



August 2, 2016

Committee Chair Riki Hokama
Budget & Finance Committee
Council of the County of Maui

Subject: 2016 West Maui Affordable Housing Fund Annual Plan (Fiscal Year 2017 (July 1, 2016-June 30, 2017)) (BF-13(2))

Dear Chair Hokama & Members of the Budget & Finance Committee:

Housing and Land Enterprise of Maui, dba Na Hale O Maui is a Nonprofit 501 (c) 3 organization formed to provide affordable housing in Maui County in perpetuity. Our Mission: "To secure and preserve a permanent supply of affordable housing alternatives for low and moderate income households in Maui County."

We are deeply appreciative of the support NHOM has received from the Maui County Council and Administration. We have received grants for affordable housing totaling approximately \$4.2 million, including \$780,000 awarded for 50% of the purchase of land in the Kahoma 100% workforce housing subdivision.

NHOM invested those grants received from HUD's Neighborhood Stabilization Program, the County of Maui Affordable Housing Fund, and sales proceeds in 33 CLT affordable homes that will remain affordable in perpetuity. Public funds provided to our CLT homes will stay within NHOM and will never be lost.

As has been proven time and time again, "Careful crafting of CLT ground lease resale formulas assures that CLT homeowners are able to realize a fair (albeit limited) equity return on their housing investment, while preserving the affordability of the home for subsequent limited-income homebuyer households – without requiring the infusion of additional subsidy at the time the property changes hands. In so doing, the benefit of the investment of public and private dollars needed to *create* affordability is *preserved* for generations to come." –Burlington Associates in Community Development, 2005

We look forward to this opportunity to continue to partner with the County of Maui to provide affordable houses in perpetuity for income-qualified Maui working families earning between 80% to 120% of Maui Annual Median Income. With your help we believe that Na Hale O Maui can be an effective tool in Maui County's Affordable Housing toolbox.

Sincerely,

Executive Director

Changing lives, one home at a time.

Nā Hale O Maui
Housing and Land Enterprise of Maui
A Community Land Trust

- **Non-Profit Corporation:** A Community Land Trust is an independent non-profit 501(c)(3) tax-exempt membership organization run by an elected Board of Directors. The mission of the organization is to provide affordable housing for low and moderate-income residents of Maui.
- **Time Tested Proven Model:** The model for the CLT was first developed in the 1960's by the *Institute for Community Economics (ICE)* based in Springfield, Massachusetts. This organization continues to provide organizational support, model legal documents and funding for new CLTs. There are now over 200 operating CLTs in 38 states around the country.
- **Separates the Value of Land from Improvements:** The CLT acquires and retains ownership of the land and sells the home to individual homeowners through long-term renewable ground leases.
- **Perpetual Affordability:** The terms of the ground lease give the CLT the right to repurchase the home located upon its land with a resale price set by formula that is designed to give present homeowners a fair return on their investment, while giving future homebuyers fair access to housing at an affordable price.
- **Community Base:** Nā Hale O Maui operates within the physical boundary of the County of Maui and will be guided by, and accountable to, the people who call Maui their home. Any adult who resides on CLT land and any adult who lives in the area served by Nā Hale O Maui can become a voting member of the CLT.
- **Broad Based Balanced Governance:** The board of directors of Nā Hale O Maui will be composed of 3 parts, each containing an equal number of seats. One third of the board represents the interests of homeowners who lease land from the CLT. One third represents the interests of the surrounding community and the final third is made up of public officials, local funders, non-profit providers of housing and social services and other individuals who represent the public interest.
- **Owner-Occupancy Preserved:** The CLT land lease requires that owners live in their homes as their primary residences. When homes are resold, Nā Hale O Maui can ensure that the new owners will also be low to moderate-income residents – not absentee owners.
- **Maximize the Value of Public Investment:** Unlike programs that utilize 10-25 year deed restrictions to control affordability, a CLT keeps homes affordable in perpetuity and recycles any public investments made. This reduces the need for the county to keep funding new affordable housing to replace inventory that has gone to market prices after expiration of the deed restrictions.
- **Be Part of the Solution:** Nā Hale O Maui is a non-profit membership corporation that needs **your** help! For a basic membership fee of \$36/year you can be part of the solution to Maui's affordable housing crisis. Join, participate and vote!



OVERVIEW

The Community Land Trust Model:

Since the Community Land Trust (CLT) model was developed in the 1960s, over 250 CLTs have been established in 38 states across the U.S. The 1992 Federal Housing and Community Development Act defined the CLT model as a type of Community Housing Development Organization (CHDO) and provided specifically for funding for CLT/CHDOs under the HOME program. The model is increasingly being utilized in communities across the country as mechanism to preserve housing affordability over the long term.

In brief, community land trusts are community-based membership organizations whose missions include permanent stewardship of land for community benefit and perpetual preservation of the affordability of housing on that land. CLTs make it possible for lower-income households to own homes on land that is leased from the CLT through long-term (typically 99-year), renewable ground leases. The lessee leases the land but owns and holds the deed to his or her home.

Key Components of the Sustainable Ground Lease

The ground lease is the legally binding agreement that gives the lessee/homeowner the right to use the land. It describes in full the rights and responsibilities of the lessee and the CLT, as well the restrictions that govern the relationship. The lease attempts to balance the interests of the lessee as a homeowner with the long-term interests of the CLT and the community in which it is located.

There are a number of critical agreements that are typically defined by the CLT sustainable ground lease. These include:

- **99 year term** - The lease is for 99 years, providing long-term security and access for the lessee. The lease is also renewable by the lessee – or his/her heirs – for an additional 99-year term.
- **Responsible Use** - The lessee can only use the land for residential purposes as permitted by building and land use codes and regulations. The lessee is responsible for responsible use of the land and the improvements located thereon – and for responsible behavior by anybody who uses the premises – in accordance with applicable laws and regulations.
- **Owner Occupancy** - The lessee must live in his/her home as their principal residence.
- **Inspection** – The CLT reserves the right to inspect the leased premises or the Improvements in a reasonable manner, with adequate notice given.
- **Lease Fee** – The lessee pays a modest monthly ground lease fee (typically in the range of \$45-\$60 per month) to the CLT in exchange for access to and use of the leased premises.
- **Taxes and Assessments** – The lessee is responsible for the payment of all real estate taxes on the land and on the Improvements.
- **Improvements** - The lessee owns all buildings, structures, fixtures and any other improvements (such as landscaping) on the land. The CLT, however, controls the use and sale of these Improvements.

- **Construction and Alteration** – The lessee is allowed to build or change the Improvements only with the written permission of the CLT and if it meets the following conditions:
 - a) all costs are borne by the lessee;
 - b) work must be done in a “workmanlike” manner and comply with all applicable laws, ordinances and regulations;
 - c) the work must be for a use consistent with those permitted by the lease; and
 - d) all plans and permits must be submitted to the CLT prior to initiating any construction.
- **Financing** - There is a provision in the lease that describes “permitted mortgages”, which include those from federally regulated institutional lenders. These provisions deal specifically with foreclosure proceedings designed to protect the interest of the lender, the borrower and the landowner.
- **No Subletting** - Lessees are typically not allowed to lease or rent their Improvements without the prior written permission of the CLT.
- **Transfer to Heirs** - Typically, the lessee may leave, give or sell their home to designated heirs, including:
 - a) Spouse or domestic partner;
 - b) child or children; and
 - c) member(s) of the Lessee’s household who have resided upon the Premises for at least one year prior to Lessee’s death.
- **Transfer to Income-Qualified Buyers** – The lessee may sell or transfer to their Improvements. However, the home (Improvements) can only be sold to the CLT or an income-qualified buyer – typically defined as percentage of the local median income, adjusted for family size – and not for more than a price that is capped by a specified “Resale Formula.”
- **CLT’s Preemptive Option** - CLTs typically stipulate in the ground lease their preemptive option to purchase the property in the event that the lessee/homeowner elects to sell their Improvements.

Resale Formula

The primary feature distinguishing the CLT from every other type of housing production and subsidy program is the CLTs efforts to balance the interests of the lessee/homeowner with the CLTs long-term affordability goals. Each CLT designs its own resale formula in an effort to strike its own balance (within the context of local circumstances) between the goal of allowing a fair return for the seller of a home and the goal of limiting resale prices to a level that will assure continued affordability. Once a CLT has adopted a resale formula for a particular market or community, it will apply that formula consistently in all residential leasehold situations -- so that all CLT lessees in that market get the same deal.

There are a number of formulas used by CLTs to determine the resale price and the amount of appreciation that is allowed to the CLT lessee selling his/her home. Many CLTs determine to use the most commonly used resale formula, the *Appraisal-based formula*. Using this method, the maximum resale price is established by adding to the original purchase price a specified percentage (typically 25%-50%) of any appreciation in the market value of the property (land and improvements) as measured by the difference between appraised value of the property at the time of purchase and appraised value at the time of resale. It is anticipated that this formula will provide a fair return to the seller and assure affordability for the buyer – without requiring any additional affordability subsidy.

While most lenders take an interest in a particular CLT's formula, it is important to note that the specific nature of a resale formula has no bearing on the value of the mortgagee's collateral in a foreclosure situation, since CLT ground leases provide for the removal of resale restrictions in the event of foreclosure or the taking of a deed in lieu.

Mortgage Financing for CLT Homebuyers

For mortgage lenders, financing for the purchase of CLT homes involves two factors that are not present in the case of more conventional home mortgage loans:

- 1) the collateral for the loan consists of the Improvements and the leasehold interest in the land, not the fee interest in the land; and
- 2) the restrictions on resale and occupancy affect the value of the collateral further.

These factors do not prohibit mortgage financing for CLT homebuyers, but most residential mortgage lenders have little experience in dealing with the issues involved. For this reason, CLTs have been particularly concerned with working with lenders to arrange appropriate mortgage financing for their homebuyers. The NHOM ground lease has been reviewed and approved by select Hawaii lenders and is Fannie Mae compliant.

Virtually all CLT ground leases make certain specific provisions for mortgagees, including (1) assurances that the lease cannot be terminated during or subsequent to a foreclosure process, and (2) provision for the removal of certain restrictions, including resale restrictions, in the event of foreclosure or the taking of a deed in lieu, so that the collateral can be freely liquidated if necessary. These ground leases also give the CLT opportunities to cure a mortgage default by a lessee or otherwise work out a default situation. In fact, the presence of the CLT-lessor as an interested third party to the lender-borrower relationship gives most mortgage lenders considerable comfort.

