Notice of Funding Availability - Acquisitions

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM

Fiscal Year 2027 (July 1, 2026 - June 30, 2027)

Offered by:

City and County of Honolulu
Department of Budget and Fiscal Services
Department of Community Services

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Fall 2026

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Notice of Funding Availability
Community Development Block Grant (CDBG) Program

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Notice of Funding Availability (NOFA)
Community Development Block Grant (CDBG) Program
Fiscal Year 2027 (July 1, 2026 - June 30, 2027)

The City and County of Honolulu, through its Departments of Community Services and Budget and Fiscal Services ("City"), requests proposals (hereinafter "applications") from private non-profit agencies that are seeking federal CDBG funds to undertake community development through **acquisition of property to provide essential public services, shelter, or affordable housing** on O'ahu which principally benefit persons of low- and moderate-income.

FUNDING IS CONTINGENT ON THE AVAILABILITY OF CDBG FUNDS.

SELECTION PROCESS TIMELINE

DATE	ACTIVITY
November 13, 2026	**NOFA Issued.**
November 25, 2026	**Deadline to submit Requests for Clarifications** In lieu of an informational meeting, the City will make basic information on the CDBG Program and the NOFA available with the NOFA/Funding Application packet. Questions and Requests for Clarifications shall be made in writing and transmitted to bfspurchasing@honolulu.gov. **Questions must be submitted no later than 4:30 p.m. HST on November 25, 2026.** The City is not obligated to respond to Requests for Clarifications received after this deadline.
December 7, 2026	**Deadline to Issue Addenda** All modifications to the NOFA and any responses to Questions and Requests for Clarifications shall be provided in writing on the following website: https://hands.ehawaii.gov/hands/ Click on "Bidding Opportunities" and use the keyword(s) search box. Each applicant is solely responsible to check the HANDS website for any updates and addenda issued by the City. There will be no email notification when an addendum is posted. Prior to submitting an application, the applicant should double check HANDS to ensure no further addenda have been posted.

	Oral interpretations, clarifications, and changes will be without legal effect. Only interpretations, clarifications, and changes provided by the CITY as formal written addenda to the NOFA shall be binding.
December 15, 2026 10:00 AM HST	**Deadline to Submit Applications** Applications shall be received ONLY at: Office of the Division of Purchasing Department of Budget and Fiscal Services 530 South King Street, Room 115, City Hall Honolulu, HI 96813 Applications must be date stamped by the Division of Purchasing timestamp by the Deadline to Submit Applications. Applications received after the deadline date and time, or received at a location other than the above address shall not be accepted. Electronic submissions via email are prohibited and will not be accepted.

Applications will be processed and reviewed for eligibility and feasibility by City staff. Those that are not disqualified will be presented to a selection committee to evaluate proposals and select projects for CDBG funding. Project that receive the highest evaluation scores will be recommended for CDBG funding. The City may also compile a list of alternate projects to receive CDBG awards in the event more funds become available. The list of alternate projects may also be used to make awards if, for any reason, a selected project cannot or does not proceed.

Applicant(s) can expect decision letters in January/February 2027. A list of project(s) proposed for funding is expected to be published in the Honolulu Star-Advertiser during January/February 2027.

An award of CDBG funds does not authorize the implementation of the project or the accrual of expenses. Funds can only be expended after a contract is executed and the City issues a Notice to Proceed. No project costs incurred prior to the issuance of a Notice to Proceed will be eligible for reimbursement, unless otherwise explicitly allowed by the City in writing.

Successful applicants may expect to start expending their CDBG funds in spring of 2027. However, projects that have not secured environmental clearance may experience delays in the release of funds.

CDBG PROGRAM SUMMARY

The Community Development Block Grant (CDBG) program was created by the Housing and Community Development Act of 1974 (Public Law 93-383). The CDBG program gives communities the opportunity to develop “viable urban communities, by providing decent housing and suitable living environments and expanding economic opportunities principally for persons of low- and moderate-income.”

FUNDING. The City anticipates awarding approximately up to $10 million in CDBG funds under this NOFA. The funds include Fiscal Year 2027 and prior year CDBG funds. **The availability of funding is subject to the approval by the City Council of the City and County of Honolulu.**

NOTE: CDBG ACQUISITION FUNDS AWARDED THROUGH THIS NOFA MUST BE FULLY EXPENDED ON OR BEFORE APRIL 2, 2027. For this to be accomplished, all required studies (Yellow Book Appraisal, ALTA Survey, Phase I Environmental Site Assessment, Environmental Review Record, and Physical Needs Assessment) must be completed expeditiously.

ELIGIBLE PROJECTS

In order to be eligible for CDBG funding, a project must, at a minimum:

- take place in and exclusively benefit the people of the City and County of Honolulu;
- be undertaken by an eligible applicant;
- be an eligible activity;
- meet a national objective; and
- comply with all applicable CDBG and City program rules and regulations.

ELIGIBLE APPLICANTS

There is only one category of eligible applicants:

- Private Non-profit Agencies - organizations that are chartered or otherwise authorized to do business in the State of Hawaii for charitable purposes, that have been designated a 501(c)(3) or 501(c)(4) eligible tax-exempt organizations by the Internal Revenue Service, and that are otherwise eligible to receive grants under the Revised Ordinances of Honolulu, Chapter 6, Article 29.

NOTE: private individuals and for-profit entities may not apply for funding under this NOFA.

ELIGIBLE ACTIVITIES

Eligible activities covered by this NOFA are limited as follows:

The priority is for an acquisition of real property within Urban Honolulu or Waianae Sustainable Community Plan (SCP) (waianaescp.org).

- CDBG funds may be used for the **acquisition of real property** for use as a public facility on O‘ahu. CDBG funds may also be used to pay for the costs associated with such acquisition including, but not limited to, appraisals, title and escrow services, inspections, property assessments, and preparation of legal documents. Acquisition of real property shall be subject to the following conditions:
    - The real property to be acquired shall be publicly listed for sale on the Hawaii Multiple Listing Service or other website or publication available to the public.
    - Ownership of the real property shall rest with the non-profit agency receiving CDBG funds or a single-purpose non-profit entity formed and wholly owned by the agency.
    - The property must be acquired in fee simple.
    - Public facilities must be open to the general public during all normal hours of operation. Examples of public facilities include neighborhood facilities, such as recreational facilities, community centers, parks, and playgrounds, and facilities for persons with special needs

such as facilities for the homeless or domestic violence shelters, nursing homes, convalescent homes, halfway houses for run-away children, drug offenders or parolees, or group homes for persons with disabilities.

- CDBG funds may be used for the **acquisition of real property** for affordable housing projects on O'ahu. Affordable housing projects may include, but are not limited to, acquisition of single-room occupancy projects. CDBG funds may also be used to pay for the costs associated with such acquisition including, but not limited to, appraisals, title and escrow services, inspections, property assessments, and preparation of legal documents. Acquisition of real property shall be subject to the following conditions:

  - Existing affordable housing, generally defined as housing subject to a regulatory agreement restricting tenant rents, may be acquired only if the property is at risk of conversion to market rate housing. At risk of conversion means that the regulatory agreement will expire within five (5) years of the date of this NOFA, or the current owner of the property has represented to the City in writing that it intends to opt out of the regulatory agreement within five (5) years the NOFA date.

  - Existing market rate housing not subject to a regulatory agreement may be purchased with CDBG funds with the understanding that at least fifty-one percent (51%) of the units shall be rented at rates affordable to households earning equal to or less than eighty percent (80%) of area median income for the Honolulu Metropolitan Statistical Area (MSA).

  - The real property to be acquired **must** be publicly listed for sale on the Hawaii Multiple Listing Service or other website or publication available to the public.

  - Ownership of the real property shall rest with the non-profit agency receiving CDBG funds or a single-purpose non-profit entity formed and wholly owned by the agency.

  - The property must be acquired in fee simple.

- CDBG funds may be used for other expenses in support of acquisition generally as long as expenditures are CDBG-eligible as outlined in 24 CFR §570.201 and have been authorized by the City.

- CDBG funds may be used for other expenses in support of acquisition, including reasonable and necessary soft costs, as long as expenditures are CDBG-eligible as outlined in 24 CFR §570.201 and have been authorized by the City.

All CDBG costs must be eligible, necessary, reasonable, not be used to supplant local resources, and guarded against fraud. Prospective proposers should carefully review all terms and conditions of CDBG assistance including the **ADDITIONAL REQUIREMENTS, REGULATIONS AND PROJECT CONDITIONS** section, below.

Renovation costs are not contemplated under this NOFA, but the City may provide rehabilitation or renovation costs under a future NOFA. If repairs or renovations are required for the property to be habitable or to meet a National Objective, agency should notate estimated renovation costs in Project Budget to be funded by non-CDBG funds.

