Reviewed and Approved by Executive Director: Craig K. Nakamoto
December 3, 2025

FOR ACTION

I. REQUEST

Consider Authorizing the Executive Director to Defer the Payment of Shared Equity for Rycroft Terrace Unit 534 Due to the Unit Owner's Death.

II. BACKGROUND

The owner of Rycroft Terrace, Unit 534, Su-Chin Chuang, died on December 7, 2024, as confirmed by a Certificate of Death issued by the State of Hawaii Department of Health and certified on December 10, 2024.

The subject reserved housing unit was not included in the owner's will or trust and was therefore subject to probate following the owner's death. Through the probate process, the probate court determined that the unit owner's son, Yu-Jen Wang, will inherit the property.

Rycroft Terrace Unit 534 is governed by Hawaii Administrative Rules (HAR) §15-22, (2005 Rules). The 10-year regulated term for Rycroft Terrace Unit 534 expired on October 20, 2024; therefore, the subject unit is not available for buyback by the HCDA.

Pursuant to HAR §15-22-187(a)(1) <u>Equity sharing requirements</u>, the authority's share of equity in the reserved housing unit shall become due upon resale of the unit after the expiration of the regulated term. The probate court's determination that the unit owner's son will inherit the property is considered a resale or conveyance that would trigger equity sharing.

In a request letter attached hereto as Exhibit A, Mr. Wang requests a deferral of the shared equity payment when he takes title to the property. The shared equity due to the HCDA for the subject unit is currently $58,050.

Mr. Wang notes that he lived in Rycroft Terrace, Unit 534 with his mother for the past ten years. He explains that he plans to continue living in the unit with his wife and children and has no immediate plans to sell. He requests deferring the payment of shared equity until the unit is eventually sold.

III. DISCUSSION

Pursuant to HAR §15-22-188(a), the HCDA executive director shall defer the payment of shared equity if the unit is transferred through the laws of descent to a family member who would otherwise qualify to purchase the reserved housing unit. Although Mr. Wang does not meet the eligibility requirements to qualify for reserved housing, HAR §15-22-188(b) allows for the deferral of the payment 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.

The waiver would not result in speculation, as Mr. Wang would continue living in the unit with his family. Also, as previously noted, the HCDA cannot buyback the unit because the regulated term has expired.

If a deferral of the payment of shared equity is granted, Mr. Wang understands that the shared equity will remain due when he eventually sells the unit at market.

IV. RECOMMENDATION

It is recommended that the Board Authorize the Authorize the Executive Director to Defer the Payment of Shared Equity for Rycroft Terrace Unit 534 Due to the Unit Owner's Death and undertake all tasks necessary to effectuate the purpose(s) of this For Action.

Attachment:
Exhibit A – Request Letter from Yu-Jen Wang

Prepared By: Lindsey Doi, Asset Manager _______________

Reviewed By: Craig Nakamoto, Executive Director Craig K. Nakamoto _______________

EXHIBIT A

Yu-Jen Wang
1550 Rycroft St Apt 534
Honolulu, HI 96814
10/24/2025

Hawaii Community Development Authority
Asset Management
547 Queen Steet
Honolulu, HI 96813

Subject: Request for Deferral of Shared Equity – Rycroft Terrace Unit #534

Dear HCDA,

I hope this message finds you well. I'm writing to ask for your guidance and consideration regarding the shared equity tied to Rycroft Terrace Unit #534.

My mother, who recently passed away, was the owner of this unit. Through the probate process, I will be inheriting the property. I've lived in the unit with my mother for the past ten years and plan to continue living here with my wife and children for the time being. My attorney is ready to transfer the title to my name once the process is approved.

As I recall, there is a shared appreciation component connected to this unit. I would like to ask if it's possible to continue deferring the payoff of the shared appreciation until I'm ready to take care of it, or when I eventually decide to sell. At this point, I don't have plans to sell and would like to remain in the home with my family.

I truly appreciate your time, understanding, and any guidance you can provide about how best to proceed. Thank you very much for your help.

Yu-Jen Wang

Warm regards,
Yu-Jen Wang
808-391-5270
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