In the earlier years of the CLT movement most CLTs, with the help of the Community Reinvestment Act, were able to find local lenders that would work with their homeownership programs and would hold a certain number of CLT home mortgages in portfolio. More recently, larger CLT programs have created a need for larger volumes of homebuyer financing. To meet this need, CLTs have turned to the mortgage products of state housing finance agencies and private secondary market institutions. Rural CLTs have also gained access to financing through Rural Development's 502 program. To facilitate this process, organizations like the National Community Land Trust Network (NCLTN) have, over time, worked directly with FHA, Fannie Mae, and Rural Development, among others, to gain approval of a "model" ground lease which forms the basis of most CLTs' ground leases) and, when necessary, to develop specialized ground lease riders that accommodate the special concerns of these institutions.



HOMEBUYER SELECTION POLICIES & PROCEDURES

I. OVERVIEW

This policy paper is intended to guide the development and implementation of both general and project-specific homebuyer selection procedures administered by the NHOM Community Land Trust. This policy shall be reviewed from time to time by the Selection Committee for effectiveness in guiding the NHOM Community Land Trust in the pursuit of its mission. This policy may be amended by a majority of the Board.

II. GOALS

The goals that these policies are intended to support are:

- a) To provide guidelines for evaluating applicants in a fair and equitable manner and to assure the evaluation process is transparent and made fully available to applicants.
- b) To assure continuity in selection criteria and policies;
- c) To assure that NHOM implements policies consistent with the laws and principles of fair housing.
- d) To find the best match between households and housing units that are the right price and the right size.

III. SELECTION CRITERIA

A. THRESHOLD SELECTION CRITERIA

The following criteria reflect the NHOM Community Land Trust's goal to reasonably match household size to unit size and household income to housing costs. To qualify for a NHOM home, applicants must be:

1. Majority Age - must be 18 in Hawaii to qualify for a mortgage.
2. Citizen of USA or registered alien.
3. Income Eligible:
 - a) Maximum Income: To be considered for selection, a household must have a combined annual income which does not exceed one of the following: 80%, 120% or 140% of the HUD median income of households of equal size residing in Maui County or the median income for Hana, Lanai and Molokai, as adjusted by the Department of Housing and Human Services. The grant funding agency for the property determines the maximum income limit (e.g., County of Maui

Affordable Housing Fund limits the program to households earning no more than 120% of area median income).

In addition households at any income level who:

1. Wish to place land which they own in the NHOM Community Land Trust, or
 2. Wish to undertake a sale-leaseback arrangement with the NHOM Community Land Trust, or
 3. Who agree to be bound by the NHOM Community Land Trust's resale restrictions.
- b) Minimum Income: To be considered for selection, a household's monthly income, when multiplied by the appropriate debt-to-income ratio, must be sufficient to support the housing costs for the housing opportunity in question. In general, households that require a cosigner in order to obtain a mortgage will not be considered.
- c) Affordability - (i.e., matching household income to housing cost). In general, affordable means that the monthly cost of occupying a particular housing unit does not exceed 35% of monthly household income, depending on the applicable lender's guidelines.
- d) Assets - To be considered for selection, a review of a household's financial resources and circumstances should clearly indicate a limited ability to compete successfully in the conventional housing market in Maui County. (e.g., The County of Maui Residential Workforce Housing Policy limits assets to 160% of the County's area median income as established by HUD, or as adjusted by the DHHC for Hana, Lanai and Molokai.)
4. Creditworthiness: In all cases, a household must be able to demonstrate a sense of ownership of its financial obligations, and a history of responsible effort to meet them. The household must be "pre-approved" by an institutional mortgage lender to determine whether mortgage financing is likely to be obtained by the household based on the applicant's available cash resources and the known requirements of various mortgage programs for which the household may be eligible, and have completed the NHOM 4-step qualification process.

B. SECONDARY SELECTION CRITERIA

The following considerations will be given weight in evaluating applicants. The considerations presented here, not necessarily in order of priority or importance will be considered in those instances when there are two or more households expressing interest in a particular unit and who meet the Threshold Eligibility Criteria outlined above.

1. Residency: Residents of the community within which the housing unit is located, residents of the county, and residents of the state - in this order. Length of residency will be considered.
2. First-time homebuyers: Defined as someone who has not owned a principal residence in the past three years; or a single parent who may have owned a home with a former spouse in the past three years but now no longer resides there.
3. Appropriate Size: (i.e. matching household size to unit size). In general, households consisting of the number of persons appropriate for the unit size will be given preference as follows:

Unit Size	Household Size
Studio	1 person
1 Bdrm	1-2 persons
2 Bdrm	1-3 persons
3 Bdrm	3-5 persons
4 Bdrm	4-6 persons
5 Bdrm	5-7 persons

4. Need: In general, the NHOM Community Land Trust will give consideration to the lower-income household. If households from different income categories are being reviewed for selection, the lowest income category household will be given preference. The NHOM Community Land Trust will give special consideration to households facing immediate or near-term displacement, especially if children are involved.
5. Application on File: Length of time which a household's application for home ownership has been on file.
6. NHOM Community Land Trust Membership: Length of membership in the NHOM Community Land Trust, and length of membership in other CLT's, in this order, will be considered. Involvement in the NHOM Community Land Trust's operation and general activities will also be considered. NHOM Homeowners who apply to purchase another NHOM home will be allowed to make their Purchase Contract contingent upon the sale of their existing home per the terms of Article 10 of the Ground Lease and Purchase Option. NHOM will not accept offers to purchase a NHOM home contingent upon the sale of a market rate home.
7. Community involvement: Residents having demonstrated involvement with and commitment to the community as evidenced by organizational memberships and/or participation in, support for, or sponsorship of non-profit, church, school or civic groups/events, etc.
8. Heirs: If "heir property" is sold to the NHOM Community Land Trust, any heir of the former owner(s) that meets the Threshold Eligibility Criteria outlined above, and who has properly filed a CLT homeownership application will be given special consideration.
9. Additional Criteria: On a project by project basis, additional secondary criteria may be applied such as occupation, location of employment and/or employment with a specific employer.

IV. APPLICATION PROCESS

This process is not necessarily sequential in nature, however each component of the process is essential to ensure that each of the NHOM Community Land Trust's prospective home buyers is fully informed as to the fundamental details and atypical nature of the NHOM Community Land Trust's real estate transaction (i.e., involving a leasehold interest in the land and restrictions imbedded in the ground lease agreement on the resale of the improvements located on the leased premises.)

A. OUTREACH & MARKETING

Applicant responds to project specific marketing or general community outreach by contacting NHOM or attending a NHOM Homebuyer Seminar and begins the 4-step Passport to Homeownership Program:

1. Attend a NHOM Community Land Trust orientation seminar.
2. Meet with a loan officer and obtain a "Pre-approval Letter."
3. Attend a HUD approved Homebuyer Financing Seminar.
4. Meet with NHOM's Housing Coordinator for a review of the ground lease and resale formula.

B. APPLICATION REVIEW

Applicant is provided with an application form and the forms required by the Department of Housing and Human Concerns, when applicable, to complete and return to NHOM Community Land Trust staff. Assistance with filling out application will be provided by staff on an as-needed basis. Application is reviewed by staff in comparison to established threshold and secondary criteria. Staff determines whether applicant is likely to qualify for currently available housing units (or for the general waiting list, as the case may be).

C. INTERVIEW

Staff and/or Selection Committee schedule and conduct personal interview with applicant household.

D. PRELIMINARY APPROVAL / DENIAL

Following mortgage "pre-approval", reference checks and verifications, Selection Committee may preliminarily approve or deny an application. Qualified individuals/households will be so notified and placed on a waiting list to participate in the selection process for particular housing opportunities, as they become available. Applicants that do not meet application criteria will be so notified in writing.

E. SELECTION PROCESS

The selection process for each housing opportunity may vary depending on the number of eligible and qualified persons on the waiting list relative to the number of housing opportunities available at a particular time. When the number of applicants exceeds the number of units available and the application of the secondary selection criteria does not favor one applicant, a lottery will be conducted. The selection process will be conducted according to the steps outlined in Section V below.

F. PURCHASE AND SALES CONTRACT / FORMAL MORTGAGE APPLICATION / ADVANCED ORIENTATION SESSION

The applicant and the NHOM Community Land Trust, and/or Seller, executes a purchase agreement. Applicant applies for mortgage financing. On a case by case basis assistance with completing application for mortgage financing may be available from the NHOM Community Land Trust Staff or a Selection Committee member. A detailed review of the NHOM Community Land Trust Land Lease and other legal documents associated with a particular transaction is scheduled with applicant.

G. MORTGAGE APPLICATION PROCESSING AND CLOSING

Applicant moves through the mortgage application and approval process.

H. INDEPENDENT LEGAL REVIEW

Applicant may retain, at applicant's expense, an attorney who reviews all the NHOM Community Land Trust legal documents on behalf of applicant and who provides independent advice and counsel regarding the transaction.

V. SELECTION PROCESS: once applicants have qualified and met all criteria, the selection process is as follows:

A. WHO MAKES THE DECISION

1. Regarding Homebuyer Selection -

a) Selection Committee - A Selection Committee shall be appointed by the Board of Directors, consisting of at least one staff person and two Directors of the Corporation. The Selection Committee shall make a recommendation to the Board of Directors for the selection of a primary and secondary Homebuyer from the qualified applicant pool.

b) Board of Directors - The Board of Directors will have final say as to whether an applicant meets the threshold and/or secondary criteria discussed herein, and the selection of a primary and secondary Homebuyer for any available unit.

2. Regarding Credit Risk and Overall Creditworthiness -

a) The mortgage underwriting guidelines of the lending programs available to the NHOM Community Land Trust's qualified home buyers shall be the deciding factors regarding credit risk and the overall creditworthiness of a particular applicant.

B. HOW IS THE DECISION MADE

1. Regarding Threshold and Secondary Eligibility Criteria -

a) Using the definitions found in Appendix 1 staff will review both project-specific applications and general interest applications to determine whether the Threshold Criteria outlined above have been met. Applicants to be selected will come from among those who meet all of the Threshold Eligibility Criteria.

b) Once this pool of applicants is used up, or if there are more eligible and qualified applicants than housing opportunities available, applications will be considered based on a review of the Secondary Selection Considerations.

2. Regarding Secondary Selection Considerations -

a) The Selection Committee may, at its discretion, and on a case by case basis, elect to either rank the Secondary Eligibility Criteria, or conduct a lottery among those eligible and qualified applicant households meeting one or more of the Secondary Selection Criteria

b) Staff will provide to the Selection Committee a summary of its findings along with each applicant's application.

3. Special Consideration -

If NHOM is offered the opportunity to acquire a property that is tenant occupied, the selection committee may, at its discretion, give preference to the tenant, if income qualified, in the selection process to acquire the property.

