

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 Homes's ("Gentry") Reserved Housing Unit Pricing and Supporting Analyses for Increment 2 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

Ka'ulu by Gentry (the "Project") is a new 29.8-acre residential subdivision adjacent to the new Veterans Affairs Clinic on the west side of Kalaeloa. The Project site is 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 Roosevelt Avenue (to the north). The Authority approved Gentry's original development permit application (KAL 21-005) on February 2, 2022.

When fully completed, the Project will include approximately 262 multi-family attached units and 128 single family detached units, for a total of 390 residential units. The first increment included 43 market units and 12 reserved housing units, for a total of 55 units. Increment 2 includes 36 market units and 13 reserved units for a total of a total of 49 units. Cumulatively, this represents about 27% of the planned buildout for the Project.

On August 3, 2022, the Authority approved Gentry's Reserved Housing Program for the Project, with conditions that the applicant submit: (1) a reserve study and schedule of common area maintenance fees; and (2) the unit prices for each increment 90-days prior to announcing the sales of each increment. The Authority approved Gentry's reserve study, the common area maintenance fees; and the pricing for Increment 1 on October 4, 2023.

III. DISCUSSION

Gentry is planning to price the Increment 2 reserve housing units at:

- \$610,000 for a 2-bedroom/ 2-bathroom floor plan
- \$685,000 for a 3-bedroom/ 2-bathroom floor plan

These prices represent 124.4% of the Area Median Income (AMI) and 132.3% of the AMI, respectively. On average, Reserved Housing Increment 2 is priced at the 130.5% AMI level and is below the HCDA maximum allowable AMI of 140%.

The Increment 2 reserved housing sales prices are based on a six-month average interest rate of 6.281%, as per the Kalaeloa Reserved Housing rules in HAR §15-216-34(a)(3).

The inflation rate is assumed at 5% annually. The down payment is assumed at 10% with a 30-year mortgage.

The current appraised fair market values of the reserved housing units in Increment 2 range from \$645,000 to \$715,000. This represents roughly \$30,000 to \$35,000 in shared equity to the HCDA for each unit. Estimated maintenance fees range from \$330 to \$410. The regulated term for all units would be five years in accordance with the Kalaeloa Reserved Housing Rules.

The proposed prices for the Increment 2 reserve housing units are unchanged from Increment 1, even though the appraised market values have risen slightly (about \$3,000 per unit). However, the average AMI levels for Increment 2 increased slightly from Increment 1 due to a slight reduction in the federal AMI level for 2024 and increased interest rates. The AMI for Increment 1 units ranged from 119.8% to 127.5%, with an average of 125%. This contrasts with the aforementioned average AMI level of 130.5% for Increment 2. Earlier this year, Gentry noted that it had only sold four out of the twelve reserved units in Increment 1.

IV. RECOMMENDATION

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 Homes's Reserved Housing Unit Pricing and Supporting Analyses for Increment 2 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: Ryan Tam, Director of Planning & Development 

Reviewed By: Craig Nakamoto, Executive Director *Craig Nakamoto*

Attachments:

