

THE MONEY STORE[®]

A Trusted Mortgage Brand For Over 40 Years



MISTY GRIFFITHS
MORTGAGE LOAN ORIGINATOR
NMLS # 1242440

**35 + YEARS OF MORTGAGE
& REAL ESTATE EXPERIENCE**

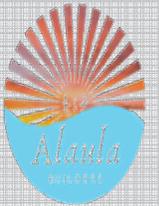




- *20 Year Deed Restriction*
- *Shared Appreciation*
- *Affordable Housing Guidelines / Policy*
- *What impacts on affordable homeownership*

HALE KAIOLA

40 WORKFORCE DUPLEX HOMES



Price Range \$390,000 - \$599,000

Affordable Sales Price Guidelines

Addendum

County of Maui Affordable Sales Price Guidelines and Area Median Household Income Limits are Prepared by Department of Housing and Human Concerns Housing Division

See <http://www.co.maui.hi.us/1825/affordable-sales-price-guidelines> to view the annually published charts.

Your household income bracket will determine which home you will be eligible to purchase. The standards for each income bracket are determined by the County of Maui Area Median Income (AMI) as established by the United States Department of Housing and Urban Development (HUD) annually for the Island of Maui (excluding Hana). Your most recently available IRS tax returns will determine your household income.

For Hale Kaiola, the income limits shall be:

CATEGORY	HOUSEHOLD INCOME	HOME PRICES	TOTAL NUMBER OF HOMES
Below Moderate 81% - 100%	\$76,721 to \$95,900	\$390,000 - \$399,000	12
Moderate 101% - 120%	\$95,901 to \$115,080	\$520,000 - \$560,000	20
Above Moderate 121% - 140%	\$115,081 to 134,260	\$599,000	8

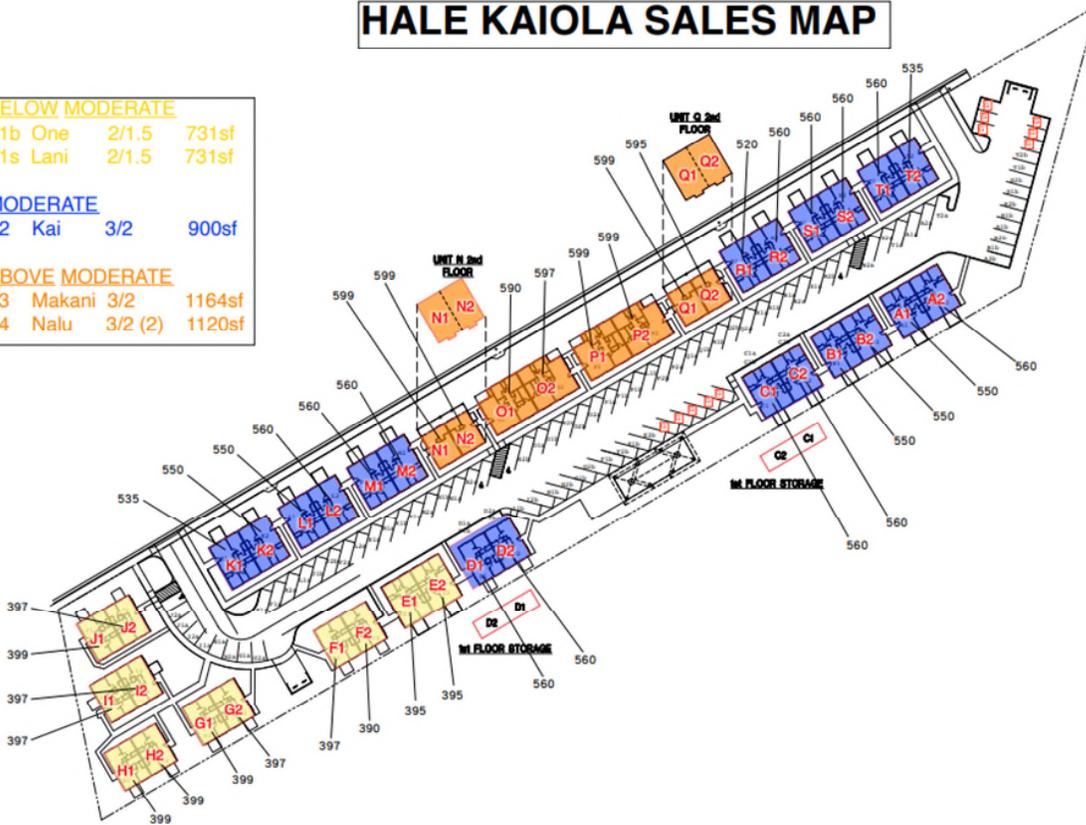
*Income requirements are subject to change at the discretion of HUD.