APPENDIX I – DEFINITIONS

The NHOM Community Land Trust has adopted the following definitions for the purposes of assessing affordability and monitoring its ability to achieve its goals. "Affordable" means that the monthly Housing Cost of a particular housing unit generally does not exceed 35% of household income. (See discussion of Housing Costs, defined below)

"Debt-to-Income Ratio" (DTI) means the maximum percentage of income which a particular

lender will allow a household to spend on Housing Costs.

"Household" means a person, or group of persons who occupy the same housing unit as their primary residence.

"Median Income" shall be as set forth in regulations promulgated from time to time by the United States Department of Housing and Urban Development (HUD) pursuant to 42 U.S.C. Sec. 1437 et seq., and adjusted by the County of Maui Department of Housing and Human Concerns for Hana, Lana'i and Moloka'i.

"Very Low Income" shall mean a household whose gross annual family income does not exceed 50% of the area median income for households residing in the statistical area within which the housing is located.

"Low Income" shall mean a household whose gross annual family income is more than 50%, but less than 80% of the Median Income for households residing in the statistical area within which the housing is located.

"Below Moderate Income" shall mean a household whose combined gross annual family income is more than 80%, but less than 100% of the Median Income for households residing in the statistical area within which the housing is located.

"Moderate Income" shall mean a household whose combined gross annual family income is more than 100%, but less than 120% of the Median Income for households residing in the statistical area within which the housing is located.

"Above Moderate Income" shall mean a household whose combined gross annual family income is more than 120%, but less than 140% of the Median Income for households residing in the statistical area within which the housing is located.

"Housing Cost": shall mean:

1. When measuring the affordability to a known household of a known unit size:

A. for "Single-Family" Ownership: the sum of the monthly payments due on

- the mortgage (principal & interest); plus
- the property taxes due on the property; plus
- the hazard insurance policy; plus
- the condominium or townhouse association fee, if applicable; plus
- the Ground Lease Fee, if applicable; plus
- the Private Mortgage Insurance (PMI), if applicable.

[NOTE: The debt-to-income ratios dictated by the underwriting guidelines for a particular mortgage program, if less than 35%, shall be controlling for the purpose of determining the maximum percentage of income allocable to these monthly Housing Costs.]

B. for Rental Housing: the sum of the monthly payments due on

- the rent; plus
- the utilities, if applicable.

C. for Cooperative Housing Regimes: the sum of the monthly payments due on

- the unit carrying charge; plus
- the share loan, if applicable; plus
- the utilities, if applicable.

2. When calculating the affordability of projected occupancy costs for a particular unit, (for example to determine or establish a purchase price or rent level), the NHOM Community Land Trust will make the following calculations:

- A. The controlling Debt-to-Income Ratio for households of the appropriate size will be determined if different than 35% (i.e. say the mortgage program's the DTI Ratio is 32%).
- B. Prevailing property tax assessments, insurance rates and condominium association fees, and PMI premiums, (as applicable) will be used to calculate Housing Cost.
- C. Prevailing average of interest rates for a 30 year fixed rate mortgage from the 3 major Hawaii banks will be used to calculate the maximum sales price of the home.
- D. The mortgage amount shall be assumed to be 95% of the sales price.

The amount resulting from these calculations will be the maximum purchase price considered to be affordable to the desired household income level.

Adjustment for Household Size - In those instances when measuring the affordability of an actual unit to a known household, the median income for a household of that size, as determined by HUD, will be controlling. In those instances when projecting affordability of a particular unit size to a targeted household income level, Adjustment for Household Size shall mean that the average median income of a one person and a two-person household will be used in determining whether a one-bedroom unit is affordable. Accordingly, the median income of a three- person household will be used in determining whether a two-bedroom unit is affordable. The average median income of a four person and a five-person household will be used in determining whether a three-bedroom unit is affordable. The median income of a six person household will be used in determining whether a four-bedroom unit is affordable. The average median income of a seven-person and an eight-person household will be used in determining whether a five-bedroom unit is affordable.

NA HALE O MAUI MATCHING GRANT PROGRAM

(NHOMMG)

FACT SHEET

- Income Eligibility. Income eligibility means that the applicant's income is one hundred forty percent (140%) or less of the County of Maui's annual median income, as determined by the United States Department of Housing and Urban Development ("HUD").
- Eligible Home. The home must be a leasehold home on a lot owned by NHOM.
- 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 below occurs.
- 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.
- Applicant Selection. In addition to the above requirements, applicants will be approved based on financial need for down payment and closing cost assistance.

Nā Hale O Maui

Housing And Land Enterprise of Maui
A Community Land Trust
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Resale Formula NHOM Ground Lease 1-2012

Introduction

Principles as set forth in Bylaws:

*Article VII (3). **The Resale Formula.** Whenever its purpose is to preserve affordability, the Corporation shall restrict the price that ground lessees may receive when they sell housing and other improvements located on the land that is leased to them by the Corporation. A policy establishing such restrictions in the form of a "resale formula" shall be adopted by the Board of Directors and the Regular Members of the Corporation, in accordance with the following principles:*

- a. To the extent possible, the formula shall allow the seller to receive a price based on the value that the seller has actually invested in the property being sold.*
- b. To the extent possible, the formula shall limit the price of the property to an amount that will be affordable for other very low to moderate-income people at the time of the transfer of ownership.*

Executive Summary

The members of the NHOM Project Review Committee did an extensive analysis of different resale-formula methods in use by community land trusts throughout the United States. Their research revealed that there are a variety of formulas in use and each had its pros and cons. There is no single method that clearly stands above the rest. The most frequently used formula is an appraisal-based formula and a variation of that method was chosen and recommended to the Board of Directors who approved its use on May 30, 2007.

The approved formula uses a 2-step process to incorporate the above principles from the Bylaws. The first part of the formula establishes a ratio based on the price the NHOM Homeowner pays for the property and the fair market value at the time of purchase.

This first step incorporates Bylaws principle (a) noted above in the introduction by taking into account the amount of subsidy received which will vary based on the income category of the buyer established in the Residential Workforce Housing Policy of the County of Maui. The ratio gives a homeowner in the higher income brackets a higher return because they paid a higher purchase price and as a result received less of a subsidy at time of acquisition. The formula also contains a provision for recapture of investments in capital improvements that is in accordance with principle (a).

The second part of the formula establishes the Homeowners share of appreciation based upon the number of years of ownership ranging from 25% to 50%. The analysis done by the Project Review Committee showed the greatest risk to Bylaws principle (b) above - future affordability - came from resales that occurred after a short ownership period during a rapidly appreciating market. A longer period of ownership reduced the risk for future affordability. The proposed formula gives the maximum 50% share of equity after 14 years of ownership.

The proposed formula is:

- a) APPRAISAL BASED APPRECIATION: an increase or decrease in an amount determined by the following formulae:

$$(IPP \div IA) \times (CA - IA) \times SAF = HSA + IPP = BFP$$

Initial Purchase Price (IPP) divided by Initial Appraisal (IA) multiplied by the difference between the Current Appraisal (CA) minus Initial Appraisal (IA) multiplied by Shared Appreciation Factor (SAF) = Homeowner's Share of Appreciation (HSA) plus Initial Purchase Price (IPP) = Base Formula Price (BFP).

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

5 years or less from date of acquisition.....	SAF = 25%
More than 5 years but less than or equal to 6 years.....	SAF = 27.5%
More than 6 years but less than or equal to 7 years.....	SAF = 30%
More than 7 years but less than or equal to 8 years.....	SAF = 32.5%
More than 8 years but less than or equal to 9 years.....	SAF = 35%
More than 9 years but less than or equal to 10 years.....	SAF = 37.5%
More than 10 years but less than or equal to 11 years.....	SAF = 40%
More than 11 years but less than or equal to 12 years.....	SAF = 42.5%
More than 12 years but less than or equal to 13 years.....	SAF = 45%
More than 13 years but less than or equal to 14 years.....	SAF = 47.5%
More than 14 years.....	SAF = 50%

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

- c) CAPITAL IMPROVEMENTS CREDIT (CIC): an increase based on the cost of any Eligible Capital Improvements (hereinafter defined) made by Homeowner. The term "Eligible Capital Improvements" shall mean only those improvements approved in writing by the CLT or its designee in accordance with CLT's Capital Improvements Policy as revised from time to time. To qualify for an Eligible Capital Improvement, Homeowner must submit a request for approval to CLT or its designee in advance of performing any work, along with plans and specifications for the proposed work, and contractor bids or other cost estimates and any other items required by CLT's Capital Improvements Policy. CLT or its designee shall approve any Eligible Capital Improvements including the maximum value of any improvement prior to the commencement of construction. CLT shall have an opportunity to inspect to insure completion and satisfactory workmanship prior to issuing a final letter stating the Approved Value of an Eligible Capital Improvement.

CLT shall be under no obligation to approve any capital improvement and shall consider whether the proposed improvement increases number of bedrooms of the home and the impact of the capital improvement on long-term affordability prior to its consent.

Nothing in this section shall prohibit Homeowner from making an improvement, which does not qualify as an Eligible Capital Improvement. However, only Eligible Capital Improvements, authorized in advance and approved after completion by CLT or its designee, may be included in the calculation of the Formula Price, as set forth herein.

- d) EXCESSIVE DAMAGE CHARGE (EDC): a decrease in the amount equal to the value of any excessive damage or neglect. Excessive damage or neglect is defined as damages beyond normal wear and tear. Such excessive damage may be described as,

but not necessarily be limited to holes in walls, damaged or neglected floor coverings and Capital Systems, severely degenerated interior or exterior painted surfaces, damage resulting from neglected Capital Systems, or missing essential household fixtures that were originally a part of the edifice. Determination of excessive damage value will be at the sole discretion of the CLT and/or its agents.

The Formula Price, therefore, shall be calculated as follows:

Initial Purchase Price (IPP)	\$ _____
Plus Homeowner's Share of Appreciation (HSA)	+ \$ _____
Equals Base Formula Price (BFP)	= \$ _____
Plus Capital Improvements Credit (CIC), if any	+ \$ _____
Less Excessive Damage Charge (EDC), if any	- \$ _____
Equals Formula Price (FP)	= \$ _____

Examples:

1. A Homeowner purchased their home for \$200,000 and the IA (Initial Appraisal) was \$400,000. They sold the home 10 years and 1 month later and the CA (Current Appraisal) was \$600,000. There were no capital improvements and no excess damage charge.

$(IPP \div IA) \times (CA - IA) \times SAF = HSA + IPP = BFP$
 $(\$200,000 \div \$400,000) \times (\$600,000 - \$400,000) = \$100,000 \times 40\% = \$40,000 + \$200,000 =$
Base Formula Price of \$240,000.

