

COMPILATION OF COMMENTS ON KAKAAKO RESERVED AND WORKFORCE HOUSING RULE AMENDMENT

PUBLIC COMMENT	HCDA STAFF RESPONSE
The proposed amendment to allow for payment of equity sharing without sale or transfer of reserved or workforce housing units will result in more reserved housing going to market.	The regulated term of a reserved housing or workforce housing unit is independent of the equity sharing requirement. Payment of equity sharing within the regulated term does not allow the owner to sell the unit at market price. The HCDA will still have the right to exercise its option to purchase the unit within the regulated term. Once the unit is outside of the regulated term, the owner can sell the unit and the only requirement would be payment of HCDA shared equity. So, allowing for payment of equity sharing without sale or transfer of unit will not impact the regulated term.

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<p>The proposed amendment will incentivize owner's to quickly flip the unit and sell it for a profit.</p>	<p>The regulated term will prevent the owner from selling the unit even if HCDA shared equity is paid.</p>
<p>The amendment will reduce HCDA's total funds recaptured from its equity share in affordable units in the long run.</p>	<p>All current reserved housing units are regulated under Chapter 22 (2005 rules) or Chapter 218 (2012 rules). In both chapters, equity sharing is a fixed amount determined at the time of sale of the unit and does not increase with time, therefore, the amount HCDA receives in shared equity doesn't change. Future reserved and workforce housing units that will be regulated under Chapter 218 (2018 rules) may encounter this issue. Even in that case receiving shared equity earlier is preferable because it provides funds out front for developing additional affordable housing units.</p>

PUBLIC COMMENT	HCDA STAFF RESPONSE
<p>Determining partial payment may be problematic.</p>	<p>For the units regulated under Chapter 22 (2005 rules) and Chapter 218 (2-012 rules) this is not an issue since the shared equity is a fixed amount. For future units that will be regulated under Chapter 218 (2018 rules) HCDA can use partial equity payment formula utilized by sister agency Hawaii Housing Finance & Development Corporation (HHFDC). The formula can be included in the “Unilateral Declaration” required to be executed for each reserved or workforce housing unit.</p>