



HOOLIMALIMA (Maluohai Phase 2/Kapolei Hoolimalima) FACT SHEET

Rent with option to purchase within Village 6 at the Villages of Kapolei" (RTOV6) is a 70-unit single-family affordable rental housing program that provides tenants with an option to purchase the house after 15 years. Houses constructed in RTOV6 were financed through the sale of Federal and State Low Income Housing Tax Credits, developer's debt, and various grants. Site improvements were financed through Hawaiian home lands Trust Funds.

Village 6 RTO, LP, the developer and non-profit entity of the project, holds a 55-year development lease to the project site; Mark Development Inc. is the development consultant responsible for project implementation, LIHTC compliance and rental management.

This program provides Hawaiian home lands applicants on the Oahu Residential Waitlist whose incomes do not exceed 50 and 60 percent of the area median income with affordable rents over a 15-year rental period, ending 2016. In 2017, tenants will be offered an option to purchase the house at the end of the 15-year Low-Income Housing Tax Credit (LIHTC) period.

The purchase price of the house will be based on the remaining debt and project and sales expenses. Applicants who exercise the option to purchase the house and meet the financial requirements will be awarded a 99-year Hawaiian home lands residential lease and will be then removed from the waiting list.

Financing:

Low Income Housing Tax Credits Calculation:

$\$700,000 \text{ Federal Credits} + \$210,000 \text{ State Credits} \times 10 \text{ years} = \$9,100,000$

Net Equity from sale of tax credits: \$6,720,000
($\$9,100,000 \times .7384 = \$6,720,000$)

Estimated Project Budget:

\$ 6,720,000	Equity from Sale of Tax Credits
\$ 490,000	Grant from Federal Home Loan Bank of Seattle
\$ 210,000	V ₆ RTO LP
<u>\$ 4,500,000</u>	1 st Mortgage from Bank of America
\$11,920,000	Total Project Cost

Option to Purchase Price:

<u>House Model</u>	<u>Estimated Sales Price*</u> <u>Mortgage**</u>	<u>Estimated Monthly</u>
Model F (3BR, BA, 1 Story)	\$46,430	\$574/mo.
Model C (3BR, 2.5BA, 2Story)	\$52,440	\$631/mo.
Model D (4BR, 2.5BA, 2 Story)	\$54,720	\$652/mo.
Model E (4BR, 3BA, 2 Story)	\$56,740	\$672/mo.

*Subject to change based on determination of final "Total Debt". Includes estimate of 6% sales cost. "Total Debt" = (Remaining Project Debt) + (Expenses from Sale) – (Reserve Accounts, if any). Sales Price = (Total Debt) X (House Proportion Factor). Proportion Factor = percentage share of the total project cost for that model unit.

**Includes \$130 allowance for mortgage insurance, home-owners insurance, association dues, closing costs, lender fees, etc. Assumes 8% interest rate, 15-year mortgage, 100% financing.

Offerings:

- Offering packages were sent to Applicants based on their rank order from the Oahu Waiting lists
- Applicants responded to offering if they were interested
- Applicants were then qualified under the LIHTC rental requirements

Rental Process:

- Applicants completed required forms and screening procedures
- Cleared by DHHL for Blood Quantum Requirement
- By rank order applicants picked their unit
- Units were selected based on 50-60% of medium income
- Units set aside for those income limits

Buying Status of Tenants:

- All 70 families have attended the financial literacy training
- All families have been financially assessed
- All families have attended their one-on-one financial counseling session
- As of (05/24/17) 48 out of 69 families have closed on their purchase and will be awarded.
- 21 families are still in loan processing phase
- Total of 69 out 70 families are contracted to purchase the home.
- One family is opting to purchase elsewhere and Mark Developer, Inc. will work with next qualified beneficiary on the back up list.