Exhibit A: Reserved Housing Increment 2 Pricing Schedule

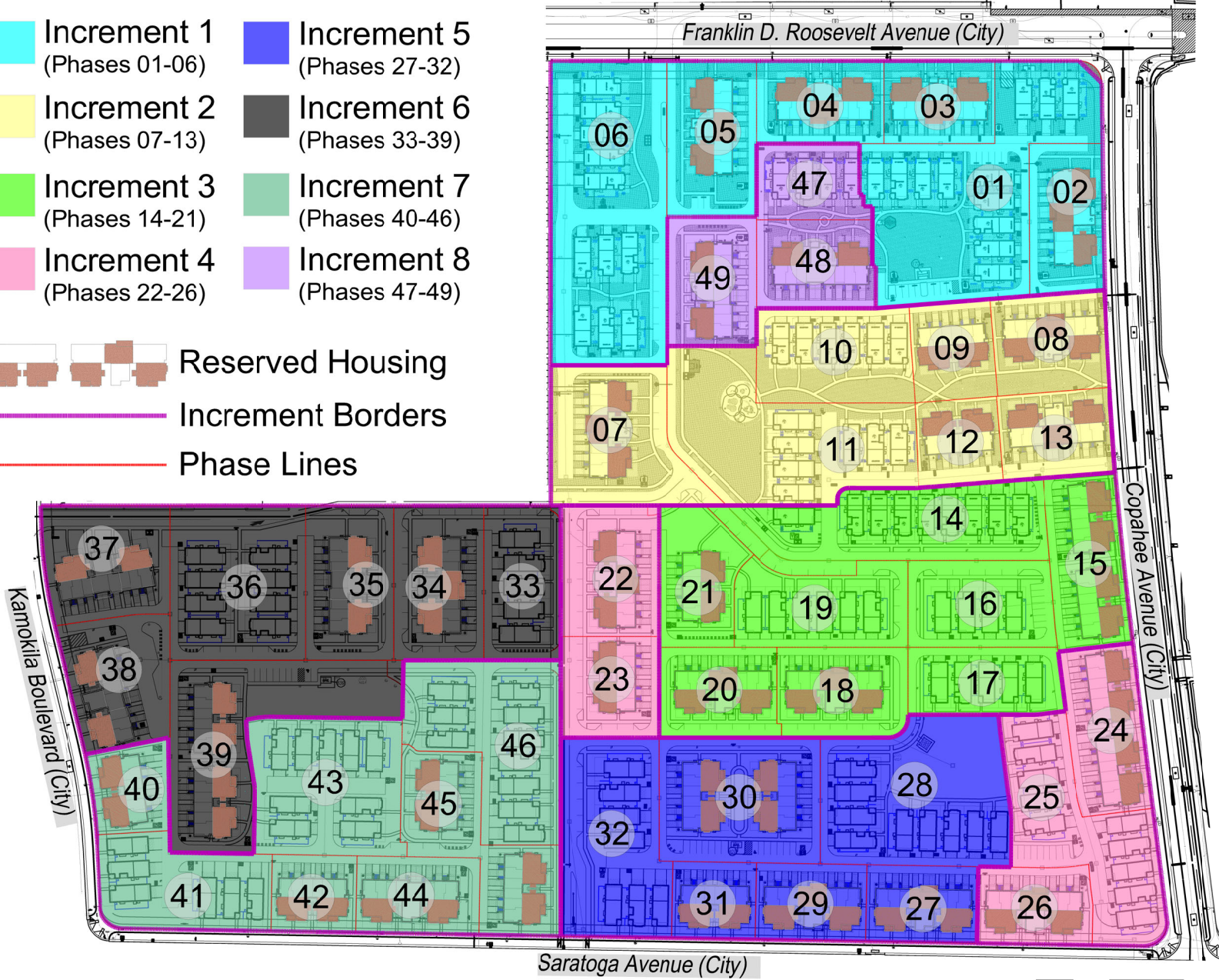
Exhibit B: Reserved Housing Calculations

