

Na Hale O Maui – Delivering on the promise of affordable housing

By TOM BLACKBURN-RODRIGUEZ

In a modest office located at 55 North Church Street in Wailuku, Na Hale O Maui, an affordable housing community land trust, is defying the odds and putting families in affordable homes. With four homes now and four more planned, NHOM is keeping the promise of affordable housing for Maui's working families, even as other efforts stall due a poor economy or Maui County housing program setbacks.

The NHOM homes currently range in price from \$250,000 for a 3 bedroom, 2-bath home to \$320,000 for a 3 bedroom, 2.5-bath home.

The organization began as a volunteer effort by 20 individuals in February 2006 and quickly began to take shape. After a period of coordination, a board of directors was formed, John Andersen was hired as executive director and the organization applied for and received its IRS status as a 501 C (3) nonprofit. NHOM was the first Community Land Trust (CLT) to receive non-profit status designation in Hawaii and remains the only land trust in the state that has put people into housing.

According to the NHOM website, a CLT is an organization that acquires or develops affordable housing. The concept is simple – separate the land value from the value of the house, and sell only the house, while keeping ownership of the land in trust forever.

The homeowner acquires title to the home and receives exclusive use of the land, known as leasehold property, which can be inherited by family members. The cost of the land is reduced or eliminated, which makes the housing more affordable – but it also assures long-term stability and security for the CLT homeowner.

A CLT such as NHOM also helps first time homebuyers with credit education, purchase seminars, and home maintenance seminars, etc., building a strong relationship between the homeowners and the community land trust. Presently, 31 states have 198 CLTs and use a model that began in the 1960s.

The value of a CLT is in the fact that it takes land out of the speculative market and provides perpetually affordable housing. The homeowners get a fair return on their investment upon resale.

The organization's non-profit status has also helped to qualify NHOM for the "My Communities" lending pro-

gram operated by Fannie Mae that gives very competitive rate loans to NHOM leasehold buyers. Down payments can be as low as 3 percent.

The NHOM homes prices (about 25 percent under market price) and its 99 year ground lease, also means that NHOM leaseholders do not have to buy Private Mortgage Insurance (PMI) saving as much as \$140 a month in additional housing costs.

According to Andersen, "Even when our buyers have a low down payment, the loan-to-value ratio is more than 20 percent and it has eliminated the need for PMI."

Another critical element in home ownership is the availability of credit. A lender who decided to help out NHOM was Home Street Bank. "They stepped up to the plate," said Andersen, "and they said we will do anything necessary to help with this program because we believe in it." Gerald K. Tanaka, VP, Hawaii Region, Residential Lending Manager, and Richard W.H. Bennion, Executive Vice President, Residential Lending Director, Seattle, Washington, are two key individuals credited by Andersen for working with NHOM to put people into affordable homes.

"All of the homes we have sold so far and the ones we are working on are affordable for buyers earning between 80 percent and 100 percent (\$60,800-\$76,000) of the Maui's household median income. Our focus is on the 80-120 percent of median income group, or \$60,800 to \$91,200. These are schoolteachers, and police and firefighters," Andersen said.

NHOM has enjoyed strong support from the real estate community – the Realtors Association of Maui was the first major NHOM donor, investing \$15,000 each year since 2006. NHOM is the only CLT in the nation working closely with its local real estate organization.

Other Realtors served on the initial NHOM board and helped to guide the organization as it was forming policies, procedures and seeking grant funds to carry out its work.

Bob Hansen, The Hansen Ohana of Maui Estates International LLC, Broker in Charge, Wailea Office, was one of those early individuals who volunteered money and time.

"I believe in creating a permanently affordable housing stock for people who need appropriate housing while al-



Susan Moikeha, project manager, Natalie Fitzgerald, housing coordinator and John Andersen, executive director, are the staff of Na Hale O Maui, the affordable housing community land trust. The non-profit is on track to completing the process for placing eight families in homes that will never go back on the market and will remain affordable in perpetuity. They are constantly looking for new families to help buy a home.

lowing for owners to share in the appreciation and eventually move up into the regular housing market through fiscal education," Hansen said.

Marion Haller, Broker in Charge, Equity One Real Estate, Makawao, served as the NHOM secretary and was involved in early marketing and branding efforts.

"I have high hopes for NHOM," Haller said. "Having received a Neighborhood Stabilization Grant federal grant for \$3 million, which is allowing NHOM to purchase foreclosed homes and convert them to CLT affordable homes, NHOM is well on its way to having an inventory of 30-35 homes."

"I expect that the Obama Administration will make further funds available for this or similar programs, and that NHOM is well positioned to take advantage of such government grants . . . And ultimately it's the people of Maui who will continue to win as more houses are brought into the CLT and sold or resold at affordable prices to those who would otherwise not be able to afford a home. It's a wonderful success story," she said. □