

# Ka'ulu by Gentry Reserved Housing Program



Gentry Kalaeloa, LLC  
August 3, 2022

# Objectives of the Ka'ulu by Gentry Reserved Housing Program

- To develop and sell at least 87 Reserved Housing (“RH”) units in the Ka'ulu by Gentry (“Ka'ulu”) residential community for buyers meeting HCDA income, asset and other requirements.
- To assist local individuals and families achieve the dream of homeownership in Ka'ulu by offering reduced prices, special programs and incentives.





# Reserved Housing Program Highlights

- Incremental Approach to Development
- Reduced Sales Prices
- Same Quality and Features as Market Homes
- Closing Cost Incentives
- Streamlined Application Process
- Low Deposit Requirements
- Efficient Delivery Schedule
- Partnerships with Nonprofit Housing Counseling Agencies



# Challenges of Current Homebuilding Environment

- Increasing mortgage interest rate environment;
- Volatile construction material costs;
- Construction supply chain issues; and
- Increasing regulatory costs.

The collage includes several news snippets and financial data:

- Honolulu Civil Beat:** "Struggling To Get By" - "How Hawaii's Land-Use Regulations Are Helping Drive Up Housing Prices".
- Hawaii News Now:** "Global supply chain disruptions continue to hamper isle home construction".
- The Guardian:** "Inflation rate dips in US but remains close to 40-year high". The article mentions that the US inflation rate fell slightly to 8.3% in April, down from 8.5% in March. It also notes that the Fed has raised interest rates to combat inflation.
- NPR:** "The Fed delivers biggest interest rate hike in decades to combat surging inflation".
- Financial Data:** A table showing various market indices: FTSE 100 (101.14), All share (56.15), Dow Indl (69.39), Nikkei 225 (16.51), EC (1.1701), and US (1.2310).



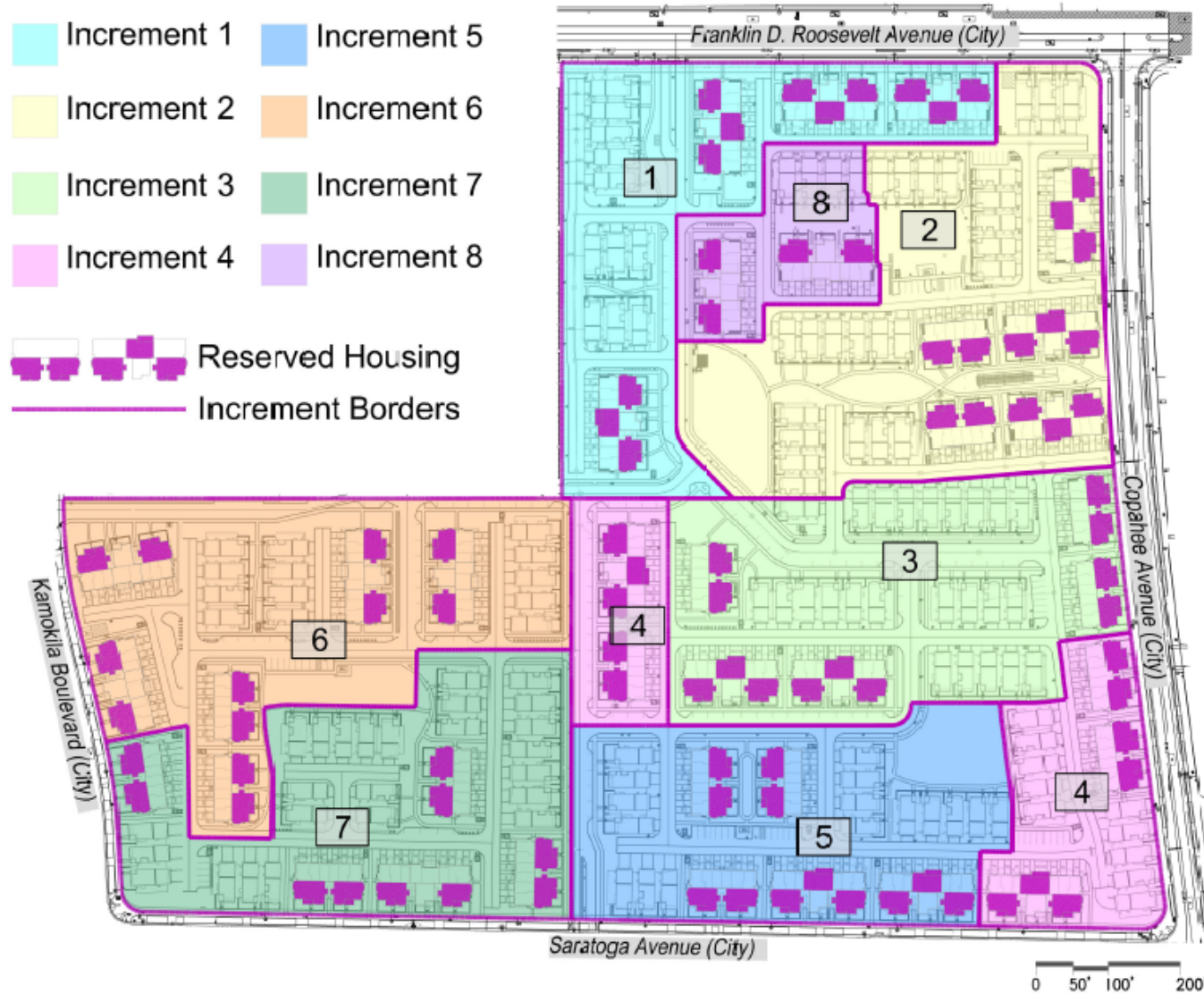
# An Incremental Approach to Development

