Tenant Selection Plan

Property Information:

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1 - Property & Unit Designation

Malulani is a transformative mixed-use community located at the intersection of Rice and Umi Streets in the Līhu'e Town Core. Developed through a partnership between Foulger-Pratt and Riverbend Management, this architecturally distinctive four-story building brings 66 units of high-quality, affordable workforce housing to the heart of Kaua'i.

Malulani has 66 rental apartment units (including one reserved for management). All units are income-restricted through the Low-Income Housing Tax Credit (LIHTC) program. Fifteen of the units receive HUD Project-Based Voucher (PBV) rental assistance and are designated for households earning up to 30% (4 units) or 40% (11 units) of the Area Median Income (AMI) as adjusted for household size. Five of the units are designated for Veterans Affairs Supportive Housing (VASH) and for households earning up to 60% of AMI as adjusted for household size. The remaining forty-five units are LIHTC-only units and are designated for households earning up to 60% of AMI as adjusted for household size.

The PBV units are leased in accordance with HUD Project-Based Voucher program requirements. Similarly, the VASH units are leased in accordance with HUD VASH PBV program requirements, with referrals and supportive services provided by the Veterans Administration. Rents are based on HUD Fair Market Rents with tenant rent contributions calculated under HUD rules. The LIHTC-only units are leased at rent determined based upon the regulations proscribed under Section 42 of the Internal Revenue Code. A utility allowance adjustment to gross rent is provided for utilities paid directly to the utility company. Allowable rents are adjusted annually based upon the Fair Market Rent and income limit tables published by HUD.

2 - General Information

Applicants are admitted through three intake paths depending on unit type:

(a) Project-Based Voucher (PBV) units (15 units in total) are filled from applicant referrals provided by the County of Kauai Housing Agency, in accordance with the Housing Assistance Payments (HAP) contract and HUD PBV program rules.
(b) Veterans Affairs Supportive Housing (VASH) units (5 units in total) are filled from applicant referrals provided by the Veteran's Administration of Kauai County.
(c) LIHTC-only units (45 units) are filled from the property's centralized wait list established under this Tenant Selection Plan.

If no units are immediately available in any category, applicant names are maintained on the applicable waiting list.

Applications will be accepted without regard to race, familial status, national origin, religion, sex, age, color, sexual preference, sexual identity, marital status, handicap, or source of income (including participation in the Section 8 Housing Choice Voucher program), and in accordance with Federal, State, and local non- discrimination policies. Applicants may request assistance in completing the application, if necessary.

The Tenant Selection Plan is available for review online at ilimaproperties.com and at the management office. If the plan is updated, all households on the active waitlist will be notified by email and provided with a link explaining any changes. When applications are available, the plan will be available in printed form at the management office during regular business hours.

3 - Income Limits: See attached Income Limits Chart

To qualify for an apartment, a household's anticipated gross annual income must meet both the maximum income requirement (based upon household size) as well as a minimum income requirement applicable to that unit type. The minimum income requirement applies to LIHTC-only units; applicants for Project-Based Voucher (PBV) and VASH units are not subject to a minimum income requirement. For applicants holding a Housing Choice Voucher or other rental subsidy, the minimum income requirement is applied to the household's share of the rent only.

Income eligibility will be determined in accordance with Low-Income Housing Tax Credit (LIHTC) program rules, using HUD-published income limits in effect at the time of certification. Current income limits and minimum income requirements are updated annually and are posted at the management office.

4 – Registration Period:

Initial Registration Intake: During this period, general information will be collected from interested prospects to assess interest, determine preference points, and establish a contact list for future correspondence.

Lottery Procedure: A lottery will be conducted if the total number of registrations received exceeds the number of available units. All registrations that are fully completed and received by the initial registration closing date will be entered into the lottery pool. Each eligible registration will be assigned a random lottery number. Separate lottery rankings will be established, as applicable, for each preference category described in this Tenant Selection Plan, and preferences will be applied in accordance with this plan. Lottery rankings will determine the order in which Registrants are contacted and invited to complete a formal application. Upon submission of a completed application, the Registrant will become an Applicant and will be screened for eligibility and unit placement in accordance with this Tenant Selection Plan.

Preference Point System & Verification: All registrants, including those who register during the initial registration period and during any subsequent waiting list opening, will receive one (1) base point per household. Prospects who reside on Kauaʻi will receive one (1) preference point per household. Prospects who qualify for the local employment preference will receive one (1) additional point per household. For purposes of this preference, "local" means employed at a worksite located in Kauaʻi County. Households displaced due to a natural disaster within the prior twenty-four (24) months will receive one (1) additional preference point per household. Veteran households (households that include at least one member who is a veteran of the U.S. Armed Forces, as documented by DD-214 or equivalent) will receive one (1) additional preference point per household. Households holding a valid tenant-based Housing Choice Voucher (including tenant-based HUD-VASH) at the time of registration will receive two (2) additional preference points per household, verified by a copy of the current voucher or written confirmation from the issuing housing agency. Management will calculate each applicant's total score based on the points awarded. Preference points are used solely for waiting list placement and do not guarantee admission. All applicants must meet the Tenant Selection Plan requirements at the time of screening. Eligibility for all claimed preferences will be verified through documentation as described below.

