowl and Pumehana Homes. The HCDCH continues to work with Child and Family Services to enable elderly and disabled individuals to lead independent lives.

Community Action Seminar

In February 2005, HCDCH sponsored attendance to the Community Action Seminar by four teams from Kalihi and Kona consisting of public housing residents, community members, and law enforcement members. Entitled "Making a Difference," this two-day workshop focused on the development and implementation of action plans to address underage drinking, drugs and/or youth gangs in their communities.

In May 2005, the community teams attended the Community Action Seminar Follow-Up workshop. Team members shared their success and challenges in implementing their action plans created in February. Team members were also provided training in

community mobilization skills such as leadership styles and youth empowerment

National Night Out

The HCDCH participated in the National Association of Town Watch's National Night Out held on August 21, 2004. This year's event was hosted by EWAolution, a coalition of community members in Ewa Beach. As part of the national event, member of voluntary resident patrols joined forces with other community members to send the message to criminals that the community is taking a stand against crime. Activities included information booths, a mini-patrol walk, one food and entertainment with a guest appearance from U.S. District Attorney, Ed Kubo. The evening culminated with the movie, "Fifty First Dates." Participating resident patrols were Mayor Wright Homes, Kaahumanu Homes, Kalakaua Homes, Kalihi Valley Homes, Kamehameha Homes, Kuhio Park Terrace, and Waipahu II.

Neighborhood Watch and Voluntary Tenant Patrols

The HCDCH continues to work with neighborhood watch programs in 15 sites and voluntary tenant patrols in 13 public housing sites. These programs are an integral part of HCDCH's efforts to reduce crime in and around public housing. The watch and patrol programs receive ongoing support and training from the HCDCH staff and the local police departments, with HCDCH providing equipment and uniforms to all trained voluntary tenant patrol members.

Resident Advisory Board

Section 511 of the federal Quality Housing and Work Responsibility Act of 1998 required public housing agencies to establish a Resident Advisory Board whose membership adequately reflects and represents the residents assisted by the PHA. The purpose of the Resident Advisory Board is to assist and make recommendations regarding the development of the HCDCH's Five year and Annual Public Housing Agency (PHA) Plan. During the fiscal year, the HCDCH met with members of the Resident Advisory Board to prepare the PHA Plan.

Resident Associations

The HCDCH continued to provide technical assistance in forming duly-elected resident associations. During the fiscal year, the HCDCH recognized 7 duly-elected resident associations which brought the number of official recognized resident associations by the HCDCH to 49.

Leadership Training

During the program year, the HCDCH provided three leadership workshops for resident association officers.

C. Grantee Monitoring Results

During this reporting period, the HCDCH did not conduct HOME on-site monitoring reviews of the Counties of Hawaii, Kauai and Maui. On-site visits to projects are described in the HOME section II.A.3.

Grantee monitoring results for the HOPWA and ESG programs are included in the CAPER under the respective sections.

D. Obstacles for the Underserved

During the reporting period, the State supported other entities that provide assistance to underserved populations through the provision of financing incentives, housing information and technical assistance. For example, HCDCH maintains a housing information system that includes data on housing needs, supply and demand, housing programs, etc. Much of the information is available on HCDCH's web site at <http://www.hcdch.hawaii.gov>. HCDCH has also served as the lead agency for homeless issues in the State.

E. Grantee HUD Program Related Special Accomplishments

The State has no "special" accomplishments to report. The HCDCH is concentrating its efforts on administering the HOME, HOPWA, and ESG programs effectively and efficiently.

F. Foster and Maintain Affordable Housing

The State continued to make available incentives for non-profit and for-profit entities to develop affordable housing. Incentives include capacity building grants, low-interest loans, low income housing tax credits, and exemptions from the State's general excise taxes. HCDCH ensured that the organizations are aware of the benefits of the various state programs and of how equity may be obtained for affordable rentals.

G. Eliminate Barriers to Affordable Housing

The State and counties continue to seek waivers from development codes and standards for affordable housing projects pursuant to Chapter 201G, HRS.

H. Overcome Gaps in Institutional Structures

In order to maximize private sector participation in the provision of affordable housing, the HCDCH continues to co-sponsor housing related workshops with the Hawaii Community Reinvestment Corporation (a private non-profit entity) on a quarterly basis. These workshops serve to further educate non-profit and for-profit organizations and governmental agencies on the various resources available to provide affordable housing opportunities for Hawaii's families. The HCDCH anticipates the continuation of these co-sponsored workshops.

The 2004 Hawaii State Legislature requested that the HCDCH convene a task force to develop near-term solutions to Hawaii's affordable housing shortage, both in the ownership and rental markets. The task force was to consider incentives for the development of affordable housing, acceleration of regulatory and permitting processes, infrastructure issues, implementation issues, and incentives for affordable housing financing.

HCDCH convened a task force included representatives from developers, financial institutions, the real estate industry, housing advocacy organizations and state, county and

federal agencies. The task force developed recommendations for both the state and county levels of government to address the housing shortage.

The 2005 Hawaii State Legislature passed a housing omnibus bill, Act 196, SLH 2005, which Governor Lingle signed into law. The bill included provisions to provide additional GET or tax credit exemptions for developers of affordable housing, streamline the approval process for the Rental Housing Trust Fund and allow more flexibility, use Dwelling Unit Revolving Fund for permanent financing, and separate the HCDCH into two agencies, one for public housing and one for state housing finance and development activities. Act 156, SLH 2005 provided additional funding to the Rental Housing Trust Fund.

On behalf of Governor Lingle, the HCDCH is leading the state's participation in the National Governor's Association Center for Best Practices Policy Academy on Coordinating Housing and Economic Development Strategies. Hawaii is one of six states selected to participate in the Policy Academy and will receive technical assistance during the 2005-06 Program Year.

Ongoing communication and discussions continue among various entities resulting in effective use of resources to meet the priorities outlined in the Consolidated Plan. In the homeless area, the State continued to provide for staffing of the Homeless Programs Branch, which manages State allocations of stipend, outreach and grants as well as federal ESG, HOPWA and Shelter Plus Care programs.

The State and the Counties collaborated in the effort to contract for a Homeless Needs Assessment, Housing, and Analysis of Impediments Studies. The studies will provide the information needed for the 2005 to 2009 Consolidated Plan.

The State and the Counties also collaborated with other private and public entities to contract for the Hawaii Housing Policy Study, 2003, to provide information needed for the 2005 to 2009 Consolidated Plan and other planning efforts.

The State also assists to build non-profit developer capacity through the provision of capacity building grants from the Rental Housing Trust Fund.

I. Lead-Based Paint Hazards

The HCDCH also continued to abate lead-based paint in Lanakila Homes Phases 2a and 2b (County of Hawaii).

J. Reduce Number of Families in Poverty

The State's strategy to reduce the number of poverty level families was to (a) meet basic subsistence requirements for those in need, (b) strengthen and preserve families, and (c) support self-empowerment.

The Department of Human Services continues to implement its policy that requires adults who are receiving financial assistance under the Temporary Assistance to Needy Families

(TANF) or Temporary Assistance to Other Needy Families (TAONF) to participate in work programs. Non-compliance with the work program results in a full-household termination of assistance. Also, every work mandatory adult who has received assistance for at least 24 months must participate in a work activity. The adult must participate in an activity for each month he or she receives financial assistance after month twenty-four. Failure to do so will make the entire household ineligible.

K. Certifications of Consistency

In addition to the HOME, HOPWA, and ESG funds the State receives from HUD, there are other national competitive grants awarded by HUD. These grants require that the applicant attach a Certification of Consistency from the State or County which certifies that the proposed project is consistent with the County's Consolidated Plan.

The State did not provide any certifications for consistency with the priorities of the State Consolidated Plan during the July 1, 2004 to June 30, 2005 period.

IV. IDIS REPORTS

The following CAPER IDIS Reports are required to be submitted to HUD as part of the CAPER process. These documents are available for review upon request and are as follows:

PR03 – Activity Summary for Grantees

PR06 – Summary of Consolidated Plan Projects for Report Year

HOME Reports

PR22 – Status of HOME Activities

PR23 – Summary of Accomplishments*

PR25 – Status of CHDO Funds by Fiscal Year

PR27 – Status of HOME Grants

PR33 – HOME Match Liability Report

ESG Reports

PR19 – ESG Program Grantee Statistics for Program Year

PR20 – ESG Grantee Activity Summary

*The HCDCH is currently working with the U.S. Department of Housing and Urban Development's Technical Assistance Unit regarding discrepancies in the number of completed units reflected during this reporting period.

To request a specific report or any other information on this report, please call or write to:

Housing and Community Development Corporation of Hawaii

Attn: Planning and Evaluation Office

677 Queen Street, Suite 300

Honolulu, Hawaii 96813

Phone: 808/587-0639

Fax: 808/587-0600

Email: hcdch@hcdch.hawaii.gov

APPENDIX A

Description of Government and Private Resources

Appendix A: Resources Available to the State for Use in Meeting Strategic Planning Goals

Federal Resources

HOME - The HOME Investment Partnerships program is intended to be a locally designed and administered program which: expands the supply of decent, safe, affordable, and sanitary housing, with primary attention to low-income rental housing; strengthens the abilities of state and local governments to design and implement affordable housing strategies; and provides both federal financing and technical assistance (including the development of model programs and approaches). The program is also intended to provide local jurisdictions with a source of funds which can be used to implement locally designed housing programs which best fit local needs. *Activity: Rehabilitation, new construction, rental assistance, home buyer assistance*

Emergency Shelter Grants (ESG) - Emergency Shelter Grants may be used to renovate, rehabilitate, or convert buildings to be used as emergency shelters; to provide essential services (employment, health, drug abuse, or education); and to provide maintenance, operation, insurance, utilities, and furnishings for these facilities. *Activity: Operations, essential services, prevention*

HOPWA Program - The Housing Opportunities for Persons with AIDS (HOPWA) program is authorized by the AIDS Housing Opportunity Act (AHOA) and amended by the Housing and Community Development Act of 1992. The program is designed to provide States and localities with resources and incentives to devise long-term comprehensive strategies for meeting the housing needs of persons with acquired immunodeficiency syndrome (AIDS) or related diseases and their families. The program authorizes entitlement grants and competitively awarded grants for housing assistance and services.