- Unlike high-rise buildings in Kakaako where the homes are constructed in one building, homes in Ka'ulu will be built and sold in eight (8) Increments.
- Each Increment represents 4 to 6 months of sales.
- Each Increment will include 10 to 12 Reserved Housing Units. (≈20% of residential floor area)
- Common areas will be developed along with surrounding homes.
- Increment pricing will be submitted for approval 90 days prior to the publishing of the Presale Notice.
- Total sales time frame of Ka'ulu will take approximately 3 years.





## Reserved Housing Increment Map and Reserved Housing Unit Locations



# Benefits to Incremental Approach

- Sales prices can be based on known cost and interest rates instead of estimates during a high inflationary period.
- Allows for timely closing process (3-5 months from sales contract).
  - Timely closing ensures more predictability for buyers.
  - Allows for buyers to lock interest rates soon after contract.
- Enables potential buyers who currently don't qualify for a mortgage loan:
  - An opportunity to receive free financial counseling.
  - Time to improve their credit scores.
  - A chance to purchase in later increments.



# Same Quality and Finishes as Market Homes



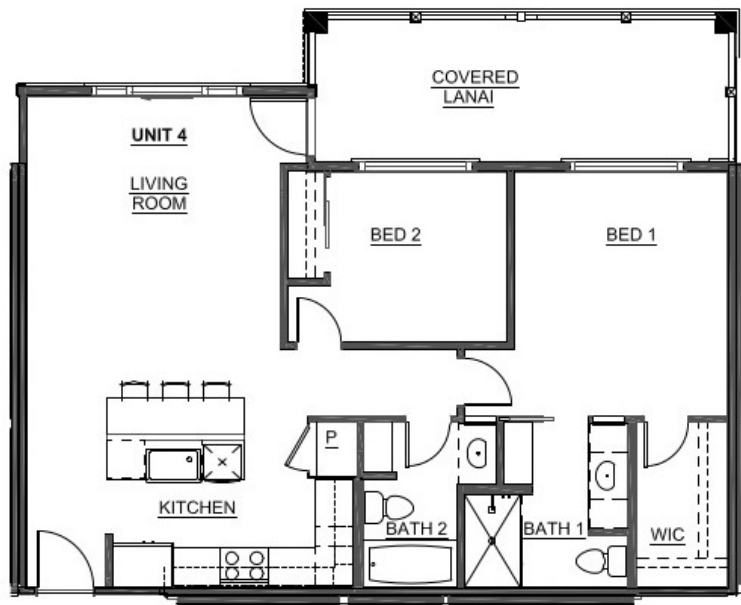
**Ka'ulu Residential Community**  
Gentry Kalaeloa, LLC



