

FOR ACTION

I. REQUEST

Consider Approving, Pursuant to the Findings of Fact, Conclusions of Law, and Decision and Order dated February 2, 2022, for Application No. KAL 21-005, Gentry Home’s (“Gentry”) Reserved Housing Program, Including Reserved Housing Unit Pricing, and Gentry’s Analysis and Assumptions Used in Determining Common Area Maintenance Fees and Reserves, for Increment 1 of Ka’ulu by Gentry, Located on Parcel TMKs (1) 9-1-013: 197, 198 and 199 in the HCDA’s Kalaeloa community development district [no postal address].

II. BACKGROUND

The “Project” is Gentry’s “Ka’ulu by Gentry”, a new residential project, on an approximately 29.8-acre property (“Project”) in the Kalaeloa community development district. The Project site bounded by the proposed Kamokila Boulevard Extension (to the west), the realigned Boxer Road/Saratoga Avenue (to the south), Copahee Avenue (to the east) and Franklin Delano Roosevelt Avenue (“FDR”) (to the north). The landowner is Hunt Communities, LLC. The Project will include approximately 262 multi-family attached units and 128 single family detached units, for a total of 390 residential units.

The relevant procedural background is summarized as follows:

1. **February 2, 2022 Decision Making Hearing:** the Authority approved Gentry’s development permit application for the Project by adopting the Findings of Fact, Conclusions of Law, and Decision and Order for Planned Development Permit KAL 21-005 dated February 2, 2022 (“Ka’ulu D & O”). The Ka’ulu D & O included two conditions that addressed the Authority’s concerns about how the area median income would be applied in the pricing. Those two conditions are:

“12. Reserved housing shall be required pursuant to the Kalaeloa Reserved Housing Rules (HAR Chapter 15-216). Pursuant to HAR § 15216-17, and based on the total floor area, 103,917 sf of floor area is required for reserved housing within the Project; however, Gentry shall provide a minimum of 104,802 sf of reserved housing floor area (equivalent to a minimum of approximately 87 reserved housing units) within the multifamily buildings within the Project.”

“13. The sale of all reserved housing unit in the Project shall be consistent with the Kalaeloa Reserved Housing Rules (HAR Chapter 15216). Within 180 calendar days of the issuance of this FOF, COL, and D&O for the

Project, Gentry shall provide a development plan and program for the sale of reserved housing units in the Project for review and approval by the Authority. The reserved housing program shall include an analysis detailing assumptions for determining any common area maintenance fees in the form of a reserve study and a schedule of common area maintenance fee for reserved housing units.” (“Condition No. 13”)

2. **August 3, 2022 Authority Meeting:** Gentry timely submitted its development plan and reserved housing program to the HCDA staff. The HCDA, having timely received Gentry’s development plan and reserved housing program, presented it to the Authority for approval in accordance with Condition No. 13, above. The Authority approved Gentry’s reserved housing program including the requirement that Gentry shall present to the Authority for approval the reserve study, a schedule of common area maintenance fees for reserved housing units, when available, and the unit sales price for each reserved housing increment 90 days prior to the published notice for reserved housing sales.

On August 1, 2023, Gentry submitted to the HCDA the following:

1. Ka’ulu by Gentry reserve study (attached hereto as Exhibit A);
2. Ka’ulu by Gentry estimated budget and initial common area maintenance fee schedule (attached hereto Exhibit B); and
3. Ka’ulu by Gentry Reserved Housing Increment 1 sales prices (attached hereto Exhibit C).

Reserved Housing Increment 1 will consist of 12 Reserved Housing units. Gentry anticipates having a total of eight Reserved Housing Increments at Ka’ulu, for a total of 88 Reserved Housing units. Gentry anticipates seeking approval from the Authority for the additional seven reserved housing increments at a later date. Each increment contains a proportionate amount of the 88 reserved housing units.

Pricing for each Reserved Housing unit is consistent with the formulas provided by the HCDA and is based on the Area Median Income (“AMI”) to ensure Reserving Housing unit owners spend no more than a third of their gross income on housing expenses.

3. **DISCUSSION**

Gentry’s Reserve Study is a 30-year reserve study conducted by an independent firm, Trinity ERD. It established an annual inflation rate of 5% based on current economic conditions and provides for a 100% funded reserve account using a cash flow funding plan with an assumed 0.50% interest rate. The reserve contributions will be allocated among Reserved Housing unit owners and market owners, as determined by Gentry and the Ka’ulu Association of Apartment Owners.

The estimated budget figures are based on Gentry’s actual recent projects and contracts, which HCDA staff have deemed reasonable.

Estimated monthly maintenance fees range from \$330 (2-bedroom/ 2-bathroom) to \$410 (3-bedroom/ 2-bathroom). HCDA staff believes these maintenance fees are reasonable given the proposed budget.

Consistent with HCDA's Reserved Housing pricing formula, Reserved Housing Increment 1 sales prices factor in an interest rate of 5.98% based on the average interest rate over the past six months. The inflation rate is assumed at 5% annually. Down payment is assumed at 10% with a 30-year mortgage.

Utilizing the above factors, the Reserved Housing prices proposed by Gentry are all well below the maximum allowable by HCDA rules (140% AMI).

Reserved Housing Increment 1 sales prices range from \$610,000 (119.8% AMI) for a 2-bedroom/ 2-bathroom floor plan to \$685,000 (127.6% AMI) for a 3-bedroom/ 2-bathroom floor plan. On average, Reserved Housing Increment 1 is priced at the 125% AMI level.

The appraised fair market values of units in Reserved Housing Increment 1 range from \$642,000 to \$412,000, representing roughly \$27,000 to \$32,000 in shared equity to the HCDA for each unit. The regulated term for all units would be five years.

4. **RECOMMENDATION**

It is recommended that the Board Approve, Pursuant to the Findings of Fact, Conclusions of Law, and Decision and Order dated February 2, 2022, for Application No. KAL 21-005, Gentry Home's ("Gentry") Reserved Housing Program, Including Reserved Housing Unit Pricing, and Gentry's Analysis and Assumptions Used in Determining Common Area Maintenance Fees and Reserves, for Increment 1 of Ka'ulu by Gentry, Located on Parcel TMKs (1) 9-1-013: 197, 198 and 199 in the HCDA's Kalaeloa community development district [no postal address].

Prepared By: Lindsey Doi, Asset Manager _____

Reviewed By: Craig Nakamoto, Executive Director _____

Attachments:

Exhibit A: Reserve Study

Exhibit B: Maintenance Fee Schedule

Exhibit C: Reserved Housing Increment 1 Pricing Schedule



735 BISHOP STREET, SUITE 430
HONOLULU, HAWAII 96813
TEL: 808.535.3144
WWW.TRINITYERD.COM

KA'ULU BY GENTRY

RESERVE STUDY

ISSUED TO:

Gentry Kalaeloa LLC
Attn: Andrew Kamikawa

DATE ISSUED:

July 24, 2023





Contents

Introduction 3
 Maintenance..... 4
 Building Elements..... 5
 Reserve Study Limitations & Assumptions 5
Financial Analysis..... 5
Property Overview..... 12
Component Inventory and Assessment 12
 Steep Slope Roofing 12
 Gutters 13
 Exterior Cladding..... 14
 Unit Signs 15
 Asphalt and Concrete Surfaces..... 16
 Common Railing and Fencing Systems 17
 Trash and Recycling..... 18
 Electrical 18
 Common Area Lighting..... 19
 Recreation Areas..... 20
 Mail Kiosk 22
 Bike Racks..... 23
 Fire Extinguisher Cabinets..... 24
 Fire Sprinkler and Alarm System 25
 Common Area Landscaping..... 26
 Entry Monument..... 27
 Irrigation Systems..... 28
 Wayfaring 29
 Backflow Preventers 30
 Waste Piping 31
 Water Shut-Off Valves at Owner Units..... 32
 General Maintenance..... 33
Reserve Expenditures Summary 34

Introduction

The following Pre-Construction Capital Reserve Study was generated for the use of Gentry Kalaeloa LLC. Calculations and projections are based on the projected occupancy of the 390 units represented in the design documents. This Reserve Study has been completed as an Initial Reserve Study using basis of design products for warranty, life-cycle and pricing metrics. The purpose of the Reserve Study is to calculate anticipated monthly contributions to the Owners' Association reserve account to address maintenance needs and in anticipation of replacement of the common and limited common elements as required by the Hawaii Condominium Property Act, HRS. 514B.

