

## AH Committee

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**From:** Jessica Crouse <Jessica.Crouse@co.maui.hi.us>  
**Sent:** Friday, February 26, 2021 2:55 PM  
**To:** AH Committee  
**Subject:** Na Hale O Maui Presentation and team info  
**Attachments:** 2021-2-22 CCouncil presentation\_Rev.pdf

Aloha,

Please see the attached presentation provided by Na Hale O Maui. Cassandra Abdul is the Executive Director and will be attending.

Thank you,  
Jessica



Mission: To secure and preserve a permanent supply of affordable housing alternatives for low and moderate income households in Maui County

# Plan and Reports

Housing for our workforce will remain affordable in perpetuity. Housing that is approved as “affordable” will not be converted to free market housing.

Maui Island Plan 2030, Page Executive Summary-2

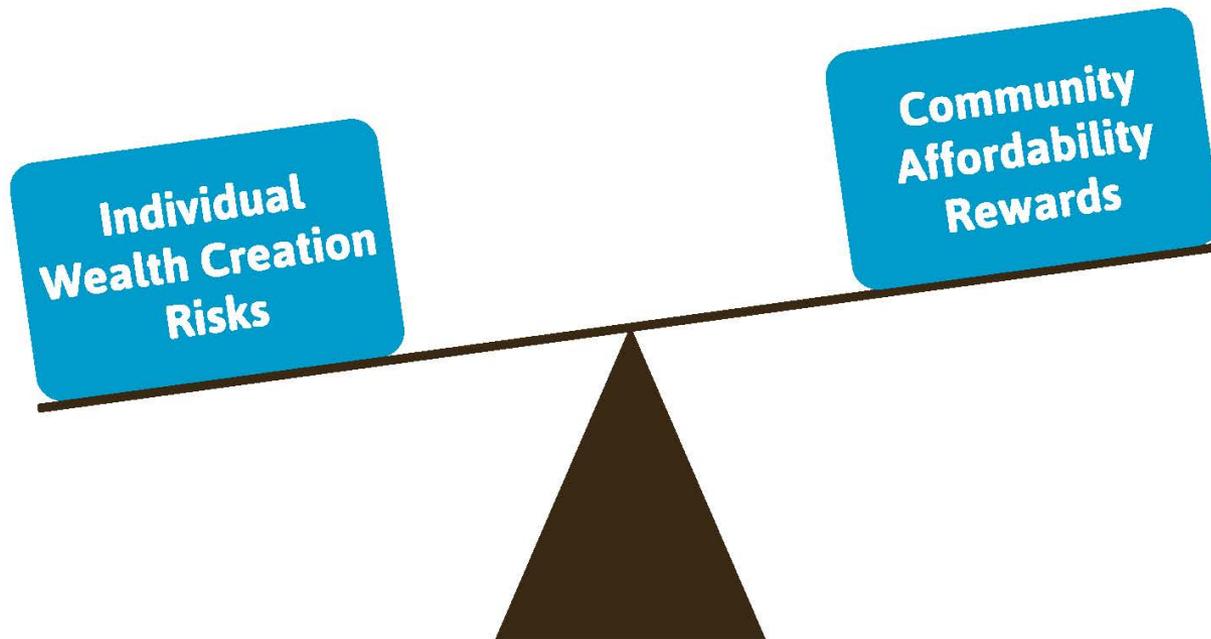
Maui’s high cost of living and shortage of affordable housing creates barriers to attracting and retaining the skilled workforce needed by many high technology industries.

Maui Island Plan 2030, Page 4-23

Housing is a large part of the high cost of living. Hawaii is the state with the highest cost of living in the nation. Maui costs more to live in than Honolulu. Lowering the cost of living is equivalent to a boost in GDP... there is a strong correlation between cost of living and per capita personal income.

Schlomach, [The Importance of the Cost of Living and Policies to Address It](#), GoldwaterInstitute.org, p.2., Nov. 16, 2017.