Exhibit C: Ka'ulu Phasing Map

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



**Ka'ulu by Gentry
Pricing Schedule**

Reserved Housing Increment 2

| Count | Unit Number | Building Type | Net Living SF | Plan | Bed | Bath | Base Price | HCDA Unit AMI | Appraised Market Value | Shared Equity | Estimated Maint Fee | Restricted Period |
|---------|----------------|---------------|---------------|------|-----|------|------------|---------------|------------------------|---------------|---------------------|-------------------|
| 1 | 123 (Phase 7) | 8-Plex | 1,089 sf | 2R | 3 | 2 | \$685,000 | 132.4% | \$715,000 | \$30,000 | \$410 | 5 Years |
| 2 | 125 (Phase 7) | 8-Plex | 877 sf | 4 | 2 | 2 | \$610,000 | 124.4% | \$645,000 | \$35,000 | \$330 | 5 Years |
| 3 | 126 (Phase 7) | 8-Plex | 1,080 sf | 2 | 3 | 2 | \$685,000 | 132.3% | \$715,000 | \$30,000 | \$406 | 5 Years |
| 4 | 193 (Phase 8) | 8-Plex | 1,089 sf | 2R | 3 | 2 | \$685,000 | 132.4% | \$715,000 | \$30,000 | \$410 | 5 Years |
| 5 | 195 (Phase 8) | 8-Plex | 877 sf | 4 | 2 | 2 | \$610,000 | 124.4% | \$645,000 | \$35,000 | \$330 | 5 Years |
| 6 | 196 (Phase 8) | 8-Plex | 1,080 sf | 2 | 3 | 2 | \$685,000 | 132.3% | \$715,000 | \$30,000 | \$406 | 5 Years |
| 7 | 203 (Phase 9) | 6-Plex | 1,080 sf | 2R | 3 | 2 | \$685,000 | 132.3% | \$715,000 | \$30,000 | \$406 | 5 Years |
| 8 | 204 (Phase 9) | 6-Plex | 1,080 sf | 2 | 3 | 2 | \$685,000 | 132.3% | \$715,000 | \$30,000 | \$406 | 5 Years |
| 9 | 263 (Phase 12) | 6-Plex | 1,080 sf | 2R | 3 | 2 | \$685,000 | 132.3% | \$715,000 | \$30,000 | \$406 | 5 Years |
| 10 | 264 (Phase 12) | 6-Plex | 1,080 sf | 2 | 3 | 2 | \$685,000 | 132.3% | \$715,000 | \$30,000 | \$406 | 5 Years |
| 11 | 273 (Phase 13) | 8-Plex | 1,089 sf | 2R | 3 | 2 | \$685,000 | 132.4% | \$715,000 | \$30,000 | \$410 | 5 Years |
| 11 | 275 (Phase 13) | 8-Plex | 877 sf | 4 | 2 | 2 | \$610,000 | 124.4% | \$645,000 | \$35,000 | \$330 | 5 Years |
| 12 | 276 (Phase 13) | 8-Plex | 1,080 sf | 2 | 3 | 2 | \$685,000 | 132.3% | \$715,000 | \$30,000 | \$406 | 5 Years |
| Average | | | | | | | | 130.5% | | | | |