Prospects will claim preferences at the time of registration. Documentation verifying a claimed preference is not required at initial registration but will be requested if the applicant is contacted to continue the application process

5 - Application Process:

Application Procedure: Management will notify registrants when a unit becomes available. At that time, the registrant must complete the registration process by submitting a housing application and any required documentation.

Applications will be available online for prospective households to download and complete, as well as in person at the management office. Office staff will be available to answer questions and assist applicants with the application process as needed. This process is intended to provide equal access and accommodate the needs of all prospective residents.

Each adult household member must complete an application and agree to standard screening, which includes verification of income and assets, review of rental history, a credit check, and a criminal background check. All applicants are subject to the same screening of rental history and criminal background. Credit screening standards may vary for applicants receiving PBV or VASH vouchers.

Approval of an application based on screening criteria, including credit, criminal background, and rental history, does not guarantee eligibility for residency. All applicants must also meet applicable program requirements, including LIHTC income limits, student limitations, and documentation standards.

To help make the application process clear and easy to follow, a step-by-step application checklist will be provided to all prospective applicants. The checklist outlines common information requirements and documents needed to complete the application.

Initial Selection Deposit: If a prospect's application is approved, a $200 holding deposit will be required to reserve the unit. All initial selection deposits may be paid online through the Tenant Web Access system, personal check or cashier's check. The initial selection deposit will be applied toward the security deposit and/or move-in rent if the household moves in on the scheduled move-in date. If the applicant withdraws the application within three (3) calendar days after paying the holding deposit, the deposit will be refunded within 21) calendar days. If the application is withdrawn after the initial three-day period, the holding deposit will be forfeited. If, during the eligibility verification process, management determines that a household does not qualify for the LIHTC program, the application will be denied and any deposit paid to secure the unit will be refunded in full. For voucher holders, if the housing agency does not approve the tenancy or the unit, the holding deposit will be refunded in full. Applicants will be notified promptly of the determination and the reason for the denial.

Landlord Reference: Landlord references may be requested to verify an applicant's rental history and past performance in meeting lease obligations. When available, management may contact current or prior landlords to confirm timely rent payments, compliance with lease terms, care of the unit, and overall tenancy. Applicants will be required to provide a release of information form during the initial application process.

All LIHTC only applicants are screened using a standardized scoring system. A lack of rental history alone will not result in denial. Applicants without a landlord reference may be asked to provide an alternative reference.

Background Check: All applicants will be screened for criminal history in accordance with applicable laws and, as a matter of Management policy, the standards described in HUD's guidance on the use of criminal records, including HUD's 2022 guidance memorandum on this subject, whether or not that guidance remains in effect. Arrests that did not result in a conviction will not be considered. Criminal history will be evaluated on an individualized basis, taking into consideration the nature of the offense, the time elapsed, evidence of rehabilitation, as well as any mitigating information the applicant chooses to submit. The decision may also consider additional

information regarding recidivism or other aggravating factors which the criminal investigation may reveal. A denial based on criminal history may be appealed through the grievance and appeal process.

Preference Point Verification: Applicants claiming a preference will be required to provide supporting documentation to verify their eligibility. If an applicant is unable to submit acceptable documentation confirming the claimed preference, the application will be denied – even if the household would otherwise be LIHTC program-eligible.

6 - Initial Tenant Selections:

Overview: This Tenant Selection Plan describes how applicants are selected for housing in a fair, consistent, and non-discriminatory manner. All applicants are given equal opportunity to apply and are evaluated using the same screening criteria, in compliance with federal, state, and local fair housing laws.

Occupancy Guidelines: Occupancy guidelines are used to assign households to appropriately sized units based on household composition and to prevent unit over-utilization. The following maximum household sizes apply:

- 1-Bedroom Unit - up to 3 occupants
- 2-Bedroom Unit - up to 5 occupants

When determining the appropriate bedroom size for a household, the following individuals are included in the household count: all full-time household members, live-in aides, foster children, and children in the process of adoption. Unborn children are not counted until birth. Household members of all ages are counted both when determining the appropriate bedroom size and when applying the maximum occupancy limits stated above. Management will apply these guidelines on an individualized basis consistent with fair housing law, including where a household's composition changes during tenancy.

Grounds For Rejection: An application may be denied if the household does not meet the eligibility, screening, or participation requirements of this Tenant Selection Plan. All applicants are evaluated fairly and consistently.