# Seeking a Fair Balance

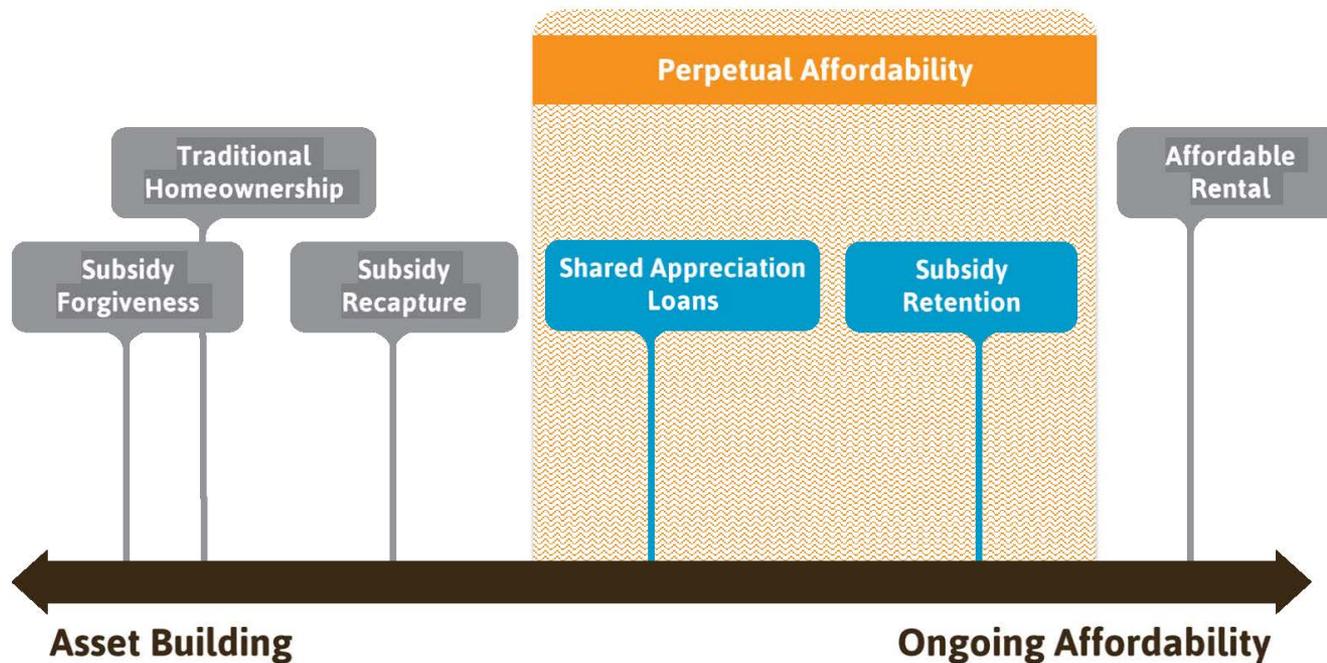


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# Asset Building/ Affordability



## A Continuum of Strategies



Modified from Jacobus & Lubell. 2007. 12

**Community Land Trusts** are non-profit organizations that treat land as a public trust.



Homes are owned and used by income qualified island families

The **CLT owns the land** and works to ensure it is used in ways that benefit the community.

# Dual Ownership



Individual owns improvements  
(home)



Community land trust owns land

# AREA **MEDIAN** INCOME (AMI)

AMI is determined by HUD (Housing and Urban Development) a federal agency.

Low- to Moderate-income means between 60% to 120% of the AMI. Income limits are published annually.