Since the State qualifies for a formula allocation on behalf of the State's rural counties, the consolidated plan describes the planning process with care provider input. Moneys are available both on a formula and competitive basis. Competitive grants are awarded based on applications submitted in response to a Notice of Funding Availability published in the Federal Register. Jurisdictions that do not qualify for formula grants are eligible to apply for competitive grants for the development of comprehensive, long-term strategies to address HIV/AIDS and homelessness. Additionally, jurisdictions that do qualify for formula grants may also apply for competitive grants for programs that address needs that are unmet by formula grants. *Activities: Rental housing assistance and support services.*

HOPE VI - Addresses public housing demolition, site revitalization, and replacement housing. Funds are awarded on a competitive basis and are available to public housing agencies that own or operate public housing units. The program

will fund demolition, substantial rehabilitation, reconfiguration and/or replacement of severely distressed housing units, revitalization of the site, provision of replacement housing, management improvements, resident self-sufficiency programs, provision of tenant-based assistance and assistance to tenants displaced by demolition. *Activity: Rehabilitation, new construction, rental assistance, supportive services*

CDBG Program - Community Development Block Grants are provided to carry out a wide range of community development activities directed toward neighborhood revitalization, economic development, and improved community facilities and services. *Activity: Rehabilitation, new construction*

Capital Fund - The Capital Fund Program was established by the Quality Housing and Work Responsibility Act of 1998. The Act amended section 9 of the U.S. Housing Act of 1937 to provide a “capital fund” for the purpose of making assistance available to public housing agencies to carry out capital and management activities. The Capital Fund Program is a block allocation of funds by formula to public housing agencies regardless of size. The money under this program is used by the agencies to raze, develop, modernize, and/or manage public housing units. *Activity: Rehabilitation, new construction*

Resident Opportunity and Self Sufficiency Program (ROSS) - These competitive grant programs utilize HUD funds to address the needs of public housing residents by providing supportive services that will enable the linking of essential services to public housing residents, provide resident empowerment activities and assistance in becoming economically self-sufficient, provide resources to enhance independent living for the elderly and persons with disabilities, provide capacity building for resident organizations, and improve the overall quality of life for public housing residents. *Activity: Supportive services*

Supportive Housing Program, 24 CFR Part 583 - The Supportive Housing Program is authorized by Title IV of the Stewart B. McKinney Homeless Assistance Act. The Supportive Housing Program is designed to promote the development of supportive housing and supportive services, including innovative approaches to assist homeless persons in the transition from homelessness, and to promote the provision of supportive housing to homeless persons to enable them to live as independently as possible. Additionally, the program includes safe haven projects which is designed to provide a safe residence for homeless persons with serious mental illness who are currently residing primarily in public or private places not designed for, or ordinarily used as a regular sleeping accommodation, and who have been unwilling or unable to participate in mental health or substance abuse treatment programs or to receive other supportive services.

Competitive grants are awarded based on applications submitted in response to a Notice of Funding Availability published in the Federal Register. All States, units

of local government, and non-profit organizations are eligible to apply for competitive grants. *Activities: Acquisition, rehabilitation, new construction, and supportive services.*

Single Room Occupancy (SRO), 24 CFR Part 882 - The purpose of Section 8 Moderate Rehabilitation Program for Single Room Occupancy (SRO) Dwellings for Homeless Individuals is to provide rental assistance for homeless individuals in rehabilitated SRO housing. The Section 8 assistance is in the form of rental assistance payments. These payments equal the rent for the unit, including utilities, minus the portion of the rent payable to the tenant under the U.S. Housing Act of 1937.

Competitive grants are awarded based on applications submitted in response to a Notice of Funding Availability published in the *Federal Register*. All States, units of local government, and non-profit organizations are eligible to apply for competitive grants to fund projects of national significance. *Activity: Rental assistance.*

Low Income Housing Tax Credits - The federal Low-Income Housing Tax Credit (LIHTC) Program provides \$1.75 in tax credits per capita per annum. This program enables developers to utilize the sale of tax credits as a source of equity financing for low-income rental housing projects. The State was allocated \$2.4 million in federal tax credits for FY 2004 and awarded \$4.4 million in tax credits, which included carryover from previous allocations. *Activity: New construction, acquisition, rehabilitation*

Section 8 Housing Choice Vouchers - The Section 8 Housing Choice Voucher Program is a federally-funded rent subsidy program. Eligible participants receive rent subsidies (in the form of Section 8 certificates or vouchers) to live in private sector housing units. *Activity: Rental assistance, homeownership for eligible first-time homebuyers*

Section 202 - Supportive Housing for the Elderly provides assistance to expand the supply of housing with supportive services for the elderly. *Activity: Rehabilitation, new construction*

Section 811 - Section 811 Supportive Housing for Persons with Disabilities Program provides funding to expand the supply of specially designed housing with supportive services for persons with disabilities. *Activity: New construction*

Permanent Housing for Persons with Disabilities - Grants to states on behalf of project sponsors, private nonprofit organizations or public housing authorities, to defray the cost of acquiring and/or rehabilitating existing buildings for permanent housing for up to eight homeless persons with disabilities; direct payments to fund a portion of annual operating costs and support services for up to five years. *Activity: Acquisition, rehabilitation*

Transitional Housing - Grants to public and private nonprofit entities to defray the cost of acquiring and/or rehabilitating existing buildings to house and provide supportive services to homeless persons; direct payment to fund a portion of annual operating costs, child care, employment assistance programs, and other supportive services for up to five years. *Activity: Acquisition, rehabilitation, support services*

Shelter Plus Care - The purpose of this program is to provide rental housing assistance in connection with supportive services funded from other sources to homeless persons with disabilities, such as serious mental illness, chronic problems with alcohol, drugs, or both, or AIDS and related diseases. To the extent practicable, at least 50% of all funds are to be reserved for homeless individuals who are seriously mentally ill or have chronic alcohol or drug abuse problems. *Activity: Rental assistance*

Youthbuild - Youthbuild provides grants on a competitive basis to non-profit organizations to assist high-risk youth between the ages of 16-24 to learn housing construction job skills and to complete their high school education. Program participants enhance their skills as they construct and/or rehabilitate affordable housing for low- and moderate-income persons. *Activity: Rehabilitation, new construction, support services*

U.S. Department of Agriculture - Rural Development (formerly Farmers Home Administration) - USDA-RD Section 502 Single Family Home Ownership Program - provides eligible persons who will live in rural areas an opportunity to obtain adequate but modest, decent, safe, and sanitary dwellings and related facilities through the provision of guaranteed loans and low-interest rate mortgage financing. Loans are also available to participants in mutual self-help housing programs. *Activity: Homebuyer assistance*

USDA-RD Section 523 Technical Assistance Grants for Administering a Mutual Self-Help Housing Program - provides qualified public and private non-profit organizations with financing for effective programs of technical and supervisory assistance to help low-income families build homes in rural areas by self-help method. *Activity: New construction*

USDA-RD Section 504 Home Improvement Loans and Grants - provides improvement loans to people who may not need or cannot afford a new house, but need some work done on their present house to bring it up to minimum standards. Loans and grants are also provided to homeowners to remove health or safety hazards from their dwelling. Grants are made only to low-income elderly homeowners, 62 years or older. *Activity: Rehabilitation*

USDA-RD Section 515 Rural Rental Housing Program - provides loans for rental housing in rural areas for persons with very-low, low and moderate-incomes and

for those age 62 and older. Loans are primarily made to build, purchase, or repair apartment-type housing, usually consisting of duplexes, garden-type, or similar multi-unit dwellings. The housing must be modest in size, design, and cost, but adequate to meet the tenant's needs. The program also provides rental assistance to extremely low-income tenants. *Activities: New construction, acquisition, rehabilitation, rental assistance*

USDA-RD Section 533 Housing Preservation Grants - provides public bodies and qualified non-profits with grants to conduct a housing preservation program benefiting the extremely low- and low-income rural residents. *Activity: Rehabilitation*

Federal Home Loan Bank of Seattle (FHLB) is a private, wholesale bank serving lenders in the 12th District, which includes Alaska, Hawaii, Idaho, Montana, Oregon, Utah, Washington, Wyoming, and the Territory of Guam. The FHLB offers two specially-priced advance programs to member financial institutions that, in turn, are used to fund qualifying developments or home purchases.

- a. **Affordable Housing Program:** Under this program, FHLB sets aside 5% of its net income to assist qualifying programs to provide homeownership which is affordable to households earning 80% of the median income or below, at least 20% of which is affordable to households earning 50% of the median or below. *Activity: Homebuyer assistance*
- b. **Community Investment Fund:** Under this program, FHLB advances credit at its cost of funds to lenders to finance affordable housing and community development, including rental or owner housing affordable to households earning 115% of the area median income or below or commercial development in low- and moderate-income neighborhoods or that benefits low- and moderate-income households. *Activities: New construction, acquisition, rehabilitation, homebuyer assistance*

Private and Non-Federal Public Resources

- Private Resources

Financial institutions play an important role in the financing of affordable housing projects. Major activities being undertaken by private lenders include: (1) origination and servicing of Hula Mae mortgage loans for qualified first-time homebuyers; (2) servicing of State-funded low-interest loans for self-help housing projects; (3) formation and funding of a consortium of banks and savings and loan institutions to provide below-market interest rate loans to finance affordable rental projects (see Hawaii Community Reinvestment Corporation under non-profits below); and (4) participation in the financing of various affordable housing projects in compliance with the Community Reinvestment Act (CRA). Increased activity by the financial institutions is anticipated as a result of CRA requirements. *Activity: Acquisition, new construction, homebuyer assistance*

Private Funds such as private donations, in-lieu developers' fees, and private foundations are sources of private moneys which will be used to help finance the development of affordable housing. *Activity: Acquisition, rehabilitation, new construction*

Private lands - Private developers are playing an increasing role in the provision of affordable housing opportunities. Developers/landowners may dedicate developable land to support the construction of affordable housing. Developers also set aside a portion of their newly-constructed housing units for affordable housing. *Activity: New construction*

The Hawaii Community Reinvestment Corporation (HCRC) is a private, non-profit entity with a purpose of providing financing and technical assistance to facilitate the development of affordable rental housing. Twenty-one Hawaii financial institutions came together in 1991 to create a committed partnership. (Due to bank consolidations, there are currently nine financial institutions.) Its \$50 million loan pool is funded by its members, all of whom participate in each HCRC loan. Each loan is secured by a mortgage on the property being financed. Once in place, the loans have been sold on the secondary market to allow the funds to be recycled by HCRC in order to fund future projects. Recycling has allowed HCRC to loan \$885 million to date with its \$50 million loan pool.