The Formula Price, therefore, shall be calculated as follows:

Initial Purchase Price (IPP)	\$ 200,000
Plus Homeowner's Share of Appreciation (HSA)	+ \$ 40,000
Equals Base Formula Price (BFP)	= \$ 240,000
Plus Capital Improvements Credit (CIC), if any	+ \$ 0*
Less Excessive Damage Charge (EDC), if any	- \$ 0*
Equals Formula Price (FP)	= \$ 240,000

2. A Homeowner purchased their home for \$300,000 and the IA (Initial Appraisal) was \$400,000. They sold the home 10 years and 1 month later and the CA (Current Appraisal) was \$600,000. There were no capital improvements and no excess damage charge.

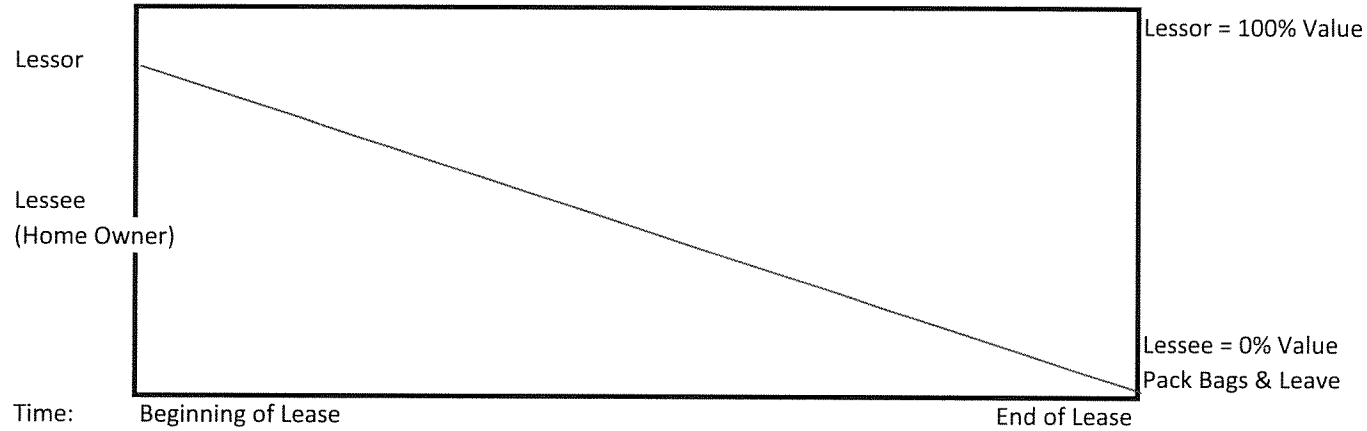
$(IPP \div IA) \times (CA - IA) \times SAF = HSA + IPP = BFP$
 $(\$300,000 \div \$400,000) \times (\$600,000 - \$400,000) = \$150,000 \times 40\% = \$60,000 + \$300,000 =$
Base Formula Price of \$360,000.

The Formula Price, therefore, shall be calculated as follows:

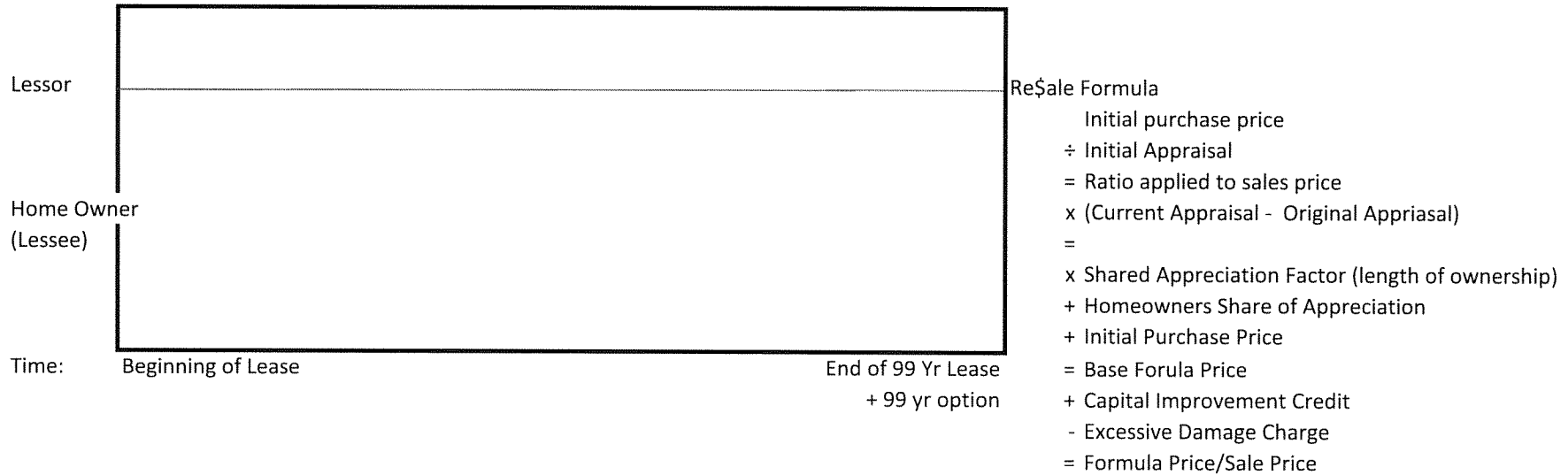
Initial Purchase Price (IPP)	\$ 300,000
Plus Homeowner's Share of Appreciation (HSA)	+ \$ 60,000
Equals Base Formula Price (BFP)	= \$ 360,000
Plus Capital Improvements Credit (CIC), if any	+ \$ 0*
Less Excessive Damage Charge (EDC), if any	- \$ 0*
Equals Formula Price (FP)	= \$ 360,000

[*Please note that in both examples the Base Formula Price (BFP) and the Formula Price (FP) is the same price. Had there been a Capital Improvements Credit (CIC) and/or an Excessive Damage Charge (EDC), the Base Formula Price (BFP) would have been adjusted and the final sale price would be reflected in the Formula Price (FP).]

Conventional ground lease value over time



CLT Sustainable Ground Lease value over time



Na Hale O Maui Community Land Trust (CLT) Capital Improvement Policy

The Na Hale O Maui (CLT) program was founded to develop and preserve long-term affordable home ownership for people of low and moderate income, and to serve the needs of current CLT homeowners. These two concepts of preserving long-term affordability and serving current owners present a challenge of balancing return to current owners versus maintaining an affordable price for future buyers.

In order to help maintain a fair and equitable CLT program, all applicants for an Eligible Capital Improvement (ECI) should have a primary goal to improve or expand livable space, rather than one solely to make an investment for monetary gain on their CLT property.

ECIs, as defined by the Na Hale Ground Lease are as follows: the addition of bedrooms and/or bathrooms, improvement of accessibility or usability for handicapped persons, and improvement of home energy efficiency. Eligible improvements must have an appraised value greater than \$2,500, with minimum expenditures of \$2,500. All improvements must be approved prior to construction.

The policy for determining the value of Eligible Capital Improvements made, as outlined in the Ground Lease, has been divided into two procedures: the value of improvements that increase finished square footage that include a bedroom and/or a bathroom will be determined by an appraisal, and the value of improvements for accessibility and energy efficiency will be valued using a contractor method. The reason for this difference is that accessibility and energy efficiency improvements do not typically increase value in an appraisal.

- A. **Increased Finished Square Footage:** The CLT homeowner must complete the ECI Application and approval process before work is started. This includes getting the homeowners association's approval prior to receiving full CLT approval. A pre-construction walk-through by a NHOM staff person is required prior to the start date of any construction. Any approved ECI that results in increasing finished square footage (adding a bedroom and/or adding a bathroom) requires a single post-construction fee simple appraisal (market-rate appraisal of home and land) after the work is complete. This appraisal is to be done by a mutually agreed upon appraiser that meets the requirements of both NHOM and the homeowner. This appraiser is hired by the homeowner. In this appraisal, the ECI is called out as a separate line item to determine the value of the ECI. At the time of refinancing or resale, this approved improvement will become part of their financing or resale formula in the Ground Lease. If the scope or timeline for the project changes, NHOM must be notified immediately. In such cases, re-processing of the ECI application maybe necessary.

Improvements must be done in full compliance with all governmental requirements.

8/25/14

Na Hale O Maui
190 N. Church St., Wailuku, HI 96793
Phone: 808-244-6110 FAX: 808-244-6115 Email: info@nahaleomaui.org
www.nahaleomaui.org

Summary of Steps to receive the ECI Credit

1. Contact NHOM CLT staff for the most up-to-date version of the NHOM ECI Application **(homeowner's responsibility)**.
2. Complete ECI Application **(homeowner's responsibility)**.
3. Turn ECI Application in to NHOM with all supporting documentation, including a project schedule. **(homeowner's responsibility)**.
4. Once Application and ALL documents are turned in, NHOM reviews and determines eligibility within 10 days of submission to NHOM **(NHOM responsibility)**.
5. If eligible for ECI credit, complete pre-construction walk-through to make final determination of eligibility **(homeowner/NHOM responsibility)**.
6. If eligible, NHOM issues start letter to owner confirming timing and valuation method **(NHOM responsibility)**.
7. Construction must be started and completed within 6 months. If the scope or timing of the work changes, the homeowner must contact NHOM immediately. Re-processing of the ECI application may be necessary **(homeowner responsibility)**.
8. Notify NHOM immediately when work is complete **(homeowner responsibility)**.
9. A mutually agreed upon appraiser may be selected during or immediately after construction. The homeowner pays for this appraisal. After the work is complete, this appraiser does a fee simple appraisal (market value of home and land), with the improvement as a separate line item **(homeowner responsibility)**.
10. Obtain completed appraisal and deliver it to NHOM **(homeowner responsibility)**.
11. Complete post-construction walk-through **(homeowner/NHOM responsibility)**.
12. Review appraisal and write Final Valuation letter to homeowner **(NHOM responsibility)**.
13. Upon refinance or sale, add the improvement's appraised value to the homeowner's Limited Resale Formula **(NHOM responsibility)**.