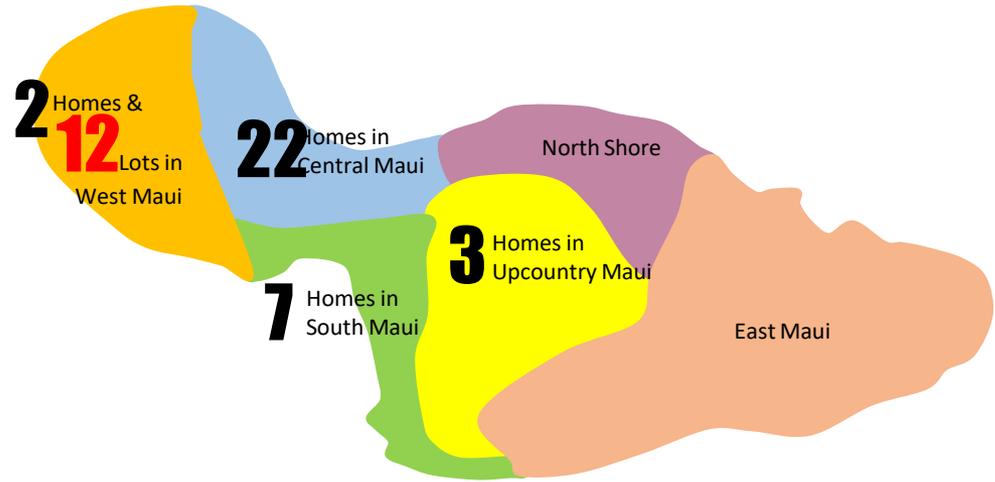
Na Hale O Maui generally works with families earning between 80 - 120% of AMI.

Under certain circumstances the upper income limit may be 140% of AMI as approved by the IRS.



# 46 NHOM Homes on Maui Including 12 NEW homes in Lahaina

53 NHOM FAMILIES  
87 CHILDREN



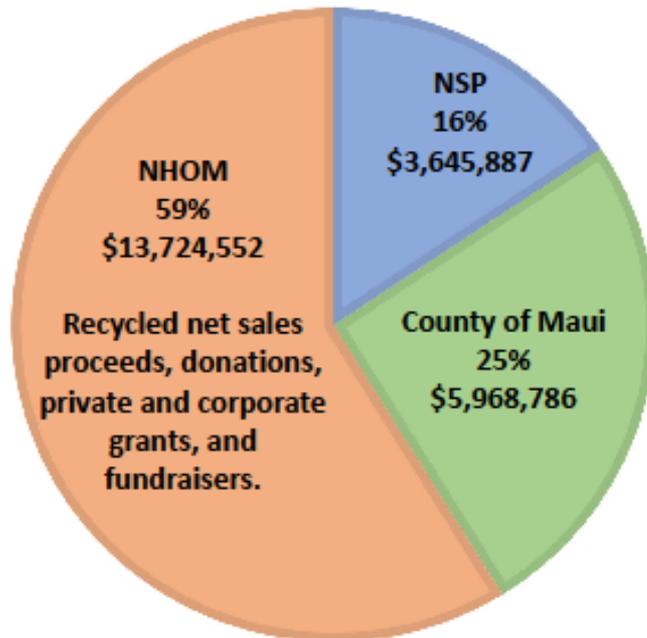
# Community Land Trust Investment Portfolio

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Investment Funds	4	5	6	8	5	5	3	3	14	2	1	1	1
NSP	3												
COM													
NHOM		1	3		3	2	1	1	2	1	1	1	1
NSP NHOM	1	4	1	1	1	1							
COM NHOM			2	7	2	2			12	1			
TOTAL	4	5	6	8	5	5	3	3	14	2	1	1	1