Approval / Recommendation for Approval : _____

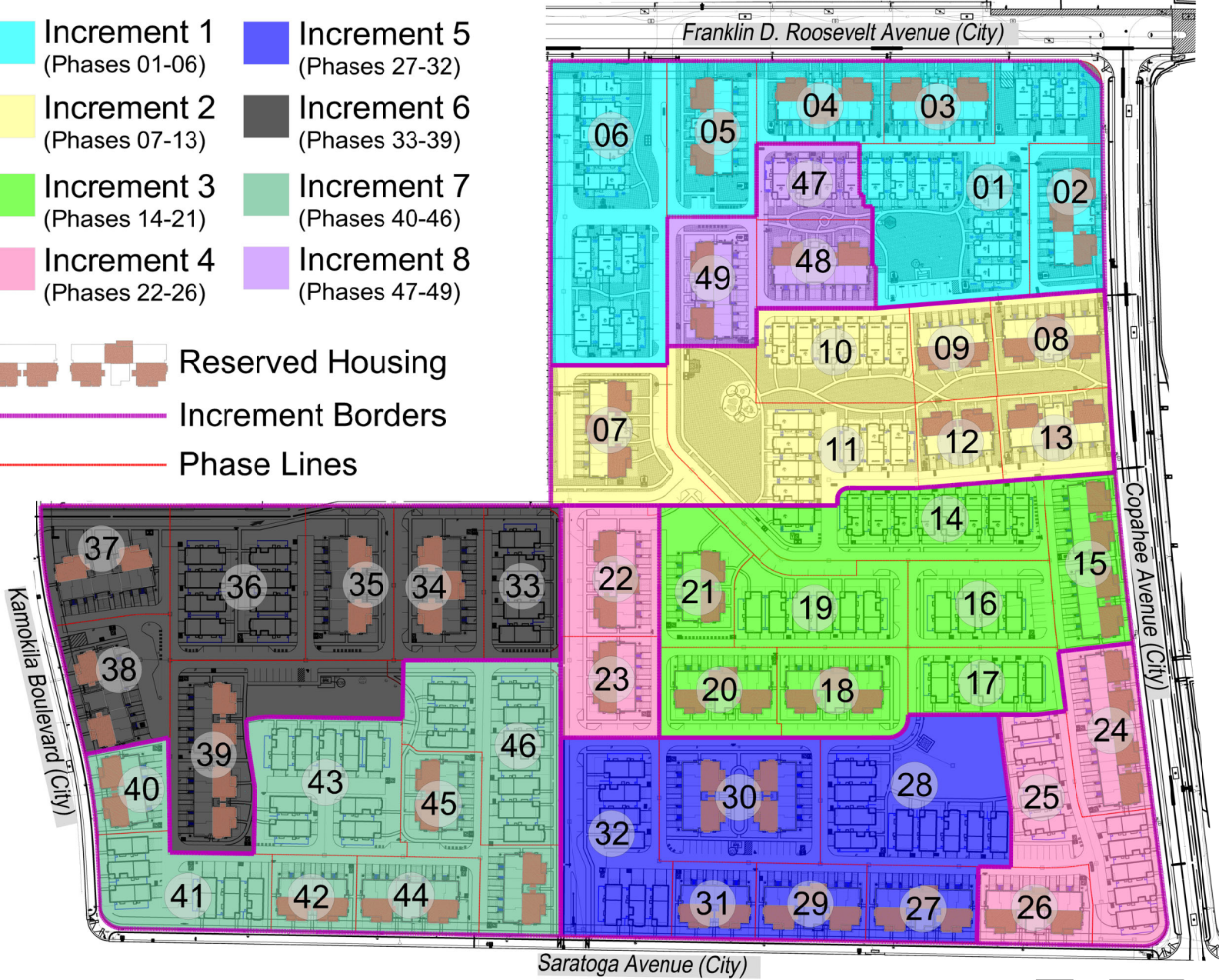
HCDA Executive Director

Date: _____

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

- Increment 1
(Phases 01-06)
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- Reserved Housing
- Increment Borders
- Phase Lines