INELIGIBLE EXPENSES AND ACTIVITIES (24 CFR § 570.207). Activities that are generally ineligible for CDBG funding include, but are not limited to:

- Facilities for the general conduct of government
- Purchase of equipment, including furnishings and personal property
- Operating and maintenance expenses

Activities that are not eligible for funding under this NOFA include, but are not limited to:

- Public Service Activities (24 CFR §570.201(e))
- General Administrative Costs
- Developer Fees
- Indirect Costs
- De Minimus Overhead Expenses
- Tenant Rental Assistance
- Costs incurred with preparation of the NOFA

SPECIAL RULES FOR FAITH-BASED ORGANIZATIONS (24 CFR § 570.200(j)). Faith-based organizations may apply for funding. However, the City, at its sole discretion and *based solely on the project descriptions that the agency provides in the funding application*, may disqualify projects that appear to request funds for "explicitly religious activities, such as worship, religious instruction, or proselytization" or that otherwise appear to violate 24 CFR § 5.109(e).

CDBG funds may be used only to the extent that those structures are used for conducting CDBG-eligible activities. Where a structure is used for both eligible and explicitly religious activities, funds may not exceed the cost of those portions of the acquisition, construction, or rehabilitation that are attributable to eligible activities in accordance with the CDBG cost accounting requirements.

Sanctuaries, chapels, or other rooms that a faith-based organization uses as its principal place of worship are ineligible for CDBG-funded improvements.

SPECIAL HOUSING TYPES: Special housing types such as single room occupancy (SRO) units, group homes, and shared housing may be proposed under this NOFA. The City will generally follow the definitions, occupancy, and rent limits imposed under 24 CFR Part 982, Subpart M for these special housing types. Any special housing types proposed must meet all CDBG and other federal cross-cutting requirements.

CDBG NATIONAL OBJECTIVE

All CDBG-assisted projects must achieve one of the following CDBG national objectives:

1. Principally or solely benefit low- and moderate-income persons; or

2. Aid in the prevention or elimination of slum or blight.

PRINCIPALLY BENEFITING LOW- AND MODERATE-INCOME (LMI) PERSONS. In the CDBG program, a low- and moderate-income means a family or household with an annual income at or below eighty percent (80%) of Honolulu's area median income (AMI). A Low-Income family or household has an income at or below 50% AMI. A Moderate-Income family or household has an income at or below 80% AMI, but greater than 50% AMI. Current CDBG income limits for low- and moderate-income families for 2026 as established by HUD (June 1, 2026 effective date) are:

# PERSONS IN FAMILY	50% AMI	80% AMI
1	$53,900	$86,250
2	61,600	98,600
3	69,300	110,900
4	77,000	123,200
5	83,200	133,100
6	89,350	142,950

A project can meet the national objective of benefit to low- and moderate-income persons in one of the following ways:

1. HOUSING: (24 CFR § 570.208(a)(3)). A project that will for the purpose of providing or improving permanent residential structures to be occupied by LMI households. The agency must certify the household size and income of each of its clients to establish that at least fifty-one percent (51%) of its clients are persons whose family income does not exceed the low- and moderate-income limit. Certification includes the collection of third-party verification of income such as pay stubs.

   For rental housing, maximum rents charged must affordable and in line with the target population served. Under this NOFA, the *maximum* rent that may be charged is the Fair Market Rent according to unit size as provided annually by HUD plus any utility allowance. Current Fair Market Rents 2026 are provided below:

	SRO	EFFICIENCY/ 0 BR	1 BR	2 BR	3 BR	4BR
Fair Market Rent	$1407	$1877	$2016	$2642	$3674	$4432

   Source: https://www.huduser.gov/portal/datasets/fmr.html

   NOTE: For housing activities only, a person's low- and moderate-income status is based on household, not family, income.

2. AREA BENEFIT (24 CFR § 570.208(a)(1)(i)). A project that will serve a designated geographic area on O'ahu that has been determined to be a "low-moderate income area," i.e., a residential area in which at least fifty-one percent (51%) of the residents are low- and moderate-income. The project must be available to all residents of the area.

   An example of an area benefit activity is a community center located on the Wai'anae Coast. The Wai'anae Coast has been determined to be a low- and moderate-income community through census data and the community center is designed to serve the general population.

   For help in determining the low- and moderate-income percentage for a particular area, visit https://hudgis-hud.opendata.arcgis.com/datasets/HUD::low-to-moderate-income-population-by-

tract/about which has estimates of the low- and moderate-income percentage for each census block group.

3. LIMITED CLIENTELE (24 CFR § 570.208(a)(2)(i)). A project that will exclusively serve clientele from one or a combination of the following groups only may be presumed to benefit persons, at least fifty-one percent (51%) of whom are low- and moderate-income.

   - abused children
   - battered spouses
   - elderly persons (62+)
   - homeless persons
   - illiterate adults
   - persons living with AIDS
   - migrant farm workers
   - adults meeting the Bureau of the Census' Current Population Reports definition of "severely disabled"

   Agencies must serve only these clients and document their clients' status as a member of the target group (e.g. a project that serves elderly persons will need to document age eligibility through birth certificates or State IDs). Alternately, agencies may require documentation on family size and income in order to demonstrate that at least 51% of the clientele are LMI.

   For projects involving the acquisition or acquisition/rehabilitation of property for housing, income certification is **required.** A self-certification of annual income by the client may be provided if the project serves only presumed benefit clientele or if funds are provided for acquisition or acquisition/rehabilitation of a public facility.

In addition to the above, the City may make a determination that a project benefits low- and moderate-income persons based on its nature and location (24 CFR § 570.208(a)(2)(i)(D)). This classification is limited to projects that are of such nature AND in such location that it can be concluded that it will serve low- and moderate-income persons. An example of a nature and location project would be a day care center located next to and designed to serve residents of a public housing complex.

AID IN THE PREVENTION OR ELIMINATION OF SLUMS OR BLIGHT. CDBG funds to eliminate specific conditions of blight or deterioration may only be used for the following activities: 1) acquisition; 2) clearance; 3) relocation; 4) historic preservation; 5) remediation of environmentally contaminated properties; or 6) rehabilitation of building but only to the extent necessary to eliminate specific conditions detrimental to public health (24 CFR § 570.208(b)(2)).

Applicants are advised that while a slum/blight activity is eligible for CDBG funds, unless it meets a Consolidated Plan goal (further explained below on page 18), it is unlikely that the project will be funded.

ENVIRONMENTAL REVIEW PROCESS

On the date the CDBG application is submitted, the entire project is subject to the federal environmental review requirements of the National Environmental Policy Act of 1969 (NEPA). These requirements are in addition to any State requirements that may be imposed under the Hawaii Environmental Policy Act (HEPA). The type of project will determine the level of Environmental Review and the necessary documentation that will be required.

All approved projects must be in compliance with federal environmental regulations under NEPA as outlined in 24 CFR Part 58. During this review period, an Applicant or any participant in the development process, may not commit or expend any funds, including non-HUD funds, or undertake

any activities having either an adverse environmental impact or limitation on the choice of reasonable alternatives. The environmental review process takes from 60 to 90 days to complete on average depending on the proposed project.

The environmental review record (ERR) for the proposed project must include all of the contemplated activities that will be part of the project (i.e., acquisition, planning and engineering, repairs, construction, etc.) and evaluate all individual activities related on a geographical or functional basis or that are logical parts of a contemplated action, regardless of funding source.

Example: A non-profit agency proposes to acquire a parcel of land with CDBG funds and construct a new health center with State Grant in Aid funds. Although the proposed project may be funded by two different funding sources, the activities are functionally related and both must be reviewed as a single project in order to accomplish the goal. In this case, an Environmental Assessment will be required.

Levels of Environmental Review:

- **Categorically Excluded Subject To (CEST) Activities (24 CFR § 58.35(a))**

Categorically Excluded [from an Environmental Assessment] and are Subject To authorities listed at 24 CFR § 58.5 (CEST). These activities require a limited Environmental Review. Activities that qualify under this classification include the following:

1. Acquisition, repair, improvement, reconstruction, or rehabilitation of public facilities and improvements (other than buildings) when the facilities and improvements are in place and will be retained in the same use without change in size or capacity of more than twenty percent (20%) (e.g., replacement of water or sewer lines, reconstruction of curbs and sidewalks, repaving of streets).

2. Special projects directed to the removal of material and architectural barriers that restrict the mobility of and accessibility to elderly and handicapped persons.

3. Rehabilitation of buildings and improvements when the following conditions are met:

a. In the case of a building for residential use (with one to four units), the density is not increased beyond four units, and the land use is not changed.

b. In the case of multifamily residential buildings when:

i. Unit density is not changed more than twenty percent (20%);

ii. The project does not involve changes in land use from residential to non-residential; and

iii. The estimated cost of rehabilitation is less than seventy-five percent (75%) of the total estimated cost of replacement after rehabilitation.

c. In the case of non-residential structures, including commercial, industrial, and public buildings when:

i. The facilities and improvements are in place and will not be changed in size or capacity by more than twenty percent (20%); and

ii. The activity does not involve a change in land use, such as from nonresidential to residential, commercial to industrial, or from one industrial use to another.

4. Except for rehabilitation of buildings and improvements for residential use (with one to four units):

a. An individual action on up to four dwelling units where there is a maximum of four (4) units on any one (1) site. The units can be four (4) one-unit buildings or one (1) four-unit building or any combination in between; or

b. An individual action on a project of five (5) or more housing units developed on scattered sites when the sites are more than 2,000-feet apart and there are not more than four (4) housing units on any one (1) site.