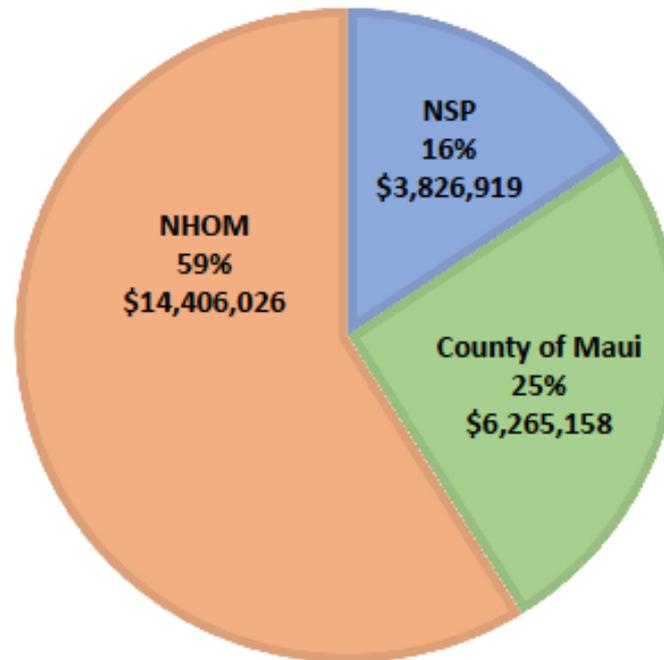
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**TOTAL INVESTMENT: \$23,339,225**



**LEASEHOLD VALUE: \$24,498,102**



# Advantages of NHOM CLT Homeownership

- ✓ Below-market Pricing
- ✓ Matching Down Payment Assistance
  - ✓ Competitive Financing
- ✓ No Private Mortgage Insurance
- ✓ Affordable Monthly Payments
- ✓ Quality Designs and Construction
  - ✓ Opportunity to Build Equity
- ✓ Tax Benefits of Homeownership
- ✓ Ongoing support from NHOM
  - ✓ Pride of Homeownership

# Matching Down Payment Assistance Grant

- Eligible Home. The home must be a CLT leasehold home on a lot owned by NHOM.
- Applicant Selection. Applicants will be approved based on financial need for down payment and closing cost assistance. Applicants are required to finance the property with the maximum mortgage loan available with the lowest loan origination fee.
- Maximum NHOM Matching Grant Per Unit. The maximum amount of NHOMMG Program grant funds per unit is \$10,000. This amount must be matched, or exceeded, by buyer's funds for the down payment and closing costs.
- Affordability Period. The affordability period for the NHOMMG shall run for a period of fifteen (15) consecutive years.
- Grant Repayment. Grantees are **not** required to repay NHOM for the NHOMMG Program grant funds unless one of the events in Grant Repayment Restriction section on the next slide occurs.

# NHOM Matching Grant Program

➤ Grant Repayment Restriction. Immediate repayment of the grant shall occur in the event that:

- 1) The Grantee refinances the first mortgage loan on the eligible home;
- 2) The Grantee no longer uses the home as his/her principal residence; or
- 3) The Grantee sells the home during the fifteen (15) year affordability period.

➤ Restriction From Additional Debt. Grantee shall be restricted from incurring any additional mortgage loans or loans requiring the home as collateral for the entire term of the grant.

➤ Release of Lien. The Grant Agreement shall terminate at the time that the affordability period ends or at the time Grantee repays the grant. Upon termination of the Grant Agreement, NHOM will execute a Release of Lien.

# AFFORDABLE IN PERPETUITY

- **99 year** renewable, sustainable ground lease
- Mortgage does not include cost of the land
- 3% Down payment plus closing cost
- **Down payment assistance Grants**, based on need
- NO Private Mortgage Insurance (**PMI**)
- **Housing expense** < 35% of Monthly Gross Household Income
- **Affordable lease rent** \$45/month; periodic CPI adjustments
- Monthly mortgage payment is significantly less than the cost to rent the same size home
- Homeowners may eliminate 2<sup>nd</sup> and 3<sup>rd</sup> jobs
- Homeowners can afford to begin a career
- Homeowners **build wealth** – lower housing costs and Shared Appreciation
- CLT homes are **inheritable**
- CLT families may **move up** to market rate homes.