Costs are based on new components that meet current building codes and on cost estimates generated by local contractors, suppliers and national publications, including RS Means, specifically weighted for construction in Honolulu, Hawaii.

This study includes a list of common and limited common building elements which will require maintenance on a recurring basis prior to full replacement. The study also provides estimates of service life and replacement costs based on current data. The Reserve Study must reflect costs in anticipation of replacement years ahead; therefore, costs must incorporate a provision for inflation and other currency factors to ensure adequate funds have been collected to provide for periodic inspections, design the replacement elements, and meet the anticipated construction costs. Costing of future work is assisted by indices maintained by the government as well as private firms that track construction-related costs over time. Thus, the Reserve Study may require adjustment to account for actual inflation, changes in interest rates and construction cost changes. These critical elements of the Reserve Study should be reviewed on an annual basis.

As stated above, this Pre-Construction Reserve Study is based on design documents and basis of design materials. After construction is completed, the Reserve Study should be updated to include installed materials as during the course of construction material selections will likely change due to production availability, value engineering, or design changes for various reasons.

A primary goal of the Reserve Study is to decrease the financial burden of the replacement of costly components of the building by spreading the cost out over the years of service of each element to ensure the funds are available at the time the replacement is needed. By creating and maintaining a reserve fund, the eventual ownership of Ka'ulu can avoid substantial assessments when each of the common and limited common elements reaches the end of its service life. A properly funded, regularly updated Reserve must be adjusted to account for unforeseen events, such as weather damage to a building component that reduces its service life, as well as changes in interest rates and inflation. After construction is complete and the condominium complex is fully functional, inspections are necessary, and should be accounted for in the Reserve, to confirm

the maintenance of each element is sustained to maximize service life, as well as to re-adjust the estimated service life should events mandate such a change.

Code changes can also impact costs that should trigger reassessment of the Capital Reserve. For example, changes to the Energy Code could require higher R-value insulation, a full energy assessment, and provisions for solar panel mounting on a roof structure. These changes could significantly alter the cost of a replacement roof or the type of windows that could replace the original elements. A Code review every five years may minimize surprises, allowing for cost adjustment well before replacement funding is needed.

Maintenance

A critical aspect of an accurate Reserve Study is the Ka'ulu Owners' Association of Apartment Owners ('AOAO') adherence to prescribed maintenance schedules. To maximize the service life of building elements, it is crucial that recommended periodic maintenance and inspections be completed. Failure to follow a regular schedule of maintenance will reduce the service life of building elements and undermine the purpose of the Reserve Study; components will require replacement before the Reserve is fully funded, making costly individual assessments necessary.

The AOAO, through property management and ownership documents provided at the time of initial sale, must be aware of all warranties that relate to the elements including all contact information should repairs or replacement be required. Warranties may be voided if unauthorized work is carried out and proper notification is not provided. Much of the warranty information is contained in the Operation and Maintenance ('O & M') Manuals that are provided by the contractor and developer as part of the construction close-out documentation and sale agreement. This information should also be broken out into a separate Warranty Manual with contact information for the material supplier and initial installers. Contact should be made with each entity to confirm the warranties are in full force and all the provisions of the warranty are understood. Many warranties have a period of contractor participation. Contact information for both entities should be on file. Where possible, emergency contact information should also be maintained. Material manufacturers have limited personnel on Island, relying heavily on third parties to execute warranty obligations.

Another aspect of the maintenance process is identifying qualified contractors to complete the work. The AOAO must decide between using the same contractor for all maintenance work, creating consistency over time, or putting each maintenance project out for bids to a number of contractors, thus increasing the likelihood of a competitive price for the work. The choice between consistency and value is a judgment call; the Owners' Association must decide which is more important. Again, warranty provisions should be fully understood and reviewed with the warrantor prior to commencement of any maintenance work. Any design professionals retained to design

maintenance or replacement should be provided with 'as-built' drawings, warranty documents, repair records, and related Reserve Study data.

Inspections are necessary, and should be accounted for in the Reserve funds, to confirm the maintenance of each element is sustained to maximize the service life as well as to re-adjust the estimated service life should events mandate such a change.

Building Elements

The specifics of each element of the building exterior have been identified as accurately as possible through a review of preliminary design plans and specifications provided by Gentry Kalaeloa LLC in May 2022. Construction of Ka'ulu by Gentry Kalaeloa LLC is projected to commence construction in the fall of 2022.

The expected service life for each exterior building element has been determined by review of product literature, manufacturers' warranties, and projected date of installation.

It should be noted the expected service life for most elements is greater than the period of the typical manufacturer's warranty. Maintenance funds must be reserved to pay the costs of maintenance in order to maximize service life.

If circumstances arise in which an element requires replacement within the warranty period, proper adherence to the guidelines of the warranty can prevent unnecessary expenditures from the Reserve Fund. Importantly, a warranty replacement may require some owner contribution. Some warranties are prorated with a decreasing warranty obligation each year. Others may have full cost replacement through, for example, the tenth year, with a decreasing value each successive year.

Reserve Study Limitations & Assumptions

Financial Analysis

Initial Reserve Fund Status and Funding Goal Assuming Year One is 2023:

The initial reserve fund balance was reported by Gentry Kalaeloa LLC and has not been audited by Trinity | ERD. The projected initial balance of the Gentry Kalaeloa LLC reserve fund, as reported by Andrew Kamikawa, is **\$138,000.00**. The funding goal of this Reserve Study is to provide a **100% funded** reserve account using a cash flow funding plan.



This Reserve Study assumes all funds will be deposited monthly in an interest-bearing account. Rates have been assumed at 0.50% per annum and are compounded annually. This rate is based on current long-term commercial savings rate provided by Bank of Hawaii. While this is an appropriate starting point, the interest rate should be reviewed annually. The historical 30-year average single-family construction increase according to the Department of Business, Economic Development and Tourism (DBEDT) is 4%. However, due to current economic conditions, the annual inflation rate has been initially established at 5%. The tax rate has been established at 15.0%, also based on current state and local tax laws. It is assumed that the Ka'ulu AOA is a not-for-profit association and therefore tax exempt.

All component replacement costs are calculated based on the 2022 new purchase costs plus inflation calculated for the year of replacement.

The allocated cost of reserve contribution will vary between the single family and multifamily homes. It is the requirement of the developer and Association to determine the percentages the single family homeowners will pay, and the multifamily unit owners. For the purpose of this Reserve Study, all common area costs for both Single Family and Multifamily Units have been combined.