Hale Kaiola Income limits shall be:

CATEGORY	HOUSEHOLD INCOME	HOMES PRICES	TOTAL NUMBER OF HOMES
Below Moderate 81% - 100%	\$76,721 to \$95,900	\$390,000 \$399,000	12
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HALE KAIOLA SALES MAP

BELOW MODERATE			
I-1b One	2/1.5	731sf	
I-1s Lani	2/1.5	731sf	
MODERATE			
I-2 Kai	3/2	900sf	
ABOVE MODERATE			
I-3 Makani	3/2	1164sf	
I-4 Nalu	3/2 (2)	1120sf	



Thousands of Families inquired for 40 Hale Kaiola Units

Hale Kaiola Income limits shall be:

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Below Moderate 81% - 100%	\$76,721 to \$95,900	\$390,000 \$399,000	12
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Qualified Buyers

64 Below Moderate
32 Moderate
14 Above Moderate
110 Total

Deadline for applications

February 28, 2022

**Lottery
March 2022**

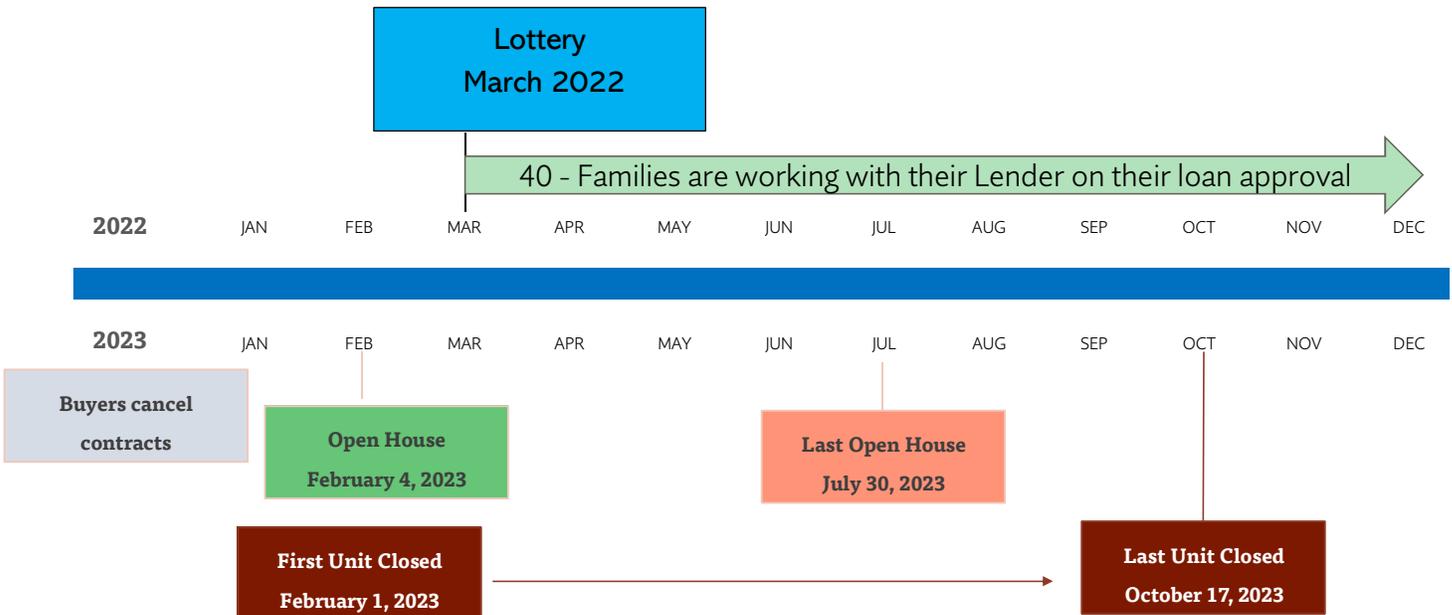


**First Unit Closes
February 1, 2023**

**Last Unit Closes
October 17, 2023**

Hale Kaiola

It took **10 months** to sell 40 units that was far below market prices.