# Perpetual Affordability



Lower price initially

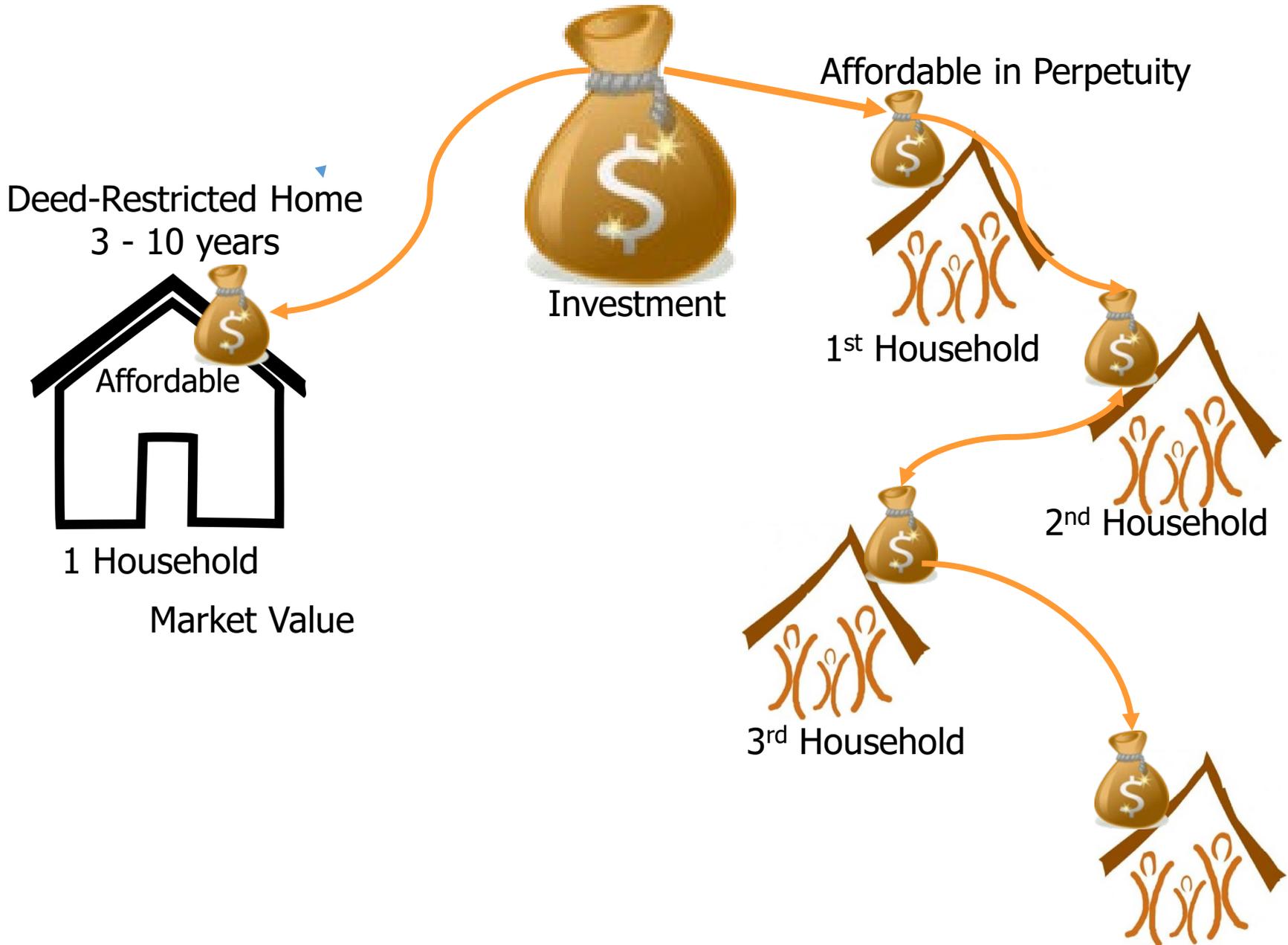


Lower price at resale



Again, again and again





# When a Household Sells the CLT Home

Household may realize:

- Cash equity (down payment).
- Earned equity (the loan principal paid down in monthly mortgage payments).
- A share of the market equity (a portion of the increase, or decrease, in the value of your home while you own it).