Projected Initial Reserve Balance	\$138,000.00
Projected Reserve Expenditures Over 30 Years	\$26,321,494.00
Projected Ending Reserve Balance	\$289,793.46

Year	Contribution (Annual)	Monthly	Monthly Per Unit
2023-2026	\$500,000.00	\$41,667.00	\$107.00
2027-2031	\$620,000.00	\$51,667.00	\$132.00
2032-2036	\$720,000.00	\$60,000.00	\$154.00
2037-2041	\$864,000.00	\$72,000.00	\$185.00
2042-2046	\$1,036,800.00	\$86,400.00	\$222.00
2047-2051	\$1,244,160.00	\$103,680.00	\$266.00
2052	\$1,492,992.00	\$124,416.00	\$319.00



Ka'ulu Pre-Construction Capital Reserve and Funding Study							
Updated 7/7/2023							
Assumptions			Years	Monthly Contribution	Monthly Contribution (Per Unit)		
Inflation Rate	5.00%		2023-2026	\$41,667	\$107	128	
Return on Investments	0.50%		2027-2031	\$51,667	\$132	Single Family Units	
Tax Rate	15%		2032-2036	\$60,000	\$154		
			2037-2041	\$72,000	\$222		
			2042-2046	\$86,400	\$266	262	
			2047-2051	\$103,680	\$266	Multi Family Units	
			2052	\$124,416	\$319		

Year	Year	Starting Balance	Reserve Contribution	Reserve Expense	Interest Income	Tax	Ending Balance
1	2023	\$138,000.00	\$500,000.00	\$0.00	\$0.00	\$0.00	\$638,000.00
2	2024	\$638,000.00	\$500,000.00	\$0.00	\$3,190.00	\$478.50	\$1,140,711.50
3	2025	\$1,140,711.50	\$500,000.00	\$0.00	\$5,703.56	\$855.53	\$1,645,559.52
4	2026	\$1,645,559.52	\$500,000.00	\$0.00	\$8,227.80	\$1,234.17	\$2,152,553.15
5	2027	\$2,152,553.15	\$620,000.00	(\$118,248.00)	\$10,762.77	\$1,614.41	\$2,663,453.50
6	2028	\$2,663,453.50	\$620,000.00	\$0.00	\$13,317.27	\$1,997.59	\$3,294,773.18
7	2029	\$3,294,773.18	\$620,000.00	(\$23,921.00)	\$16,473.87	\$2,471.08	\$3,904,854.97
8	2030	\$3,904,854.97	\$620,000.00	\$0.00	\$19,524.27	\$2,928.64	\$4,541,450.60
9	2031	\$4,541,450.60	\$620,000.00	\$0.00	\$22,707.25	\$3,406.09	\$5,180,751.76
10	2032	\$5,180,751.76	\$720,000.00	(\$2,232,427.00)	\$25,903.76	\$3,885.56	\$3,690,342.96
11	2033	\$3,690,342.96	\$720,000.00	(\$90,648.00)	\$18,451.71	\$2,767.76	\$4,335,378.92
12	2034	\$4,335,378.92	\$720,000.00	(\$77,222.00)	\$21,676.89	\$3,251.53	\$4,996,582.28
13	2035	\$4,996,582.28	\$720,000.00	\$0.00	\$24,982.91	\$3,747.44	\$5,737,817.75
14	2036	\$5,737,817.75	\$720,000.00	(\$113,767.00)	\$28,689.09	\$4,303.36	\$6,368,436.48
15	2037	\$6,368,436.48	\$864,000.00	(\$1,931,797.00)	\$31,842.18	\$4,776.33	\$5,327,705.33
16	2038	\$5,327,705.33	\$864,000.00	\$0.00	\$26,638.53	\$3,995.78	\$6,214,348.08
17	2039	\$6,214,348.08	\$864,000.00	\$0.00	\$31,071.74	\$4,660.76	\$7,104,759.06
18	2040	\$7,104,759.06	\$864,000.00	\$0.00	\$35,523.80	\$5,328.57	\$7,998,954.29
19	2041	\$7,998,954.29	\$864,000.00	\$0.00	\$39,994.77	\$5,999.22	\$8,896,949.84
20	2042	\$8,896,949.84	\$1,036,800.00	(\$5,563,247.00)	\$44,484.75	\$6,672.71	\$4,408,314.88
21	2043	\$4,408,314.88	\$1,036,800.00	(\$4,524,404.00)	\$22,041.57	\$3,306.24	\$939,446.22
22	2044	\$939,446.22	\$1,036,800.00	\$0.00	\$4,697.23	\$704.58	\$1,980,238.86
23	2045	\$1,980,238.86	\$1,036,800.00	\$0.00	\$9,901.19	\$1,485.18	\$3,025,454.88
24	2046	\$3,025,454.88	\$1,036,800.00	(\$138,679.00)	\$15,127.27	\$2,269.09	\$3,936,434.06
25	2047	\$3,936,434.06	\$1,244,160.00	(\$1,584,063.00)	\$19,682.17	\$2,952.33	\$3,613,260.91
26	2048	\$3,613,260.91	\$1,244,160.00	\$0.00	\$18,066.30	\$2,709.95	\$4,872,777.27
27	2049	\$4,872,777.27	\$1,244,160.00	\$0.00	\$24,363.89	\$3,654.58	\$6,137,646.57
28	2050	\$6,137,646.57	\$1,244,160.00	(\$66,643.00)	\$30,688.23	\$4,603.23	\$7,341,248.57
29	2051	\$7,341,248.57	\$1,244,160.00	\$0.00	\$36,706.24	\$5,505.94	\$8,616,608.87
30	2052	\$8,616,608.87	\$1,492,992.00	(\$9,856,428.00)	\$43,083.04	\$6,462.46	\$289,793.46