The HCRC conducts quarterly seminars on a range of topics dealing with rental housing including financing options available, making application for tax credits and managing tax credit projects. HCRC also provides consulting services to assist developers to obtain funding via tax credit applications, Rental Housing Trust Fund applications, and Federal Home Loan Bank grants.

Additionally, the HCRC created a low-income housing tax credit equity fund, wherein HCRC will serve as the syndicator for developers who receive an allocation of low-income housing tax credits for projects located in the state. The Hawaii Affordable Housing Funds I, II, III, IV and V (Funds) have raised nearly \$150 million and a sixth fund is in organization. HCRC's subsidiary, the Hawaii Investors for Affordable Housing, Inc. is the general partner of the Funds and has the responsibility of seeking out tax credit projects which the Funds can purchase. The purchase price paid by the Funds represents cash equity to the developer to help fill the gap between the project cost and the supportable debt. *Activity: Acquisition, rehabilitation, new construction*

Private Foundations, such as the Harry and Jeannette Weinberg Foundation and the Consuelo Foundation provide grants to help finance affordable housing projects. *Activity: Acquisition, rehabilitation, new construction, rental assistance, homeless assistance, homeless prevention*

Faith-based Organizations have traditionally been on the cutting edge of the homeless issue. Today, all of the major homeless shelters statewide have roots in church based efforts: The Institute for Human Services and the Catholic Church. There are broader church strategies which include establishing eviction prevention funds, resettling families with temporary church housing, subsidizing rents and leases, and developing rental properties and housing for sale. The churches will continue to play a major role in housing the State's homeless. *Activity: Acquisition, rehabilitation, new construction, rental assistance, homeless assistance, homeless prevention*

- Non-Federal Public Resources

State Dwelling Unit Revolving Fund (DURF) is used primarily for interim construction financing of housing projects. Funds are extremely limited. *Activity: New construction, rehabilitation*

State Low-Income Housing Tax Credits - The State allocates low income housing tax credits equivalent to 30% of the federal credit on an annual basis. In Program Year 2004-05, the State awarded \$1.3 million in State credits. *Activity: Acquisition, rehabilitation, new construction*

State CIP Funds - Legislative appropriations for the development of State low-rent public housing projects serve to complement the Federal public housing program. State CIP funds are also appropriated for elderly housing, Department of Hawaiian Home Lands projects, and the acquisition and renovation and development of housing for SDMI clients. *Activity: Acquisition, rehabilitation, new construction*

State Grant-in-Aid Funds - Legislative appropriations for non-profit organizations to assist in various types of affordable housing programs. *Activity: Acquisition, rehabilitation, new construction*

State Rental Assistance Program encourages private sector participation in the development and preservation of rental housing projects. Rental subsidies averaging \$175 per month are committed to qualified projects (which set aside units affordable to households earning up to 80% of the area median income. The 1992 State Legislature amended this program to allow for other uses of the funds (see Rental Assistance Revolving Fund, below). A limitation was set as to the maximum commitments and contracts HCDCH could enter into, and this limit has been reached. Until the existing contracts expire or a new limit is passed by the Legislature, no new commitments will be made under this program. *Activity: Rental assistance*

Rental Assistance Revolving Fund. In 1992, the State Legislature set aside \$25 million from the Rental Assistance Program for the purpose of providing interim construction loans for rental projects. An additional \$25 million in taxable bonds

may be issued to increase the fund to a total of \$50 million. Loans of up to \$10 million per project may be made at an interest rate of 4-5% and 1 point. Rental projects must meet one of the following criteria:

- At least 20% of the units for individuals earning up to 50% of the median income;
- At least 40% of the units for individuals earning up to 60% of the median income; or
- At least 60% of the units for individuals earning up to 140% of the median income.

Primary preference is for private non-profit and for-profit developers. *Activity: New construction, rehabilitation*

Rental Housing Trust Fund was created by the State Legislature in 1992 to provide loans or grants for the development, pre-development, construction, acquisition, preservation, and substantial rehabilitation of rental housing. At least 50% of the units are to be set aside for persons and families with incomes at or below 60% of the median income at the time of admission. At least 10% of the units are to be set aside for persons and families with incomes at or below 30% of the median income at the time of admission. The remaining units must be for persons or families with incomes at or below 100% of the median income at the time of admission. Act 216, 1998 Session Laws of Hawaii, requires that 10% of the available units and 33.33% of the trust funds be allocated to projects for families with incomes at or below thirty percent of the area median income. *Activity: Acquisition, rehabilitation, new construction*

The Hula Mae Multi-Family Bond Program provides private developers/owners of rental housing with interim and permanent financing at below-market interest rates through the issuance of tax-exempt revenue bonds. To be eligible, the rental projects must reserve at least 20% of their units for tenants whose incomes are less than 50% of the area median income, or 40% of the units for tenants whose incomes are less than 60% of the area median. The developer/owner must agree to keep the project in compliance with these requirements for the term of the loan. *Activity: Acquisition, rehabilitation, new construction*

Hula Mae Single Family Mortgage Purchase Program. This program provides below-market interest rate mortgage loans for first-time homebuyers through the sale of tax-exempt revenue bonds. *Activity: Homebuyer assistance*

Exemption from the State's 4% general excise tax (GET) may be provided to qualified persons and firms involved with the design, construction, sale or lease of an eligible affordable housing project developed by or for the HCDCH, the counties, or other government entity. Rental income received on affordable units may also be exempted from the 4% GET. *Activity: New construction, rehabilitation*

Mortgage Credit Certificate Program. This program provides federal tax credits to eligible borrowers, making more income available both to qualify for a mortgage loan and make monthly payments. *Activity: Homebuyer assistance*

State Rent Supplement Program. This program is a State-funded program which provides participants with subsidies to live in private sector housing units. The subsidy is intended to provide supplemental rental assistance not to exceed \$160 per month per family. Criteria for participation include income limits (based on family size) and occupancy standards (based on family definition) which have been established by the State Legislature. Families may earn up to 50% of the median income. *Activity: Rental assistance*

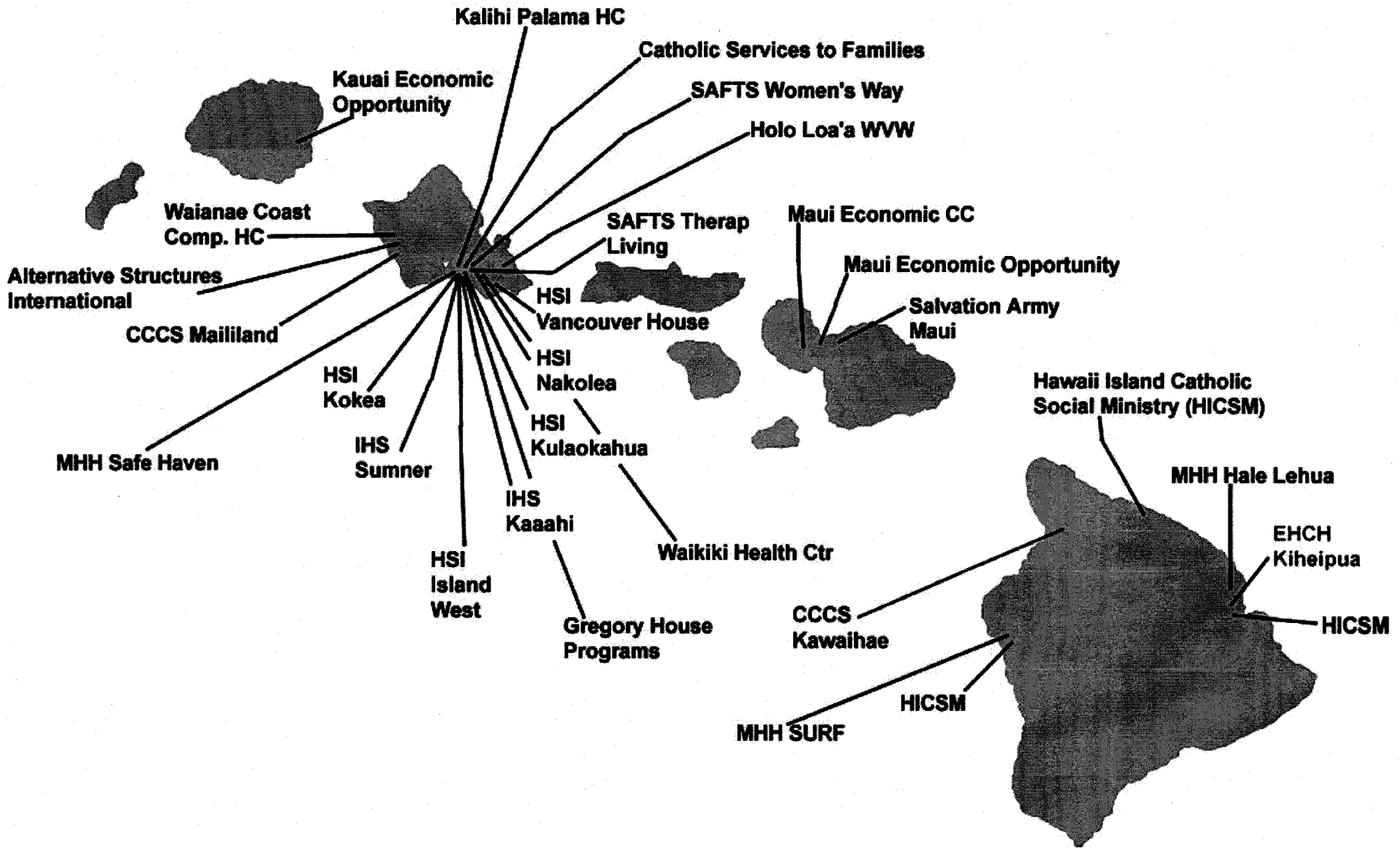
State Homeless Shelter Stipend Program. The Stipend program assists provider agencies in paying for costs involved in providing shelter and services to eligible homeless families and individuals. The goal of the program is to assist and enable homeless people to obtain and retain permanent housing and to live as independently as possible. Approximately \$3.6 million was available for Program Year 2004-05. *Activity: Homeless assistance*