5. Acquisition (including leasing) or disposition of, or equity loans on an existing structure or acquisition (including leasing) of vacant land provided that the structure or land acquired, financed, or disposed of will be retained for the same use.

6. Combinations of the above activities.

CEST activities are documented in the Environmental Review Record (ERR) and may require a Notice of Intent to Request Release of Funds (NOI/RROF) public notification, completion of a Request for Release of Funds (RROF), and subsequent authorization by HUD if the project cannot convert to exempt.

- **Environmental Assessment (24 CFR § 58.36)**

If a project cannot be classified as CEST, an Environmental Assessment (EA) is required. Projects funded under the CDBG Program rarely require an Environmental Impact Statement (EIS) since CDBG activities usually do not constitute a "major Federal action" or they are a small part of a large project for which a full environmental review has already been completed. The EA forms the basis for determining whether the project/activity will have a significant impact on the environment. This determination results in either (1) the requirement to perform an EIS or (2) a finding that the project/ activity will have no significant impact on the environment (FONSI). Activities include, but are not limited to, the following:

- All New Construction Activities.
- The construction of a public facility such as a Homeless Shelter, or a Community Center.
- Public Works activities in which the size and capacity of the system or facility will be increased by more than twenty percent (20%).
- Infrastructure activities in support of a new construction project.
- An individual action on a project of five (5) or more units when the units are located within 2,000-feet of each other.

Unlike the other environmental activities, the EA must fulfill the requirements of the National Environmental Policy Act of 1969 (NEPA) **and** the State requirements of Chapter 343, Hawaii Revised Statutes. In the event of conflicting requirements, the more stringent rules and regulations will apply.

Once the project has been reviewed and a FONSI determination has been made, the City must publish a NOI/RROF notice for the project, and a RROF must be completed and submitted to HUD, with subsequent authorization by HUD.

In the event mitigation measures and/or project modification measures are required, a FONSI **with Conditions for Approval** will be granted. The 'Conditions for Approval' must be completed prior to the completion of the project. Costs to complete the 'Conditions for Approval' may be the responsibility of the applicant if such work was not identified in the project proposal.

Responsible Entity

The City will make the final determination regarding the level of review required. Under 24 CFR Part 58, the City is designated as the "Responsible Entity" and will review agency provided documentation for

completeness and accuracy prior to ERR certification for awarded projects. Agencies should be mindful that projects that are located in or will have an impact on floodplains or wetlands may need additional review time or consultant support before an ERR can be completed. Additionally, properties with the potential to affect historic or Native Hawai'ian resources may require outside consultation prior to the ability to proceed. Properties should be free of contaminants/hazardous substances that pose dangers to occupants of the property or conflict with the intended purpose of the property. Any concerns regarding contaminants may require a Phase I or Phase II ESA.

Environmental Reviews Prepared by or for Other Agencies
The City may accept Environmental Review Records prepared by or for other state and federal funding agencies provided that the ERR and associated public notifications meet or exceed the requirements for CDBG Environmental Reviews. Environmental Reviews prepared by or for other agencies may not have included consultations with all the agencies required in the CDBG Environmental Review process. It is the responsibility of the applicant to work with the City to ensure that all appropriate agencies have been contacted, and that the Environmental Review is complete. Re-publication of the Combined Notice, FONSI and/or the NOI/RROF may be necessary.

Re-Evaluation of Previously Cleared Environmental Reviews
The City will only accept Final ERRs for five (5) years from the date it is first published. If a project is delayed, revised or otherwise changed, a re-evaluation of the ERR is necessary. The purpose of the re-evaluation is to determine whether or not the original findings are still valid. If the original findings are still valid, but the data and conditions upon which they were based have changed, the applicant must update their EA by including the re-evaluation and its determination based on the changed circumstances.

If it is determined that the original findings are no longer valid, and a re-evaluation indicates potentially significant impacts, a new ERR must be prepared.

Choice Limiting Action
Once an application has been submitted for a project that anticipates the use of HUD funding, **neither HUD funds nor non-HUD funds can be committed to or expended on that project until the environmental review has been approved by the City or HUD and the Release of Funds obtained or it has been determined that the project is exempt from review and that a Release of Funds is not required. No choice limiting action can be taken until the environmental review is complete (24 CFR § 58.22).**

Choice limiting actions are any activities that an applicant undertakes that reduces or eliminates the applicant's opportunity to choose project alternatives that would avoid or minimize environmental impacts or enhance the quality of the human environment. Choice limiting actions are prohibited until the environmental review process is complete and the appropriate Notice to Proceed (NTP) has been issued by the City. Examples of choice-limiting actions include, but are not limited to, the following:

(1) Acquisition;

(2) Leasing;

(3) Rehabilitation;

(4) Demolition;

(5) New construction;

(6) Ground disturbance work such as clearing, grading or grubbing.

Other Environmental Review Considerations:

- **Site Contamination (24 CFR 58.5(i)(2)(ii).** Multifamily properties with five or more dwelling units and non-residential properties must provide a Phase I Environmental Site Assessment (ESA) as part of due diligence and the ERR.
- **Radon.** HUD issued CPD Notice 23-103 requiring agencies to consider Radon as part of the Site Contamination portion of the ERR. The City recommends inclusion of radon testing in a Phase I ESA where practical.
- **Floodplain/Wetlands (24 CFR Part 55).** Projects located in a floodplain or wetland will require additional review, including additional public notices. HUD funds may not be expended in a floodway. Agencies should carefully review any proposed projects located in a Special Flood Hazard Area (SFHA) for feasibility. Existing properties in a floodplain will require flood insurance.
- **Noise Abatement and Control (24 CFR Part 51, Subpart B).** Renovation projects should incorporate noise mitigation features where practical, particularly if located in high noise areas.
- **Endangered Species**. Renovation or alteration projects (including ground disturbance, landscaping, or tree trimming) that may impact endangered plant or animal species may require additional professional studies or assessments to determine the potential of the project to affect endangered species.
- **Historic Preservation**. Agencies should review properties to identify whether a property is listed in or eligible to be listed on the National or State Register of Historic Places. Generally, properties over 50 years old may be eligible for listing. Any renovations or alterations (including ground disturbance) must be considered to determine the potential of the project to affect historic properties. Additional professional studies or surveys may be required to mitigate any potential impacts to historic properties.

OPTION/CONDITIONAL CONTRACTS

In order to obtain site control and not commit CDBG funds while allowing time to complete the environmental review, agencies can enter into Option and Conditional Contracts for Purchase of Real Property as outlined below.

OPTION CONTRACT OR AGREEMENT. A real estate option contract or agreement is a legal agreement between the potential buyer of real property and the owner of that property. The real estate option agreement gives the potential buyer the exclusive right to buy the property at a specific price within a specific time period. The option agreement does not impose any obligation upon the potential buyer to purchase the property. The option agreement does obligate the seller to sell at the specified price if the potential buyer exercises the option to buy in the manner described in the contract.

HUD regulations at 24 CFR § 58.22(d) allow for an option agreement for any project prior to the completion of the environmental review when the following requirements are met:

1. the option agreement is subject to a determination by the recipient (applicant) on the desirability of the property for the project as a result of the completion of the environmental review in accordance with 24 CFR Part 58; and

2. the cost of the option is a nominal portion of the purchase price.

CONDITIONAL CONTRACT. A conditional contract is a legal agreement between the potential buyer of a real estate property and the owner of that property. The conditional contract includes condition(s)

that must be met for the obligation to purchase to become binding. Specifically, a conditional contract binds the buyer to purchase the property if and when the condition(s) contained in the sales contract are met.

HUD has set very specific restrictions for the use of conditional contracts. Conditional contracts can be used in more limited circumstances than option contracts. The use of conditional contracts is limited to the acquisition of existing single-family and multifamily residential units as described below.

The City must complete the environmental review of the property according to HUD regulations at 24 CFR Part 58 and certify that the project converts to exempt or receive approval of a Request for Release of Funds before the City provides its written determination that the purchase of the property may proceed. For conditional contracts, HUD does not allow for flexibility for a non-refundable deposit. If a deposit is nonrefundable, it must be $1,000 or less for single-family property (1-4 units) and 3% of the purchase price for multifamily property.

Single-Family (1–4 units)

The City may allow an agency to enter into a conditional purchase contract for an existing single-family home (one to four units) before the HUD environmental review of the property is complete when the action is limited to acquisition and/or rehabilitation or demolition of the home, provided that:

(1) The purchase contract includes the appropriate language for a conditional contract (see below);

(2) No transfer of title to the purchaser or removal of the environmental conditions in the purchase contract occurs unless and until the City determines, on the basis of the environmental review, that the transfer to the buyer should go forward; and

(3) Deposit using HUD funds or other funds is a reasonable amount and refundable if the conditions are not met, or if non-refundable, is nominal ($1,000 or less).