Figure 1: Reserve Contributions and Expenses

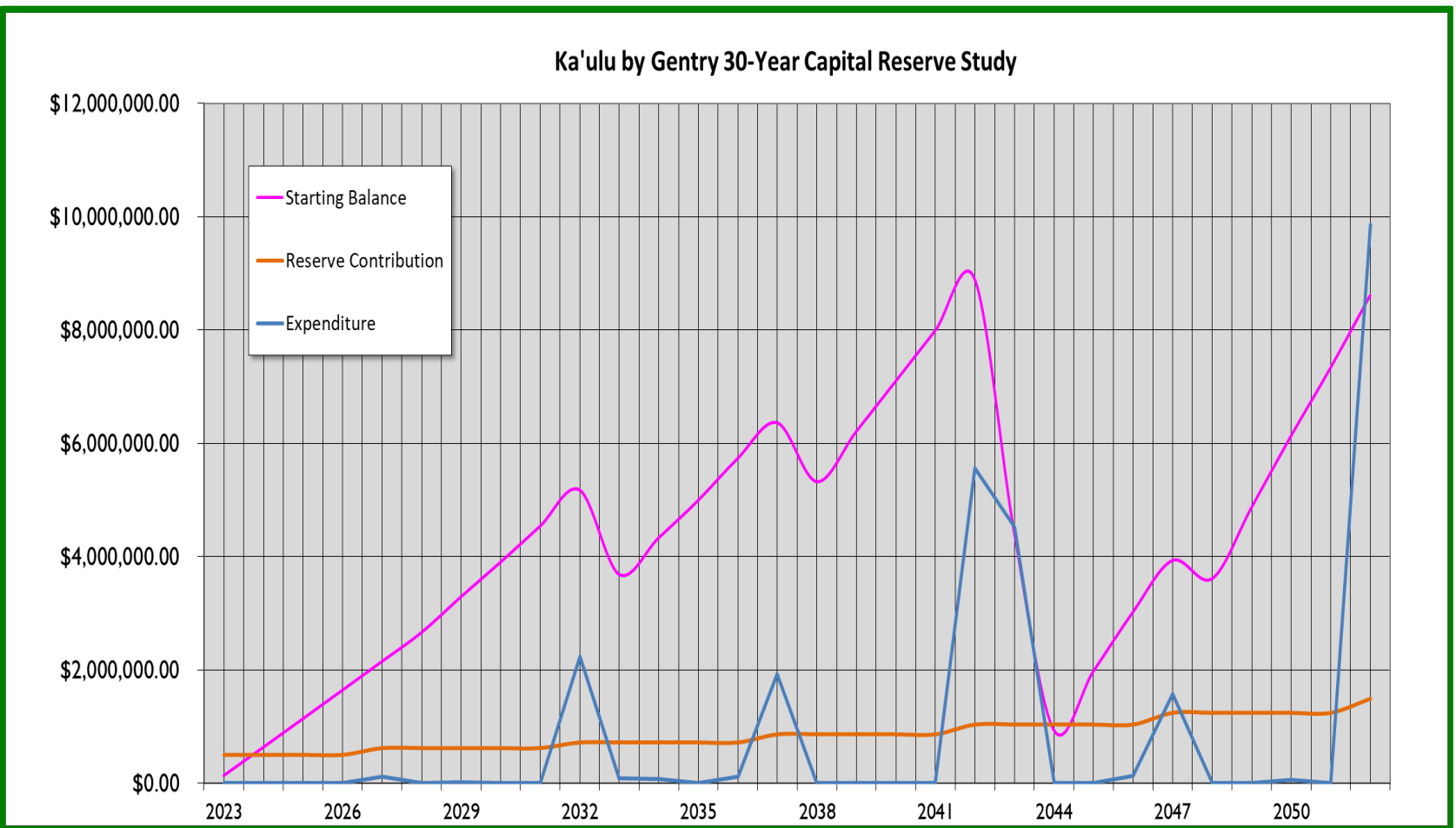


Figure 2: 30-Year Capital Reserve Outlook

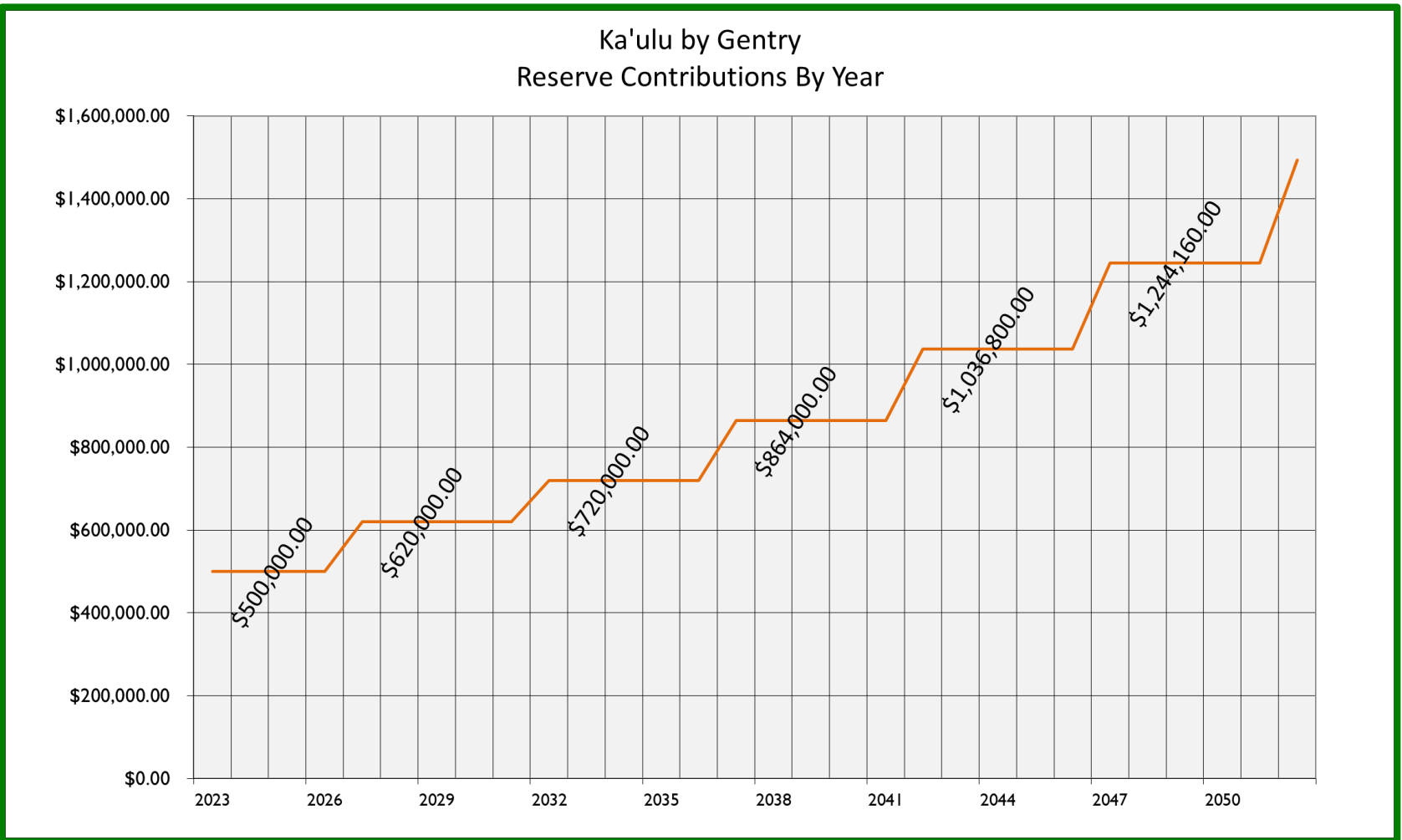


Figure 3: Reserve Contributions by Year

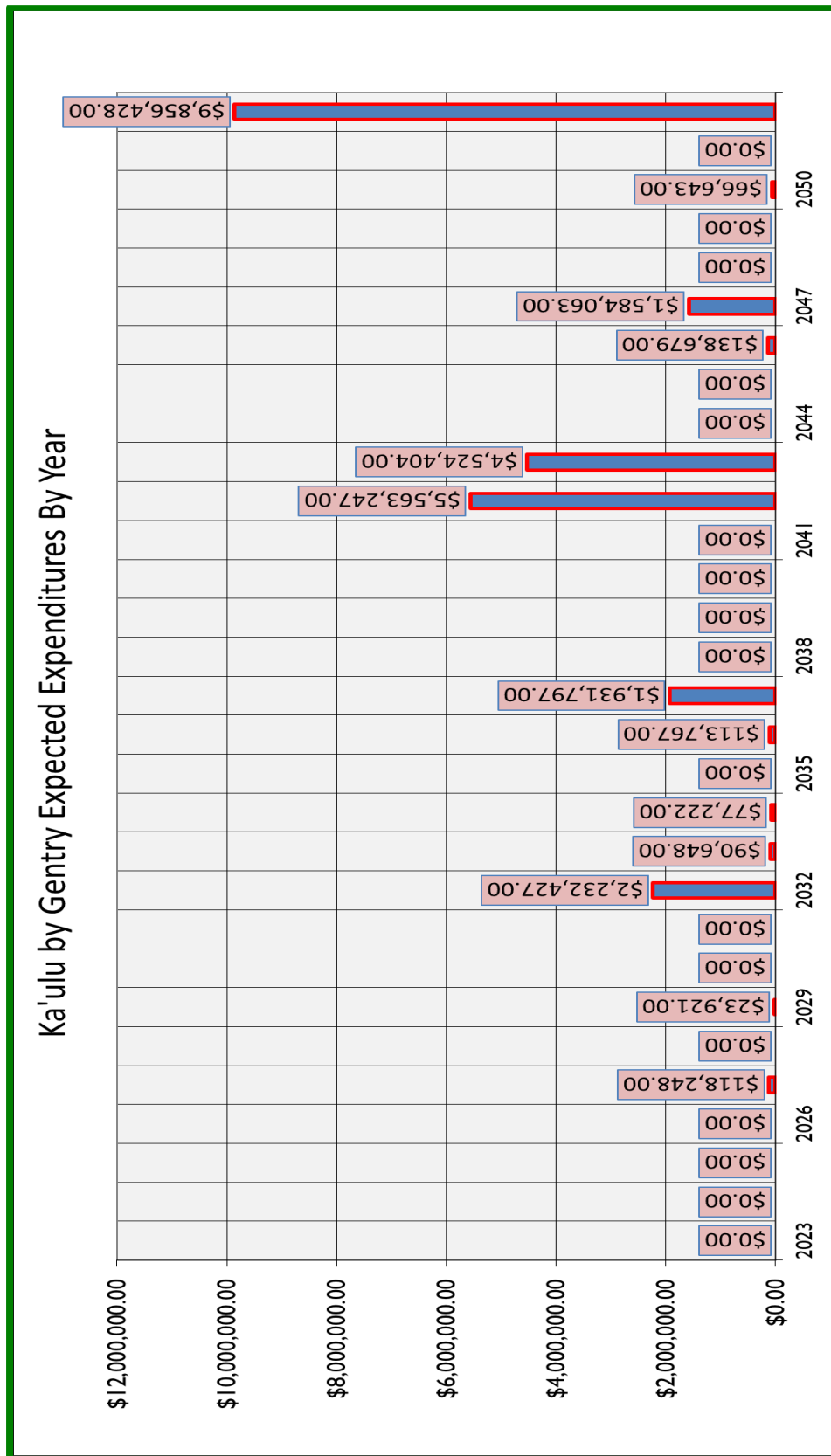


Figure 4: Expected Expenditures by Year

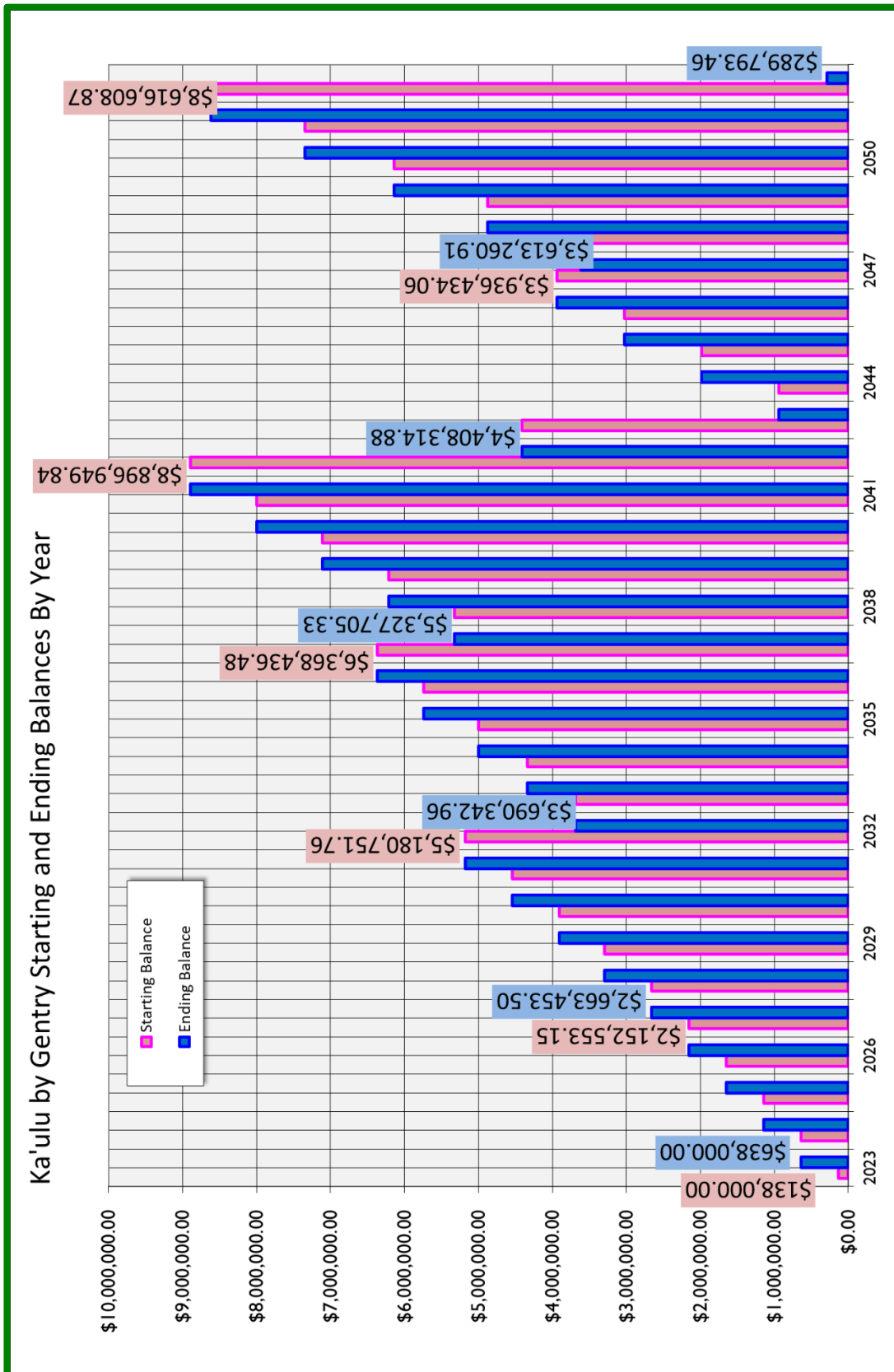


Figure 5: Starting and Ending Balances by Year

Property Overview

The Ka'ulu Community includes a total of 390 units located at the corner of Roosevelt Ave and Kamokila Boulevard at Barber's Point, Oahu. There are 128 single family homes, (17) 6-plex multi-family buildings, and (20) 8-plex multi-family buildings. Each unit includes a private lanai and garage. Construction is projected to begin in the fall of 2022. The buildings are designed as wood-framed construction on both concrete foundations and slabs on grade.

Component Inventory and Assessment

Steep Slope Roofing

The CertainTeed Landmark Solaris is a wood-shake inspired, solar-reflective asphalt shingle roof cover. Roof inspections should be carried out every three to five years and maintenance completed on an annual basis. Roof inspections should include