State Homeless Outreach Program. This program makes available intake and referral services and other needed basic services to the unsheltered homeless who might not otherwise receive assistance. The goal of the Outreach program is to assist unsheltered homeless persons to progress toward a healthier, more stable living condition with the ultimate goal of permanent housing and self-sufficiency. Approximately \$700,000 was available in Program Year 2004-05. *Activity: Homeless assistance*

State Outreach Program. This program makes available to eligible homeless families and persons program assistance to prevent, avoid, or remedy homelessness and its associated dangers. The goals of the program include preventing at-risk homeless persons from becoming homeless, assisting homeless persons with housing, food, medical, first month's rent or rental deposit, and other types of expenses arising from emergency needs, and addressing the long-term stability of the participant. Approximately \$61,077 was available for Program Year 2004-05. *Activity: Homeless assistance, homeless prevention*

State Department of Defense, Office of Veterans Service - provides advocacy services to assist homeless veterans to file claims and appeals for financial compensation and medical care. *Activity: Homeless assistance, support services*

County Funds are used to finance various housing projects, either singly or as a supplement to State and/or federal funding. *Activity: Acquisition, rehabilitation, new construction, homebuyer assistance, rental assistance, homeless assistance, homeless prevention*



APPENDIX C
HOME Match Report
Annual Performance Report
Exhibits A, B, C and D

Annual Performance Report HOME Program

U.S. Department of Housing
and Urban Development
Office of Community Planning
and Development

OMB Approval No. 2506-0171
(exp. 05/31/2007)

Public reporting burden for this collection of information is estimated to average 2.5 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

The HOME statute imposes a significant number of data collection and reporting requirements. This includes information on assisted properties, on the owners or tenants of the properties, and on other programmatic areas. The information will be used: 1) to assist HOME participants in managing their programs; 2) to track performance of participants in meeting fund commitment and expenditure deadlines; 3) to permit HUD to determine whether each participant meets the HOME statutory income targeting and affordability requirements; and 4) to permit HUD to determine compliance with other statutory and regulatory program requirements. This data collection is authorized under Title II of the Cranston-Gonzalez National Affordable Housing Act or related authorities. Access to Federal grant funds is contingent on the reporting of certain project-specific data elements. Records of information collected will be maintained by the recipients of the assistance. Information on activities and expenditures of grant funds is public information and is generally available for disclosure. Recipients are responsible for ensuring confidentiality when public disclosure is not required.

This form is intended to collect numeric data to be aggregated nationally as a complement to data collected through the Cash and Management Information (C/MI) System. Participants should enter the reporting period in the first block. The reporting period is October 1 to September 30. Instructions are included for each section if further explanation is needed.

Submit this form on or before December 31.	This report is for period (mm/dd/yyyy)		Date Submitted (mm/dd/yyyy)
Send one copy to the appropriate HUD Field Office and one copy to: HOME Program, Rm 7176, 451 7th Street, S.W., Washington D.C. 20410	Starting 07/01/04	Ending 06/30/05	

Part I Participant Identification

1. Participant Number SG150100	2. Participant Name State of Hawaii - Housing and Community Development Corporation of Hawaii		
3. Name of Person completing this report Marilyn Chock		4. Phone Number (Include Area Code) 808 587-0575	
5. Address 677 Queen Street, Suite 300	6. City Honolulu	7. State HI	8. Zip Code 96813

Part II Program Income

Enter the following program income amounts for the reporting period: in block 1, enter the balance on hand at the beginning; in block 2, enter the amount generated; in block 3, enter the amount expended; and in block 4, enter the amount for Tenant-Based rental Assistance.

1. Balance on hand at Beginning of Reporting Period 0	2. Amount received during Reporting Period \$735,552.85	3. Total amount expended during Reporting Period \$433,914.40	4. Amount expended for Tenant-Based Rental Assistance 0	5. Balance on hand at end of Reporting Period (1 + 2 - 3) = 5 \$301,638.45**
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Part III Minority Business Enterprises (MBE) and Women Business Enterprises (WBE)

In the table below, indicate the number and dollar value of contracts for HOME projects completed during the reporting period.

	a. Total	Minority Business Enterprises (MBE)			f. White Non-Hispanic
		b. Alaskan Native or American Indian	c. Asian or Pacific Islander	d. Black Non-Hispanic	
A. Contracts					
1. Number	0				
2. Dollar Amount	0				
B. Sub-Contracts					
1. Number	0				
2. Dollar Amount	0				
	a. Total	b. Women Business Enterprises (WBE)	c. Male		
C. Contracts					
1. Number	0				
2. Dollar Amount	0				
D. Sub-Contracts					
1. Number	0				
2. Dollar Amounts	0				

**The balance includes three program income draws (totaling \$309,152.78) that were approved in IDIS on June 30, 2005, but not processed through LOCCS until 7/1/05 (see IDIS-CO4PR07). Please note that the three program income draws were not reflected in IDIS-CO4PR09 as of June 30, 2005.

Part IV Minority Owners of Rental Property

In the table below, indicate the number of HOME assisted rental property owners and the total dollar amount of HOME funds in these rental properties assisted during the reporting period.

	a. Total	Minority Property Owners			f. White Non-Hispanic
		b. Alaskan Native or American Indian	c. Asian or Pacific Islander	d. Black Non-Hispanic	
1. Number	0				
2. Dollar Amount	0				

Part V Relocation and Real Property Acquisition

Indicate the number of persons displaced, the cost of relocation payments, the number of parcels acquired, and the cost of acquisition. The data provided should reflect only displacements and acquisitions occurring during the reporting period.

	a. Number	b. Cost
1. Parcels Acquired	0	
2. Businesses Displaced	0	
3. Nonprofit Organizations Displaced	0	
4. Households Temporarily Relocated, not Displaced	0	

Households Displaced	a. Total	Minority Business Enterprises (MBE)			f. White Non-Hispanic
		b. Alaskan Native or American Indian	c. Asian or Pacific Islander	d. Black Non-Hispanic	
5. Households Displaced - Number	0				
6. Households Displaced - Cost	0				

Public reporting burden for this collection of information is estimated to average 45 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

The HOME statute imposes a significant number of data collection and reporting requirements. This includes information on assisted properties, on the owners or tenants of the properties, and on other programmatic areas. The information will be used: 1) to assist HOME participants in managing their programs; 2) to track performance of participants in meeting fund commitment and expenditure deadlines; 3) to permit HUD to determine whether each participant meets the HOME statutory income targeting and affordability requirements; and 4) to permit HUD to determine compliance with other statutory and regulatory program requirements. This data collection is authorized under Title II of the Cranston-Gonzalez National Affordable Housing Act or related authorities. Access to Federal grant funds is contingent on the reporting of certain project-specific data elements. Records of information collected will be maintained by the recipients of the assistance. Information on activities and expenditures of grant funds is public information and is generally available for disclosure. Recipients are responsible for ensuring confidentiality when public disclosure is not required.

Instructions for the HOME Match Report

Applicability:

The HOME Match Report is part of the HOME APR and must be filled out by every participating jurisdiction that incurred a match liability. Match liability occurs when FY 1993 funds (or subsequent year funds) are drawn down from the U.S. Treasury for HOME projects. A Participating Jurisdiction (PJ) may start counting match contributions as of the beginning of Federal Fiscal Year 1993 (October 1, 1992). A jurisdiction not required to submit this report, either because it did not incur any match or because it had a full match reduction, may submit a HOME Match Report if it wishes. The match would count as excess match that is carried over to subsequent years. The match reported on this form must have been contributed during the reporting period (between October 1 and September 30).

Timing:

This form is to be submitted as part of the HOME APR on or before December 31. The original is sent to the HUD Field Office. One copy is sent to the

Office of Affordable Housing Programs, CGHF
Room 7176, HUD, 451 7th Street, S.W.
Washington, D.C. 20410.

The participating jurisdiction also keeps a copy.

Instructions for Part II:

1. **Excess match from prior Federal fiscal year:** Excess match carried over from prior Federal fiscal year.
2. **Match contributed during current Federal fiscal year:** The total amount of match contributions for all projects listed under Part III in column 9 for the Federal fiscal year.

3. **Total match available for current Federal fiscal year:** The sum of excess match carried over from the prior Federal fiscal year (Part II. line 1) and the total match contribution for the current Federal fiscal year (Part II. line 2). This sum is the total match available for the Federal fiscal year.
4. **Match liability for current Federal fiscal year:** The amount of match liability is available from HUD and is provided periodically to PJs. The match must be provided in the current year. The amount of match that must be provided is based on the amount of HOME funds drawn from the U.S. Treasury for HOME projects. The amount of match required equals 25% of the amount drawn down for HOME projects during the Federal fiscal year. Excess match may be carried over and used to meet match liability for subsequent years (see Part II line 5). Funds drawn down for administrative costs, CHDO operating expenses, and CHDO capacity building do not have to be matched. Funds drawn down for CHDO seed money and/or technical assistance loans do not have to be matched if the project does not go forward. A jurisdiction is allowed to get a partial reduction (50%) of match if it meets one of two statutory distress criteria, indicating "fiscal distress," or else a full reduction (100%) of match if it meets both criteria, indicating "severe fiscal distress." The two criteria are poverty rate (must be equal to or greater than 125% of the average national family poverty rate to qualify for a reduction) and per capita income (must be less than 75% of the national average per capita income to qualify for a reduction). In addition, a jurisdiction can get a full reduction if it is declared a disaster area under the Robert T. Stafford Disaster Relief and Emergency Act.