Multifamily Residential

The City may allow an agency to enter into a conditional purchase contract for an existing multifamily residential property before the HUD environmental review of the property is complete when HUD or non-HUD funds will be used for acquisition and/or rehabilitation of the multifamily structure, provided that:

(1) the property is not located within a Special Flood Hazard Area;

(2) the purchase contract includes the appropriate language for a conditional contract (see below);

(3) no transfer of title to the purchaser or removal of the environmental conditions in the purchase contract occurs unless and until the City determines, on the basis of the environmental review, that the transfer to the buyer should go forward; and

(4) deposit using HUD funds or other funds is a reasonable amount and is refundable if the conditions are not met, or if non-refundable, is nominal (3% of purchase price or less).

If the conditions described above are met, then the following language, or similar language, must be included in the purchase contract:

"Purchaser has applied for federal funding to assist with property acquisition from the City and County of Honolulu. Notwithstanding any other provision of this Contract, Purchaser shall have no obligation to purchase the Property, and no transfer of title to the Purchaser may occur, unless and until The City & County of Honolulu has provided Purchaser and/or Seller with a written notification that: (1) it has completed a federally required environmental review and its request for release of federal funds has been approved and, subject to any other Contingencies in this Contract, (a) the purchase may proceed, or (b) the purchase may proceed only if certain conditions to address issues in the environmental review shall be satisfied before or after the purchase of the property; or (2) it has determined that the purchase is exempt from federal environmental review and a request for release of funds is not required. The City and County of Honolulu shall use its best efforts to conclude the environmental review of the property expeditiously."

	Types of projects/activities	**Amount**
Option Contract: Obligates seller only	Any new construction, rehabilitation and/or demolition of single-family or multifamily residential or non-residential structure.	• Cost of option must be reasonable – may vary depending upon local real estate market • Usually non-refundable
Conditional Contract: Obligates both buyer and seller after conditions are met	Purchase of existing single-family (1-4 units) with or without • Demolition of existing single-family home, provided that the end use of the property is limited to vacancy, reconstruction of single-family house or is unknown at the time of acquisition; or • Rehabilitation when density is not increased beyond 4 units, the land use is not changed and the footprint of the building is not increased in a floodplain or in a wetland.	$1000 or less for non-refundable deposit Reasonable amount for refundable deposit
	Purchase of existing multifamily residential if the structure is not located in a Special Flood Hazard Area with or without • Rehabilitation when the unit density is not changed more than 20%, the project does not involve changes in land use from residential to non-residential, and the estimated cost of rehabilitation is less than 75% of the total	• 3% or less of purchase price for non-refundable deposit • Reasonable amount for refundable deposit

	estimated cost of replacement after rehabilitation.	

RELOCATION

Acquisition or rehabilitation projects may trigger Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) requirements found at 49 CFR Part 24. It is important to have an understanding of these and other important terms as defined in the URA and the regulations. The phrase "program or project" is defined in 49 CFR Part 24 as, "any activity or series of activities undertaken by a Federal agency or with Federal financial assistance received or anticipated in any phase of an undertaking in accordance with the Federal funding agency guidelines."

Generally, a displaced person under the URA is an individual, family, partnership, association, corporation, or non-profit organization, which moves from their home, business, or farm, or moves their personal property, as a direct result of acquisition, demolition or rehabilitation for a federally funded project. Displaced persons are eligible for relocation assistance under the URA.

The URA regulations require certain notices to be issued to eligible persons. These notices provide important information about the project, the affected persons' resulting rights, their protections, and their eligibility for relocation assistance and payments under the URA. It is critical for agencies to issue appropriate notices to affected persons at the appropriate time. Agencies should refer to the Chapter 2 of HUD Handbook 1378 Uniform Relocation Assistance for more information on this topic.

A general information notice must be provided to the seller advising of URA requirements prior to or concurrent with making a formal offer. The notice must include language advising that the Agency and City will not use eminent domain to acquire the property as well as make the owner aware of the market value of the property. This notice must be sent by certified or registered mail, return receipt requested OR hand delivered by the agency with documentation of receipt by seller.

Under Section 104(d) of the Housing and Community Development Act of 1974, as amended, all low/moderate income dwelling units demolished or converted to a use other than as low/moderate income housing as a direct result of activities with funds provided under the Housing and Community Development Act of 1974 as amended must be replaced.

The relocation assistance and payments for eligible persons displaced from their homes under Section 104(d) are similar to those required for the URA but there are a number of differences. One significant difference between the laws is the period of time used to calculate a rental assistance payment; Section 104(d) uses 60-months vs. 42-months for the URA. Section 104(d)-eligible displaced persons may also choose to receive relocation assistance under Section 104(d) or relocation assistance under the URA. Persons eligible for assistance have the option of declining the section 104(d) assistance and receiving assistance under the URA, if they decide that it is in their best interest. To be eligible for relocation assistance under section 104(d), the tenant must be a lower-income person (family or individual).

Projects where the property is vacant or where occupants will not be displaced will be prioritized. Proposals contemplating acquisition or acquisition/rehabilitation of occupied properties where displacement will occur should account for relocation costs and timeframes in the proposal to comply with URA requirements.

ADDITIONAL REQUIREMENTS, REGULATIONS AND PROJECT GUIDELINES

All CDBG-assisted projects must comply with all applicable City and CDBG rules and regulations. Agencies are required to certify their willingness and ability to comply as part of the CDBG application.

In addition, agencies awarded CDBG funds will be subject to an agreement between the City and the agency. Acquisition projects will be further subject to guidelines on use and management.

The following is a summary of the major rules and regulations which apply to CDBG-assisted projects and their potential impact on projects. Agencies are advised to review the rules and regulations carefully to determine the effect on the feasibility or cost of the proposed project.

NON-DISCRIMINATION. CDBG-assisted projects must comply with non-discrimination and fair housing provisions of federal and state Fair Housing and Civil Rights laws. Agencies must actively market their projects and reach out to all persons, especially those persons who, for various reasons, are least likely to apply for the services of their projects. Special needs projects (e.g., homeless transitional housing or abused spouse shelters) are not exempt.

Applicants are reminded that projects that target a particular ethnic group or gender, even if the group has a history of being discriminated against, will not be eligible for CDBG funding. For example, a project that provided legal services only to a specific ethnic group or an after-school program for girls would be ineligible for funding.

CDBG funds may assist projects on lands set aside under the Hawaiian Homes Commission Act; provided that such projects may not restrict their beneficiaries solely to persons of the Hawaiian race.

NOTE: In its sole discretion, and based solely upon the project descriptions and other materials that the agency provides as part of its funding application, the City may disqualify projects that appear to violate these regulations.

NATIONAL OBJECTIVE PERIOD. For a project which meets the national objective of benefiting low- and moderate-income persons, **the City requires an agency to continue to comply with all CDBG program requirements for a period of five (5) years** commencing at such time that a Certificate of Compliance has been issued by the City indicating that beneficiaries are being served.

The National Objective Period may be extended should the activity be found to be noncompliant with any CDBG program requirements during the National Objective Period. The length of the extension shall coincide with the period during which the activity is noncompliant with the CDBG program requirements.

To secure an agency's compliance with all CDBG program requirements during the National Objective Period, a CDBG Use Restriction Agreement shall be recorded at the Bureau of Conveyances of the State of Hawaii under the appropriate recording system prior to the issuance of the Notice to Proceed (NTP).

The program requirements that an agency will continue to be subject to include, but are not limited to:

- restriction on the use of the facility;
- documentation of benefit to low- and moderate-income persons;
- rent and income limits;
- reporting and transmittal of rental income and sale proceeds as applicable;
- insurance; and
- non-discrimination.

Agencies will also be required to maintain records and submit annual reports. Agencies may also be subject to periodic monitoring.

CITY COMPLIANCE PERIOD. In addition to the National Objective Period, for an acquisition or other eligible project which meets the national objective of benefiting low- and moderate-income persons, **the City will require an agency to continue to comply with certain CDBG program requirements for a period that shall extend beyond the 5-year national objective period** (hereinafter "City Compliance Period").

The length of the City Compliance Period is based on the total amount of CDBG funds invested in the activity.

CDBG FUNDS INVESTED	CITY COMPLIANCE PERIOD
Less than $249,999	5 years
$250,000 - $499,999	10 years
$500,000 or more	15 years
All New Construction or Real Property Acquisition Activities	20 years

Also, in addition to the CDBG Use Restriction Agreement, to secure an agency's compliance with all CDBG program requirements during the City Compliance Period, a City Regulatory Agreement shall be recorded at the Bureau of Conveyances of the State of Hawaii under the appropriate recording system prior to the issuance of the Notice to Proceed (NTP). The Regulatory Agreement shall be effective as of the date of completion of the National Objective Period and shall continue for the duration of the City Compliance Period.

The City Compliance Period may be extended should the activity be non-compliant with any CDBG program requirements during the City Compliance Period. The length of the extension shall coincide with the period during which the activity is noncompliant with the CDBG program requirements.

Agencies will also be required to maintain records and submit annual reports. Agencies may also be subject to periodic monitoring.

PARTIALLY FUNDED, WHOLLY COMPLIANT. The entire area of a facility that is even partially funded with CDBG funds must be wholly used to achieve the facility's CDBG national objective for the duration of the National Objective Period and City Compliance Period described above. Exceptions may be made only if the City and agency agree in writing beforehand at the time of contract execution to fund only a designated part of the facility and subject only that designated part to CDBG regulations.