inspection of gutters, flashings, sealants, and ventilation equipment. Costs should be carried by the AOA in the maintenance reserves for the inspections and minor repairs that may be needed. A roof of this type, when maintained, has an expected service life up to forty years. Replacement costs and duration will start with the 2023 Reserve Study.

The roof shingles of the single-family homes are not a common element and are the responsibility of the owner to maintain or replace. The roof shingles of the multi-family structures are considered a common element and the responsibility of the AOA.



Figure 6: CertainTeed Landmark Solaris Asphalt Roof Shingles - Catalog Sample

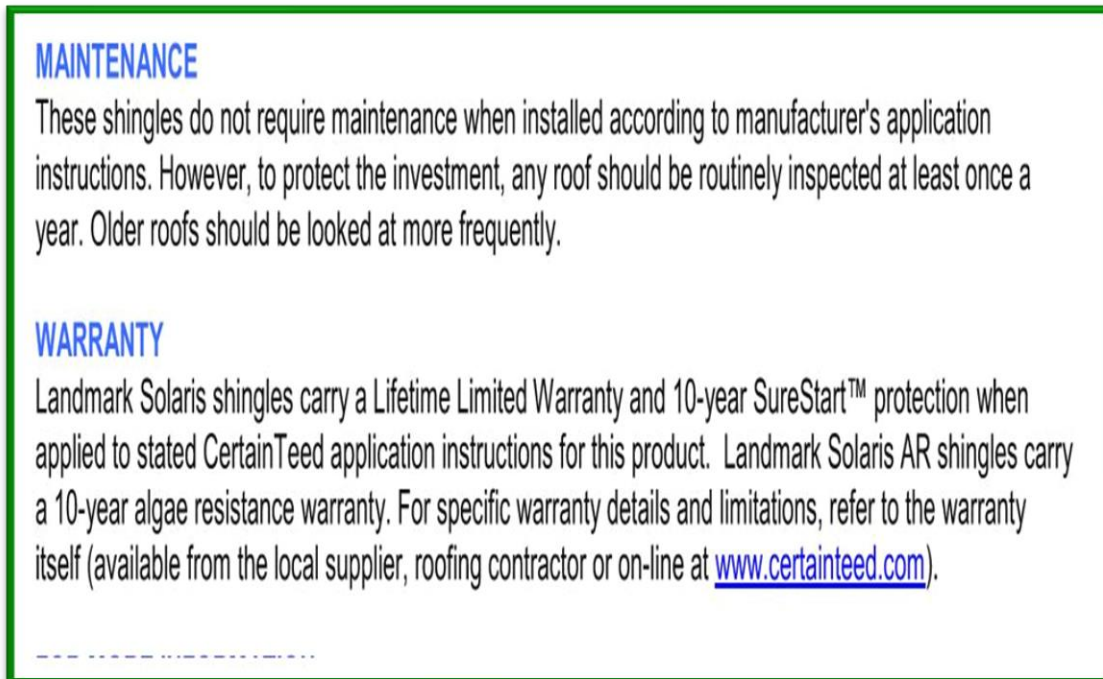


Figure 7: CertainTeed Landmark Solaris Data Sheet Excerpt

Gutters

Gutters and downspouts, when maintained, have an expected service life of twenty years. The gutters should be cleaned on a regular basis and more frequently in areas where trees are close or hang over the roofs. It is recommended that no vegetation be allowed to overhang roofs as this will cause damage to the roof and gutter systems over time, reducing the useful service life.