| For- Sale Reserved Housing Maximum Affordable Price Calculation Formula | | | | | | | | | | | | WORKSHEET ASSUMPTIONS | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|-----------|---------------------------------|----------------------------|----------------------|----------------------|-----------|------------------|------------------|------------------|-----------|-------------------------|----------------------------|--------------------------|-----|-----|------|------|------|------|--------|--------|--------|------|------|--------------------------------|--|--|--|--|--|--|--|--|--|--|--|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------------------------|-----------|-----------|-----------|-----------|-----------|-----------|------------------|-----------|-----------|-----------|-----------|------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------------|-----------|-----------|-----------|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------------|-----------|-----------|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------------|-----------|-----------|-----------|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------------|-----------|-----------|-----------|
| Current Median Income (2024) | \$120,100 | Adjustment for Inflation Factor | 1 | Monthly Reserves**** | Assn Dues AD/RPT/MIP | | | | | | MIP Pricing Assumptions | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Inflation Factor | 1 | 0.7 | 1 Bed | \$600 | | | | | | | | Input Inflation Factors: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Future Median Income | \$120,100 | 0.9 | 2 Bed (Plan 4) | \$718 | | | | | | | | | %/Year 5.00% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Annual Mortgage Rate | 6.28% | 1 | 3 Bed (Plan 2/2R) - 6 Plex | \$842 | | | | | | | | # of Years 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mortgage Term (years) | 30 | 1.08 | 3 Bed (Plan 2) - 8 Plex | \$842 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Down payment (% of MAP) | 10.0% | 1.08 | 3 Bed (Plan 2R) - 8 Plex | \$846 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Housing Expense (% of Income) | 33.0% | 1.08 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>**** Monthly Reserves: AD: Association Dues (UPDATE), RPT: Real property Taxes (UPDATE), MIP: Mortgage Insurance Premium</p> <p>Monthly Reserves are provided as an example. The applicant should calculate Monthly Reserves based on the Project and submit a copy of the Reserve Study to the HCDA.</p> <p>***** Source: Local Bank First Week</p> | | | | | | | | | | | | Input Mortgage Rates*****: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table border="1"> <thead> <tr> <th>Percent of Median Income</th> <th>80%</th> <th>90%</th> <th>100%</th> <th>105%</th> <th>110%</th> <th>115%</th> <th>124.4%</th> <th>132.3%</th> <th>132.4%</th> <th>135%</th> <th>140%</th> </tr> </thead> <tbody> <tr> <td>Maximum Affordable Price (MAP)</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Studio</td> <td>\$257,123</td> <td>\$298,706</td> <td>\$340,289</td> <td>\$361,081</td> <td>\$381,872</td> <td>\$402,664</td> <td>\$441,820</td> <td>\$474,482</td> <td>\$474,986</td> <td>\$485,830</td> <td>\$506,622</td> </tr> <tr> <td>1 Bedroom</td> <td>\$314,398</td> <td>\$367,863</td> <td>\$421,327</td> <td>\$448,059</td> <td>\$474,791</td> <td>\$501,523</td> <td>\$551,867</td> <td>\$593,860</td> <td>\$594,508</td> <td>\$608,451</td> <td>\$635,183</td> </tr> <tr> <td>2 Bedroom (Plan 4)</td> <td>\$346,147</td> <td>\$405,551</td> <td>\$464,956</td> <td>\$494,658</td> <td>\$524,360</td> <td>\$554,062</td> <td>\$610,000</td> <td>\$656,660</td> <td>\$657,379</td> <td>\$672,872</td> <td>\$702,574</td> </tr> <tr> <td>3 Bedroom (Plan 2) - 8 plex</td> <td>\$349,646</td> <td>\$413,803</td> <td>\$477,960</td> <td>\$510,038</td> <td>\$542,116</td> <td>\$574,195</td> <td>\$634,607</td> <td>\$685,000</td> <td>\$685,777</td> <td>\$702,509</td> <td>\$734,587</td> </tr> <tr> <td>3 