INCOME GENERATED FROM PROJECT PAID TO CITY. Agencies are required to transmit to the City its proportional share of any gross income that is generated from the use of CDBG funds. Such income includes proceeds from the sale or long-term lease of property acquired or assisted with CDBG funds, and rental income from property acquired or assisted with CDBG funds less costs related to the property's maintenance and operations.

INSURANCE. The City requires Agencies to have the following minimum insurance coverages for CDBG-assisted activities:

- Workers Compensation and Employers Liability Insurance ($1,000,000);

  The non-profit shall maintain workers compensation and employers liability insurance. Workers compensation coverage shall be in accordance with State statutes. Employers liability coverage

shall provide limits of not less than $1,000,000 each accident for bodily injury by accident or $1,000,000 each employee, $1,000,000 aggregate, for bodily injury by disease. The policy shall include a waiver of subrogation in favor of the City.

- Commercial General and Umbrella Liability ($1,000,000)

  The non-profit shall maintain commercial general liability (CGL), and if necessary commercial umbrella insurance, with a limit of not less than $1,000,000 each occurrence, and general aggregate. CGL insurance shall be written on ISO occurrence form CG 00 01 (or a substitute form providing equivalent coverage), and shall cover liability arising from premises, operations, independent contractors, products-completed operations, personal injury and advertising injury, and liability assumed under an insured contract (including the tort liability of another assumed in a business contract). The City shall be included as an additional insured under the CGL, using ISO additional insured endorsement CG 20 10 (or equivalent), and under the commercial umbrella, if any. The policy shall contain a waiver of subrogation in favor of the City.

- Business Automobile and Umbrella Liability ($1,000,000)

  The non-profit shall maintain business auto liability insurance (including no fault coverage), and if necessary, commercial umbrella liability insurance, with a limit of not less than $1,000,000 combined single limit bodily injury and property damage, each accident. Such insurance shall cover liability arising out of any auto (including owned, hired, and non-owned autos) used by the non-profit in the performance of this Agreement. Business auto coverage shall be written on ISO form CA 00 01, CA 00 05, CA 00 12, CA 00 20, or a substitute form providing equivalent liability coverage. The City shall be included as an additional insured, and if necessary, the policy shall be endorsed to provide contractual liability coverage.

- Property Insurance (if applicable)

  The non-profit shall, at a minimum, provide the equivalent insurance coverage for real property and equipment acquired with Federal funds, as provided to property owned by the non-profit

- Flood Insurance (if applicable)

  The non-profit shall maintain flood insurance under the National Flood Insurance Program for acquisition or construction activities (including rehabilitation) located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards.

Non-profit agencies will need to provide evidence of compliance with the insurance requirements stated herein before the City will execute a CDBG agreement, unless otherwise allowed by the City in writing. The insurance specified above shall:

1. Provide that such insurance is primary coverage with respect to all insured for claims arising from non-profit's negligent acts and/or omissions or misconduct; and that any insurance (or self-insurance) carried by the City shall be excess and non-contributing;

2. Contain a standard Cross Liability endorsement providing that the insurance applies separately to each insured, applicable to policies specified in above;

3. Not be terminated, canceled, nor renewed or substantially changed without THIRTY (30) DAYS prior written notice to the City, except for non-payment of premium;

4. Be written on an "Occurrence" form of policy, unless otherwise specifically approved by the City; and

5. Be provided by insurers authorized to do business in the State of Hawaii, and with a current Best's rating of not less than A-, or otherwise as approved by the City.

6. The non-profit will provide and maintain current certificates of insurance, prepared by a duly authorized agent, or if requested, copies of the policies, evidencing the insurance in effect at all times during the term of this Agreement as required herein, to the City.

7. The City reserves the right to require additional kinds or amounts of insurance.

OLDER BUILDINGS. Older buildings are subject to program rules which may significantly impact project implementation and costs. The three major compliance areas are:

- Historic Preservation - Projects which involve buildings that are on or eligible for inclusion on historic registers or are over fifty (50) years old are subject to the review of and concurrence from the State Historic Preservation Officer. The State Historic Preservation Division may dictate the design and construction of the project which may significantly add to project costs and the time it takes to complete the project.
- Lead-Based Paint - Buildings built before 1978 must comply with HUD's Lead Safe Housing Rule requirements including lead screening in accordance with 24 CFR Part 35 as well as EPA's Lead Renovation, Repair, and Painting Program (RRP) Rule in accordance with 40 CFR Part 745. Depending on project type and amount of funds provided for the project, LBP testing or risk assessment may be required on the project as well as lead hazard reduction activities. Any lead hazard assessments and reduction activities must be undertaken by qualified professionals. Compliance may increase costs and project completion time.
- Asbestos - Projects that involve renovation and/or demolition will require an asbestos survey. The survey will visually review all suspect asbestos containing materials (ACMs) associated with the project and will collect samples for laboratory analysis prior to the construction of the project. Compliance may increase costs and project completion time.

APPRAISALS. Selected project(s) will be required to submit an appraisal, which meets the requirements of 49 CFR § 24.103, within twenty (20) days of receipt of the award letter. The appraisal is subject to a review by a review appraiser designated by the City.

Note: Costs for appraisal and review appraiser are solely the responsibility of the proposing agency, whether or not any award results from this solicitation. The City and County of Honolulu will provide no reimbursement for such costs.

FAIR MARKET VALUE. The fair market value will be the review appraiser's recommendation as to the fair market value of the property. The purchase price may not be more than the appraised fair market value; however, the purchase price may be less than the appraised value.

ACCESSIBLE DESIGN. Federal regulations require that all facilities and/or services assisted with CDBG funds be accessible to the disabled (i.e. accessible paths, wheelchair ramps, etc.).

Applicants will be required to comply with Section 504 of the Rehabilitation Act of 1973, HUD's implementing regulations (24 CFR Part 8), the Americans with Disabilities Act (ADA) and its implementing regulations (28 CFR Parts 35, 36), and the Architectural Barriers Act (ABA) and its implementing regulations (24 CFR Parts 40, 41) in connection with recipients' non-housing programs.

Hawaii Revised Statutes §103-50 states that all plans and specifications for the construction of public buildings, facilities, and sites shall be prepared so that the buildings, facilities, and sites are accessible to and usable by persons with disabilities.

Applicants will be required to comply with Americans with Disability Act Accessibility Guidelines (ADAAG) and the requirements of the Federal Fair Housing Amendments Act (FFHAA) by submitting all construction (New Construction and Rehabilitation) plans and specifications to the State of Hawaii's Disability and Communication Access Board (DCAB) for review prior to construction so that the buildings, facilities, and sites are accessible to and usable by persons with disabilities. Plans and specifications shall be resubmitted for DCAB review until such time as a "no further comment" response is received.

For existing units, applicants should follow the accessibility requirements under Section 504 of the Rehabilitation Act of 1973 (Section 504) and the Americans with Disabilities Act of 1990 (ADA). Both regulations prohibit discrimination against qualified individuals with a disability. Awardees should operate their housing program in a non-discriminatory manner and take steps as necessary to ensure that facilities are accessible to and usable by persons with disabilities to the greatest extent feasible.

An CDBG awardee should provide reasonable accommodations which may be necessary for a applicant to use or participate in the activity (i.e., ramp to unit) unless the awardee can demonstrate that the accommodation will result in an undue financial and administrative burden on the activity. The awardee should prepare a transition plan to make sure that units are physically accessible to persons with disabilities, including identification of physical obstacles in the facility, steps to make the facility accessible, and projected timeline for implementation. This could be included with a physical needs assessment of the property.

For substantial rehabilitation projects for multifamily housing, when there are 15 or more units and where construction costs are at least 75% of the replacement cost of the completed facility, the project must meet new construction accessibility standards. The new construction standard means 5% of units must be accessible to persons with mobility impairments and an additional 2% of units must be accessible to persons with hearing or vision impairments. Projects falling below the compliance threshold should meet accessibility requirements to the greatest extent possible.

DAVIS-BACON AND LABOR STANDARD PROVISIONS (Construction projects only). Rehabilitation proposals that will utilize $2000 or more in CDBG funds for construction costs and containing 8 or more housing units must contain provisions requiring for payment of not less than the federal wage rates prevailing in the County in accordance with the Davis-Bacon Act and related Labor Standards Provisions. Mixed use properties utilizing $2000 or more in CDBG funds for construction costs are covered by Davis Bacon regardless of the number of housing units. Contracts must also be subject to overtime provisions. Weekly payments are required to workers as well as submission of weekly payroll reports to the City for all contractors and subcontractors.

SECTION 3 (New construction and rehabilitation projects). Construction projects receiving $300,000 or more in HUD funding must comply with Section 3 regulations at 24 CFR Part 75. The purpose of Section 3 is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State, and local laws and regulations, be directed to low-and very low-income persons (at or below 80% AMI). Section 3 requirements must be included in all subcontracts and applicant will need to provide City with a detailed description of its plan to advertise job vacancies, recruiting, hiring, and training Section 3 eligible staff before contract start date.