# Reserved Home Floor Plans

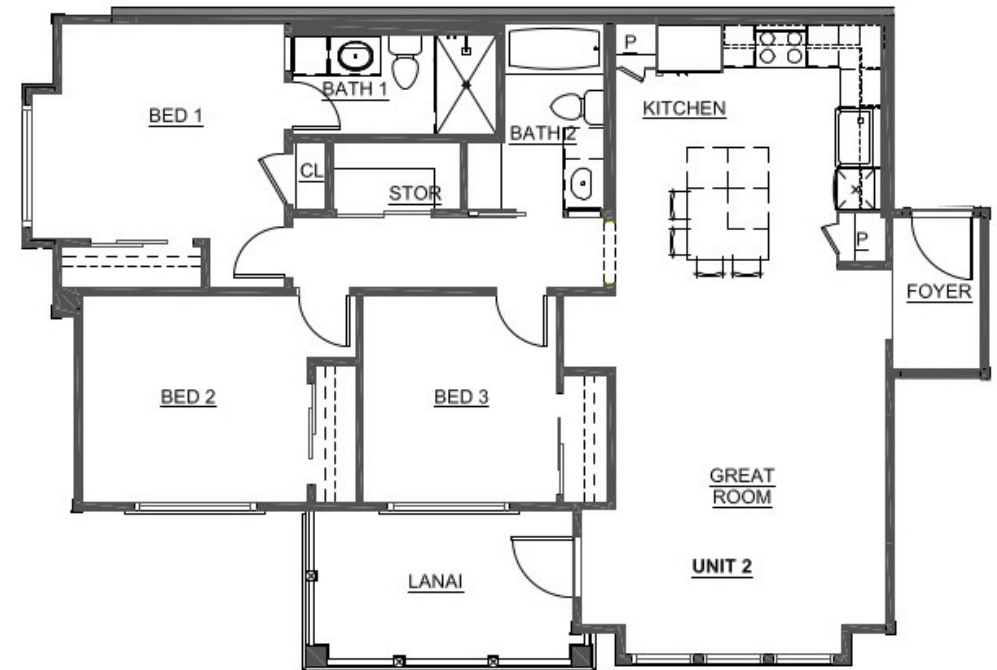
## 8-Plex Plan 4 (2BR/2BA)

- 877 sf living area
  - 164 sf lanai
  - 355 sf garage
- Est. HOA fees of \$325/mo.



## 6-Plex and 8-Plex Plan 2/2R (3BR/2BA)

- 1,084 sf living area
  - 70 to 92 sf lanai
  - 306 sf garage
- Est. HOA fees of \$400/mo.



# Reduced Sales Prices

- If priced today, estimated prices would be:
  - $\approx$  \$600,000 for a 2-bedroom plan, and
  - $\approx$  \$700,000 for a 3-bedroom plan.
- Currently 115% and 127% AMI, respectively.
- Estimated to be \$20,000 to \$30,000 below appraised value.
- Estimated to be \$50,000 to \$70,000 below Ka'ulu market units, which will be slightly larger in size.



# Closing Cost Incentive

- Buyers who use one of three preferred lenders will receive \$12,000 to \$14,000 that can be used for various closing costs, including (but not limited to):
  - Mortgage points,
  - Lender costs,
  - Escrow costs, and
  - HOA start-up costs.
- Preferred lenders:
  - Bank of Hawaii
  - Central Pacific Bank
  - Gentry HomeLoans



CENTRAL  
PACIFIC  
BANK

**GENTRY HOMELOANS**

NMLS# 449921



**Ka'ulu Residential Community**  
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# Streamlined Application Process

- The three preferred lenders (Bank of Hawaii, Central Pacific Bank and Gentry HomeLoans) will review application packets for completeness and will determine if applicants are eligible under Reserved Housing Program rules.
- Completed application packets for eligible/qualified persons will be downloaded into a shared file for HCDA Asset Management's review/approval.
- A reduced number of forms to be completed and notarized will simplify and streamline the application process. All forms and templates were reviewed and approved by HCDA staff.



# Low Deposit Requirements

- \$500 at reservation (versus \$1,000 for a Ka'ulu market-priced unit).
- \$1,000 at contract signing (versus \$4,000 for a Ka'ulu market-priced unit).
- Total deposit of \$1,500.

