

## **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' ("Gentry") Reserved Housing Unit Pricing and Supporting Analyses for Increment 3 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 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 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 is planned to include approximately 262 multi-family attached units and 128 single family detached units, for a total of 390 residential units. Increments 1 and 2 included 79 market units and 25 reserved housing units for a total of 104 units. Increment 3 has 58 units, including 46 market units and 12 reserved units. Cumulatively, this represents about 42% 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. The Authority approved Gentry's reserved housing unit pricing and supporting analyses for Increment 2 on July 3, 2024.

### **III. DISCUSSION**

Gentry is planning to price the Increment 3 reserved 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 123.2% of the Area Median Income (AMI) and 131.1% to 131.3% of the AMI for the 2- and 3-bedroom units, respectively. On average, the Increment 3 reserved housing units are priced at the 129.8% AMI level and is below the HCDA

maximum allowable AMI of 140%. These prices are almost the same as Increment 2 (124.4% and 132.3% to 132.4% of the AMI for the 2- and 3-bedroom units, respectively).


The Increment 3 reserved housing sales prices are based on a six-month average interest rate of 6.193%, as per the Kalaeloa Reserved Housing rules in HAR §15-216-34(a)(3). This is slightly less than the Increment 2 sales prices, which assumed an annual mortgage rate of 6.281%. The inflation rate is assumed at 5% annually. The down payment is assumed at 10% with a 30-year mortgage. Estimated maintenance fees range from \$330 to \$410, and are unchanged from the 2023 reserve study. The regulated term for all units would be five years in accordance with the Kalaeloa Reserved Housing Rules.

The current appraised fair market values of the reserved housing units in Increment 3 range from \$620,000 to \$700,000. The appraised values have declined slightly from Increment 2. In 2024, the 2- and 3-bedroom reserved units were appraised at \$645,000 and \$715,000, respectively—a decrease of \$15,000 to \$25,000 per unit. Even though the market values have declined slightly from the approval of Increment 2 sales, the proposed prices for the Increment 3 reserved housing units will be unchanged from Increments 1 and 2. To date, 11 of the 25 reserved housing units in Increments 1 and 2 are either closed or contracted (44 percent).

Overall, the proposed pricing for each unit for Increment 3 represents about \$10,000 to \$15,000 in shared equity to the HCDA.

#### **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' 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] and Take All Actions Necessary to Effectuate this For Action.

Prepared By: Ryan Tam, Director of Planning & Development 

Reviewed By: Craig Nakamoto, Executive Director 

#### Attachments:

- Exhibit A: Reserved Housing Increment 3 Pricing Schedule
- Exhibit B: Reserved Housing Calculations
- Exhibit C: Ka'ulu Phasing Map

**Ka'ulu by Gentry  
Pricing Schedule**

**EXHIBIT A**

**Reserved Housing Increment 3**

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	283 (Phase 15)	6-Plex	1,080 sf	2R	3	2	\$685,000	131.1%	\$700,000	\$15,000	\$406	5 Years	
2	284 (Phase 15)	6-Plex	1,080 sf	2	3	2	\$685,000	131.1%	\$700,000	\$15,000	\$406	5 Years	
3	293 (Phase 15)	6-Plex	1,080 sf	2R	3	2	\$685,000	131.1%	\$700,000	\$15,000	\$406	5 Years	
4	294 (Phase 15)	6-Plex	1,080 sf	2	3	2	\$685,000	131.1%	\$700,000	\$15,000	\$406	5 Years	
5	343 (Phase 18)	8-Plex	1,089 sf	2R	3	2	\$685,000	131.3%	\$700,000	\$15,000	\$410	5 Years	
6	345 (Phase 18)	8-Plex	877 sf	4	2	2	\$610,000	123.2%	\$620,000	\$10,000	\$330	5 Years	
7	346 (Phase 18)	8-Plex	1,080 sf	2	3	2	\$685,000	131.1%	\$700,000	\$15,000	\$406	5 Years	
8	363 (Phase 19)	8-Plex	1,089 sf	2R	3	2	\$685,000	131.3%	\$700,000	\$15,000	\$410	5 Years	
9	365 (Phase 19)	8-Plex	877 sf	4	2	2	\$610,000	123.2%	\$620,000	\$10,000	\$330	5 Years	
10	366 (Phase 19)	8-Plex	1,080 sf	2	3	2	\$685,000	131.1%	\$700,000	\$15,000	\$406	5 Years	
11	373 (Phase 21)	6-Plex	1,080 sf	2	3	2	\$685,000	131.1%	\$700,000	\$15,000	\$406	5 Years	
12	374 (Phase 21)	6-Plex	1,080 sf	2R	3	2	\$685,000	131.1%	\$700,000	\$15,000	\$406	5 Years	
Average								129.8%					