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# NHOM Resale Formula

- ❖ There are two steps used to calculate your share of market equity and the new sales price based on independent appraisals:

Step 1: A subsidy ratio is applied. The same ratio of purchase price to market price determined when you purchased your home is applied at time of resale.

Step 2: The longer you have owned and lived in the home, the higher the percentage of the shared equity to you.

# Shared Appreciation Factor

**SHARED APPRECIATION FACTOR (SAF):** the SAF shall be determined by the number of years of ownership by Homeowner using the following schedule:

	<u>SAF</u>
5 years or less from date of acquisition	25.00%
More than 5 years but less than or equal to 6 years	27.50%
More than 6 years but less than or equal to 7 years	30.00%
More than 7 years but less than or equal to 8 years	32.50%
More than 8 years but less than or equal to 9 years	35.00%
More than 9 years but less than or equal to 10 years	37.50%
More than 10 years but less than or equal to 11 years	40.00%
More than 11 years but less than or equal to 12 years	42.50%
More than 12 years but less than or equal to 13 years	45.00%
More than 13 years but less than or equal to 14 years	47.50%
More than 14 years	50.00%

***25% - 50% in increments of 2.5% each year after 5 years to 14+ years of ownership***

# NHOM RESALES

Maui Laní, Kahului \$285,000. (11/2010)  
 Resold for \$297,500 (2/2014)  
 (Sustainable Leasehold)



- 3 bedroom, 2 bath, 1297 sq.ft. living area
- Lot size 4779 sq.feet
- 2 car Enclosed Garage
- Freshly painted exterior & interior
- Fenced in back yard
- Solar Water Heater system
- Irrigation system
- Built in 2007



Maui Laní, Kahului \$295,000. (7/2011)  
 Resold for \$328,637.00 (2/2018)  
 (Sustainable Leasehold)



- 3 bedroom, 2.5bath, 1473 sq.ft. living area
- Lot size 3584 sq.feet
- 2 car Enclosed Garage
- Fenced in front and back yard
- Solar Water Heater system
- Irrigation system
- Built in 2004



# NHOM RESALES

Kahului \$225,000 (5/2013)  
 Resold for \$260,000 (12/2016)  
 (Sustainable Leasehold)



- 3 bedroom, 2 bath
- 1080 sq. ft. living area
- Lot size 7501 sq. ft.
- Fenced in back & side yards
- New dual glazed windows
- New Range, & Refrigerator
- Solar Water Heater




Piilani Village, Kihei \$250,000. (6/2010)  
 Resold for \$326,735.00 (11/2017)  
 (Sustainable Leasehold)



- 3 bedroom, 2 bath totaling 1071 sq.ft. living area
- Lot size 6960 sq.ft.
- Central Air Conditioning
- Solar water heater, refrigerator, range, built-in microwave
- Photo voltaic system w/ net metering
- 2 car enclosed garage
- Irrigation system
- Built in 1997




# NHOM RESALES

Meadowlands, Kihei \$320,000 (6/2015)  
 Resold for \$330,275.00 (8/2018)  
 (Sustainable Leasehold)



- 3 bedroom, 2 bath totaling 1250 sq.ft. living area
- Lot size 3905 sq. ft.
- Refrigerator, range, dishwasher, Disposal, Microwave
- Carpet, vinyl flooring, ceiling fans
- Solar water heater system
- Air Conditioning
- 2 car enclosed garage
- Irrigation system
- Built in 1999



Kehalani, Wailuku \$260,000 (11/2013)  
 Resold for \$293,000 (2/2020)  
 (Sustainable Leasehold)



- 3 bedroom, 2 bath totaling 1185 sq.ft. living area
- Corner Lot size 3960 sq.ft.
- Solar water heater
- 2 car enclosed garage
- Fenced in side and back yards
- Irrigation system
- Built in 1998