Grounds for rejection may include, but are not limited to, the following:

1. **Income or Program Ineligibility**
   The household's total anticipated income exceeds the applicable HUD income limit (as adjusted for household size), does not meet the minimum income requirement, or the household does not otherwise meet program eligibility criteria.

2. **Student Status Ineligibility**
   The household consists entirely of full-time students and does not meet an allowable exception under Section 42 of the Internal Revenue Code.
3. **Inability to Verify Income or Eligibility**
   Failure to provide required documentation, or inability to adequately verify income, income sources, household composition, or other eligibility factors.
4. **False or Misleading Information**
   Providing false, inaccurate, or incomplete information on the application or during the verification and certification process.
5. **Failure to Cooperate with the Application Process**
   Failure to respond to written or verbal requests, failure to attend scheduled interviews, failure to sign required consent or authorization forms, or failure by all adult household members to participate in the eligibility interview.
6. **Failure to Meet Financial Move-In Requirements**
   Inability or refusal to pay the full required security deposit and rent at the time of move-in.
7. **Unsatisfactory Credit History**
   Applicants may be denied participation based on a credit history that reflects a significant risk of nonpayment or a demonstrated pattern of failing to meet financial obligations.
8. **Refusal of Unit Offers**
   Refusal of a second apartment offer without good cause, as defined in this plan.
9. **Behavior That Disrupts the Community**
   Blatant disrespectful, threatening, or disruptive behavior toward management, the property, or other residents by an applicant or household member prior to move-in, or a documented history of such behavior.
10. **Primary Residence Requirement**
    The household does not intend to use the apartment as its sole and primary place of residence.
11. **Failure to Verify Preference Status**
    Applicants may be denied if claimed preference points cannot be substantiated with acceptable documentation, if verification requests are not completed within the required timeframe, or if information provided is determined to be inaccurate, incomplete, or unverifiable.
12. **Interview Conduct**
    Applicants may be rejected based on inappropriate behavior during the interview process, including but not limited to providing false information, exhibiting disrespectful or disruptive conduct, or demonstrating an unwillingness to comply with program requirements and community standards.
13. **Landlord Reference**

Applicants may be rejected based on unfavorable landlord references that reflect failure to meet lease terms, maintain the rental unit, or comply with community rules and regulations.

14. **Criminal Background**

    Applicants may be rejected if their criminal history includes convictions or conduct that reasonably indicates a potential threat to persons, property, or the integrity of the program. Criminal records will be reviewed in compliance with applicable laws and regulations.

Applicants who are denied will receive written notice stating the reason(s) for denial and information on how to request a review or appeal.

7 – Waiting List:

Opening the Waitlist After Initial Lease Up: Registrations are accepted only during designated waitlist opening periods. Public notice of the waitlist opening will be provided in advance and will include information on how and when to apply, subsequent application requirements, and how selection for application will be made. The waitlist will be opened and closed based upon the number of active registrations on the waiting list, as described under "Opening & Closing of the Waitlist" below.

Waiting List Administration and Management: The property will maintain one centralized waiting list for all households who submit a completed registration. All applicants must be selected from the waiting list Registrations are logged and documented upon receipt to ensure consistent and accurate processing for every applicant.

Each completed registration is recorded by the date and time received and placed on the waiting list in chronological order, unless modified by an approved lottery or preference process described in this plan.

The waiting list includes, at a minimum, the following information for each registrant:

- Applicant name
- Address and/or contact information
- Phone number(s)
- Requested apartment type or size
- Household composition
- Preference or accessibility needs
- Income level
- Date and time the application was received

To maintain an active and accurate interest list, management will conduct semi-annual updates to confirm each household's continued interest in housing opportunities. Households will be notified and required to respond within the designated timeframe. Households that fail to respond by the deadline may be removed from the waitlist. Registrants are responsible for notifying management of any changes to their contact information to ensure they receive these notifications. When a vacancy exists or is reasonably anticipated within the next one hundred twenty (120) days, management will begin the eligibility and verification process for the next household on the applicable waiting list. This includes verification of income, assets, and program eligibility for certification.

Registrants must respond to management requests and provide required information within the specified timeframes to remain active on the waiting list. Failure to respond, submit required documentation, or maintain updated contact information may result in removal from the waiting list.

Registrants may decline the first apartment offer and remain on the waiting list. An applicant who declines a second apartment offer without good cause will be removed from the waiting list. For purposes of this plan, “good cause” means the offered unit does not meet a documented disability-related or accessibility need, the unit size is inconsistent with the occupancy guidelines in this plan, or the household is unable to accept the unit due to a documented medical condition or hospitalization; a refusal based on preference alone is not good cause.

Opening & Closing of the Waitlist: The waiting list will be re-opened only when the number of active registrants on the waiting list drops to thirty (30) or fewer. Registrations will be accepted only during officially announced waiting list opening periods.