B. Improved Energy Efficiency and/or Accessibility: The CLT homeowner must complete the ECI Application and approval process before work is started. This includes getting the homeowners association's approval prior to receiving full CLT approval. A pre-construction walk-through by a NHOM staff person is required prior to the start date of any construction. All other approved ECIs (per the definition in the Ground Lease, improved energy efficiency and/or accessibility) will require bids from two contractors to estimate the cost of the ECI. The homeowner must select a contractor from those bids and submit this contract to NHOM. In order to assure that a test of reasonableness is met, NHOM staff will review the project and projected cost, evaluating the reasonableness of cost given the scope of work. The homeowner will receive 50% of the chosen contractor's amount as the value to be added to the Limited Resale Price or Limited Refinancing Price, given that a test of reasonableness is met. If the scope or timeline for the project changes, NHOM must be notified immediately. The dollar amount used to calculate the value of the ECI will be the lesser of the chosen contractor's estimate or actual costs.

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Improvements must be done in full compliance with all governmental requirements.

Summary of Steps to receive the ECI Credit

1. Contact NHOM CLT staff for the most up-to-date version of the NHOM ECI Application **(homeowner's responsibility)**.
2. Get bids from two contractors **(homeowner's responsibility)** to estimate the cost of the ECI. The homeowner must select a contractor from these bids and submit to NHOM a copy of the contract (homeowner's responsibility).
3. Complete ECI Application **(homeowner's responsibility)**.
4. Turn Application in to NHOM with all supporting documentation, including the contract **(homeowner's responsibility)**.
5. Once Application and ALL documents are turned in, NHOM reviews and determines eligibility within 10 days of submission to NHOM **(NHOM responsibility)**.
6. If eligible for ECI credit, pre-construction walk-through is completed to make final determination of eligibility **(homeowner/NHOM responsibility)**.
7. If eligible, NHOM issues start letter to owner confirming timing and valuation method **(NHOM responsibility)**.
8. Work must be started and completed within 6 months. If the scope or timing of the work changes, the homeowner must contact NHOM immediately. Re-processing of the ECI application may be necessary **(homeowner responsibility)**.
9. Post-construction walk-through is completed **(homeowner/NHOM responsibility)**.
10. Turn in copies of all invoices to NHOM **(homeowner/NHOM responsibility)**.
11. NHOM reviews invoices and writes Final Valuation letter to homeowner. The dollar amount used to calculate the value of the ECI will be the lesser of the chosen contractor's estimate or actual costs (invoices) **(NHOM responsibility)**.
12. Upon refinance or sale, NHOM adds this value to the homeowner's Limited Resale Formula. **(NHOM responsibility)**.

General Information:

Any ECI that involves work that includes a combination of both Sections A and B above, the default is to Section A process (e.g. adding insulation to a new bedroom, it will fall under increasing square footage, not increasing energy efficiency).

If a homeowner is not satisfied with the process or valuation of their improvement, they may petition staff to bring it forward to the NHOM Board of Directors to address their concern. This policy statement is intended to cover the majority of situations that would constitute an Eligible Capital Improvement (ECI); however it is not all inclusive and homeowners may request the Board of Director review other proposed capital improvements for credit eligibility. However, repairs to the existing structure are not capital improvements and are the obligation of the homeowner.

8/25/14

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Attachment:
from the 1992 Housing and Community Development Act

H11966 CONGRESSIONAL RECORD - HOUSE
October 5, 1992

**SEC. 212. HOUSING EDUCATION AND ORGANIZATIONAL
SUPPORT FOR
COMMUNITY LAND TRUSTS**

(a) *COMMUNITY LAND TRUSTS.* --- Section 233 of the Cranston-Gonzales National Affordable Housing Act (42 U.S.C. 12773) is amended -

(1) *in subsection (a)(2) by inserting "including community land trusts," after "organizations";*¹

(2) *in subsection (b), by adding at the end the following:*²

(6) COMMUNITY LAND TRUSTS. --Organizational support, technical assistance, education, training, and community support under this subsection may be available to community land trusts (as such term is defined in subsection (f) and to community groups for the establishment of community land trusts"; and

(3) *by adding at the end of the following:*

(f) DEFINITION OF COMMUNITY LAND TRUST.---For purposes of this section, the term "community land trust" means a community housing development organization (except that the requirements under subparagraphs (C) and (D) of section 104(6) shall not apply for purposes of this subsection)--

"(1) that is not sponsored by a for-profit organization;

"(2) that is established to carry out the activities under paragraph (3);

"(3) that--

"(A) acquires parcels of land, held in perpetuity, primarily for

¹ The subsection of the 1990 legislation that is here amended reads as follows: "(a) In General – The Secretary is authorized to provide education and organizational support and assistance in conjunction with other assistance made available under this subtitle... (2) to promote the ability of community housing development organizations to maintain, rehabilitate and construct housing for low-income and moderate-income families in conformance with the requirements of this title."

² Subsection (b) begins as follows: "(b) Eligible Activities – Assistance under this subsection may be used only for the following eligible activities..."

Summary of HUD Regulations Affecting CLTs

conveyance under long-

term ground leases;

"(B) transfers ownership of any structural improvements located on such leased parcels to the lessees; and

"(C) retains a preemptive option to purchase any such structural improvement at a price determined by formula that is designed to ensure that the improvement remains affordable to low-and moderate-income families in perpetuity;

"(4) whose corporate membership that is open to any adult resident of a particular geographic area specified in the bylaws of the organization; and

"(5) whose board of directors---

"(A) includes a majority of members who are elected by the corporate membership;

and

"(B) is composed of equal numbers of

(i) lessees pursuant to paragraph (3)(B),

(ii) corporate members who are not lessees, and

(iii) any other category of persons described in the bylaws of the organization."

¹ The language quoted here from the Housing and Community Development Act of 1992 was incorporated in early versions of the HOME program regulations. Unfortunately, although these specific provisions for CLTs remain a part of federal law, they are included in HUD's streamlined "Final Rule" only by reference. Buried within earlier federal regulations, these CLT provisions are harder to find, resulting in an increase in the number of federal, state, and municipal officials who are not even aware that these CLT provisions exist. Relevant portions of the 1992 legislation are included in Appendix B.

² HOMEfires: Policy Newsletter of the HOME Investment Partnership Program, Office of Affordable Housing Programs, Vol. 3, No. 10, October, 2001.

TESTIMONIALS

Na Hale O Maui land trust celebrates first family's purchase of a market-priced home

By **TOM BLACKBURN-RODRIGUEZ**
For The Maui News

Kaulana Noa is a recruit with the Maui Police Department. His wife, Vonne, also called "Hana" by her friends, helps people get medical insurance through the QUEST program at Kaiser Permanente. They have four children, ages 11 years to 5 months, and seven years ago they dreamed big and embarked on an ambitious plan to move from renting, to owning at Hawaiian Homes, to owning a Na Hale O Maui house, and then moving to a market-priced home.

Today, they are the first NHOM family to live that dream by moving from a NHOM home to a market-

priced home. This was a key goal of the community land trust since it began.

"This is where our kids will grow up," said Kaulana. "It feels good to know that."

The community land trust movement began with what has been described as "a big idea in a small city." That city was Burlington, Vt., and the year was 1984. A young Burlington City Council member made a motion to fund this new land trust organization with a \$200,000 grant to get the group on its feet. He supported their idea of homes being made affordable through a long-term lease that removed the cost of land from the price of the home. The ownership of the land stayed with the trust, while the home itself was

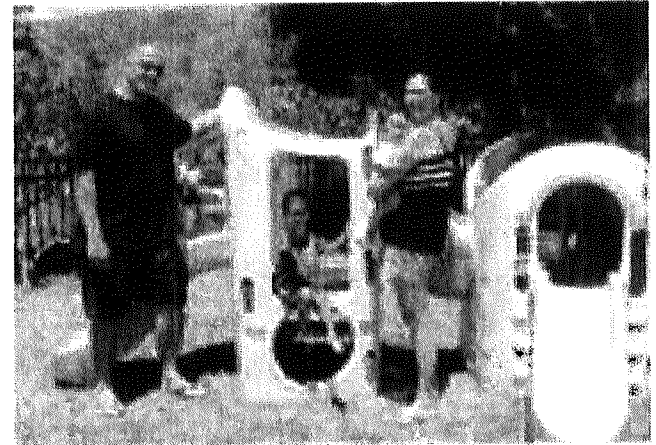
leased to the "homeowners" who developed equity in the home over time.

One goal of the Burlington Community Land Trust (now the Champlain Housing Trust) was to keep the cost of a CLT home to a level that allowed people to save money for a down payment in order to move up to a market-priced home at a later date. A 2009 study commissioned by the trust has shown that since it was founded, 67.4 percent of former CLT homeowners bought market-priced homes within six months of leaving the community land trust. This upwards movement also opened up CLT homes for new participants.

Fast forward to 2006, when a group of housing ad-

vocates on Maui decided to replicate the Burlington model. With little more than the Vermont success story as their backdrop, the group was able to receive a \$50,000 grant from the County of Maui with the support of then-Mayor Charmaine Tavares. Private funding was also raised, including \$15,000 from the Realtors Association of Maui. NHOM began looking for public/private homebuilding partnerships and was planning to build affordable land trust homes.

Their plan hit the 2008 recession. No one was lending, and NHOM could not locate any private partners who wanted to build. To meet this unforeseen crisis, NHOM changed its business plan and began to bring distressed abandoned homes out of foreclosure using funding they received from the U.S. Department of Housing and Urban Development's Neighborhood Stabilization



Photos courtesy Na Hale O Maui

Kaulana and Vonne "Hana" Noa enjoy playing with their children in the backyard of their new home in Kahului.

Program to purchase these homes, rehabilitate them and provide them to CLT homeowners at a discounted price. To date, NHOM has provided housing for 34 families.

With a planned 12-unit single-family home project in Lahaina, the building of the first NHOM home in Waikapu and the experience of working with CLT homeowners, NHOM expects to see more families like the Noa family be able to save for a down payment and move on to market-priced homes. Today, on Maui it is not uncommon to see people

paying 50 percent or more of their monthly income for housing costs. At NHOM, that figure is no more than 35 percent.

For Hana and Kaulana, it was all about starting small and building up.

"Seven years ago, we could never have afforded this home," said Kaulana.

They started small, renting a two-bedroom, one-bath Hawaiian Home Lands house from Hana's uncle at \$750 to \$900 a month. When he died, as his heirs

See NA HALE
on Page 10

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Na Hale

Continued from Page 8 they were able to acquire the home. Their mortgage was \$1,100 per month.

Three years later, they were introduced to NHOM by their lender at Home-Street Bank and were eventually selected to purchase a NHOM home. Today, the same size home would rent for more than the mortgage payment on the CLT home of just over \$1,000 a month. They stayed four years as they gained job promotions and saved up enough money, along with a share of the appreciation, to successfully purchase a three-bedroom market-priced home with a mortgage payment of \$3,000 a month.

Helping with the affordability of their NHOM home was the fact that the mortgage was less than 20 percent of the appraised value, so the family did not have to pay private mortgage insurance.

