

# QUICK OVERVIEW OF HHFDC'S LOWER COST (AFFORDABLE) HOUSING PROGRAM

## REQUIREMENTS TO PURCHASE

- Be a “first-time homebuyer” or “qualified resident”, as defined herein; and
- Meet all HHFDC eligibility and household income requirements for units subject to HHFDC’s Use, Sale and Transfer (Buyback Program) and Shared Appreciation Equity (SAE) Program Restrictions.

**NOTE:** *Eligibility and Income vary by project.*

**Contact the designated  
HHFDC project sales team for  
additional detailed information.**

A **first-time homebuyer** is a qualified resident who has not owned any unit anywhere for a period of one year prior to the date of application.

A **qualified resident is a person who:**

1. is a U.S. citizen or resident alien;
2. is at least 18 years of age;
3. is domiciled in Hawaii and will physically reside in the unit purchased;
4. has a gross income sufficient to qualify for a loan to purchase a unit (a prequalification letter); and
5. does not own a majority interest in real estate suitable for dwelling as an individual, with a spouse, if applicable, unless legally separated, or a household member.

## PROCESS TO PURCHASE

### STEP ONE

- Obtain a prequalification letter from a preferred project lender.

### STEP TWO

- Complete and submit your signed application with applicable and required supporting documentation to the project sales team.

*\*The sales team will receive and review your application for completeness and submit to HHFDC for review and determination of eligibility to purchase.*

### STEP THREE

- If approved, contact the sales team to select a unit and sign a purchase agreement.

### What is the Buyback Program?

The Buyback is a deed restriction requiring the unit remain affordable for 10 years by giving HHFDC the first option to repurchase the unit if owner cannot occupy during the 10 year period.

- Automatically expires 10 years from the date the buyer’s deed is recorded.
- HHFDC has the first option to purchase the unit if the owner cannot occupy during the 10 years.
- A temporary occupancy waiver may be permitted under certain circumstances.
- There is no buyout of this program.

Is the Buyback & SAE the same?

*No; see below for similarities.*

### HIGHLIGHTS OF BOTH PROGRAMS

- Effective from the date the buyer’s deed is recorded at the Bureau of Conveyance, State of HI (BOC).
- Owner occupancy is required by all persons on title, while the program is in effect, including the spouse even if not on title.
- HHFDC prior written consent is required under certain situations, i.e., transfer of title, mortgage refinance.
- Refinance or additional financing is limited based on the program.
- Full disclosure of the program is in the purchase agreement.

### What is the SAE Program?

The SAE is a requirement that the owner share a fixed percentage of net appreciation with HHFDC for providing a unit at below market price.

- Does not expire; can be paid any time after initial sale from the developer.
- Must be paid in full on sale, unpermitted transfer, including creating a lien, rental of any part of the property, and non-owner occupancy - 12% interest on the SAE amount applies if not paid when due.
- The percent shares are established and fixed prior to closing the unit purchase.