Special attention should be given to avoid wood rot at the fascia boards where the gutters are mounted.

The gutters of the single-family homes are not a common element and are the responsibility of the owner to maintain or replace. The gutters of the multi-family structures are considered a common element and the responsibility of the AOA.



Figure 8: Example of Residential Gutter

Exterior Cladding

The exterior cladding is currently specified as a combination of fiber cement panel and lap siding with solid wood trim and decorative features. The assumed fiber cement cladding for this study is manufactured by James Hardie Siding Company.

Typical exterior fiber cement cladding systems have an expected service life of 30 to 50 years when properly maintained. The large variation in service life is due to exposure and maintenance. To ensure a longer service life, the AOA must protect and maintain the exterior cladding by performing limited repairs as needed as a part of the maintenance program.

Maintenance and replacement of damaged cladding can be addressed on an as-needed basis during scheduled and phased painting work, which should take place every seven to ten years. Full cladding replacement should be considered at the buildings when the siding is no longer viable and in poor condition. Comprehensive siding replacement projects requiring full exterior siding replacement should include updated cost estimates. Proposals from design professionals and licensed contractors should be obtained to determine the actual project costs.

Cladding replacement at single family homes has not been included in this Reserve Study as it has not been defined as being a common element for the AOA. Although the service life of building cladding exceeds the thirty-year duration of the reserve study, estimated initial costs for cladding replacement at the multi-family homes have been provided as a common element line item for convenience.

Exterior painting has an expected service life of seven (7) to ten (10) years when properly maintained. Repainting of the buildings should be based on an established painting schedule and can be phased, addressing repainting of the buildings during the useful service life of the existing

paint. Costs and scheduling for recoating of only multi-family homes have been included in the Reserve Study and the recoating of single-family units will be the responsibility of the unit owner.

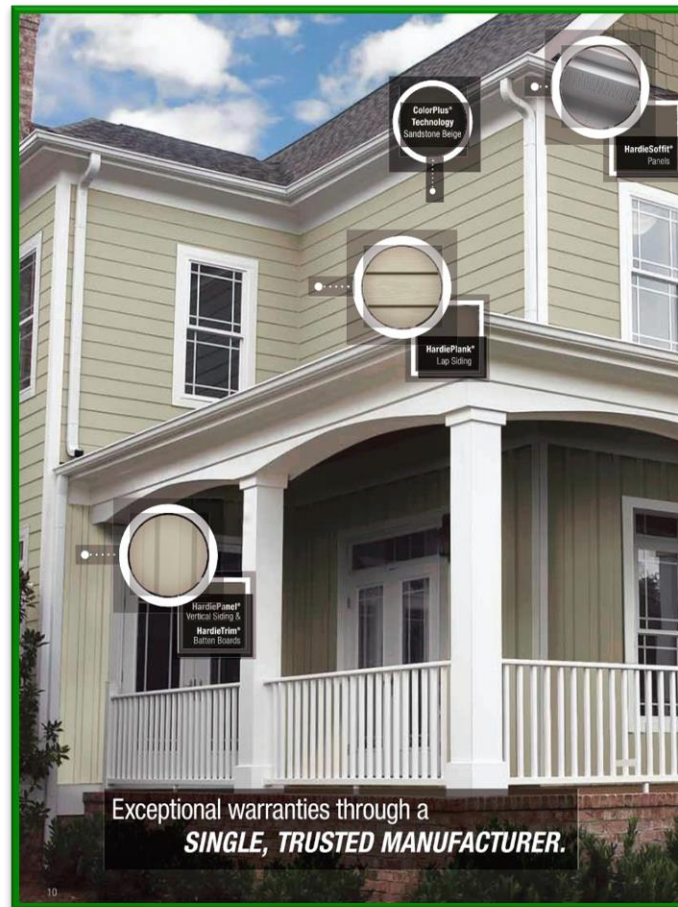


Figure 9: Siding Sample from Provided Exhibit 17-1

Unit Signs

Unit signs are primarily to designate building numbers. The signs are typically wood or plastic and mounted either to cement post bases set in grade or mechanically fastened to walls of the buildings. Signage, when maintained properly, has an expected service life of fifteen (15) years. Sign repair costs are factored into monthly maintenance fees, as well as complete replacement when they have reached the end of their useful service life.



Figure 10: Examples of a Unit Sign

Asphalt and Concrete Surfaces

Sidewalks, walkways, asphalt drive lanes (multi-family) and carport parking on the site are the responsibility of the AOA. Concrete walkways will require maintenance annually and full replacement every forty (40) years.

Asphalt resealing should occur every five (5) years with a full replacement of the asphalt overlay every twenty (20) years. The cost of minor repairs to the asphalt should be factored into the monthly maintenance budget once established by the AOA.

Parking space striping located within the guest parking areas and carports has an expected service life of ten (10) years. Restriping the parking stalls should be phased when the asphalt is resealed or replaced.

The single-family private concrete driveways from the street to the garage are not considered a common element. Maintenance of the single-family driveways will be the responsibility of the unit owners and are not included in this report.



Figure 11: Conceptual Site Plan

Common Railing and Fencing Systems

Powder-coated aluminum railing/fencing with a height of three (3) feet will be installed at front yards of the multi-family buildings. Single-family buildings will have fencing with a height of three (3) feet at the front yard, and privacy fencing with the height of six (6) feet at the side and rear of the building. Single family fencing is the responsibility of the homeowner and is not a common element. Newly installed powder-coated fencing when properly maintained, has a service life of fifteen (15) years. Presuming the railing systems maintain their structural integrity, the service life can be extended by recoating which can be done during painting projects as an option to reduce reserve expenses for railing system replacements. Conditions should be assessed on site by a professional when Reserve Studies are routinely updated.



Figure 12: AmeriStar Echelon Majestic Fencing Example

Trash and Recycling

The site has been designed so the City and County will collect trash and recycling. For both single and multi-family homes, the trash areas will be the responsibility of the unit owner to maintain. Trash receptacles will be the property of City and County for both single-family and multi-family buildings and are not factored into this report.

Electrical

All units for both single and multi-family will have their own individual meters managed by HECO and will be the responsibility of the unit owners. The costs of maintaining the electrical meters have not been included within this reserve study.

Electrical control panel cabinets for the common area lighting and irrigation systems will be the responsibility of the AOA. With proper maintenance and inspections electrical control cabinets have a service life of fifty (50) years before replacement is needed. Although the replacement service life exceeds the duration of this capital reserve study however 2022 installation costs have been. Replacement costs are based on the assumption that there will one electrical cabinet located at each mail kiosk, three cabinets in total. Note: The cabinets are also going to house water submetering for irrigation and internet, as reported by Gentry Kalaeloa LLC



Figure 13: Example of an Outdoor Electrical Control Panel

Common Area Lighting

The common area lighting systems will cover streetlights and lighting at certain walkways (exact locations not determined at the time of this report), as well as garages and rear areas of the residential buildings. It was reported the lighting will be post lighting through the entire property. Generally, pole fixtures with energy-efficient LED lightbulbs have a service life of twenty (20) years, if properly maintained.