Approval / Recommendation for Approval : \_\_\_\_\_

HCDA Executive Director

Date: \_\_\_\_\_

# Ka'ulu by Gentry

## Reserved Pricing Calculations Increment 3

### EXHIBIT B









For- Sale Reserved Housing Maximum Affordable Price Calculation Formula											WORKSHEET ASSUMPTIONS	
Current Median Income (2024)	\$120,100	Adjustment for Unit Type	Monthly Reserves****	Assn Dues AD/RPT/MIP						MIP Pricing Assumptions		
Inflation Factor	1		Unit Type									
Future Median Income	\$120,100	0.7	Studio	\$600								
Annual Mortgage Rate	6.19%	0.9	1 Bed	\$700								
		1	2 Bed (Plan 4)	\$710								
Mortgage Term (years)	30	1.08	3 Bed (Plan 2/2R) - 6 Plex	\$838								
Down payment (% of MAP)	10.0%	1.08	3 Bed (Plan 2) - 8 Plex	\$838								
Housing Expense (% of Income)	33.0%	1.08	3 Bed (Plan 2R) - 8 Plex	\$842								
**** Monthly Reserves: AD: Association Dues (UPDATE), RPT: Real property Taxes (UPDATE), MIP: Mortgage Insurance Premium											Input Inflation Factors:	
Monthly Reserves are provided as an example. The applicant should calculated Monthly Reserves based on the Project and submit a copy of the Reserve Study to the HCDA.											%/Year	5.00%
**** Source: Local Bank First Week											# of Years	0
											Input Mortgage Rates****:	
											9/24-2/25	
											Sep-24	5.875%
											Oct-24	5.563%
											Nov-24	6.500%
											Dec-24	6.156%
											Jan-25	6.656%
											Feb-25	6.406%
											Average	6.193%
Percent of Median Income	80%	90%	100%	105%	110%	115%	123.2%	131.1%	131.3%	135%	140%	
Maximum Affordable Price (MAP)												
Studio	\$259,541	\$301,515	\$343,489	\$364,476	\$385,463	\$406,450	\$441,033	\$474,213	\$474,721	\$490,399	\$511,386	
1 Bedroom	\$317,355	\$371,322	\$425,289	\$452,272	\$479,256	\$506,239	\$550,702	\$593,362	\$594,016	\$614,173	\$641,156	
2 Bedroom (Plan 4)	\$350,726	\$410,689	\$470,652	\$500,634	\$530,615	\$560,597	\$610,000	\$657,400	\$658,126	\$680,523	\$710,505	
3 Bedroom (Plan 2) - 8 plex	\$353,792	\$418,552	\$483,312	\$515,692	\$548,072	\$580,452	\$633,808	\$685,000	\$685,784	\$709,973	\$742,353	
3 Bedroom (Plan 2R) - 8 plex	\$353,007	\$417,768	\$482,528	\$514,908	\$547,288	\$579,668	\$633,024	\$684,216	\$685,000	\$709,189	\$741,569	
3 Bedroom (Plan 2) - 6 plex	\$353,792	\$418,552	\$483,312	\$515,692	\$548,072	\$580,452	\$633,808	\$685,000	\$685,784	\$709,973	\$742,353	
3 Bedroom (Plan 2R) - 6 plex	\$353,792	\$418,552	\$483,312	\$515,692	\$548,072	\$580,452	\$633,808	\$685,000	\$685,784	\$709,973	\$742,353	




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.

# Planned Phasing Map for Ka'ulu by Gentry

EXHIBIT C

Increment 3

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

-  Reserved Housing
-  Increment Borders
-  Phase Lines