10 Year History of Mortgage Interest Rates



Why did buyers cancel Contracts?

Purchase Price \$399,000
~~3% Down Payment (\$11,970)~~
 Loan Amount \$387,030

Feb. 2022
 3.125%

July 2023
 6.125%

P & I Mortgage payment \$1,657.94 \$2,383.01 (Increase of \$725.07 per month)

DTI (Debt to income Ratio) 39%

51%

*Max DTI for a conventional loans is 49%

Hale Kaiola Income limits shall be:

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Below Moderate 81% - 100%	\$76,721 to \$95,900	\$390,000 \$399,000	12
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February – July 2023



Hale Kaiola Income limits shall be:

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Below Moderate 81% - 100%	\$76,721 to \$95,900	\$390,000 \$399,000	12
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Questions from perspective buyers:

“Why haven’t you sold out yet?”

Prices for the units were way below market prices.

Sales Price
\$560,000



Appraisals
\$725,000

20 Year Deed Restriction

25% Shared Appreciation

~~short term contracts for on-demand employment.~~

f. Resale. The maximum resale price [shall] must be established by the department using the following guidelines:

i. An appraisal of the property [shall be] is required before occupancy.

ii. A second appraisal [shall be] is required upon a decision to sell the unit.

iii. [~~Twenty-five~~] 25 percent of the difference between the two appraisals [shall] must be added to the owner's purchase price.

g. An owner of a residential workforce housing unit that is being resold must sell the unit to an income-qualified household and notify the department of the sale. The department [shall] must verify the sales price.

Sales Price
\$560,000



Appraisals
\$725,000

20 Year Deed Restriction

25% Shared Appreciation

Maximum Sales Price if sold before 20th year

10th Year

1st Appraisal of \$725,000

$$\$100,000 \times 25\% = \$25,000$$

Current Appraisal \$825,000

Maximum Sales Price

Purchase price	\$560,000
	+ \$ 25,000
Max SP	\$585,000

April 2023



Developer pays to get the project FHA Approved

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DTI for an FHA loan can go as high as 55% and typically the interest rates are 1-1.5% lower than conventional loans.

Borrowers FICO score can go as low as 580

April 2023

Developer pays to get the project FHA Approved

(a) Exceptions for Affordable Housing Units

Legal restrictions on conveyance for eligible government or nonprofit affordable housing programs are acceptable if:

- the government or eligible nonprofit program restriction meets the exceptions defined in [24 CFR § 203.41\(c\)](#)–(d); and
- the affordable housing units are identified by recorded legal documents, specifying the Units that are covered under the program.

In accordance with [24 CFR § 203.41\(d\)\(1\)\(ii\)](#), FHA considers a reasonable share of appreciation to be at least 50 percent. HUD does not object to affordable housing programs whereby the homeowner's share of appreciation is on a sliding scale beginning at zero, provided that within two years the homeowner would be permitted to retain 50 percent of the appreciation. If the program sets a maximum sales price restriction, the Borrower must be permitted to retain 100 percent of the appreciation.

FHA Project Approval

DENIED

Homeowners will sell every 13 years

REDFIN | News

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The Typical U.S. Home Changes Hands Every 13.2 Years

Published on March 2, 2022 by [Dana Anderson](#)



Homeowner tenure flattened near its peak in 2021 after steadily rising for nearly a decade

The typical American homeowner in 2021 had spent 13.2 years in their home. That's down slightly from the peak of 13.5 years in 2020 but up significantly from 10.1 years in 2012.

