

Reviewed and Approved by Executive Director:   
January 4, 2023

## FOR ACTION

### I. REQUEST

Request to Establish a Permitted Interaction Group, Pursuant to Hawaii Revised Statutes §92-2.5(b), to Determine the Requirements and Qualifications for Designating a Non-Governmental Entity as a Buyback Agent for HCDA Reserved Housing Units that are Intended to be Sold during the Reserved Housing Unit's Regulated Term and Present the Permitted Interaction Group's Findings and Recommendations to the Authority.

### II. BACKGROUND

Reserved Housing units are regulated by the Hawaii Community Development Authority ("HCDA") through the requirement that shared equity is owed to the HCDA whenever a Reserved Housing unit is sold, and through HCDA's one-time right to buy back the Reserved Housing unit if the unit is sold during the unit's regulated term ("Buyback Provision").

On October 5, 2022, during its regular monthly meeting, the Kakaako Authority discussed the HCDA's Buyback Provision and the importance of developing a proactive strategy to ensure the current inventory of HCDA Reserved Housing units remains regulated for a longer period.

On December 7, 2022, during its regular monthly meeting, the Kakaako Authority approved the Executive Director's Petition for Waiver or Suspension of Administrative Rules, Pursuant to Hawaii Administrative Rules § 15-219-98, Regarding the Conditions on Transfer of Reserved Housing Units under Hawaii Administrative Rules § 15-22-186(c)(1) for the limited purpose of allowing non-governmental entities to buyback HCDA's reserved housing units.

Previously, Hawaii Administrative Rules § 15-22-186(c)(1) only allowed governmental entities, such as the Hawaii Housing Finance and Development Corporation, to exercise the Buyback Provision on HCDA's behalf.


With this waiver, the HCDA must establish program requirements and qualifications to determine which non-governmental entities are eligible to buyback HCDA's Reserved Housing Units. Program requirements and qualifications include, but are not limited to, buyer qualifications, income and asset restrictions, unit affordability, regulated term, and other requirements (collectively, referred to as "Program Requirements").

**III. DISCUSSION**

The Permitted Interaction Group is expected to provide guidance on the Program Requirements for HCDA staff to follow when entering into contracts with non-governmental entities to buyback HCDA's reserved housing units.

**IV. RECOMMENDATION**

It is recommended that the Authority establish a Permitted Interaction Group to Determine the Program Requirements for Designating a Non-Governmental Entity as a Buyback Agent for HCDA Reserved Housing Units that are Intended to be Sold during the Reserved Housing Unit's Regulated Term and Present the Permitted Interaction Group's Findings and Recommendations to the Authority.

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