

# HOW CAN WE MAKE HOUSING PERMANENTLY AFFORDABLE?

## COUNTY OF KAUAI LIMITED EQUITY LEASEHOLD PROGRAM

### 1. PURPOSE

The purpose of the Limited Equity Leasehold Program is to provide an inventory of permanently affordable Housing units for Kaua'i households earning up to one hundred twenty percent (120%) of the Kaua'i Median Income (KMHI).

### 2. LEASEHOLD SALES PRICE

Limited Equity Leasehold Program designated property shall be sold as a leasehold estate with a lease term of ninety-nine (99) years. The sales price for all properties sold by the County as leasehold estate shall be an amount determined by the Housing Agency to be affordable to workforce housing income groups earning 50% to 120% of the KMHI. The homebuyer leases the land from the County for a nominal semi-annual fee and Purchases the improvements or the home on the land.

### 3. WHAT IF I DECIDE TO SELL DURING THE 99-YEAR LEASE?

The County has the first right to purchase a leasehold property from homeowner if they decide to sell during the 99-year lease. The County will also permit the leasehold estate to be transferred to a qualified family member.

### 4. HOW MUCH COULD I SELL MY HOUSE FOR DURING THE 99-YEAR LEASE?

The repurchase or sales price is determined by a formula outlined in the County of Kaua'i Ground Lease that limits the amount of appreciation to a homeowner. This is so the County can keep the home affordable for the longest term possible.

**Example of what a homeowner would net on a leasehold resale after 10-years of ownership with a mortgage loan at 6.0%:**

<b>Purchase Price</b>	\$534,250
<b><u>25% Homeowner's Share</u></b>	<u>23,938</u>
<b>Buyback Price</b>	\$558,188

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<b><u>Less Mortgage Balance</u></b>	<u>447,090</u>
<b>Net Proceeds to Homeowner</b>	\$111,098

**Simplified Buyback calculation is the original purchase price plus a percent of any increase in the appraised value.**

