


Reviewed and Approved by Executive Director: 
September 1, 2021

FOR ACTION

I. REQUEST

Authorize the Executive Director to Defer the Payment of Shared Equity to Allow the Owners of Ke Kilohana Unit 1409 to Change the Title to Their Unit by Removing the 1% Interest Owner?

II. BACKGROUND

The owners of Ke Kilohana Unit 1409, Mr. Christopher Masahiro Yasuma and Ms. Christina Kei Fuller, sent a letter to the HCDA dated July 20, 2021, requesting permission to change the title to the unit without triggering the payment of shared equity. The letter is attached hereto as Exhibit A.

Per the Unit Deed, which is attached hereto as Exhibit B, Mr. Yasuma holds an undivided 99% interest in the property, while Ms. Fuller holds an undivided 1% interest as Tenants in Common.

The request letter explains that Ms. Fuller has decided to move back to Japan and is no longer interested in maintaining her 1% ownership interest in the unit. She would like to transfer her 1% ownership to Mr. Yasuma to facilitate any future transactions relating to the unit.

III. DISCUSSION AND ANALYSIS

Ke Kilohana Unit 1409 is governed by Hawaii Administrative Rules (HAR) §15-22, (2005 Rules).

Per the Unit Deed, the regulated term for Ke Kilohana Reserved Housing Unit 1409 is two (2) years from the date of recordation in the State of Hawaii Bureau of Conveyances. The date of recordation was May 15, 2019; therefore, the regulated term for Ke Kilohana Reserved Housing Unit 1409 expired on May 15, 2021.

Pursuant to HAR §15-22-187(a)(2) Equity sharing requirements, the HCDA's share of the equity in the reserved housing unit shall become due upon resale of the reserved housing unit after the expiration of the regulated term.

Although the owners would like to change title to the unit, they do not intend to sell the unit to a third party at this time. The owners understand the shared equity would remain due upon future resale of the unit to a third party.

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 1409 has expired, the HCDA no longer has the first option to purchase the unit. Further, there will be no compensation provided to Ms. Fuller in exchange for this transfer of ownership.

Given that Mr. Yasuma intends to remain in the unit as an owner-occupant, there is no risk to the HCDA to defer the payment of shared equity until he decides to sell or otherwise transfer Ke Kilohana Unit 1409.

IV. RECOMMENDATION

HCDA staff recommends that the Board Authorize the Executive Director to Defer the Payment of Shared Equity to Allow the Owners of Ke Kilohana Unit 1409 to Change the Title to Their Unit by Removing the 1% Interest Owner.

Attachments

Exhibit A - Owner Request Letter Dated August 19, 2021

Exhibit B - Unit Deed for Ke Kilohana 1409

Prepared By: Craig Uemura, Asset Management Specialist *Craig Uemura*

Reviewed By: Lindsey Doi, Asset Manager *LD*

Approved By: Deepak Neupane, P.E., AIA, Executive Director *DN*