Public notice will be provided when the waiting list opens. Households who submit a registration before the waiting list closes will remain on the waiting list and be processed in accordance with this plan. The waiting list will be reopened in accordance with the thirty (30) active registrant threshold described above.

Selection and Screening: When an registrant reaches the top of the waiting list and a unit becomes available, management will conduct full eligibility screening, including income verification and other screening criteria outlined in this plan. Selection is subject to the applicant meeting all eligibility and screening requirements at the time of review. Registrants will be given a specified period of time in which to respond to the notification.

8 - Annual Recertification:

Annual recertification requirements depend on unit type:

(a) Project-Based Voucher (PBV) units: residents must complete a full annual recertification (as well as potential interim recertifications) of household income, composition, and eligibility, with the housing authority as required by HUD PBV program rules.

(b) VASH units: residents must complete a full annual recertification (as well as potential interim recertifications) of household income, composition, and eligibility, with the housing authority as required by HUD VASH PBV program rules.

(c) LIHTC-only units: residents must complete a full income and eligibility certification at initial move-in. For subsequent years, residents may be eligible to complete an annual self-certification of household composition, student status, and income in lieu of a full income recertification. Management may, at their option, require a full recertification for any reason. Management may require a full recertification if there is any question as to whether the household complies with all regulatory agreements or program rules. Self-certification will be used only if approved in writing by HHFDC; until such approval, residents will complete a full annual recertification.

Residents in all units must promptly report any changes that occur between recertifications, including but not limited to changes in income, employment, assets, or household composition, and must provide accurate and timely documentation as requested by Management.

9 - Supportive Services:

The property partners with Goodwill Hawaii under a Memorandum of Understanding and offers voluntary supportive services to residents. These services may include financial literacy and credit-building coaching, job-readiness and employment training, digital skills training, free tax preparation, and referrals to other community resources. Participation in these services is entirely voluntary; participation (or non-participation) is not a condition of tenancy, eligibility, or continued occupancy, and will not be used as a factor in any tenancy decision.

10 - Equal Housing Opportunity:

The property operates in full compliance with all applicable fair housing laws and is an Equal Housing Opportunity provider. All applicants are evaluated using uniform, objective, and nondiscriminatory criteria, without regard to any protected characteristic. Reasonable accommodation will be provided upon request in accordance with applicable law. Reasonable modifications will be provided upon request and in accordance with applicable laws.

11 - Standards of Conduct & Occupancy:

No Smoking Policy: Smoking of any kind, including tobacco, cannabis (marijuana) cigars, pipes, electronic smoking devices and similar products is prohibited in all dwelling units and indoor common areas. Violation of this policy is considered a material breach of the lease and may result in enforcement action, including termination of tenancy. Nothing in this policy is intended to discriminate against individuals who are authorized to use medical cannabis under applicable Hawaii law. However, the use of medical cannabis by smoking or vaping remains prohibited in all areas where smoking is prohibited under this policy. Residents requiring disability-related accommodation may submit a request for reasonable accommodation to management, which will be reviewed on a case-by-case basis in accordance with applicable fair housing laws and regulations.

Apartment Transfer Policy: Unit transfers are not permitted except: (a) as required by law, including reasonable-accommodation transfers under the Fair Housing Act and Section 504 (for example, transfer to an accessible unit); (b) when a change in household composition or size requires a different unit size to maintain LIHTC, PBV, or other program compliance; or (c) as otherwise expressly approved by Management. Residents requesting a transfer must meet all eligibility requirements and receive written authorization prior to any move.

Grievance/Appeal Process: Applicants and residents have the right to request a review of adverse decisions related to eligibility, placement, or tenancy. A written grievance or appeal must be submitted to Management within fourteen (14) calendar days after the date of the adverse decision notice (measured from the date of mailing if mailed, or the date of delivery if hand-delivered or sent by email) and must state the reason for the request. For applicants on the Project-Based Voucher (PBV) units, this grievance and appeal process is intended to satisfy the informal-review requirement of 24 CFR 983.251(f), and management will provide any additional process required under that regulation upon request. Management will review the appeal, including any additional documentation provided, and issue a written determination within a reasonable timeframe. Decisions will be based on compliance with program requirements, the lease agreement, and this Tenant Selection Plan. The grievance and appeal process does not replace or limit any rights available under applicable law.

Apartment Inspections: Management will conduct inspections of each apartment prior to move-in, annually, as deemed necessary, and after moving-out to ensure compliance with lease terms, property standards, and health and safety requirements. Residents will receive notice of inspections as required by law.

Pets: Pets are not permitted on the property at any time. Assistive animals (including service animals and emotional support animals) are not considered pets and are permitted as a

reasonable accommodation. Requests for an assistive animal will be evaluated on an individualized basis.