Bedroom (Plan 2R) - 8 plex</td> <td>\$348,869</td> <td>\$413,026</td> <td>\$477,182</td> <td>\$509,261</td> <td>\$541,339</td> <td>\$573,418</td> <td>\$633,830</td> <td>\$684,223</td> <td>\$685,000</td> <td>\$701,732</td> <td>\$733,810</td> </tr> <tr> <td>3 Bedroom (Plan 2 &) - 6 plex</td> <td>\$349,646</td> <td>\$413,803</td> <td>\$477,960</td> <td>\$510,038</td> <td>\$542,116</td> <td>\$574,195</td> <td>\$634,607</td> <td>\$685,000</td> <td>\$685,777</td> <td>\$702,509</td> <td>\$734,587</td> </tr> <tr> <td>3 Bedroom (Plan 2R) - 6 plex</td> <td>\$349,646</td> <td>\$413,803</td> <td>\$477,960</td> <td>\$510,038</td> <td>\$542,116</td> <td>\$574,195</td> <td>\$634,607</td> <td>\$685,000</td> <td>\$685,777</td> <td>\$702,509</td> <td>\$734,587</td> </tr> </tbody> </table> | | | | | | | | | | | | | Percent of Median Income | 80% | 90% | 100% | 105% | 110% | 115% | 124.4% | 132.3% | 132.4% | 135% | 140% | Maximum Affordable Price (MAP) | | | | | | | | | | | | Studio | \$257,123 | \$298,706 | \$340,289 | \$361,081 | \$381,872 | \$402,664 | \$441,820 | \$474,482 | \$474,986 | \$485,830 | \$506,622 | 1 Bedroom | \$314,398 | \$367,863 | \$421,327 | \$448,059 | \$474,791 | \$501,523 | \$551,867 | \$593,860 | \$594,508 | \$608,451 | \$635,183 | 2 Bedroom (Plan 4) | \$346,147 | \$405,551 | \$464,956 | \$494,658 | \$524,360 | \$554,062 | \$610,000 | \$656,660 | \$657,379 | \$672,872 | \$702,574 | 3 Bedroom (Plan 2) - 8 plex | \$349,646 | \$413,803 | \$477,960 | \$510,038 | \$542,116 | \$574,195 | \$634,607 | \$685,000 | \$685,777 | \$702,509 | \$734,587 | 3 Bedroom (Plan 2R) - 8 plex | \$348,869 | \$413,026 | \$477,182 | \$509,261 | \$541,339 | \$573,418 | \$633,830 | \$684,223 | \$685,000 | \$701,732 | \$733,810 | 3 Bedroom (Plan 2 &) - 6 plex | \$349,646 | \$413,803 | \$477,960 | \$510,038 | \$542,116 | \$574,195 | \$634,607 | \$685,000 | \$685,777 | \$702,509 | \$734,587 | 3 Bedroom (Plan 2R) - 6 plex | \$349,646 | \$413,803 | \$477,960 | \$510,038 | \$542,116 | \$574,195 | \$634,607 | \$685,000 | \$685,777 | \$702,509 | \$734,587 |
| Percent of Median Income | 80% | 90% | 100% | 105% | 110% | 115% | 124.4% | 132.3% | 132.4% | 135% | 140% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Maximum Affordable Price (MAP) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Studio | \$257,123 | \$298,706 | \$340,289 | \$361,081 | \$381,872 | \$402,664 | \$441,820 | \$474,482 | \$474,986 | \$485,830 | \$506,622 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 Bedroom | \$314,398 | \$367,863 | \$421,327 | \$448,059 | \$474,791 | \$501,523 | \$551,867 | \$593,860 | \$594,508 | \$608,451 | \$635,183 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2 Bedroom (Plan 4) | \$346,147 | \$405,551 | \$464,956 | \$494,658 | \$524,360 | \$554,062 | \$610,000 | \$656,660 | \$657,379 | \$672,872 | \$702,574 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3 Bedroom (Plan 2) - 8 plex | \$349,646 | \$413,803 | \$477,960 | \$510,038 | \$542,116 | \$574,195 | \$634,607 | \$685,000 | \$685,777 | \$702,509 | \$734,587 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3 Bedroom (Plan 2R) - 8 plex | \$348,869 | \$413,026 | \$477,182 | \$509,261 | \$541,339 | \$573,418 | \$633,830 | \$684,223 | \$685,000 | \$701,732 | \$733,810 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3 Bedroom (Plan 2 &) - 6 plex | \$349,646 | \$413,803 | \$477,960 | \$510,038 | \$542,116 | \$574,195 | \$634,607 | \$685,000 | \$685,777 | \$702,509 | \$734,587 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3 Bedroom (Plan 2R) - 6 plex | \$349,646 | \$413,803 | \$477,960 | \$510,038 | \$542,116 | \$574,195 | \$634,607 | \$685,000 | \$685,777 | \$702,509 | \$734,587 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

The Sales Prices calculated above are maximum allowable sales prices. The applicant should be aware that the maximum allowable sales prices may not be supported by the market.