5. **Excess match carried over to next Federal fiscal year:** The total match available for the current Federal fiscal year (Part II. line 3) minus the match liability for the current Federal fiscal year (Part II. line 4). Excess match may be carried over and applied to future HOME project match liability.

Instructions for Part III:

1. **Project No. or Other ID:** "Project number" is assigned by the C/MI System when the PJ makes a project setup call. These projects involve at least some Treasury funds. If the HOME project does not involve Treasury funds, it must be identified with "other ID" as follows: the fiscal year (last two digits only), followed by a number (starting from "01" for the first non-Treasury-funded project of the fiscal year), and then at least one of the following abbreviations: "SF" for project using shortfall funds, "PI" for projects using program income, and "NON" for non-HOME-assisted affordable housing. Example: 93.01.SF, 93.02.PI, 93.03.NON, etc.

Shortfall funds are non-HOME funds used to make up the difference between the participation threshold and the amount of HOME funds allocated to the PJ; the participation threshold requirement applies only in the PJ's first year of eligibility. [§92.102]

Program income (also called "repayment income") is any return on the investment of HOME funds. This income must be deposited in the jurisdiction's HOME account to be used for HOME projects. [§92.503(b)]

Non-HOME-assisted affordable housing is investment in housing not assisted by HOME funds that would qualify as "affordable housing" under the HOME Program definitions. "NON" funds must be contributed to a specific project; it is not sufficient to make a contribution to an entity engaged in developing affordable housing. [§92.219(b)]

2. **Date of Contribution:** Enter the date of contribution. Multiple entries may be made on a single line as long as the contributions were made during the current fiscal year. In such cases, if the contributions were made at different dates during the year, enter the date of the last contribution.
3. **Cash:** Cash contributions from non-Federal resources. This means the funds are contributed permanently to the HOME Program regardless of the form of investment the jurisdiction provides to a project. Therefore all repayment, interest, or other return on investment of the contribution must be deposited in the PJ's HOME account to be used for HOME projects. The PJ, non-Federal public entities (State/local governments), private entities, and individuals can make contributions. The grant equivalent of a below-market interest rate loan to the project is eligible when the loan is not repayable to the PJ's HOME account. [§92.220(a)(1)] In addition, a cash contribution can count as match if it is used for eligible costs defined under §92.206 (except administrative costs and CHDO operating expenses) or under §92.209, or for the following non-eligible costs: the value of non-Federal funds used to remove and relocate ECHO units to accommodate eligible tenants, a project reserve account for replacements, a project reserve account for unanticipated increases in operating costs, operating subsidies, or costs relating to the portion of a mixed-income or mixed-use project not related to the affordable housing units. [§92.219(c)]
4. **Foregone Taxes, Fees, Charges:** Taxes, fees, and charges that are normally and customarily charged but have been waived, foregone, or deferred in a manner that achieves affordability of the HOME-assisted housing. This includes State tax credits for low-income housing development. The amount of real estate taxes may be based on the

post-improvement property value. For those taxes, fees, or charges given for future years, the value is the present discounted cash value. [§92.220(a)(2)]

5. **Appraised Land/Real Property:** The appraised value, before the HOME assistance is provided and minus any debt burden, lien, or other encumbrance, of land or other real property, not acquired with Federal resources. The appraisal must be made by an independent, certified appraiser. [§92.220(a)(3)]
6. **Required Infrastructure:** The cost of investment, not made with Federal resources, in on-site and off-site infrastructure directly required for HOME-assisted affordable housing. The infrastructure must have been completed no earlier than 12 months before HOME funds were committed. [§92.220(a)(4)]
7. **Site preparation, Construction materials, Donated labor:** The reasonable value of any site-preparation and construction materials, not acquired with Federal resources, and any donated or voluntary labor (see §92.354(b)) in connection with the site-preparation for, or construction or rehabilitation of, affordable housing. The value of site-preparation and construction materials is determined in accordance with the PJ's cost estimate procedures. The value of donated or voluntary labor is determined by a single rate ("labor rate") to be published annually in the Notice Of Funding Availability (NOFA) for the HOME Program. [§92.220(6)]
8. **Bond Financing:** Multifamily and single-family project bond financing must be validly issued by a State or local government (or an agency, instrumentality, or political subdivision thereof). 50% of a loan from bond proceeds made to a multifamily affordable housing project owner can count as match. 25% of a loan from bond proceeds made to a single-family affordable housing project owner can count as match. Loans from all bond proceeds, including excess bond match from prior years, may not exceed 25% of a PJ's total annual match contribution. [§92.220(a)(5)] The amount in excess of the 25% cap for bonds may carry over, and the excess will count as part of the statutory limit of up to 25% per year. Requirements regarding

bond financing as an eligible source of match will be available upon publication of the implementing regulation early in FY 1994.

9. **Total Match:** Total of items 3 through 8. This is the total match contribution for each project identified in item 1.

Ineligible forms of match include:

1. Contributions made with or derived from Federal resources e.g. CDBG funds [§92.220(b)(1)]
2. Interest rate subsidy attributable to the Federal tax-exemption on financing or the value attributable to Federal tax credits [§92.220(b)(2)]
3. Contributions from builders, contractors or investors, including owner equity, involved with HOME-assisted projects. [§92.220(b)(3)]
4. Sweat equity [§92.220(b)(4)]
5. Contributions from applicants/recipients of HOME assistance [§92.220(b)(5)]
6. Fees/charges that are associated with the HOME Program only, rather than normally and customarily charged on all transactions or projects [§92.220(a)(2)]
7. Administrative costs

HOME Program - Active Activities
For the Period of July 1, 2004 - June 30, 2005

Objectives	Active HOME Activities	Total HOME Units	HOME Units	Total Committed To Date	Total Prior Draws	Draws During Reporting Year					Available Balance To Date	Activity Status As of June 30, 2005
						SU	CR	AD	PI	Total Disbursed		
Increase supply of affordable rental units	<u>County of Kauai</u>											
	Kalepa Village - Phase 2B	40	40	1,790,595.00	1,500,000.00	0.00	0.00	0.00	290,595.00	290,595.00	0.00	Construction completed. To be closed out in IDIS.
Provide rental assistance	<u>County of Maui</u>											
	Wailuku Small Business Market Center	4	4	600,400.00	119,221.77	0.00	0.00	0.00	0.00	0.00	481,178.23	Under construction.
Provide rental assistance	<u>County of Hawaii</u>											
	Tenant Based Rental Assistance	1	1	402,816.88	4,673.60	4,048.00	0.00	0.00	0.00	4,048.00	394,095.28	Continued assistance to one family/additional funds to be committed as the County anticipates active HOME tenant based assistance.
Increase supply of supportive housing	<u>County of Hawaii</u>											
	Kamuela Senior Housing Project	32	32	3,177,034.00	1,198,587.00	0.00	1,596,412.58	0.00	64,331.42	1,660,744.00	317,703.00	Construction completed in 12/04. Remaining funds to be drawn for project & subsequently completed in IDIS.
Increase supply of supportive housing	<u>County of Kauai</u>											
	Lihue Court Transitional Housing	8	8	450,000.00	446,595.58	0.00	0.00	0.00	3,404.42	3,404.42	0.00	Completed in IDIS on 9/22/04. (Previously reported in 2003-04 CAPER.)
Increase supply of supportive housing	<u>County of Maui</u>											
	Hale O Mana'o Lana Hou	16	15	300,000.00	278,135.00	0.00	0.00	0.00	0.00	0.00	21,865.00	Project to be completed in IDIS after County of Maui receives reimbursement from Section 811 Program per HUD's authorization. Remaining funds to be reprogrammed.
Provide increased opportunities for first-time homebuyers	<u>County of Hawaii</u>											
	West Maui Community Resource Center	20	20	1,800,000.00	1,599,700.00	0.00	0.00	0.00	0.00	0.00	300.00	Project completed. IDIS to be closed out after final draws.
Provide increased opportunities for first-time homebuyers	<u>County of Hawaii</u>											
	Puukapu Self Help Housing	10	10	750,000.00	0.00	0.00	0.00	0.00	0.00	0.00	750,000.00	Project determined by developer to be infeasible/County issued RFP to procure funds for another eligible activity on 4/8/05.
Provide increased opportunities for first-time homebuyers	<u>County of Hawaii</u>											
	American Dream Downpayment Program	5	5	69,833.00	0.00	0.00	0.00	0.00	0.00	0.00	69,833.00	New program - ongoing
Provide increased opportunities for first-time homebuyers	<u>County of Kauai</u>											
	Kauai Homebuyer Assistance Program	7	7	750,000.00	546,361.45	0.00	0.00	0.00	0.00	0.00	203,638.55	On-going/continue to review applicants for eligibility
Provide increased opportunities for first-time homebuyers	<u>County of Maui</u>											
	Lokahi Pacific First Time Homebuyers Program	37	37	560,561.59	90,000.00	0.00	0.00	0.00	0.00	0.00	470,561.59	In Process of Close-out/Completing reconciliation of recaptured HOME funds from loan repayments
Preserve existing affordable housing stock through rehabilitation activities	No New Activities											
Other	<u>County of Hawaii</u>											
	Administration			716,490.50	522,693.02	0.00	0.00	81,263.37	9,441.35	90,704.72	103,092.76	On-going
	<u>County of Kauai</u>											
	Administration			755,084.37	557,925.67	0.00	0.00	0.00	66,142.21	66,142.21	131,016.49	On-going
<u>County of Maui</u>												
Administration			463,000.00	237,712.99	0.00	0.00	0.00	0.00	0.00	225,287.01	On-going	
<u>HCDCH</u>												
Administration			1,352,669.00	933,579.89	0.00	0.00	112,253.92	0.00	112,253.92	306,835.19	On-going	
		180	179	13,738,484.34	8,035,185.97	4,048.00	1,596,412.58	193,517.29	433,914.40	2,227,892.27	3,475,406.10	

EXHIBIT "A"