Figure 14: Common Area Lighting Pole Example

Recreation Areas

The site design includes four recreation areas throughout the property. Park benches and picnic tables have a service life of seven (7) years. The shade structures and open space trellises have a service life of twelve (12) years.

Two recreation areas have been designated as a playground and outdoor fitness area. The playground equipment and outdoor fitness equipment each have a service life of ten (10) years. The rubberized surface for both the playground and outdoor fitness has a service life of twelve (12) years if properly maintained.



Figure 15: Conceptual Open Space / Recreation Areas



Figure 16: Example of Outdoor Fitness Area



Figure 17: Example of Outdoor Playground

Mail Kiosk

The site is designed to have three cluster mail kiosks serving all 390 units. The type of cluster mailboxes and possible kiosk structures are undetermined at the time of this report. Cost estimates for the mailboxes is based on USPS-approved freestanding cluster mailboxes. Cluster mailboxes typically have a service life of fifteen (15) years.



Figure 18: Example of USPS-Approved Cluster Mailbox



Figure 19: Conceptual Landscape Plan with Mail Kiosks

Bike Racks

The site is designed to include bicycle parking with racks holding 4 to 12 bicycles. Such racks have a typical service life of five (5) years before replacement.



Figure 20: Example of Bicycle Rack

Fire Extinguisher Cabinets

Exterior fire extinguishers are required to be housed in approved fire extinguisher cabinets. OSHA requirements are to have one extinguisher cabinet accessible every 75 feet along the perimeter of each multi-family building. According to the National Fire Protection Association (NFPA) fact sheet, "fire extinguishers are not required for one or two-family homes". Based on preliminary drawings provided by the association, it is assumed 225 fire extinguisher cabinets will be required for the property in order to meet fire code. Fire extinguisher cabinets have a service life of ten (10) years with annual inspections required annually. The cost for annual inspections has been factored into the annual maintenance costs for the property.



Figure 21: Example of Exterior Fire Extinguisher Cabinet

Fire Sprinkler and Alarm System

Fire sprinkler and alarm systems are to be installed within all multi-family units. Single-family units are not mandated to have fire alarms or fire sprinkler systems, hardwired smoke detectors with a battery backup are required within every bedroom at every level of the dwelling and at the immediate vicinity outside each bedroom. The smoke alarms are not a common element, are the responsibility of the unit owner and are not included within this reserve study. The system and manufacturer and locations within the units are unknown at this time however, according to HRS 123-3, in the multifamily units the sprinkler and alarm panel shall be located in an emergency command center which shall be accessible from the exterior of the building, permanently identified as to its function and provide alarm supervisory and trouble signals by means of an audio and visual indicator. Fire sprinkler systems, specifically the pumps and the control panels, typically have a service life of fifteen (15) years. Routine service, software updates and maintenance by qualified service providers are required. Annual inspections will be required under current fire code requirements for life safety and have been factored into general maintenance costs.



Figure 22: Example of Interior Fire Sprinkler and Alarm System

Common Area Landscaping

The on-site landscaping areas of trees, shrubbery and lawns will include an automatic irrigation system with a rain or moisture sensor, or with a system that eliminates water waste. Generally, landscaping typically has a service life of fifteen (15) years before major renovations, such as tree removal, plan replacement and excavation of growing medium, are necessary. These costs are included in this Reserve Study. The cost of annual landscaping maintenance has also been factored within the Reserve Study.



Figure 23: Conceptual Landscape Plan



Figure 24: Landscape Maintenance Plan

Entry Monument

The site is designed to have two (2) entry monuments. The size and design of the entry monuments have not been selected at this time. Entry monuments typically have a service life of thirty-five (35) years before needing replacement. An estimated cost for the new monuments has

been included in this report. Once design is finalized and components are defined, the Reserve Study should be updated to reflect the actual costs of designed/installed materials.



Figure 25: Example of Entry Monument

Irrigation Systems

The irrigation systems will be automatic with a rain or moisture sensor, or with a system that eliminates water waste. The manufacturer is unknown at this time. Sprinkler heads should have directional control and should not be located close to buildings and walkway edges to avoid overspray at the bases of buildings and along walkway edges, to avoid premature deterioration of the building coatings and cladding and walkway surfaces. Irrigation systems with proper maintenance have a service life of ten (10) years before replacement or upgrades are necessary. The cost for annual maintenance has been factored into annual landscaping costs.



Figure 26: Example of Irrigation Sprinkler System

Wayfaring

Wayfaring signs showing building unit locations, parking areas, public notices, and signs to direct the flow of traffic, ingress or egress of the property will be installed throughout the property. Cost for repair of the signs is factored into annual maintenance fees. Signage, when maintained properly, has an expected service life of ten (10) years.



Figure 27: Example of Wayfaring Signage

Backflow Preventers

The common area backflow preventers will be for irrigation only and will be sized accordingly. For the purposes of this study a three by two (3 x 2") size has been assumed. Backflow preventers this size have a service life of twenty (20) years. Annual inspection of the backflow preventer has been factored into the landscaping maintenance costs.

The cost for the purchase and installation of the primary backflow preventer that services the property cannot be determined until further details are provided regarding the system



Figure 28: Example of Irrigation Backflow Preventer

Waste Piping

Waste piping will be installed at the units, both within the walls and below grade and will be connected to the main City and County Sewage Line. Waste piping has a service life of twenty-five (25) years.



Figure 29: Example of Waste Piping

Water Shut-Off Valves at Owner Units

The main water shut-off valves servicing the owners' units should be easily accessible for maintenance.

The valves, when properly maintained, have a service life of fifteen (15) years. When replacements are necessary it is recommended that they are addressed by third party contractors and incorporated into/combined with landscaping and concrete walkway repairs.

It is reported the fresh water and sewage bills will be sub-metered and currently is a direct cost to the owners, and will not be included in the AOAO common area costs.



Figure 30: Example of Water Shut-Off Valve

General Maintenance

According to the information provided by Gentry Kalaeloa LLC, the following maintenance items are required for the project site. Initial starting costs are based on estimates provided by Gentry Kalaeloa LLC. See attached spreadsheet for maintenance costs plus inflation over the 30-year duration that is covered by this reserve study. Maintenance must be undertaken as projected to ensure the service life projections of the common and shared common capital elements identified and projected herein.

- Utilities - \$211,200.00
- Dryer Vent Cleaning - \$12,000.00
- Electrical Inspection and Maintenance - \$24,000.00
- Landscaping - \$18,000.000
- Fire Systems Inspection and Maintenance - \$18,000.00
- Common Areas, Mail, Pavilions - \$12,000.00
- Miscellaneous Repairs - \$24,000.00
- Professional Services - \$74,205.00
- Insurance and Fees - \$292,800.00
- Contract Services - \$420,000.00



Reserve Expenditures Summary

Estimated Useful Life, Replacement Year, and Replacement Cost

Component	Life	Replacement Year	2022 Cost
Asphalt Shingle Roof-Multi Family	40	2063	\$ 1,600,000.00
Gutters (Multi Family Unit)	20	2043	\$ 246,585.00
Exterior Coating - Multi Family	10	2033	\$ 1,167,300.00
Exterior Cladding – Multi Family	35	2038	\$ 3,135,000.00
Unit Signage	15	2038	\$ 8,250.00
Concrete Walkways	40	2063	\$ 700,000.00
Asphalt Overlay; Reconstruction	20	2043	\$ 1,554,000.00
Asphalt Resealing	5	2028	\$ 90,650.00
Parking Space Striping (151 Stalls)	10	2033	\$ 2,567.00
Site Fence - Multi-Family	15	2038	\$ 151,200.00
Lighting - Pole (215)	20	2043	\$ 473,000.00
Open Space/Park Benches (8)	7	2030	\$ 5,000.00
Open Space/Picnic Tables (8)	7	2030	\$ 12,000.00
Open Space/Shade Structures	10	2035	\$ 3,000.00
Open Space/Play Equipment	10	2033	\$ 30,000.00
Open Space Rubberized Playground Surface	12	2035	\$ 20,000.00
Open Space Rubberized Playground Surface	12	2035	\$ 20,000.00
Open Space/Fitness Equipment	10	2033	\$ 20,000.00
Open Space/Trellis	12	2035	\$ 3,000.00
Mailbox Cluster/ Kiosks (3)	15	2038	\$ 50,000.00
Bike Racks (4)	5	2028	\$ 2,000.00
Electrical Control Panel (3)	50	2073	\$ 30,000.00
Fire Alarm (Multi-Family)	15	2038	\$ 592,000.00
Fire Alarm Panel	15	2038	\$ 35,000.00
Fire Extinguisher Cabinets (225)	10	2033	\$ 18,000.00