Note: It is not unusual for a development to require 10% deposit (e.g. \$60,000 for a \$600,000 unit) for a high-rise Reserved Housing Unit in Kakaako and elsewhere.



# Efficient Delivery Schedule

- Buyers will be able to get their keys in approximately 3-5 months versus 3 years in a high-rise building.





# Partnerships with Nonprofit Housing Counseling Agencies

- Partnerships with Hawaiian Community Assets (HCA) and Hawaii HomeOwnership Center (HHOC) will better prepare some applicants for sustainable homeownership. Both HCA and HHOC are:
  - HUD-certified housing counseling agencies, and
  - 501(c)(3) nonprofit organizations in good standing.
- Gentry will underwrite costs of one-on-one financial coaching and counseling sessions for those applicants desiring such assistance.
- Homebuyer education and financial literacy classes can be offered to larger groups.
- Access to special loans and down payment assistance programs offered by HCA and HHOC will be made available.



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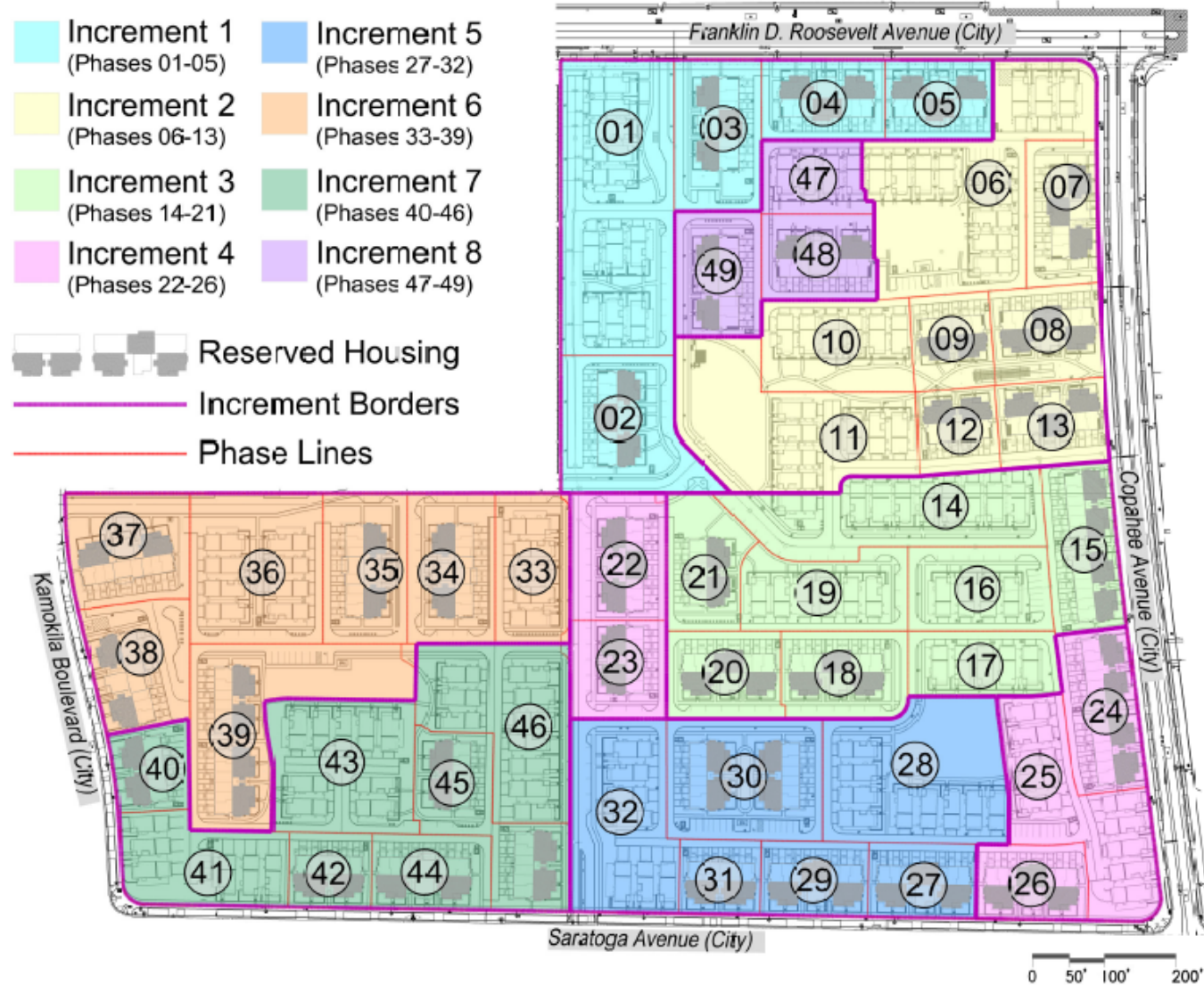