HOME Program - Completed Units
For the Period of July 1, 2000- June 30, 2005

Objectives	Project Name	Location	Total Units	HOME Units	Completed HOME Units By Objective	Five Year Goals (2000-05)	Differential In Meeting (2000-05) Goals
Increase supply of affordable	<u>County of Kauai</u> Lihue Court Rehabilitation	Lihue, Kauai	172	40			
	<u>County of Maui</u> Hale Makana O' Waiale	Wailuku, Maui	200	200	240	105	135
Provide rental assistance	N/A	N/A	0	0	0	300	-300
Increase supply of supportive housing	<u>County of Hawaii</u> * Hale Ulu Hoi III	Hilo, Hawaii	18	8			
	Hualalai Elderly - Phase I	Kailua-Kona, Hawaii	30	29			
	Hualalai Elderly - Phase II	Kailua-Kona, Hawaii	36	7			
	<u>County of Kauai</u> * Lihue Court Transitional	Lihue, Kauai	8	8	52	50	2
	<u>County of Hawaii</u> Hawi Self-Help	North Kohala, Hawaii	20	9			
Provide increased opportunities for first-time homebuyers	<u>County of Hawaii</u> Ouli Self Help	South Kohala, Hawaii	10	10			
	<u>County of Kauai</u> Kauai First-Time Homebuyers	County-Wide	19	19			
	USDA-First-Time Homebuyers Partnership	County-Wide	3	3			
	Kapaa Self Help	Kapaa, Hawaii	10	10			
	Kalaheo Self Help	Kalaheo, Hawaii	19	19			
	<u>County of Maui</u> Lokahi Pacific First-Time Homebuyers	County-Wide	15	15	85	110	-25
	<u>County of Hawaii</u> County of Hawaii Rehabilitation Loan Program		7	7	7	30	-23
Total Completed Units			567	384	384	595	-211

Notes:

* HOME projects completed during this reporting period

EXHIBIT "B"

HOME Program - Complete Listing of Activities
From Inception to June 30, 2005

Objectives	Project Name	Location	Total Units	HOME Units	Total Regular (SU) Funds Expended	Total CHDO (CR/CO) Funds Expended	Total Administration (AD) Funds Expended	Total HOME Program Income Expended	Total Expended	Balance Available	Activity Status As of June 30, 2004	
Increase supply of affordable rental units	County of Kauai											
	Paanau Village	Kapaa, Kauai	60	15	1,590,837.00				1,590,837.00		Completed 1995-96	
	Lihue Court Rehabilitation	Lihue, Kauai	172	40		600,000.00			600,000.00		Completed 2000-01	
	Kalepa Village - Phase 2B	Hanamaulu, Kauai	40	40	927,285.57			863,309.43	1,790,595.00		Construction completed. To be closed out in IDIS.	
	County of Maui											
	Hale Makana O' Waiale	Wailuku, Maui	200	200	4,111,120.00				4,111,120.00		Completed 2000-01	
	Wailuku Small Business Market Center	Wailuku, Maui	4	4		119,221.77			119,221.77	481,178.23	Under construction.	
	HCDCH											
	Kekuiani Gardens	Kapolei, Oahu	56	55	60,900.55			282,011.45 *	342,912.00		Completed 1996-97	
Provide rental assistance	County of Hawaii											
	Tenant Based Rental Assistance	County-Wide	554	554	1,509,760.18			39,134.34	1,548,894.52	394,095.28	Continued assistance to one family/additional funds to be committed as the County anticipates active HOME tenant based assistance.	
Increase supply of supportive housing	County of Hawaii											
	Kiheipua Transitional Housing	Hilo, Hawaii	2	2	277,123.26				277,123.26		Completed 1997-98	
	Hale Ulu Hoi III	Hilo, Hawaii	18	8	674,146.83			46,418.02	720,564.85		Completed 2003-04	
	Hualalalai Elderly - Phase I	Kailua-Kona, Hawaii	30	29		758,640.44			758,640.44		Completed 2000-01	
	Hualalalai Elderly - Phase II	Kailua-Kona, Hawaii	36	7		614,184.00		160,816.00	775,000.00		Completed 2001-02	
	Kamuela Senior Housing	Kamuela, Hawaii	32	32		2,794,999.58		64,331.42	2,859,331.00	317,703.00	Construction completed in 12/04. Remaining funds to be drawn for project & subsequently completed in IDIS.	
	County of Kauai											
	Lihue Court Transitional	Lihue, Kauai	8	8		446,595.58		3,404.42	450,000.00		Completed in IDIS on 9/22/04. (Previously reported in 2003-04 CAPER).	
	County of Maui											
	Maui Farms	Makawao, Maui	3	3	661,613.03				661,613.03		Completed 1996-97	
	Kaho'okamamalu	Wailuku, Maui	20	10		1,054,088.00			1,054,088.00		Completed 1998-99	
	Hale O Mana'o Lana Hou - Phase II	Wailuku, Maui	16	15		278,135.00			278,135.00	21,865.00	Project to be completed in IDIS after County of Maui receives reimbursement from Section 811 Program peer HUD's authorization. Remaining funds to be reprogrammed.	
	West Maui Community Resource Center	Lahaina, Maui	20	20	1,599,700.00				1,599,700.00	300.00	Project completed. IDIS to be closed out after final draws.	
	Provide increased opportunities for first-time homebuyers	County of Hawaii										
		Kalaea View Estates	North Kona, Hawaii	19	19		850,000.00			850,000.00		Completed 1998-99
Hawi Self-Help		North Kohala, Hawaii	20	9		806,675.84		132,229.92	938,905.76		Completed 2002-03	
Ouli Self Help		South Kohala, Hawaii	10	10		828,378.99		2,608.51	830,987.50		Completed 2000-01	
Puukapu Self Help		Waimea, Hawaii	10	10						750,000.00	Project determined by developer to be infeasible/County issued RFP to procure funds for another eligible activity on 4/8/05.	
American Dream Downpayment Program		County-Wide	5	5						69,833.00	New program- ongoing	
County of Kauai												
Kauai First-Time Homebuyers		County-Wide	39	39	3,133,490.75			522,265.70	3,655,756.45	203,638.55	On-going/continue to review applicants for eligibility.	
USDA-First-Time Homebuyers Partnership		County-Wide	3	3	77,070.00			38,535.00	115,605.00		Completed 2002-03	
Kapaa Self Help		Kapaa, Hawaii	10	10	525,000.00				525,000.00		Completed 2000-01	
Kalaheo Self Help		Kalaheo, Hawaii	19	19	750,000.00				750,000.00		Completed 2000-01	
County of Maui												
Lokahi Pacific First-Time Homebuyers		County-Wide	28	28	822,868.38				822,868.38	470,561.59	In Process of Close-out/ Completing reconciliation of recaptured HOME funds from loan repayments	
HCDCH												
Keeau Mutual Self Help		Keeau, Puna, Hawaii	10	10		282,011.45			282,011.45		Completed 1995-96	
Preserve existing affordable housing stock through rehabilitation activities	County of Hawaii											
	County of Hawaii Rehabilitation Loan Program		7	7	64,843.57			12,822.89	77,666.46		Completed 2000-01	
Other	County of Hawaii											
	Administration						539,178.93	74,218.81	613,397.74	103,092.76	On-Going	
	County of Kauai											
	Administration						464,833.79	159,234.09	624,067.88	131,016.49	On-Going	
	County of Maui											
Administration						237,712.99		237,712.99	225,287.01	On-Going		
HCDCH												
Administration						1,045,833.81		1,045,833.81	306,835.19	On-Going		
Totals			1451	1211	16,785,759.12	9,432,930.65	2,287,559.52	2,401,340.00	30,907,589.29	3,475,406.10		
								-282,011.45 *	-282,011.45			
							28,506,249.29	2,119,328.55	30,625,577.84			

Notes:
* Program income received in 1996 and reported to HUD for inclusion in the CMI System. Information not reflected in IDIS.

EXHIBIT "C"

**HOME Program - Completed Units
From Inception to June 30, 2005**

Objectives	Project Name	Location	Total Units	HOME Units	Comment
Increase supply of affordable rental units	<u>County of Kauai</u>				
	Paanau Village	Kapaa, Kauai	60	15	Completed 1995-96
	Lihue Court Rehabilitation	Lihue, Kauai	172	40	Completed 2000-01
	<u>County of Maui</u>				
	Hale Makana O' Waiale	Wailuku, Maui	200	200	Completed 2000-01
	<u>HCDCH</u>				
	Kekuilani Gardens	Kapolei, Oahu	56	55	Completed 1996-97
Provide rental assistance	<u>County of Hawaii</u>				
	Tenant Based Rental Assistance	County-Wide	554	554	On-Going/Additional HOME funds to be committed
Increase supply of supportive housing	<u>County of Hawaii</u>				
	Kiheipua Transitional Housing	Hilo, Hawaii	2	2	Completed 1997-98
	Hale Ulu Hoi III	Hilo, Hawaii	18	8	Completed 2003-04
	Hualalai Elderly - Phase I	Kailua-Kona, Hawaii	30	29	Completed 2000-01
	Hualalai Elderly - Phase II	Kailua-Kona, Hawaii	36	7	Completed 2001-02
	<u>County of Kauai</u>				
	Lihue Court Transitional	Lihue, Kauai	8	8	Completed 2003-04/remaining funds to be reprogrammed
	<u>County of Maui</u>				
	Maui Farms	Makawao, Maui	3	3	Completed 1996-97
	Kaho'okamamalu	Wailuku, Maui	20	10	Completed 1998-99
	Provide increased opportunities for first-time homebuyers	<u>County of Hawaii</u>			
Kalaoa View Estates		North Kona, Hawaii	19	19	Completed 1998-99
Hawi Self-Help		North Kohala, Hawaii	20	9	Completed 2002-03
Ouli Self Help		South Kohala, Hawaii	10	10	Completed 2000-01
<u>County of Kauai</u>					
Kauai First-Time Homebuyers		County-Wide	39	39	On - Going
USDA-First-Time Homebuyers Partnership		County-Wide	3	3	Completed 2002-03
Kapaa Self Help		Kapaa, Hawaii	10	10	Completed 2000-01
Kalaheo Self Help		Kalaheo, Hawaii	19	19	Completed 2000-01
<u>County of Maui</u>					
Lokahi Pacific First-Time Homebuyers		County-Wide	28	28	In Process of Close-out/ Completing reconciliation of recaptured HOME funds from loan repayments
<u>HCDCH</u>					
Keeau Mutual Self Help		Keeau, Puna, Hawaii	10	10	Completed 1995-96
Preserve existing affordable housing stock through rehabilitation activities		<u>County of Hawaii</u>			
	County of Hawaii Rehabilitation Loan Program		7	7	Completed 2000-01
Totals			1324	1085	

Notes:

* Program income received in 1996 and reported to HUD for inclusion in the CMI System. Information not reflected in IDIS.