# NHOM RESALES

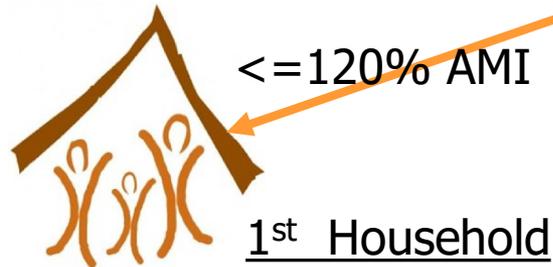
Kahului Subdivision \$250,000 (9/2013)  
Resold for \$300,000 (2/2021)  
(Sustainable Leasehold)



- 3 bedroom, 2 bath totaling 1080 sq.ft. living area
- Lot size 7501 sq.ft. lot w/ fenced in side and back yards
- Freshly painted interior and exterior
- Carpeting, wood grain vinyl floors
- Solar water heating system
- Single carport with storage



## Affordable in Perpetuity



NHOM Rehabilitation \$28,284  
Total Investment: \$313,401

1<sup>st</sup> Household 9/26/2013  
Purchase Price: \$225,000  
Matching Grant \$ 7,500  
Mortgage: \$213,750  
Monthly Pmt: \$ 1,115

NHOM Buy-Back 7/17/2020  
Buy-Back Price: \$285,117  
Shared Equity: \$60,117  
Earned Equity\*: \$26,107  
Homeowner Received \$87,224

## Affordable in Perpetuity

NHOM Rehabilitation \$46,853  
Total Investment: \$331,970



2<sup>nd</sup> Household  
Sale Date: 2/12/2021  
Purchase Price \$300,000  
Mortgage: \$285,000  
Monthly Pmt: \$1,324

Net sales proceeds to be  
reinvested in additional  
workforce housing

# Perpetual Responsibility



Stewardship of structures  
(homes)

Stewardship of  
leaseholders  
(homeowners)

Stewardship of subsidy  
(public funds)

# **NHOM 4-Step Program for Qualified Homebuyers**

- 1** *Attend the NHOM Home Buyer Seminar*
- 2** *Pre-Qualify with a lender of your choice*
- 3** *Attend a HUD approved financial education class*
- 4** *Meet with NHOM Staff*

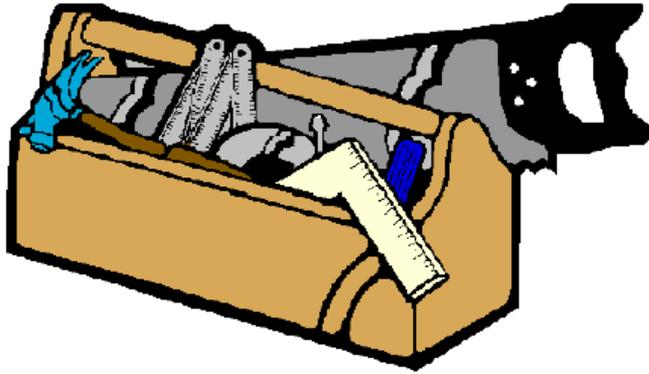
➤ **Join the Qualified Buyer List!**

# NHOM Qualified Buyers.

- Learn about homes as they become available.
- Attend CLT open houses.
- Submit a Statement of Interest
- Participate in the Buyer Selection Process.
- Sign a Purchase Contract if selected.
- Be approved for a mortgage loan.
- Participate in escrow closing.
- Achieve the dream of homeownership!

# FINAL THOUGHTS

## Affordable Housing Tool Kit



### Developers:

- For Profit
- Nonprofit
  
- Laws and Ordinances

Building & delivering Affordable Homes is a challenge!  
It's complicated and not easy to understand.

There are no 'easy' fixes.

It's expensive.

We need to keep improving

### Funding:

- Government
- Private Lenders
- Private Foundations
  
- Community support



*Maḥalo for your  
support of  
affordable  
workforce housing!*