

Reviewed and Approved by Executive Director: \_\_\_\_\_

DN

December 9, 2020

## FOR ACTION

### I. REQUEST

Authorize the Executive Director to Waive HCDA's First Option to Purchase Ke Kilohana Unit #3002 and Defer the Payment of Shared Equity to Allow the Unit Owner to Rent the Unit.

### II. BACKGROUND

The owner of Ke Kilohana Unit 3002, Ms. Sora Yi, sent a letter to the HCDA on July 14, 2020, requesting an exemption to allow her to rent her reserved housing unit. The letter is attached hereto as Exhibit A. In the letter, Ms. Yi explains the COVID-19 pandemic caused her employer to eliminate its Honolulu office and force her to relocate to the mainland in order to keep her employment. Ms. Yi decided to accept the offer to relocate to ensure her continued employment and avoid potentially foreclosing on her home.

In her letter, Ms. Yi further notes the financial difficulty she faces in paying for housing on the mainland in addition to her Ke Kilohana Unit 3002 mortgage. She says the financial hardship would be resolved if she was allowed to rent her reserved housing unit while she needs to live on the mainland for employment. Ms. Yi says it remains her intent to return to Hawaii and resume living in her unit once the COVID-19 pandemic is over and she can find employment here at home.

### III. DISCUSSION AND ANALYSIS

Ke Kilohana Unit 3002 is governed by Hawaii Administrative Rules (HAR) §15-22, (2005 Rules). Pursuant to HAR §15-22-190 Occupancy, Ke Kilohana Unit 3002 must be occupied by the purchaser at all times unless the Authority waives its option to purchase the reserved housing unit or subsequent to the expiration of the regulated term.

Per Ms. Yi's Unit Deed, the regulated term for Ke Kilohana Reserved Housing Unit 3002 is two (2) years from the date of recordation in the State of Hawaii Bureau of Conveyances. The date of recordation was April 19, 2019; therefore, the regulated term for Ke Kilohana Reserved Housing Unit 3002 is still in effect and will expire on April 19, 2021.

If the Authority waives its option to purchase or "buy back" the unit, it may also choose to defer the payment of shared equity that would otherwise become due under HAR §15-22-187(a)(1) Equity sharing requirements.

As it is not Ms. Yi's intent to sell the unit, deferring the shared equity payment would lessen the financial hardship Ms. Yi currently faces. Ms. Yi understands the shared equity would remain due upon future resale of the unit.

HAR §15-22-188(b) Deferral or waiver of certain conditions on transfer, allows for the deferral of shared equity on a case-by-case basis if any of the following are met:

- (1) The waiver will not result in speculation;
- (2) Where fiscal management will not allow repurchase of the unit; or
- (3) Where such waiver will allow permanent financing by other mortgage lenders.

As the regulated term for Ke Kilohana Unit 3002 expires in about four months, it is unlikely that a waiver of the first option to purchase and deferral of shared equity would negatively impact the HCDA. If the HCDA denies the proposed For Action request, Ms. Yi could simply wait until April 19, 2021 in order to rent out her unit.

#### **IV. RECOMMENDATION**

Authorize the Executive Director to Waive HCDA's First Option to Purchase Ke Kilohana Unit #3002 and Defer the Payment of Shared Equity to Allow the Unit Owner to Rent the Unit.

Attachments: Exhibit A - Letter from Unit Owner Sora Yi  
Exhibit B - Ke Kilohana Unit 3002 Unit Deed

Prepared By: Alicia Wailehua Hansen, Asset Management Specialist AWH

Reviewed By: Lindsey Doi, Asset Manager LD

Chairperson John Whalen  
Hawaii Community Development Authority  
547 Queen St.  
Honolulu, HI 96813

Dear Chairperson Whalen,

My name is Sora Yi, and I am an owner of a reserved unit in Ke Kilohana. I am writing to request an exemption from the Hawai'i Community Development Authority ("HDCA") to help alleviate the financial difficulties during these unprecedented and challenging times. Throughout the COVID-19 pandemic, many homeowners who purchased units at Ke Kilohana under the Reserved Housing program lost their jobs through no fault of their own, including myself.

As an essential worker in the telecommunications and information technology sectors, I was shocked to recently receive a WARN notification letter confirming that my company decided to eliminate the entire Honolulu department of 27 employees, including my termination of employment effective September 2, 2020, unless I relocate. My employer is demanding that I work in a different state and due to these uncertain times, I have made the difficult decision to relocate to ensure continued employment and so that my unit is not impacted by the possibility of foreclosure.

The last thing I want is to lose my home. I grew up in Hawai'i and I was so excited to get the chance to purchase a reserved unit from the HCDA, because that meant I could afford to stay here - and I never took that opportunity for granted. For years, I worked overtime hours to achieve homeownership with your help. I never imagined the unexpected circumstances like we are in right now that would force me to leave my family and my home and that these types of hardships also bring financial difficulties.

I will be facing financial struggle with having to pay housing costs for two places when I move to the mainland for work. This financial strain can be resolved if I were able to rent out my unit. According to the Kaka'ako Reserved Housing Rules, HCDA can consider my request and grant an exemption to allow me to rent my reserved housing unit during the regulated term. Due to the unprecedented situation, HCDA should grant an exception.

My family and future are in Hawai'i but I need to make ends meet until I can find employment back here again. I plan to return and use my unit as my primary home as quickly as possible when COVID-19 subsides, and the local job market recovers and I can find work at home again. Thank you for your time and I look forward to hearing from the HCDA with their decision.

Sincerely,

Sora Yi  
Ke Kilohana Owner, Unit 3002