EXHIBIT "D"

APPENDIX D
HOPWA Performance Charts 1 and 2
Annual Performance Report

Name of HOPWA Grantee: Maui AIDS Foundation

Report covers the period: 07 / 01 / 05 to 06 / 30 / 05

Performance Chart 1 -- Actual Performance. Types of Housing Units Dedicated to Persons with HIV/AIDS that were Supported during the Operating Year

Type of Unit:	Number of units with HOPWA funds	Amount of HOPWA funds	Number of units with Other funds	Amount of Other funds	Deduction for units reported in more than one column	TOTAL by type of unit
1. Rental Assistance	42	0	0	0	0	42
2. Short-term/emergency housing payments	12	0	33	0	0	45
3-a. Units in facilities supported with operating costs	N/A	N/A	N/A	N/A	N/A	N/A
3-b. Units in facilities that were developed with capital costs and opened and served clients	N/A	N/A	N/A	N/A	N/A	N/A
3-c. Units in facilities being developed with capital costs but not yet opened	N/A	N/A	N/A	N/A	N/A	N/A
Subtotal	54					
Deduction for units reported in more than one category	0					
TOTAL	54					

Please enter the numbers corresponding to performance over the period of time indicated as the operating period for this activity, generally a one year period based on the grantee Consolidated Plan cycle (e.g., June 1 to May 31).

Performance is measured by the number of units of housing that were supported with HOPWA or other Federal, State, local and private funds for the purposes of providing housing assistance or residential support to persons living with HIV/AIDS and their families. Note that this chart does not directly measure supportive service costs. Note that the number of units of housing from HOPWA funds must be the same as reported in the annual year-end IDIS (or APR) data for the three general types of housing: 1. Rental assistance payments; 2. Short-term rent mortgage and utility payments; and 3. Units in facilities such as community residences, SRO dwellings or other facilities, where operating costs or development costs are incurred.

[Please include this page with the CAPER]

Name of HOPWA Grantee: Maui AIDS Foundation

Report covers the period: 07 / 01 / 05 to 06 / 30 / 05

Performance Chart 2 -- Comparison to Planned Actions, as approved in the Action Plan/Consolidated Plan for this Operating Year (Estimated Numbers of Units)

Type of Unit:	Estimated Number of Units by type in the approved Consolidated Plan/Action Plan for this operating year	Comment, on comparison with actual accomplishments (or attach)
1. Rental Assistance	28 Units	42 Units
2. Short-term or emergency housing payments	0	12
3-a. Units in facilities supported with operating costs	0	0
3-b. Units in facilities that were developed with capital costs and opened and served clients	0	0
3-c. Units in facilities being developed with capital costs but not yet opened	0	0
Subtotal	28	54
Deduction for units reported in more than one category	0	0
TOTAL	28	54

APPENDIX E
ESG Financial Status Report
Grantee ESG Expenditures

Grantee ESG Expenditures

Grantee Gov't: Housing & Community Development Corp of Hawaii

Official: Stephanie Aveiro, Executive Director

	FY 2002		FY 2003		FY 2004	
	<u>PLANNED</u>	<u>ACTUAL</u>	<u>PLANNED</u>	<u>ACTUAL</u>	<u>PLANNED</u>	<u>ACTUAL</u>
Rehabilitation	_____	_____	_____	_____	_____	_____
Homeless Prevention	_____	_____	_____	_____	_____	_____
Essential Services	<u>\$7,559.25</u>	<u>\$7,559.25</u>	<u>\$11,378.00</u>	<u>\$11,387.00</u>	<u>\$49,721.00</u>	<u>\$32,043.15</u>
Operations	<u>\$162,190.75</u>	<u>\$162,190.75</u>	<u>\$160,322.00</u>	<u>\$157,341.11</u>	<u>\$160,322.00</u>	<u>\$134,538.18</u>
Administration	<u>\$5,250.00</u>	<u>\$5,250.00</u>	<u>\$5,300.00</u>	<u>\$5,300.00</u>	<u>\$5,300.00</u>	<u>\$0.00</u>
TOTAL	<u>\$175,000.00</u>	<u>\$175,000.00</u>	<u>\$177,000.00</u>	<u>\$174,028.11</u>	<u>\$215,343.00</u>	<u>\$166,581.33</u>

NOTES:

INSTRUCTIONS: This sheet is a supplement for reporting the uses of ESG funds for annual reporting purposes in IDIS and the CAPER.

PLANNED: Proposed ESG activity amounts from the governmental grantee's Consolidated Plan.

ACTUAL: Final ESG activity amounts as reported by the governmental grantee in its annual report.

APPENDIX F
HUD Annual Community Assessment
Program Year: July 1, 2003-June 30, 2004



RECEIVED
HSG. & COMMUNITY DEV.
CORPORATION OF HAWAII

U.S. Department of Housing and Urban Development

Honolulu Field Office – Region IX
500 Ala Moana Boulevard, Suite 3A
Honolulu, Hawaii 96813
<http://www.hud.gov>
<http://www.espanol.hud.gov>

2005 MAR -9 A 9:47 MARCH 8 2005

Honorable Linda Lingle
Governor
State of Hawaii
415 S. Beretania Street, 5th Floor
Honolulu, HI 96813

Dear Governor Lingle:

Subject: Final Annual Community Assessment Report for Program Year 2003

Enclosed is HUD's final Annual Community Assessment (ACA) Report on the State of Hawaii's (State) performance during Program Year 2003 for its Community Planning and Development (CPD) programs. HUD provided a draft copy of the report to the Housing and Community Development Corporation of Hawaii (HCDCH) for comment in accordance with HUD regulations at 24 CFR 91.525(b). Comments were received on December 21, 2004 and considered in the preparation of the final report. Overall, the report reflects that the State is generally implementing its CPD programs in compliance with program requirements, however, the Department noted, the State is experiencing some program implementation issues.

In particular, after two years of effort by the County of Maui (Maui) to develop a Memorandum of Understanding (MOU) between Maui and the Department of Hawaiian Home Lands (DHHL) to use HOME funds for first-time homebuyers activities, the State decided not to pursue a program modification request that would have allowed the MOU to be consummated. HUD had previously advised the State and Maui that it would approve a modification, if requested. However, on two separate occasions, the State passed on its responsibility by simply forwarding Maui's request to HUD rather than making its own decision and recommendations as the grantee. Consequently, the State has denied an opportunity to simplify the HOME program for Native Hawaiians who want to use HOME funds in conjunction with DHHL property.

In closing, the enclosed ACA Report is now considered final. Please make it available to the public using your standard notification process. Should you have any questions regarding these comments, please call me at 808-522-8180, extension 264, or Mr. Richard L. Knight, Community Planning and Development Representative, at the same number, extension 263.

Sincerely,

Mark A. Chandler, Director
Office of Community Planning
and Development

Enclosure

cc:

Ms. Stephanie Aveiro (w/ Enclosure)
Executive Director
Housing and Community Development
Corporation of Hawaii
P.O. Box 17907
Honolulu, HI 96817

ANNUAL COMMUNITY ASSESSMENT REPORT

State of Hawaii

2003 Program Year: July 1, 2003 to June 30, 2004

HUD Point of Contact:

Mr. Richard L. Knight
Community Planning and
Development Representative
HUD Honolulu Field Office
500 Ala Moana Boulevard, Suite #3A
Honolulu, HI 96813
808- 522-8180 Extension 263

State Point of Contact:

Ms. Stephanie Aveiro
Executive Director
Housing and Community
Development Corporation
of Hawaii
P.O. Box 17907
Honolulu, HI 96817
808-587-0680

Introduction

The Housing and Community Development Act of 1974, as amended, and the National Affordable Housing Act of 1990, require federal grant recipients receiving federal assistance to submit an annual performance report disclosing the status of grant activities. The Department of Housing and Urban Development (HUD) is required at 24 CFR 91.525 to determine whether the grant recipient is in compliance with the statutes and has the continuing capacity to implement and administer the programs for which assistance is received. In accordance with 24 CFR 91.525, the comments below incorporate HUD's assessment of the State of Hawaii's (State) Program Year 2003 performance.

In assessing the State's performance, HUD relied primarily upon the State's September 21, 2004, Consolidated Annual Performance and Evaluation Report (CAPER), additional information provided in response to our November 24, 2004, draft Annual Community Assessment Report and discussions with staff during this reporting period. Overall, HUD has concluded that the State has generally met the intent of the Community Planning and Development (CPD) programs. Additionally, based on the State's report for the HOME Investment Partnerships Program (HOME), Emergency Shelter Grant (ESG), and Housing Opportunities for Persons With AIDS (HOPWA) programs, the State has demonstrated its ability to carryout various housing and community development programs.

Significant Performance Conclusions

The State is the participating jurisdiction (PJ) for the HOME program and allocates an equal share of funds to each of the neighbor island Counties. The State's process allows each County to develop projects and activities that meet both State and County goals and needs. As part of this process, the State requires each County to enter into a State Recipient agreement, and reviews and approves each project proposed by the Counties. To ensure program compliance, the State is to closely monitor the HOME program by conducting periodic on-site monitoring and property inspections. The State's

implementation of this process should ensure Hawaii's low-income citizens are benefited and HOME program objectives are achieved.