Additional information regarding Section 3: https://www.hudexchange.info/programs/section-3/

BUY AMERICA PREFERENCE. Projects defined as infrastructure projects under the Build America, Buy America (BABA) Act must utilize American made construction materials; iron and steel; and manufactured products. Infrastructure projects with total costs equal to or less than $250,000 are exempted from this requirement. Additional information: https://www.hudexchange.info/programs/baba/

GOALS AND PRIORITIES OF CITY AND COUNTY OF HONOLULU

CONSOLIDATED PLAN GOALS. Every five (5) years, the City develops a Consolidated Plan to guide the distribution and administration of HUD funds. On August 27, 2026, HUD approved the City's Consolidated Plan for the fiscal years 2026 – 2030 (ConPlan). The ConPlan includes goals the City expects to achieve over the next five (5) fiscal years. The goals were based on formal housing studies and plans and the solicitation of community input through written and oral testimony at public hearings and consultation meetings.

- Target Area. The 2027 Annual Action plan provides for a preference for locations within the Waiʻanae Sustainable Communities Plan (SCP) target area. This area covers the area from Nānākuli to Keawaʻula. The Waiʻanae Sustainable Communities Plan may be reviewed here: https://www.honolulu.gov/dpp/wp-content/uploads/sites/56/2024/07/waianae-plan.pdf . Additionally, a secondary preference in the Annual Action Plan provides a priority for locations within the Urban Honolulu Census Designated Place (CDP).

- ConPlan Goals. Projects should address at least one ConPlan goal. Projects which do not meet a ConPlan goal are unlikely to receive funding.

Consolidated Plan Goal #1 - AFFORDABLE HOUSING

1. Development of new and preservation of existing affordable and special needs rental housing. (Consolidated Plan Code – AH1, SN1)

2. Development of new and preservation of existing affordable rental housing for extremely low-income, low and moderate income households.
(Consolidated Plan Codes – AH1, RH1, RH2)

Consolidated Plan Priority Goal #2 - HOMELESSNESS AND HOMELESSNESS PREVENTION

1. Acquire, construct, or renovate emergency and transitional shelters to allow continued shelter for persons and/or families experiencing homelessness or at-risk of homelessness.
(Consolidated Plan Code – PF1)

2. Acquisition, development or renovation of a building or units to support the City's goals to ending homelessness. (Consolidated Plan Code – PF1)

Consolidated Plan Priority Goal #3 – PUBLIC FACILITIES IMPROVEMENTS AND INFRASTRUCTURE

1. Acquisition, construction, reconstruction, rehabilitation, or installation of public facilities and improvements to benefit low- and moderate-income persons or presumed low-income persons other than homeless (e.g., elderly, victims of DV, neglected children, and others). (Consolidated Plan Code – PF1)

PRIORITY NEEDS: This NOFA will prioritize public facility/shelter project proposals over affordable housing/ rental housing project proposals in anticipation of the future redevelopment of the Iwilei Resource Center where various homeless shelter and supportive services are located.

SUBMISSION GUIDELINES

Agencies must submit their completed applications to the Division of Purchasing by the Deadline to Submit Applications as stated in the Selection Process Timeline, as may be amended.

The Division of Purchasing is located at:

Department of Budget and Fiscal Services
Division of Purchasing
530 South King Street, Room 115
Honolulu, Hawaii 96813

Agencies shall not submit proposals to any other City agency or office. Electronic submissions via email are prohibited and will not be accepted.

Applications not received by the submission deadline, as evidenced by a valid Division of Purchasing date and time stamp, will not be considered for funding under this NOFA.

Agencies are responsible for ensuring that their applications are date and timestamped by the Division of Purchasing by the submission deadline.

NUMBER OF APPLICATIONS. There is no limit on the number of applications an agency may submit.

Agencies may submit multiple applications for different projects or multiple applications for one (1) project, as long as each application addresses a different activity within the one (1) project.

APPLICATION COPIES. Each project needs its own application. For each application, all Agencies must submit:

1) Hard Copies of Application (4 total)

   Two (2) original applications including all required attachments
   \+ Two (2) hard copies of the funding application including attachments

   Each of the hard copies should be type-written or computer-generated in 12-point font, on 8-1/2" x 11" paper submitted in 3-ring binders. Label the folder "original" or "copy," as appropriate.

2) Electronic Version of Application (include with original application)

   One (1) flash/thumb drive that contains a copy of the application in the format provided for by the City (i.e. *Microsoft Word* or *Excel* formats). Additional materials such as attachments should be scanned onto the drive as PDF files. Submit each attachment as a separate file. Do **not** combine and submit all attachments as one (1) large PDF file.

DISQUALIFICATION OF APPLICATIONS. All applications must be substantially complete in themselves and provide all the information reasonably necessary for the City to make an informed decision about the application.

In its sole and absolute discretion and without consulting the applicant:

- The City may disqualify an application because it lacks a required attachment.
- The City may disqualify an application whose project does not comply with applicable City regulations, plans, guidelines, or policies, or with State or Federal laws or regulations, or with the CDBG program regulations and guidelines.
- The City will disqualify the application of any applicant that misrepresents information about the applicant or the proposed project or program. In addition, the applicant may be either suspended or barred from submitting future CDBG applications, depending on the severity of the misrepresentation(s).
- The City may disqualify an application based solely upon the information that is provided in it.
- The City may disqualify an application if it was submitted to a location other than the Division of Purchasing or submitted electronically.
- The City may disqualify an application that does not provide sufficient information necessary for the City to make an informed decision about a proposed project or program.
- The City may disqualify an application for any other reason related to the completeness or incompleteness of the application.
- The City may disqualify an application if the City determines that the proposed project or program as presented in the application cannot be implemented within a reasonable period of time due to lack of site control, lack of financing commitments, or other factors as determined by the City.

The phrase “disqualify an application” means to remove an application from the NOFA process and its consideration for an award.

When in the best interests of the City, as determined by the City in its sole and absolute discretion, the City may request an applicant to promptly clarify or supplement its application with additional information, and may defer a decision on accepting or disqualifying the application pending timely receipt thereof.

MODIFICATIONS TO APPLICATIONS AFTER THE SUBMISSION DEADLINE. After the submission deadline, only modifications to applications that are specifically requested by the City in writing and submitted by the applicant in writing shall be accepted. All other modifications shall be returned to the applicant.

CONFIDENTIALITY OF THE APPLICATION. Upon completion of the award process applications and attachments will generally be subject to public inspection and copying as government records. The applicant should clearly label and segregate from the rest of the application any information concerning which it may wish to assert legal protections, such as: (1) proprietary information; (2) confidential business information, disclosure of which would lead to substantial competitive harm; or (3) information

that significantly impacts the privacy interest of an individual. The City does not guarantee or agree to protect the confidentiality of any information submitted.

PROJECT SCREENING AND EVALUATION

INITIAL SCREENING OF PROJECTS. The City will initially review applications for compliance with the submission requirements stated in this NOFA and project compliance with applicable rules or regulations.

MANDATORY	Evidence that the Offeror is a not for profit. Provide 501(c)(3), 501)(c)(4) or other tax exempt status.
MANDATORY	Evidence that the Offeror is licensed to do business in the State of Hawaii. Provide a current Certificate of Compliance.
MANDATORY	Statement that the Offeror is not in arrears in the payment of taxes, rents, or other obligations owed to the City and is not debarred, suspended, or otherwise prohibited from practice by any federal, state or local agency.

EVALUATION AND SELECTION OF PROJECTS. Following the initial screening process, the City will present eligible projects to a selection committee for evaluation. In selecting projects for award, the committee may consider how proposed projects implement the City's Consolidated Plan, General Plan, City Council resolutions, and other planning and policy documents.

If, during the evaluation and selection process, it becomes apparent that an application that has passed initial screening does not conform to the requirements of the NOFA, the City may disqualify the application.

The selection committee will use the following Evaluation Criteria as a basis for selecting projects:

EVALUATION CRITERIA		
Max points	Area	**SCORING CRITERIA**
20	Project Eligibility and Outcomes	National Objective Documentation – project meets a CDBG National object by serving low/mod households. Compliance is reasonable and clearly defined. Population Served – project will benefit targeted community and population that will be the focus of the project, including numbers served and demographic characteristics. Projects serving special needs or homeless populations must include supportive services. Community Needs - supported by references to detailed and current statistics; and documented from the perspective of the population in need not only from the perspective of the agency. Goals and Objectives – project provides new or improved units/beds for targeted clientele. Goals are clearly defined, reasonable and consistent with community need. Objectives are achievable and consistent with the scope of the project.