## Planned Phasing Map for Ka'ulu by Gentry



## Illustrative Timeline for Requesting Approval of Reserved Housing Pricing

Reserved Housing Increment	Reserved Homes	Estimated Submittal to HCDA for Approval	First Presale Notice	Recording of First Home
Increment 1	12	May-2023	August-2023	November-2023
Increment 2	13	August-2023	November-2023	February-2024
Increment 3	12	January-2024	April-2024	July-2024
Increment 4	12	July-2024	October-2024	January-2025
Increment 5	12	January-2025	April-2025	July-2025
Increment 6	12	April-2025	July-2025	October-2025
Increment 7	10	October-2025	January-2026	April-2026
Increment 8	4	March-2026	June-2026	September-2026
Total	87			



## Summary of Percentage Reserved and Recreation Area Buildout

### By Units:

Reserved Homes						Recreation Space	
Reserved Increment	Sales Phases	Units per Increment	% of Units per Increment	Units Aggregate	% of Units Aggregate	Rec Space Area	% of Total sf
Increment 1	Phases 1-5	12	28%	12	28%	Rec Space 1/2	58%
Increment 2	Phases 6-13	13	21%	25	24%		
Increment 3	Phases 14-21	12	21%	37	23%		
Increment 4	Phases 22-26	12	27%	49	24%		
Increment 5	Phases 27-32	12	24%	61	24%	Rec Space 3	75%
Increment 6	Phases 33-39	12	21%	73	23%	Rec Space 4	100%
Increment 7	Phases 40-46	10	18%	83	22%		
Increment 8	Phases 47-49	4	20%	87	22%		

### By Floor Area (20% Reserved Requirement):

Reserved Homes						Recreation Space	
Reserved Increment	Sales Phases	Floor per Increment	% of Floor Area per Increment	Floor Area Aggregate	% of Floor Area Aggregate		% of Total sf
Increment 1	Phases 1-5	14,184 sf	25%	14,184 sf	25%	Rec Space 1/2	58%
Increment 2	Phases 6-13	15,530 sf	19%	29,714 sf	22%		
Increment 3	Phases 14-21	14,430 sf	18%	44,144 sf	20%		
Increment 4	Phases 22-26	14,430 sf	25%	58,574 sf	21%		
Increment 5	Phases 27-32	14,430 sf	22%	73,004 sf	21%	Rec Space 3	75%
Increment 6	Phases 33-39	14,676 sf	20%	87,680 sf	21%	Rec Space 4	100%
Increment 7	Phases 40-46	12,230 sf	16%	99,910 sf	20%		
Increment 8	Phases 47-49	4,892 sf	18%	104,802 sf	20%		