"That saved us \$400 a month that could go into paying down bills and saving," said Hama.

According to Kaulana, moving into the NHOM home was easy.

"They wanted you to succeed," he said. "Getting in and getting out, you never felt stuck."

Their family has grown and the house they now have is one they expect will last them for a long time.

Each time the Noa family has moved, they were helped by the equity built in the home they had lived in. For example, the resale formula applied to their NHOM home provided shared equity when they sold that home back to NHOM. The CLT's repurchase of the home helped the family to close escrow for their new home on time. NHOM also agreed to have the family remain in the home, at below market rent, until they were ready to move into their new mar-

ket-rate home. NHOM plans to renovate the old home before selling it to another income-qualified family earning not more than 120 percent of the area median income, as determined by the County of Maui. That NHOM shared equity helped with the Noa family's move up to a market-priced home.

"We wanted to help others as we moved to another home," said Kaulana. "When we moved out of Hawaiian Homes, we were able to help another family and whenever they see us, they always say how grateful they are for their home. It's the same thing with Na Hale O Maui. We are opening up the opportunity for another family to get a community land trust home just like we did. We like to think we are helping others."

For more information about Na Hale O Maui, visit www.nahaleomaui.org, call 244-6110 or email info@nahaleomaui.org.

Affordable

Continued from Page 5

that the 13-acre affordable residential project is associated with. Never mind that nearly 500 units of much-needed affordable housing hang in the balance. The need for affordable housing did not seem to make any difference in the West Maui opposition as well.

This type of "my neighborhood first" mentality comes naturally. Social scientists call it the "Territorial Imperative." It implies that folks will fight — or in the modern context, use the political and land-use regulatory processes — to stop any plan that would impinge on "my territory." The problem is those opposed to new housing development have become so successful that economists say they are contributing to the nation's housing shortage and are negatively impacting the economy. Local community opposition is having an impact on Maui, where we are not beginning to keep up with the demand for new homes.

How much housing do we need? According to the economists at the state Department of Business, Economic Development and Tourism, we need to build 13,949 new dwellings by 2025, or about 1,400 a year. We are actually building about 300 a year. That implies that we are falling behind by about 1,100 units every year.

The acronym for development opponents of all stripes is NIMBY — Not In My Backyard. NIMBY opposition has been more likely to appear in more affluent parts of the island, like South and West Maui, but it can happen anywhere. It is a national phenomenon. A recent article in the New York Times ("How Anti-Growth

Sentiment, Reflected in Zoning Laws, Thwarts Equality," by Conor Dougherty, July 3) said that the power of NIMBY-driven laws is blocking a normal, necessary growth pattern to such an extent that even President Obama has gotten involved in trying to correct the anti-housing tide.

"A growing body of economic literature suggests that anti-growth sentiment, when multiplied across countless unheralded local development battles, is a major factor in creating a stagnant and less equal American economy," the story said. Because the cost of housing is so high in high employment areas, some folks are choosing where to live based on the cost of housing instead of where the jobs are. "We've switched from a world where everybody educated and uneducated was moving from poorer parts of the country to the richer parts of the country," said Harvard economist Daniel Shaog, "to a world where the higher-educated people move to San Francisco and lower-educated people move to Vegas."

Part of the problem is that anti-growth zoning laws have become more restrictive over time, blocking new home development, which leads to increases in the cost of housing. That has meant an economic boon to those who bought before the restrictive measures were in place. But for latecomers — in particular the millennials, the cost of housing has become prohibitive in places like Boulder, Colo., San Francisco, New York City and most of the Hawaiian Islands.

When zoning laws get out of hand, economists say — and they have been saying this about Hawaii's land-use laws for decades — the

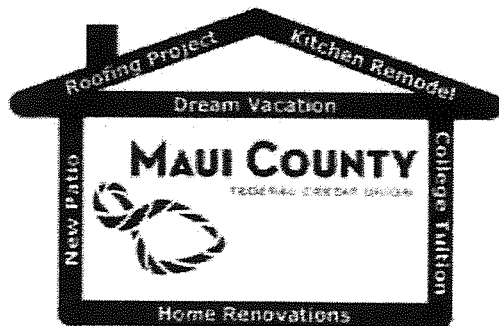
damage to the economy and society can be profound. An anti-growth legal environment increases inequality by restricting the housing supply in places where demand is the greatest. Economic studies suggest that the lost opportunities for development in the United States could amount to \$1.5 trillion (with a T). That suggests that in many places, local zoning authority reflects to a drawbridge mentality on the part of those who got there first. Part of the problem with that mentality is that a good portion of the "latecomers" are our own children.

"You don't want rules made entirely for people who have something, at the expense of people who don't," said Jason Furman, chairman of the White House Council of Economic Advisors, in the New York Times piece.

California Gov. Jerry Brown has responded to the NIMBY problem with a proposed law to speed up housing development by making it harder for cities to saddle developers with open-ended design, permit and environmental reviews. Massachusetts is looking to do the same thing. And the White House is proposing a \$300 million grant program to help local governments simplify their land-use approval processes.

Another new response to this issue is a movement that goes by the acronym YIMBY — Yes, In My Backyard — a new pro-growth grass-roots movement. Pro-housing YIMBYs just had their first international conference in Boulder. The participants were mostly city dwellers who are responding to being squeezed out of their desired environments

See AFFORDABLE on the next page



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Kahului Branch at Maui Marketplace
210 Dairy Road, Suite 140
Monday - Friday: 9:30am - 5:30pm
Saturday: 9:30am - 12:30pm

A new leaf FOR NA HALE O MAUI

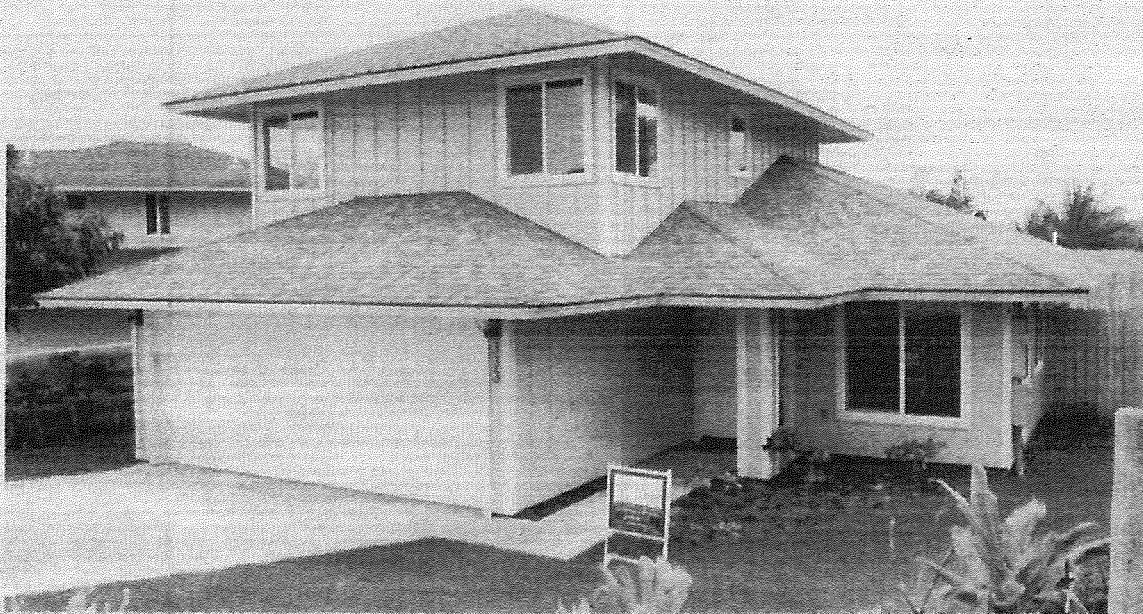


Photo courtesy Na Hale O Maui

Na Hale O Maui's first home built to be affordable in perpetuity as a community land trust home is located on Kama Street in Waikapu.

Organization builds first affordable home as pilot of planned development

By **TOM BLACKBURN-RODRIGUEZ**

For The Maui News

Jason and Sheena Solomon had a dream of owning their own home. Both have good jobs and one day, Sheena, who works in insurance saw the name "Na Hale O Maui" as an additional insured on a home that a client was buying. Asking about the organization, and after attending a NHOM-sponsored homebuyer seminar, she and her husband decided that they were going to qualify for a NHOM affordable home no matter what it took.

Before buying the NHOM home, the Solomon family had lived in a two-bedroom apartment with six people and were paying \$1,200 a month in rent. Utilities were not included, and their total monthly housing cost rose to \$1,700.

For more than three years, the family worked to save the money for the down payment. Jason caught octopus and fish.

"Sometimes we had to sell fish," said Jason with a touch of an apology in his voice. Sheena made home specialties and sold them as well. Finally, after 42 months of

hard work, they had saved \$11,000 for their down payment.

With a positive decision by the NHOM selection committee, which makes its decisions based on specific criteria using the NHOM Homebuyer Selection Policies & Procedures, and a contribution from NHOM's Down Payment Assistance Program of \$5,000, the Solomons were able to move into their home that had been purchased at auction by NHOM for \$425,250 and then renovated at a cost of \$45,869.

There were closing costs of \$1,804. The total cost to NHOM was \$472,923. NHOM contributed a subsidy of \$154,099 to buy down the price of the home. The home was appraised at \$530,000 and sold to the

Solomons for \$325,000.

Their NHOM home is a two-story, three-bedroom, three-bath home in the Legends at Maui Lani with the potential to add one more bedroom. Their monthly payment is \$1,700.

As the Solomons were enjoying their home, NHOM was turning over a new leaf at the beginning of spring. Cassandra Abdul, Na Hale O Maui's new executive director, has announced that NHOM has constructed its first new home that will be affordable in perpetuity and will never be sold at market price.

"This was always our goal — the building of new homes affordable in perpetuity through use of a sustainable lease agreement that can

See AFFORDABLE
on Page 10

AFFORDABLE

Continued from Page 7

be passed on to one's heirs and takes the cost of land out of the pricing and still provides all the benefits of traditional homeownership, including the development of home equity," said former Executive Director John Andersen, in a press release announcing the home's completion.

"But the same recession that led to mortgage credit drying up and high unemployment rates made us turn to rehabilitating foreclosed homes that had been abandoned and were becoming neighborhood eyesores," he said.

Added Abdul, "Now we are back to our original business model and our first affordable-in-perpetuity new home is located on Kama Street in Waikapu. It is a four-bedroom, two-and-a-half-bath home that has 1,600 square feet of living area with an additional 350-plus square feet when the garage and lanai are included."