EVALUATION CRITERIA		
Max points	Area	**SCORING CRITERIA**
		Administrative Systems – agency's capacity and data collection resources to comply with documenting CDBG eligibility requirements and reporting client demographics and performance outputs and outcomes.
35	Readiness to Proceed / Complete Project	Land Use – appropriateness of activity on proposed site (evidence of zoning verification and availability of utilities and other necessary infrastructure). Project may be developed by-right, with no anticipated change of use of the property. If permits and/or exemptions will be needed, degree they will impede project implementation. Environmental Requirements – effects the environmental review requirements will have on the project timeline (i.e., property not located in a Special Flood Hazard Area, no known or suspected environmental issues). Occupancy – Project will not displace occupants, either temporarily or permanently Completeness of Funding – Financing commitments needed to complete/start the project. Expenditure Schedule – project's proposed timely expenditure of CDBG funds including City's determination on the reasonableness of schedule. Reports – Availability of completed or preliminary due diligence reports/studies submitted (i.e. FEMA Firmette, NEPA/6E Environmental Clearance, survey, appraisal, Phase I ESA, SHPD consultation, property needs assessment, etc.) or plan to complete within required timeframe Site Control status - Sales Contract with Option Agreement in place and submitted with application Project Ability to be Placed in Service – Agency demonstration that proposed site, funding, and agency capacity will be able serve CDBG eligible clientele within a reasonable timeframe, including any proposed rehabilitation.
20	Organizational Capacity	City Grant Administration Experience (HUD and non-HUD projects) – Agency's past performance implementing City grant funds. Factors that will be considered include compliance with program requirements and timeliness of reports, expenditures and project completion. Project Experience – Agency experience completing similar projects. Project Management – project fits into the agency's organizational structure and key project staff has the necessary skills and/or experience to successfully complete the project. Agency has secured partnerships to supplement any gaps in Agency skills or experience (i.e., Property Management agreement; MOU with another agency for resident program offerings)

<table>
<tr><th colspan="3">EVALUATION CRITERIA</th></tr>
<tr><th>Max points</th><th>Area</th><th>SCORING CRITERIA</th></tr>
<tr><td></td><td></td><td>Good Standing – Agency does not have any outstanding compliance issues with the City concerning a previously funded project or substandard operating performance</td></tr>
<tr><td>25</td><td>Financial Management</td><td>Financial Viability – Overall financial condition of Agency. Factors will include the type (e.g. audit v. compilation) and contents of report (e.g. findings will reflect negatively on the score). Agency controlled assets generate positive cash flow

Budget – Project estimates and costs are reasonable and well supported or justified.

Leveraged Assistance - Commitment of outside leveraged funding or donated services to complete project, if applicable

Sustainability – sustainable operating and maintenance plan in place. Proposed rents or fees (if proposed) are reasonable

Cost Benefit Analysis – project’s total budget versus the number of LMI population served.</td></tr>
<tr><td>Up to 35 points</td><td>City Priorities</td><td>• Target Area – Proposed project is located in target area(s) as identified in HUD Action Plans (5 points)
• Priority Need 1 – Public Facility/Shelter for Homeless (10 points) OR
• Priority Need 2 – Affordable rental housing (5 points)
• Special Populations – Project primarily serves homeless, special needs or extremely low-income (ELI) households (at or below 30% AMI) with points allocated as follows:
<table>
<tr><th>% of units or beds committed to homeless, special needs or ELI populations</th><th>Points</th></tr>
<tr><td>51% or more</td><td>20</td></tr>
<tr><td>26-50%</td><td>10</td></tr>
<tr><td>10-25%</td><td>5</td></tr>
</table>
Agency proposal demonstrates funding commitments/plans for required supportive services for homeless or special needs populations. ELI set aside units should charge rents affordable to clients at that income level.</td></tr>
</table>

Projects that receive the highest evaluation scores will be recommended for CDBG funding. The City will also compile a list of alternate projects which shall receive CDBG awards in the event more funds become available. The list of alternate projects may also be used to make awards if, for any reason, a selected project cannot or does not proceed.

FREQUENTLY ASKED QUESTIONS

GENERAL QUESTIONS

Q1: What can I do to ensure that my application is not disqualified?

The most common reasons for disqualification include:

- Failure to meet the submission deadline,
- Failure to submit required documents,
- Failure to meet a national objective, and
- Violation of non-discrimination regulations.

In other words, you should submit a complete application, by the deadline, after carefully reviewing the program requirements to confirm the eligibility of the proposed project activities.

Q2: What's a Certificate of Vendor Compliance and where can I get a copy?

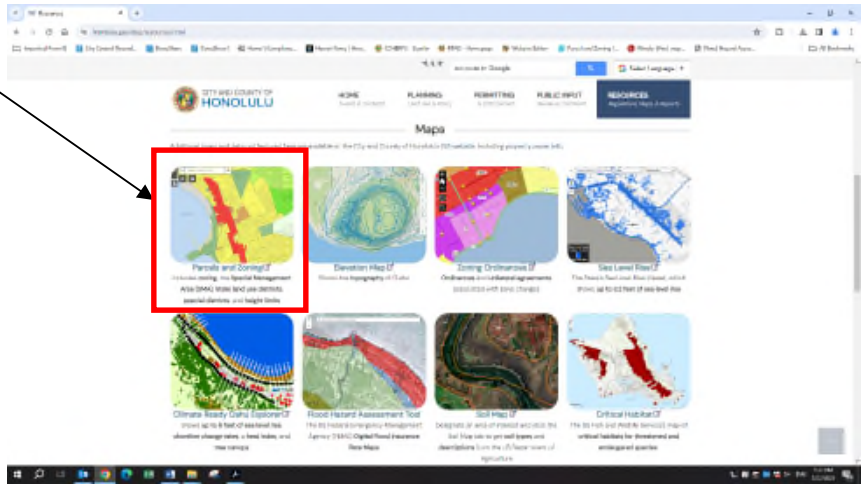
The Certificate of Vendor Compliance is a single printable electronic certificate issued by the State of Hawaii that may be substituted for a tax clearance and labor certificate.

For more information about the Certificate of Vendor Compliance, please visit https://vendors.ehawaii.gov/hce/

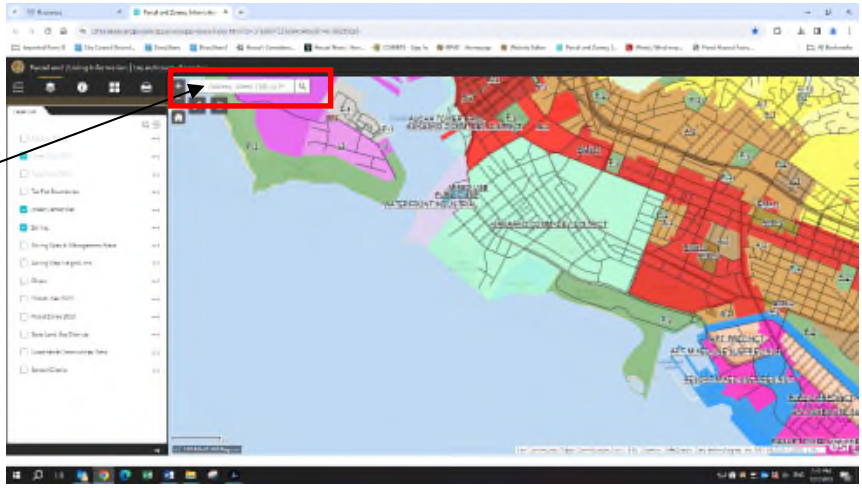
Q3: How do I get a copy of the parcel information and zoning detail for my project location?

Go to https://www.honolulugis.org/ and take the following steps.

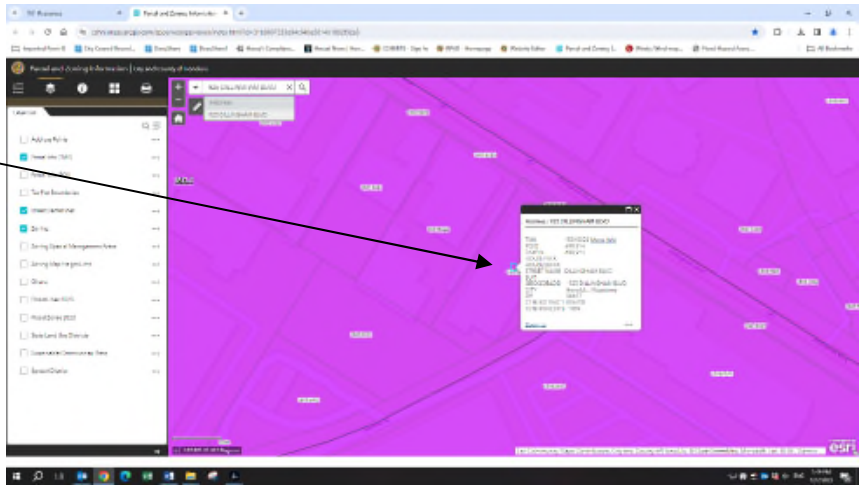
Scroll down to "Featured Apps" and click on "Parcels & Zoning Information".



Input the address, street name, or TMK, then press “search” (magnify glass).

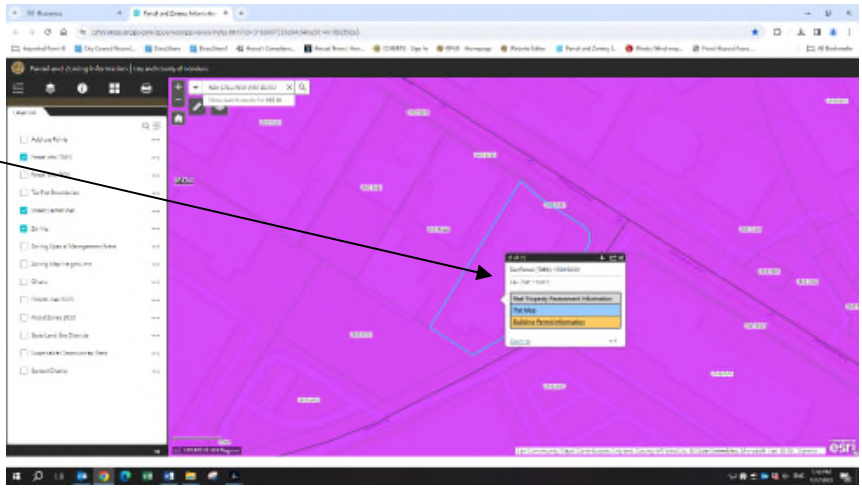


The parcel will be denoted with a light blue square.