## Exhibit II.A

### Summary of Percentage Reserved and Recreation Area Buildout

#### By Units:

		Reserved Homes				Market Homes				Total			Recreation Space			
		(a)	(a)/(e)	(b)	(b)/(f)	(c)	(d)	(c)/(e)	(d)/(f)	(a) + (c) = (e)	(b) + (d) = (f)					
Reserved Increment	Sales Phases	Units per Increment	% of Units per Increment	Units Aggregate	% of Units Aggregate	Units per Increment	% of Units per Increment	Units Aggregate	% of Units Aggregate	Units per Increment	Units Aggregate	% of Units Aggregate		sf	sf	% of Total sf
Increment 1	Phases 1-5	12	28%	12	28%	31	72%	31	72%	43	43	11%	Rec Space 1/2	72,314 sf	72,314 sf	58%
Increment 2	Phases 6-13	13	21%	25	24%	48	79%	79	76%	61	104	27%				
Increment 3	Phases 14-21	12	21%	37	23%	46	79%	125	77%	58	162	42%				
Increment 4	Phases 22-26	12	27%	49	24%	32	73%	157	76%	44	206	53%	Rec Space 3	22,050 sf	94,364 sf	75%
Increment 5	Phases 27-32	12	24%	61	24%	38	76%	195	76%	50	256	66%				
Increment 6	Phases 33-39	12	21%	73	23%	45	79%	240	77%	57	313	80%				
Increment 7	Phases 40-46	10	18%	83	22%	47	82%	287	78%	57	370	95%	Rec Space 4	30,678 sf	125,042 sf	100%
Increment 8	Phases 47-49	4	20%	87	22%	16	80%	303	78%	20	390	100%				

#### By Floor Area (20% Reserved Requirement):

		Reserved Homes				Market Homes				Total			Recreation Space			
		(a)	(a)/(e)	(b)	(b)/(f)	(c)	(d)	(c)/(e)	(d)/(f)	(a) + (c) = (e)	(b) + (d) = (f)					
Reserved Increment	Sales Phases	Floor per Increment	% of Floor Area per Increment	Floor Area Aggregate	% of Floor Area Aggregate	Floor Area per Increment	% of Floor Area per Increment	Floor Area Aggregate	% of Floor Area Aggregate	Floor Area per Increment	Floor Area Aggregate	% of Floor Area Aggregate		sf	sf	% of Total
Increment 1	Phases 1-5	14,184 sf	25%	14,184 sf	25%	41,981 sf	75%	41,981 sf	75%	56,165 sf	56,165 sf	11%	Rec Space 1/2	72,314 sf	72,314 sf	58%
Increment 2	Phases 6-13	15,530 sf	19%	29,714 sf	22%	67,361 sf	81%	109,342 sf	78%	82,891 sf	139,056 sf	26%				
Increment 3	Phases 14-21	14,430 sf	18%	44,144 sf	20%	64,542 sf	82%	173,884 sf	80%	78,963 sf	216,550 sf	42%				
Increment 4	Phases 22-26	14,430 sf	25%	58,574 sf	21%	42,652 sf	75%	216,536 sf	79%	57,132 sf	273,682 sf	53%	Rec Space 3	22,050 sf	94,364 sf	75%
Increment 5	Phases 27-32	14,430 sf	22%	73,004 sf	21%	52,066 sf	78%	268,602 sf	79%	66,488 sf	340,170 sf	65%				
Increment 6	Phases 33-39	14,676 sf	20%	87,680 sf	21%	59,329 sf	80%	327,931 sf	79%	73,996 sf	414,165 sf	80%	Rec Space 4	30,678 sf	125,042 sf	100%
Increment 7	Phases 40-46	12,230 sf	16%	99,910 sf	20%	65,951 sf	84%	393,882 sf	80%	78,098 sf	492,263 sf	95%				
Increment 8	Phases 47-49	4,892 sf	18%	104,802 sf	20%	20,900 sf	82%	414,782 sf	80%	27,321 sf	519,584 sf	100%				



# Kalaeloa Reserved Housing Restrictions and Requirements Overview

- Number of Reserved Housing units is based on 20% of total residential floor area in the project (approximately 87 units).
- Reserved Housing units are priced to be affordable to those earning up to 140% AMI.
- Buyers' household assets cannot exceed 135% of income limit based on household size.
- 5-year buy-back and owner-occupancy restrictions.
- Limited to first-time homebuyers (no homeownership for 3 years prior).
- City & County of Honolulu maximum occupancy limits for a residential dwelling unit shall apply:
  - 2-bedroom unit – Maximum of 5 persons in household, and
  - 3-bedroom unit – Maximum of 7 persons in household.
- No minimum household size.
- Sharing of equity with HCDA when Reserved Housing unit is transferred during or after 5-year restriction period.
- Sales prices to be determined based on 6-month average interest rate for major Honolulu banks.
- Reserved Housing residents will have access to the same amenities offered to other residents within Ka'ulu.