The home, which on the open market would sell in the low \$600,000s, is already in escrow at \$360,000 and will remain affordable in perpetuity.

It is a pilot project for 12 NHOM land trust homes that are projected to be built in a residential project in Lahaina that is being developed by West Maui Land Co. NHOM plans to build affordable homes for families earning from 80 percent to 120 percent of the area median income.

Despite the worst recession since the Great Depression, NHOM was able to place more than 30 families in three- and four-bedroom affordable homes over the past few years. Most homes have sold for under \$300,000 and many were sold in the mid- to upper-



Photos courtesy Na Hale O Maui

Photos from top: Jason Solomon (back row from left) and his wife, Sheena Solomon, are all smiles with their children, Kahinau Solomon (from left), Ramsey Hillen and Kala Hillen, at the Na Hale O Maui affordable home they have lived in since October 2014. The home was appraised at \$530,000 and purchased by the Solomons for \$325,000. Not pictured is their fourth child, daughter Shania Duarte-Solomon. Expect to see more Na Hale O Maui signs popping up on Maui as the organization embarks on a program of building community land trust homes that will remain affordable in perpetuity and never go to market price.

\$200,000 price range.

Na Hale O Maui is a community land trust and an independent 501(c)(3) tax-exempt membership organization. The mission of the organization is to provide affordable housing for low- and moderate-income residents of Maui, one home at a time. The Institute for Community Economics developed the first CLT in the 1960s. There are more than 200 CLTs operating in 38 states around the country.

Homes are kept affordable because the CLT acquires and retains ownership of the land and sells the homes to individual homeowners through long-term renewable ground leases. The terms of the ground lease give the CLT the right to repurchase the home located

on its land with a resale price set by a formula that is designed to give present homeowners a fair return on their investment, while giving future homebuyers fair access to housing at an affordable price.

"Our home has given us stability," said Sheena Solomon. "It has been a blessing. We always strived to meet that goal of owning a home, to make it happen. The NHOM program made it happen."

Sheena, who is now a member of the NHOM board of directors, added, "The important thing to remember is that we did not do this just for ourselves. We did it for our kids and our grandkids. This home will always be affordable for future generations as well."

To whom it may concern,

My name is Sheena Solomon, and I am one of the blessed families who was lucky enough to become part of the Na Hale o Maui Ohana. In order for you to understand what a major aspect on my life this program is, I need to go back.

In 2007, I was a divorced mother of 2. My ex husband and I had owned a 1 bedroom 1 bath condo at Lao Parkside, we purchased in 2004 for \$220,000. With interest, our payments were \$1800 a month. Our marriage fell apart, and we tried to sell the home, but since we owed too much and the market was sinking, the home fell into foreclosure. I was a 23 years old single mother of a 3 year old and an 8 month old. I shared custody with their dad having the kids Wednesday through Saturday every week. In 2008, I met (the man who eventually became my husband) Jason, He had also gone through a difficult divorce and had 2 children as well, a daughter who was 10 and a son named Kahinau who was 6. Kahinau was born at 21 weeks gestation and has a severe intellectual delay with autism, OCD, ADHD and Anxiety. He had fought hard for custody but because of his son's situation, the court felt that he needed stability so Jason only had his kids on the weekends. We fell in love and decided to start our lives together. In 2010, I tried to purchase a bigger car that would fit the whole family, and was told that there was \$52,000 sitting on my credit from the deficit the home sold for and the amount of the home loan, and had gone to collections. I spoke to the bank to try and come to an agreement and after going through my options, the only solution was to file for bankruptcy. I felt defeated, Like I was just getting back on my feet and was knocked over. But we pushed forward and we worked extremely hard to pay our bills on time and reestablish my credit. At the time, we were living with family to save money, but with 4 kids, I saw how hard living with my family was on Jason and my sister. So we found a 2 bedroom 1 bathroom cottage to rent for \$1200 a month, and we would pay all utilities. Our kids were cramped but happy. We wanted a bigger home, but the price of rent on Maui is outrageous and we couldn't afford much more without having to struggle we decided to just stick with it and save the extra money we had for a down payment for a home. In 2012 we were married, and went to Lanai for our honeymoon. On our way back in the ferry, we were contacted by the Child Welfare Services office who told us we needed to hurry up and get to their office immediately. Jason's children were taken into their custody for a situation with their birth mom where Kahinau was being abused. At that very moment, our lives changed forever. All the money we had saved for a down payment had to be used to attorney fees. We went through 10 months of pure Hell. We spent \$12,000 in court cost and attorney fees and were granted full legal and physical custody of his kids. Once again, Built up and knocked down, but his kids welfare was so much more important. Prior to the custody being changed, his kids were only with us on the weekends, and our 2 bedroom house was sufficient, but now, because the kids were with us full time, the kids couldn't fit, and Jason's older daughter was in her teens and needed her own space. We needed more money but weren't willing to sacrifice any more time away from our kids, so we came up with some ideas to save money. I sold pickle mango and started couponing, and Jason sold dried Aku. Our unorthodox means of saving lead to some money for a down payment and we started looking at what we could afford. Homes in our price range were abysmal. They were either in neighborhoods that were not safe for families

(Housing with druggies, and fighting), and falling apart, OR extremely small. During this time, I was working at an insurance company, and had a young couple come in to get a homeowners policy. They had to list Na Hale o Maui on their policy, and something told me to ask. I'm so glad I did, I had no idea that conversation would have led my family to where we are today. The same day, I called, the following week I went to a seminar and within 3 months, we were prequalified. We took a homeowners class which was required to get on the list for a potential homeowner that taught us so many things about owning a home and honestly, I think all first time home owners should attend. Had I known that information before buying my first home, I probably would have made a different decision. In 2014, we looked at a home in the Legends at Maui Lani. It was a 3 bedroom 3 bath in the corner of a cul de sac, with a gate going around the home. This home was amazing, and jumped at putting in our letter of interest. A few weeks later we got the call that our family was chosen for the home. The home was sold to us for \$320,000. It is valued at almost \$600,000. Our mortgage is \$1700 a month. We pay less for a mortgage than most people pay for rent. We could not have done this without the Na Hale model. I currently work for the County and my husband is employed by the state. We have great jobs and even with those jobs, we couldn't afford to buy a home any other way. This home has allowed us stability for our children. It's allowed us to provide room for our kids in a safe neighborhood where they can play outside and they have a fenced in yard for safe play, and now, they have friends! It's allowed us to stay on Maui with our families, when now, most of our friends are being forced to move because they can't afford to stay. The staff is knowledgeable in the model, and made the process easy. I am so grateful for the opportunity and know so many families that could potentially profit from Na Hale, and cannot buy any other way. Since buying our home I have had SO many people ask how we did it. People need homes. Maui Needs Na Hale.

While reading this, please think about your families. We work 40 hours plus a week, and don't receive assistance from State agencies. We are the middle class. We were put into some extremely unfortunate situations and worked very hard to get where we are now, and we understand how lucky we are. I'm writing for other families in the same situation, where they make too much for assistance, but not enough to get by. This model is the future of Maui and keeps homes affordable for future generations. Thank you for your time.

August 01, 2016

To Whom It May Concern:

I am writing in reference to our communities absolute need of Nahale O Maui land trust and its ability to provide housing for low income families.

We are a low income family with 4 children. As most families in our community we had a dream of owning a home, having a yard and living in a safe neighborhood for our children to play and grow in. Our middle son is on the Autism spectrum so it was very important for us to have the space for him to run, jump and move around in. We worked hard, saved and lived in a meager apartment for 6 years with the hope that we might be able to own a home in the future. However, the reality was that it was near impossible on Maui with our current income status. We found that most developers will gain access to land only to use loop holes in the system to avoid offering **true** low income housing. A vast majority of families will never be able to obtain a home in the current market without the help of a trust like Na Hale O Maui. The local community is only given those areas that the wealthy don't want (until they do of course,) and homes that need so much work the living conditions are not favorable

Regardless we continued to hope and dream, driving through the neighborhoods looking for the right house. Until a day came when we found a home with a sign in the front yard that read Na Hale O Maui. We weren't sure what that meant but we inquired anyways, fingers crossed.

It turned out to be the best phone call we ever made! Na Hale O Maui explained the guidelines for buying one of their homes which is part of a low income housing land trust that enables families like ours to buy a home at a realistic price point. With the support of their staff and required home buying classes they educated us and helped us through the home buying process.

Over the next couple of months we were approved for the financing and eventually closed on our home from Na Hale O Maui. A beautiful house that we could afford, in a nice, clean neighborhood.

Na Hale O Maui refurbished the home prior to our move in date and made sure it was in great condition. This really helped as we had very little money once we made the down payment. They also included the cost of a home warranty program for the first year that would fix any needed repairs with a small deductible. What a life saver! The first year being difficult with new expenses and unexpected costs Na Hale O Maui really thought of our needs as home owners and those extra costs outside of a mortgage.

It was through Na Hale O Maui land trust that we were able to make our dreams of buying a home come true and having a place for our children to grow in. I am



incredibly thankful every single day to Na Hale O Maui because without them we would have never known home ownership on the island of Maui.

Warmest aloha, Amanda Tabon

100 Honuea Place, Kihei HI 96753



July 10, 2016

2016 WEST MAUI AFFORDABLE HOUSING FUND ANNUAL PLAN (FISCAL YEAR 2017 (JULY 1, 2016 TO JUNE 30, 2017) (BF-13(2))

In 2010, I was at a crossroad. I moved to Hawaii to become a teacher. In order to do that, I needed to work a second job at a restaurant but still lived pay check to pay check. Over half of my teacher's salary went to rent. Being in my mid thirties, working upwards of 90 hours a week just to see my hard-earned money going to rent, made me feel like living here on Maui was not in my best interest. I clung to hope of figuring out how to buy a turn-key affordable house. I stumbled upon Na Hale O Maui community land trust. I followed Na Hale's directions and got on their pre-approved buyer list. Na Hale O Maui had bought a home that was worth\$ 650,000 brand new, roughly 21 years ago. It went into foreclosure during the economic collapse and Na Hale bought it from the bank for \$375,000. The trust put another \$20,000 in so to make it turn-key, ready to go. It was sold it to me for \$275,000. I used the First time Buyers \$8,000 grant from President Obama and my mother was able to help with the rest of the down payment, This single teacher became a home owner! My mortgage is \$1,274 a month, which is less than what I was paying for a one-bedroom apartment. This allowed me to stay on Maui. Now, I am the vice president of the Hawaii State Teachers Association. I am engaged to get married next June, with plans on starting a family. I'm indebted to everyone who helped create Na Hale O Maui. I served on their board and as vice president as a means of giving back so that other hard-working people in our community can achieve the dream of truly affordable home ownership on Maui.

