**Summary of Proposed Amendments:**

The proposed amendments to Hawaii Administrative Rules (“HAR”), Chapter 15-218, Kakaako Reserved Housing Rules (“RH Rules”), proposes to allow for the payment of equity sharing without sale or transfer of the Reserved Housing unit.

The shared equity concept was first incorporated into the Hawaii Community Development Authority’s (“HCDA or Authority”) Rules in 1985. Its purpose was to allow the Authority to collect its share of the equity in the reserved housing unit with the owner when the unit was sold.

Background.

In July 2018, the Authority adopted recommendations of the Affordable Rental Housing Development Permitted Interaction Group. One of the recommendations pertained to: “Consider a policy to allow owners of reserved housing units to pay the equity sharing out front instead of waiting until the resale or transfer of the reserved housing unit. Money collected for early payment of equity sharing can be used for purchasing land for affordable rental housing projects and/or providing gap financing.”

The current RH Rules does not include the provision for payment of shared equity without sale or transfer of reserved housing unit. An amendment to the RH Rules is necessary to allow for payment of shared equity without sale or transfer of reserved housing unit. The proposed amendment adds language to allow for payment of equity sharing without sale or transfer of reserved housing unit. See Exhibit A.

The proposed amendment will be applicable to all reserved housing units in the KCDD regulated under the Authority’s administrative rules pertaining to reserved housing units.

Attachment: Exhibit A - Proposed Draft HAR Chapter 15-218