Fire Sprinkler	25	2048	\$ 350,000.00
Common Area Landscaping	15	2038	\$ 35,000.00
Entry Monument (2)	35	2058	\$ 20,000.00
Irrigation System Control	10	2033	\$ 75,000.00
Wayfaring	10	2033	\$ 15,000.00
Irrigation Backflow Preventer Replacement (3)	20	2043	\$ 6,500.00
Waste Piping	25	2048	\$ 25,000.00
Shut-Off Valves (390)	15	2038	\$ 5,460.00
Annual Maintenance Costs Projected			
Utilities	1	2024	\$ 211,200.00
Electrical	1	2024	\$ 24,000.00
Landscaping	1	2024	\$ 18,000.00
Fire Systems	1	2024	\$ 18,000.00
Common Areas, Mail, Pavilions	1	2024	\$ 12,000.00
Misc. Repairs	1	2024	\$ 36,000.00
Professional Services	1	2024	\$ 74,205.00
Insurance and Fees	1	2024	\$ 332,000.00
Contract Services	1	2024	\$ 432,000.00

Please contact the writers with any questions.



BUILDING SCIENCE RESEARCH | DESIGN | CONSULTATION

Darbi Krumpas
Darbi Krumpas, CDT, BECxP, CxA+BE

For the firm

This report and the data contained therein is the sole property of ERD and the named client. This report shall not be reproduced outside Trinity | ERD except by the named client without written permission by the named client, in which case the report shall be reproduced in its entirety.

Ka'ulu by Gentry
Estimated Budget and initial Maintenance Fee Schedule for 390 units

	Common		Limited Common to Multi-Family		Total	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
Utilities						
Electricity - Common elements	3,625	43,500	1,500	18,000	5,125	61,500
Water - Common elements	6,000	72,000	-	-	6,000	72,000
Submetering Costs	100	1,200	-	-	100	1,200
	9,725	116,700	1,500	18,000	11,225	134,700
Contract Services						
Contract - Landscaping	30,000	360,000	-	-	30,000	360,000
Contract - Tree Trimming	1,250	15,000	-	-	1,250	15,000
Contract - Drainage Maintenance	1,667	20,000	-	-	1,667	20,000
Contract - Pest / Termite Control	-	-	3,417	41,000	3,417	41,000
Contract - Site Management / Security	7,083	85,000	-	-	7,083	85,000
	40,000	480,000	3,417	41,000	43,417	521,000
Maintenance, Repair & Services						
Landscaping - Supplies & Repairs	1,250	15,000	-	-	1,250	15,000
Electrical / Lighting	1,250	15,000	833	10,000	2,083	25,000
Fire Systems	-	-	2,021	24,250	2,021	24,250
Common Equipment & Mail Pavilion Maintenance	1,250	15,000	-	-	1,250	15,000
Miscellaneous Repairs & Services	1,667	20,000	1,667	20,000	3,333	40,000
	5,417	65,000	4,521	54,250	9,938	119,250
Professional Services						
Management Office Expenses	1,000	12,000	-	-	1,000	12,000
Education Expense	83	1,000	-	-	83	1,000
Management Fees	4,084	49,005	-	-	4,084	49,005
Audit/Tax Fees	500	6,000	-	-	500	6,000
Legal Fees	500	6,000	-	-	500	6,000
	6,167	74,005	-	-	6,167	74,005
Other						
Insurance - Property, GL, D&O, Fidelity Bond & Umbrella	2,583	31,000	24,917	299,000	27,500	330,000
Condo Registration Fees	168	2,010	-	-	168	2,010
HCDA Fees	667	8,000	-	-	667	8,000
	3,418	41,010	24,917	299,000	28,334	340,010
Reserves						
	14,417	173,000	27,250	327,000	41,667	500,000
	14,417	173,000	27,250	327,000	41,667	500,000
Total						
	79,143	949,715	61,604	739,250	140,747	1,688,965

Estimated Maintenance Charges or Fees for Each Unit:

The estimated monthly maintenance charge for each Plan 1 and Plan 1-R is \$245 per month.

The estimated monthly maintenance charge for each Plan 2 and Plan 2-R is \$258 per month.

The estimated monthly maintenance charge for each Plan 3 and Plan 3-R is \$257 per month.

The estimated monthly maintenance charge for each Type 1 and Type 1-R is \$384 per month.

The estimated monthly maintenance charge for each Type 2 is \$406 per month.

The estimated monthly maintenance charge for each Type 2-R is \$410 per month.

The estimated monthly maintenance charge for each Type 3 and Type 3-R is \$450 per month.

The estimated monthly maintenance charge for each Type 4 is \$330 per month.

The estimated monthly maintenance charge for each Type 5 is \$499 per month.

**Ka'ulu by Gentry
Pricing Schedule**

Reserved Housing Increment 1

Count	Unit Number	Net Living SF	Plan	Bed	Bath	Base Price	HCDA Unit AMI	Appraised Market Value	Shared Equity	Estimated Maint Fee	Restricted Period	
1	185 (Phase 2)	877 sf	4	2	2	\$610,000	119.8%	\$642,000	\$32,000	\$330	5 Years	
2	186 (Phase 2)	1,080 sf	2	3	2	\$685,000	127.5%	\$712,000	\$27,000	\$406	5 Years	
3	183 (Phase 2)	1,089 sf	2R	3	2	\$685,000	127.6%	\$712,000	\$27,000	\$410	5 Years	
4	165 (Phase 3)	877 sf	4	2	2	\$610,000	119.8%	\$642,000	\$32,000	\$330	5 Years	
5	166 (Phase 3)	1,080 sf	2	3	2	\$685,000	127.5%	\$712,000	\$27,000	\$406	5 Years	
6	163 (Phase 3)	1,089 sf	2R	3	2	\$685,000	127.6%	\$712,000	\$27,000	\$410	5 Years	
7	155 (Phase 4)	877 sf	4	2	2	\$610,000	119.8%	\$642,000	\$32,000	\$330	5 Years	
8	156 (Phase 4)	1,080 sf	2	3	2	\$685,000	127.5%	\$712,000	\$27,000	\$406	5 Years	
9	153 (Phase 4)	1,089 sf	2R	3	2	\$685,000	127.6%	\$712,000	\$27,000	\$410	5 Years	
10	135 (Phase 5)	877 sf	4	2	2	\$610,000	119.8%	\$642,000	\$32,000	\$330	5 Years	
11	136 (Phase 5)	1,080 sf	2	3	2	\$685,000	127.5%	\$712,000	\$27,000	\$406	5 Years	
12	133 (Phase 5)	1,089 sf	2R	3	2	\$685,000	127.6%	\$712,000	\$27,000	\$410	5 Years	
Average							125.0%					

Approval / Recommendation for Approval : _____

Date: _____

HCDA Executive Director

Figure 2. Planned Phasing Map for Ka'ulu by Gentry

- Increment 1
(Phases 01-06)
- Increment 2
(Phases 07-13)
- Increment 3
(Phases 14-21)
- Increment 4
(Phases 22-26)
- Increment 5
(Phases 27-32)
- Increment 6
(Phases 33-39)
- Increment 7
(Phases 40-46)
- Increment 8
(Phases 47-49)

- Reserved Housing
- Increment Borders
- Phase Lines