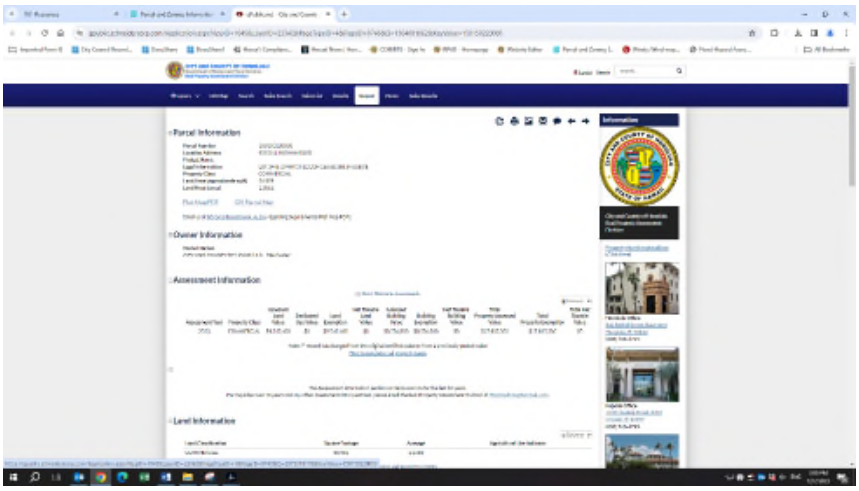


Left click on the parcel so it is highlighted and the pop-up menu appears.

Left Click on “Real Property Assessment Information”.

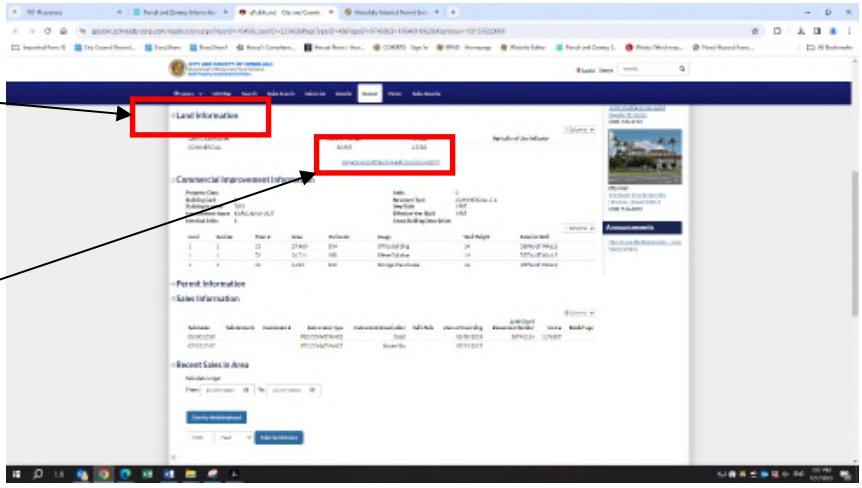


Print page, attach to application, and use as a reference when completing the Site Information section.

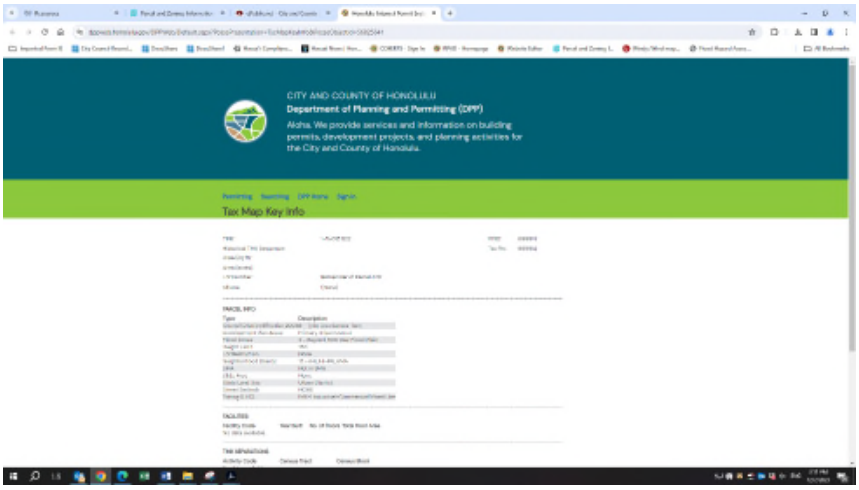


Scroll down to “Land Information”.

Left click on the “Department of Planning and Permitting (DPP)” link.



Print page, attach to application, and use as a reference when completing the Site Information section.



Q4: How do I find the flood zone information for my project location?

At the City GIS website noted above, you can toggle on the “Flood Zones” layer in the “Layer List” on the left-hand side to see the Flood Zone determination.

FUNDING REQUESTS / PROJECT COSTS

Q5: Do you provide multi-year funding?

No. Funding requests are only applicable to this NOFA and all funds must be spent before April 2, 2027.

Q6: What if only part of my project or only some of the costs are determined to be eligible? Will my whole application be rejected?

No, provided that there is sufficient detail in the budget to determine the eligible parts and costs of the project.

Q7: What percentage of CDBG funds will be awarded for public services?

0%. No public service funds will be awarded under this NOFA.

ELIGIBILITY OF ACTIVITIES

Q8: Does proposed housing or shelter need to be acquired in a certain area?

The Annual Action plan provides for a preference for locations within the Waiʻanae Sustainable Communities Plan (SCP) target area. This area covers the area from Nānākuli to Keawaʻula. The Waiʻanae Sustainable Communities Plan may be reviewed here: https://www.honolulu.gov/dpp/wp-content/uploads/sites/56/2024/07/waianae-plan.pdf

Additionally, a secondary preference in the Annual Action Plan provides a priority for locations within the Urban Honolulu Census Designated Place (CDP). Preferences will be noted accordingly in the scoring and review process. If no projects are proposed in the target areas, the City reserves the right to award to CDBG projects located anywhere on Oʻahu.

All proposed projects must primarily benefit low or moderate-income residents, regardless of location.

DISCLAIMERS

All awards of funds are subject to:

- The approval by the Honolulu City Council of CDBG funds to award a project;
- Decisions made by the City and its selection committee, in their sole and absolute discretion, whether to select a project for an award;
- Decisions made by the City and its selection committee, in their sole and absolute discretion, as to the amount of any award to any specific project, regardless of the amount of funds that an agency applied for; and
- The execution of individual agreements between the City and the Agencies that have been awarded CDBG funds. These may include Subrecipient Agreements, Use Restriction

Agreements, Regulatory Agreements, Mortgages and/or other agreements intended to insure compliance and protection of the City.

THE CITY RESERVES THE RIGHT TO REJECT ANY APPLICATIONS, OR ALL OF THEM, IN WHOLE OR IN PART, OR REQUIRE AMENDMENTS TO THEM IF THE GUIDELINES, REQUIREMENTS, AND/OR ELIGIBILITY CRITERIA SET FORTH IN THIS REQUEST FOR PROPOSALS ARE NOT MET. THE CITY ALSO RESERVES THE RIGHT TO AMEND OR SUPPLEMENT REQUIREMENTS AND MATERIALS, AND WILL INFORM APPLICANTS OF SUCH CHANGES PRIOR TO THE SUBMISSION DATE. THE CITY RESERVES THE RIGHT TO INCORPORATE OR NOT INCORPORATE ANY SUBMISSIONS IN RESPONSE TO THIS NOFA INTO THE CITY'S OWN APPLICATION FOR FEDERAL FUNDING.

ALL COSTS ASSOCIATED WITH DEVELOPING AND SUBMITTING AN APPLICATION ARE THE SOLE RESPONSIBILITY OF THE OFFEROR, WHETHER OR NOT ANY AWARD RESULTS FROM THIS NOFA. THE CITY WILL NOT REIMBURSE ANY SUCH COSTS. THIS NOFA MAY BE CANCELED AND ANY OR ALL PROPOSALS REJECTED IN WHOLE OR IN PART, WITHOUT LIABILITY, WHEN IT IS DETERMINED TO BE IN THE BEST INTEREST OF THE CITY AND/OR THE PUBLIC.

BY SUBMITTING AN APPLICATION, APPLICANTS EXPRESSLY ACKNOWLEDGE AND AGREE THAT THE CITY SHALL BEAR NO LIABILITY OR OBLIGATION BASED ON THIS NOFA, AND THE CITY MAY EXERCISE ANY OF THE FOREGOING RIGHTS IN ITS SOLE AND ABSOLUTE DISCRETION.