Mahalo,

Justin Hughey

August 1, 2016

Na Hale O Maui
190 N. Church Street
Wailuku, HI 96793

To Whom It May Concern,

Na Hale O Maui business model is amazing. They are a non-profit organization that truly understands the needs of the County of Maui housing crisis. They believe in providing a beautiful home that is home ready at an affordable price. They can do this because they are a community land trust whose mission is to perpetuate affordable housing for low to moderate income families.

I am a Maui resident, born and raised in Kula. I have seen the growth of this island and with the growth; I have seen the difficulties of working families who truly try to maintain their resident here. For my family, I really praise and thank God that my family has a home that they can call "home."

We cannot predict what will happen in our life. For my family, we are a family of 5 and I was fortunate to raise our three children and work in a position that was flexible. However, in just one day, our lives changed. My husband was in an accident and became permanently disabled. This really changed the dynamics of our family and our financial outlook. Again, I truly thank God for pursuing college and receiving two Bachelor of Business degrees, one in Finance and one in Hotel Restaurant Management which allowed our family to maintain residency here in Maui.

Words cannot express how Na Hale O Maui program has changed our lives. My husband and I would have never entertained the idea of being homeowners, it was just a dream and a goal that was too far to reach. As parents, the blessing of being a homeowner brings exhilarating joy. Our children also have a sense of security and happiness.

Na Hale O Maui has made homeownership smooth. They have helped us through the biggest purchase of our lifetime. They patiently walked us through the steps and assisted us with our down payment through their grant program. Their intent is truly to help families and not increase their bottom line. Na Hale O Maui is a program that I hope can continue to get funding to support their operations. To me Na Hale O Maui mission is a mission of love and compassion for the County of Maui families, they are changing lives for the better.

Sincerely,



Laurie Kealiinohomoku

July 30, 2016

Dear Members of the Maui County Budget & Finance Committee:

RE: 2016 WEST MAUI AFFORDABLE HOUSING FUND ANNUAL PLAN (FISCAL YEAR 2017 (JULY 1, 2016 TO JUNE 30, 2017) (BF-13(2))

I strongly support the proposed bill to amend the FY 2017 Budget by adding a \$660,000 proviso to the Affordable Housing Fund for the Na Hale O Maui Kahoma Project in West Maui for the construction of 12 single family homes, and I do so both professionally and personally.

As a local public school administrator, I see every day how much our community needs homes that local working families can afford. I see this from the perspective of our students' families and the workload the parents must take on just to provide their children a home. I also see this from an employer perspective, in the number of teachers who commute from the other side of Maui because Lahaina is too expensive and maybe even more so in the number of teachers moving back to the mainland simply because they've lost hope of ever affording a single-family home on Maui, much less in the Lahaina area. Do you know that even someone with the maximum educational qualifications and tenure, who's capped out on the state pay scale, doesn't qualify for a mortgage that even approaches the median price in our market if it's based on that salary alone?

Speaking personally, I commute 70+ miles round-trip each day to work at an elementary school in Lahaina. Why? Because I like my job that much—It's worth it. But I would rather live here, too. I have aggressively pursued the purchase of a West Maui home over the last year, and have watched with dismay as out-of-state buyers outbid my offers and realtors snap up moderately priced houses before these homes ever appear on the market listings. So us average folks are left to pick between overpriced homes we can't afford or distressed properties that most likely won't pass inspection.

I would also like to say that I have seen firsthand several projects completed by Na Hale O Maui, and I've been impressed with their work. Sadly, those projects have not been in West Maui, or I would have already applied for one. I've also been much more impressed with Na Hale O Maui's pricing than that of other so-called affordable housing programs here on Maui. I believe they are the right choice to fill this need in our community.

Sincerely,

Rebecca Winkie, PhD

To: County Council Budget and Finance Committee
Re: **BF-13 Proposal**

December 30, 2011

Dear County Council,

My husband and I are local hardworking individuals in Maui County (he is an electrician and I am a social worker). We are members of Na Hale O Maui and on their waiting list of qualified home buyers. We are hoping to be able to buy our first home through NHOM. Without the community land trust and the reduced prices offered by NHOM's project grant we would NEVER be able to afford a home in Maui County.

Please approve the Affordable Housing Fund for NHOM so those of us who work on Maui can have affordable homes now and into the future. And mahalo for all your service to Maui as a County Council member.

With kindness

A handwritten signature in cursive script that reads "Amita Schmidt". The signature is fluid and extends to the right with a long horizontal stroke.

Amita Schmidt

August 1, 2016

2016 WEST MAUI AFFORDABLE HOUSING FUND ANNUAL PLAN (FISCAL YEAR 2017 (JULY 1, 2016 TO JUNE 30, 2017) (BF-13(2))

Dear Council Members,


Funding the Na Hale O Male Kahoma project (BF-13(2)) should be a housing priority for Maui County. Much of the issues we have with housing are in regards to completely unaffordable options on the West Side. I work in Napili and am renting a small apartment with my son and counting down to the time this place will be sold, placed in the hands of the highest bidder who likely won't be a resident, and watch my rent sky rocket like everyone else I know. If that happens, I doubt we will be able to continue to live in our community where I work and my son has been raised and goes to school.

I am a teacher and have served the West Side community for almost 10 years. Living near where I work is very important to me for a number of reasons. First, I am a part of the community here. I see my students and their parents daily and this is one of the reasons I do what I do. I volunteer on weekends with Polanui Hiu and other organizations that do valuable reef and environmental/cultural work. Secondly, driving hours daily is not only expensive, it is a waste of time, environmentally nonsensical, and dangerous. I was hit last week sitting at a red light. It was a hit and run. I was lucky my son wasn't in the car. Come winter, when things get really bad, I would likely be sitting on the pali for almost 2 hours each way or longer if I had to commute. There were multiple closures this past winter due to the horrid traffic and accidents, many preventable if the people who actually worked on the West Side could live closer.

My school is located in Napili. They are building some "affordable" condos there. I believe they recently took the word off of their sign, as it was just ridiculous. I have been teaching for almost 2 decades and there is no way in this world I could afford a 1 bedroom for a half million dollars. I would also prefer to not have my son sleeping on the couch or in bed with me when he is a teenager.

12 homes in Kahoma would open up the opportunity for families that work on the West Side to live here. Home ownership is a security that most people here do not have. We are at the mercy of rent spikes and landlords that can be invasive and/or complicated to deal with. I will likely be losing my place in the next year. Where will my son and I go? I have no debt and have been saving to purchase for very long time. I am a part of this community and want to continue to be. Will the West Side end up with outsiders owning everything, vacation renting them, and everyone who works here to support the community lives hours away? Where are the police, fire personnel, nurses, and teachers suppose to live? We certainly can't afford a condo in Napili for over a half million plus fees, while squeezing our families into one bedrooms. We could work multiple jobs and pay others to raise our kids, but that isn't a choice for many of us. We had children to be with them and will make decisions based on their well-being.

Please consider funding this program. I have a close friend, who is a teacher, who was able to purchase and now is a home owner here in Maui. That is one less teacher leaving because they






cannot afford to stay and raise their families. Na Hale O Maui has given me some hope, that I might be able to stay near my school and not have to uproot from a place that I have a lot of support for my son. I, like many, don't want to buy and flip homes. I want a secure place to live, in my community, that I can take care of and raise my son in. Please consider funding this important project.

Mahalo,

Carrie DeMott

Science Teacher, Maui Preparatory Academy





August 1, 2016

**2016 WEST MAUI AFFORDABLE HOUSING FUND ANNUAL PLAN (FISCAL YEAR
2017 (JULY 1, 2016 TO JUNE 30, 2017) (BF-13(2))**

My family has applied for an Affordable Housing Assistance at Na Hale O Maui early this year. We belong to low middle income wage earners here on Maui and can hardly afford to buy a home at market price.


I hope Na Hale O Maui has more homes to sell to those families who need home like us. We have been renting for years and we wish Na Hale O Maui will sell us our ideal and affordable home in the near future.

The federal, state or county government should support more projects just like Na Hale O Maui. There's a lot of families who need affordable housing here on Maui.

Mahalo.

Sincerely yours,

(Signed) Honorato Martinez Jr
207 Humupea Place
Kihei , Hi 96753
8083851182





Nā Hale O Maui
A COMMUNITY LAND TRUST

Cassandra J. Leolani Abdul RB-10162, CCIM, CPM
Executive Director

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Wailuku, HI 96793
www.nahaleomai.org

Direct: 808.304.3533
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cassandra@nahaleomai.org

FAMILIES OFTEN ARE SURPRISED TO FIND THAT MONTHLY MORTGAGE PAYMENTS FOR HOMEOWNERSHIP ARE COMPARABLE TO WHAT THEY ARE PAYING IN RENT.

There are many families in the Maui County area who are renting, but would prefer to become homeowners. If you think you don't earn enough money to own a home, think again.

Nā Hale O Maui's Community Land Trust (CLT) program was established to make homeownership available to working families in Maui County.

How does it work?

In simple terms, you own the house your family lives in, while Na Hale O Maui CLT owns the land on which your home sits.



You must meet the income qualifications for that particular unit you are interested in purchasing.

For up-to-date guides, check the web at www.nahaleomaui.org or call (808) 244-6110

NĀ HALE O MAUI'S 4 STEPS FOR HOMEOWNERSHIP:

We're there to help each step of the way.

1

Attend a NHOM
Home-buyer Seminar.
Call us at (808) 244-6110

2

Attend a HUD
approved 8 hour
financial workshop

3

Find a lender and
get pre-approved
for a mortgage

4 =

Meet with NHOM staff and
review the Ground Lease and
Resale Formula

Once your name has been added to our list of qualified buyers and as units become available, you will be able to participate in our homebuyer selection.

BUILDING TOMORROW TODAY

BUILDING BETTER COMMUNITIES.



COMMUNITY LAND TRUST

Qualified homebuyers purchase and receive a deed to a home and receive a 99-year, renewable lease to the land on which the home is located. The homebuyer does not have to pay for the land, which makes the home more affordable. When the homeowner chooses to sell the home, NHOM has the first option to purchase it. Homeowners will receive their share of the equity they have earned. The resale formula will determine the resale price, and ensure affordability for the next Maui homebuyer.

Nā Hale O Maui is making a long-term commitment to workforce housing by working with developers to construct new units, and by investing in existing housing stock to revitalize and build better communities one home at a time.



ONE HOME AT A TIME.

NHOM MISSION STATEMENT:

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



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PROVIDING HOMES FOR MAUI FAMILIES



Making Housing Affordable in Perpetuity