During this period, the State initially reported only one accomplishment for the HOME program, the completion of 16 units of supportive housing. In response to HUD's draft report, additional information was provided. As a result, we are able to confirm program compliance.

However, HUD finds that the State failed to address a significant event that impacted program implementation. The State did not note that after two years of effort by the County of Maui (Maui) to develop a Memorandum of Understanding (MOU) between Maui and the Department of Hawaiian Home Lands (DHHL) to use HOME funds for first-time homebuyers activities, the State decided not to pursue a program modification request that would have allowed the MOU to be consummated. HUD had previously advised the State and Maui that it would approve a modification, if requested. However, on two separate occasions, the State passed on its responsibility by simply forwarding Maui's request to HUD rather than making its own decision and recommendations as the grantee. Consequently, the State has denied an opportunity to simplify the HOME program for Native Hawaiians who want to use HOME funds in conjunction with DHHL property.

State's Response:

In the State's response to HUD's draft report, the State strongly disagreed with HUD's comments regarding the MOU between the County of Maui and DHHL. The State noted that it had decided not to pursue a request to modify the recapture provisions although it was still working with the parties to finalize the MOU. The State also noted that this decision does not affect the ability of the County of Maui to assist DHHL lessees. The State felt it was premature for the CAPER to include any comments regarding the MOU since there were still many unresolved administrative questions and concerns.

HUD Comments:

HUD does not agree with the State's assessment that the pending MOU between Maui and DHHL should not have been reported in the CAPER. HUD believes this is a significant event in the delivery of HOME Program services to Native Hawaiians and is applicable to each of the Counties. HUD also does not agree with the State's assertion that the lack of an MOU does not affect the ability of Maui to assist DHHL lessees, as this was an attempt by Maui and DHHL to make the two programs more compatible with one another. HUD is concerned that the State's reference to unnamed administrative questions and concerns will administratively delay the MOU indefinitely.

CPD Programs

HOME

The State received \$3,090,000 in HOME funds and allocated these funds to the Counties. HOME funds are required to be committed within 24 months and expended within 60 months of the grant award. Failure to commit and expend funds within the

required time period will result in the deobligation of the funds. The State is currently meeting its HOME commitment and expenditure requirements as calculated by HUD. However, HUD notes that according to IDIS reports, the State has not committed its program year 2003 allocation and has not fully committed its program year 2002 allocation. HUD is concerned that the State may fail to meet its commitment requirement and is at risk of losing funds in the future if it does not commit HOME funds on a timely basis.

The State complied with HUD regulations at 24 CFR 92.504(d)(1) by conducting on-site inspections of its HOME projects and reported this in its CAPER. The information regarding the inspections verified that all grantees are in compliance and meeting the requirements of affirmative marketing procedures. The State did not, however, provide information on its monitoring of State Recipients.

Emergency Shelter Grant

The State received \$177,000 in Program Year 2003 for the Emergency Shelter Grant program. The funds were allocated to activities located in the Counties of Hawaii, Kauai, and Maui as described in the State Action Plan. HUD encourages the State to continue its support of homeless providers.

The State contracted with numerous agencies under the State Stipend Program to operate emergency and transitional homeless shelters as part of the States ESG Program, matching its limited funds. Overall, the State is successfully matching its limited federal homeless resources with State resources. The Department congratulates the State on its successful effort to leverage federal and state resources.

HUD notes however, that the IDIS data for many ESG projects is incomplete or missing and it is not possible to determine the number of clients served by the ESG funded activities during this program year. Submittal of complete and accurate demographic data in IDIS is essential for proper program reporting.

During this period, HUD noted several ESG program weaknesses during monitoring visits. The Department recognizes that the program has had staff turnover; however, the State must maintain program data in a manner that will ensure accuracy. On several occasions this year, HUD staff had to repeatedly assist ESG staff with IDIS issues that should have been resolved after the first corrective action. While the corrections were made, this has raised concern about the reliability of ESG IDIS data. To correct this deficiency, the State should ensure its ESG staff are provided the training and also take the time to access IDIS to learn the system. The State ESG personnel may want to work with the State HOME Program staff on IDIS as Ms. Linda Shintani is an expert on the IDIS system, and is an excellent resource for IDIS.

State's Response:

In response to HUD's draft report dated November 24, 2004, the State reported that it recognized the weakness in IDIS data for ESG projects and that it will avail itself to opportunities for IDIS training.

HOPWA

The State received \$176,000 in Program Year 2003 for the HOPWA program. Through the Maui AIDS Foundation (MAF), funds were coordinated between the Big Island AIDS Project, the West Hawaii AIDS Foundation, and Malama Pono on Kauai. MAF successfully provides long and short-term rental assistance for persons with HIV/AIDS. The narrative section of the CAPER provided additional information to enable the public to determine how HOPWA funds were expended in the State.

Although not noted in the State's CAPER, the State has played a vital role in coordinating and hosting regular meetings among the HIV/AIDS service providers statewide in order to facilitate the exchange of ideas and to better coordinate the delivery of housing and supportive services to eligible clients. We commend the State for this effort.

Continuum of Care

The State continues to develop its Continuum of Care (CoC) program and is the lead entity in the CoC planning groups for the rural counties to coordinate services to provide shelter, job training, case management and services for special needs populations. The Homeless Programs staff have been very proactive in conducting meetings on-site in each of the Counties to promote the CoC process, educate service providers on HUD requirements, and solicit feedback to improve the overall effectiveness of the CoC process. Consequently, the State staff is commended for its efforts in coordinating the priority needs and objectives of the Consolidated Plan for multiple island-wide projects.

Community Empowerment

The State provided opportunities for citizen participation during the development of the CAPER. The CAPER was made available in libraries Statewide and at the County Housing Offices on Hawaii, Kauai and Maui. Despite the opportunities available for public participation, no comments were received. HUD strongly encourages the State to continue its efforts to foster public participation and encourage the State to explore additional opportunities to involve the public in its planning process.

Management of Funds

The CAPER reports show that the State has managed ESG and HOPWA funds in an effective and efficient manner, and has met its HOME commitment and expenditure requirements.

Areas for Improvement and Recommendations

HUD recommends the State reconsider the MOU issue between DHHL and Maui to develop a program that works to benefit both the State HOME Program and DHHL.

CAPER Submission

The CAPER submission followed the revised format; however, some program narrative and IDIS data was missing. In response to our draft report, the State provided the additional program information necessary to determine program compliance.

Fair Housing & Equal Opportunity

The CAPER was made available to the HUD Hawaii State Office, Office of Fair Housing and Equal Opportunity (FHEO) for review. FHEO did not provide any comments for this report. If you have any questions regarding FHEO, please contact FHEO at 808-522-8182, extension 269.

Conclusion

Overall, the State is generally meeting its community needs by planning and executing a Consolidated Plan and CoC program covering the Counties of Hawaii, Kauai and Maui.

APPENDIX G
Public Notice and Comment
on Draft CAPER for 2004-05

The Housing and Community Development Corporation of Hawaii (HCDCH) published the following public notice on the draft CAPER on August 23, 2005 in the Honolulu Star-Bulletin, Hawaii Tribune-Herald, West Hawaii Today, Garden Island and Maui News. The public comment period was August 23, 2005 through September 7, 2005.

The draft CAPER was made available for review at the following locations:

- County Housing Offices on Hawaii, Kauia, and Maui
- HCDCH (Oahu)
- Regional public libraries in Hilo, Kailua-Kona, Lihue, Kahului, Hawaii State Document Center, Kaimuki, Kaneohe and Pearl City
- On HCDCH's website at www.hcdch.hawaii.gov.

NOTICE OF PUBLIC COMMENT PERIOD FOR THE STATE OF HAWAII'S
CONSOLIDATED ANNUAL PERFORMANCE AND EVALUATION REPORT
FOR 2003-2004

Pursuant to 24 CFR Part 91, the Housing and Community Development Corporation of Hawaii (HCDCH), Department of Human Services, State of Hawaii, gives notice that a draft Consolidated Annual Performance and Evaluation Report (CAPER) for the program year 2004-2005 is available for review and comment.

The CAPER is an annual review of the progress made in carrying out the Strategic and Action Plan components of the State's Consolidated Plan. The State's Consolidated Plan concentrates on the Counties of Hawaii, Kauai, and Maui. It includes an assessment of the State's performance in meeting its affordable and supportive housing objectives under the HOME Investment Partnerships, Emergency Shelter Grant, and Housing Opportunities for Persons with AIDS programs. The comment period begins on August 23, 2005 and ends on September 7, 2005.

Copies of the draft CAPER are available for public viewing at the regional libraries throughout the State, on HCDCH's web site at <http://www.hcdch.hawaii.gov>, and the following housing agencies:

Office of Housing and Community Development
50 Wailuku Drive
Hilo, Hawaii

Department of Housing and Human Concerns
86 Kamehameha Avenue
Kahului, Maui, Hawaii

Kauai County Housing Agency
4444 Rice Street, Suite 330
Lihue, Hawaii

HCDCH
677 Queen Street, Suite 300
Honolulu, Hawaii

To be mailed a copy of the CAPER, please call (808) 587-0634; neighbor island residents may call the numbers listed below:

Hawaii	974-4000, ext. 70634
Kauai	274-3141, ext. 70634
Maui	984-2400, ext. 70634
Molokai or Lanai	1-800-468-4644, ext. 70634

All interested persons are invited to provide comments on the draft CAPER in writing to HCDCH, Attn: Planning, at 677 Queen Street, Suite 300, Honolulu, Hawaii 96813 or faxed to (808) 587-0600 by 4:30 p.m. on September 7, 2005. Persons with special needs (i.e., large print, taped materials) shall make all requests to HCDCH by calling Medy Esmena at the numbers listed above. All comments received will be considered in completing the final CAPER.

HCDCH does not discriminate against any persons because of race, color, religion, sex, disability, familial status, ancestry, age, marital status, or HIV infection.

Stephanie Aveiro
Executive Director
Housing and Community Development Corporation of Hawaii
State of Hawaii

Date of publication: August 23, 2005
Honolulu Star-Bulletin
Hawaii Tribune-Herald
West Hawaii Today
The Garden Island
The Maui News

