

FOR ACTION

I. SUBJECT

Consider Authorizing the Executive Director to Add An Additional Buyback Option to the “Supplemental Financing and Buyback Plan” (“Plan”) Approved on July 2, 2025 for Reserved Housing Units Within the Ulana Ward Village project, Located at 828 Auahi Street, Honolulu, Hawaii 96813, and Further Described by Tax Map Key Number (1) 2-1-053:001, to Allow Reserved Housing Unit Owners to Utilize Their Own Brokers to Resell Their Units to Qualified Buyers with HCDA Approval and in Accordance with HCDA Reserved Housing Rules During the Regulated Term.

II. BACKGROUND

The Ulana Ward Village project consists of 697 reserved housing units for persons with incomes not exceeding 140% of the area median income. There are 123 studio, 205 1-bedroom, 246 2-bedroom, and 123 3-bedroom units within the project, which opened for occupancy at the end of 2025.

The regulated terms for the Ulana units range from 2 to 10 years, depending upon the sales price of the unit. There are 52 units with 2-year regulated terms; 501 units with 5-year regulated terms, and 144 units with 10-year regulated terms.

During the regulated term, if a reserved housing unit owner wishes to sell their unit, HCDA has a one-time right to buy back the unit at a prescribed buyback price. The buyback price is calculated in accordance with Hawaii Administrative Rules (“HAR”) §15-22-186.

Pursuant to HAR §15-22-186(c)(3), the HCDA has the option to respond to buyback requests by either 1) waiving its option to purchase the unit, 2) agreeing to buy the unit, or 3) providing a substitute buyer for the unit at the aforementioned purchase price.

In July 2025, the Kakaako Board approved a Plan to buyback any unit that became available for sale during the regulated term. The Plan included the below possible actions:

- Option 1: HCDA or another designated entity¹ (i.e., Hawaii HomeOwnership Center) buys the unit at the designated buyback price and resells it as an affordable unit to another qualified buyer. If the Hawaii HomeOwnership Center buys back the unit, the unit would become part of their affordable housing program (subject to their own rules and requirements) and the HCDA would not receive any shared equity.

¹ The sole currently designated entity for buyback is the HomeOwnership Center.

- Option 2: HCDA requires the original owner to resell the unit to a qualified new buyer approved by the HCDA at the designated buyback price. The HCDA would procure a broker to find and approve such qualified new buyers, maintain a waitlist, and oversee the transaction. As part of the transaction, the HCDA would impose a new Unilateral Declaration of Restrictive Covenants on the new owner with a new regulated term and shared equity calculation.
- Option 3: HCDA buys the unit at the designated buyback price and procures a property manager to rent and manage the unit as an affordable unit to a qualified renter in accordance with HAR §15-22, Subchapter 7.
- Option 4: HCDA waives buyback and collects the shared equity immediately in order for the owner to rent or sell the unit at market pricing. The decision to buy or not buy a unit will be made on a case-by-case basis.

III. DISCUSSION AND ANALYSIS

In procuring a real estate broker to assist the HCDA in conducting Option 2, it has become apparent that some current Reserved Housing unit owners are facing severe financial hardship in holding their unit. Such owners are requesting immediate relief, which is not readily available due to the lengthy state procurement process and certain requirements that HCDA must follow to resell the units.

However, in recognizing their hardship, HCDA staff requests an additional option (“Option 5”) be added to the previously approved options as follows:

Option 5:

- HCDA allows the current Reserved Housing unit owner to sell their unit directly to a qualified new buyer utilizing their **own** real estate broker.
- The buyback price would remain the same, as calculated by HAR §15-22-186. Under this additional option, the owner’s broker would be responsible for finding a suitable new buyer that meets all reserved housing eligibility criteria, subject to the approval of HCDA staff. The owner’s broker could then engage directly with the new buyer’s broker to facilitate closing the sales transaction. HCDA staff would provide the new Unilateral Declaration of Restrictive Covenants for the new buyer, which would reinstate the regulated term and shared equity requirements for the new buyer.


Option 5 is very similar to the previously approved Option 2 but broadens the approval to allow for the owner’s broker to oversee the transaction and find eligible buyers instead of relying solely on HCDA’s broker to find suitable buyers. HCDA staff believes this will give current Reserved Housing unit owners more flexibility in working through time constraints and will help relieve their financial burdens sooner.

HCDA staff will continue to evaluate each unit offered for buyback on a case-by-case basis and will select the best option available based on existing conditions. Factors such

as unit type, marketability, buyback price, waitlist size, and available financing will all be carefully examined prior to proceeding with one of buyback options listed above.

IV. RECOMMENDATION

Authorize the Executive Director to Add An Additional Buyback Option, Described as “Option 5” herein, to the “Supplemental Financing and Buyback Plan” (“Plan”) Approved on July 2, 2025 for Reserved Housing Units Within the Ulana Ward Village project, Located at 828 Auahi Street, Honolulu, Hawaii 96813, and Further Described by Tax Map Key Number (1) 2-1-053:001, that are Proposed to be Sold by the Reserved Housing Unit Owners During the Regulated Term as described in this staff report, and Undertake All Tasks Necessary to Effectuate the Purpose(s) of this For Action.

Prepared By: Lindsey Doi, Asset Manager:  _____

Reviewed By: Craig K. Nakamoto, Executive Director: *Craig K. Nakamoto* _____