Homeowner Tenure Flattens in 2021 as More Americans Move
Median homeowner tenure, in years

Purchase price \$560,000
Down Payment (\$100,000)
Loan Amount \$460,000

10th Year Mortgage Balance

Loan Amount \$460,000
Balance 10 years \$390,761
Principle Paid \$ 69,239

20 Year Deed Restriction + 25% Appreciation

Purchase price \$560,000
+ \$ 25,000
Max SP \$585,000

HOMEOWNER SELLS
AT 10TH Year

Sells at \$585,000
Mortgage Bal. (\$390,761)
Net \$194,239

Down Payment \$100,000
Principle Paid \$ 69,230
Shared Appreciation \$ 25,000

ROI - \$100,000 = 2.5% 

HOMEOWNER SELLS AT 10TH Year

Sells at	\$585,000
Mortgage Bal. (\$390,761)	
Net	\$194,239
Down Payment	\$100,000
Principle Paid	\$ 69,230
Shared Appreciation	\$ 25,000

ROI - \$100,000 = 2.5%

Sells at	\$585,000
Mortgage Bal. (\$458,719)	
Net	\$126,281
Down Payment	\$ 20,000
Principle Paid	\$ 81,281
Shared Appreciation	\$ 25,000

\$80,000 = CD 4% x 10 years = \$32,000

Net \$126,281 + \$80K + \$32K = \$238,281

SECTION 2. Section 2.96.060, Maui County Code, is amended by amending subsection B to read as follows:

"B. Deed restrictions.

1. The ownership units within each income group ~~[shall be]~~ are subject to the deed restrictions contained in this section for the following periods:

- a. ~~"Below-moderate income," [ten] twenty~~ years.
- b. ~~"Moderate income," [eight] sixteen~~ years.
- c. ~~"Above-moderate income," [five] ten~~ years.

2. For the deed restricted period, the following ~~[shall apply:]~~ applies:

- a. The unit must be owner-occupied.
- b. The owner must notify the department upon a decision to sell.
- c. Upon the owner's decision to sell, the County ~~[shall have]~~ has the first option to purchase the unit from the owner; ~~[said] the~~ option ~~[shall]~~ must be available to the County for a period of ninety days from receipt of written notice from the owner.
- d. Upon sale of the unit, the deed restrictions ~~[shall]~~ remain in full force and effect for the remainder

My "Mana`o"

Local Family of 5



1st Responder / Paramedic



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Evaluation / Results

- *Buyers were not receptive to the 20year Deed Restriction*
- *25% Shared appreciation - Not enough*
- *FHA Approval would help buyers with a higher debt ratio*
- *20 deed restriction will not attract future developers for*
- *Workforce development*
- *The Irony was this was a workforce homes; however the restrictions did the opposite, it forced local families to move away and look for other options*
- *Would 10 year deed restrictions and 50% shared appreciation be a better option for our Maui Ohana?*
- *Should we take a closer look at our Sale price Guidelines?*

Hale Kaiola Project

I realize that it was with good intentions that our county council had put this deed restriction in place it hopes of making it affordable for our local Ohana, attractive to developers, however it has had the opposite effect. We had difficulty selling the work force homes. Yes, some is due to the increase in interest rates, however the biggest obstacle is convincing the homeowners to buy with the 20 year deed restrictions that are far too restrictive.

Iam Tongi famous quote “Priced out of Paradise” – This time not because of the home sales price but rather the deed restrictions!

As you know a lot can happen in our lives in 20 years. Divorce, Death, moving and caring of our Kupunas, kids going off to college. Most homeowners and especially our local families really depend on the equity of our homes to help pay for their college, medical expense etc. Instead of giving a hand up for our kamaaina, we inadvertently are suppressing them!! Pushing our families to move to the 9th Hawaiian Island Las Vegas. Leaving Maui County for only the rich from the mainland and foreigners who live here part- time. A`ole! It is our Kuleana to make things Pono!!!

“Ua Mau ke Ea o ka ‘Āina i ka Pono”

The life of the land is perpetuated in righteousness

The life is our people! Please perpetuated our land in righteousness!!

“Years ago, my Pastor told me the answer is in the problem”

- We've identified some of the problems
- Gather the experts in our industry
- Realtors, Developers, Bankers / Mortgage Professionals, County Housing Department, Council members.
- Start a round table so that we can collectively tackle these problems.
- Together we CAN find a better solution for OUR Ohana here in the County of Maui!



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Mahalo

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