

CITY AND COUNTY OF HONOLULU

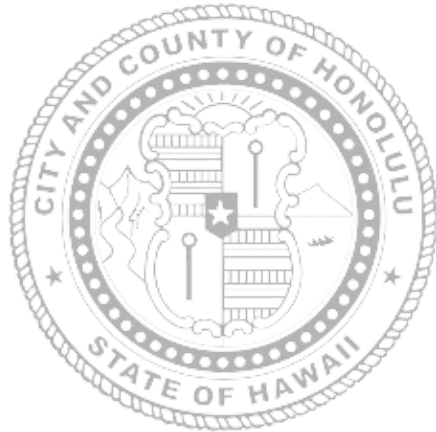
2023

HOUSING PLAN



Prepared By:
Mayor's Office of Housing

October 2023



CITY AND COUNTY OF HONOLULU

2023 Housing Plan

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EXECUTIVE DIRECTOR'S MESSAGE



Aloha mai kākou,

The sense of urgency surrounding the housing shortage demands that we formulate solutions that can be implemented in the near term, while also engaging in long-range planning to increase the delivery of housing on O’ahu. The Office of Housing has begun this work by shifting the focus of how the city views housing development and working toward adopting a better balance between government regulation and development incentives that allow us to fulfill our fiduciary duty of being good stewards of the public trust and taxpayer monies.

The Blangiardi administration is committed to working closely with the City Council on strategies to increase the housing supply on O’ahu. These strategies include: making city lands available for affordable housing development, strategic acquisitions, reviving and enhancing the city’s housing finance programs, process improvements aimed at accelerating review and approval procedures, and regulatory reform to ensure policies are actually generating more housing.

We will also focus on Transit-Oriented Development to capitalize on compact, mixed-use development that incorporates housing, job centers, and childcare centers that take advantage of the convenience and efficiency of being within close proximity to rail stations and multi-modal networks.

Communities across O’ahu only *truly* thrive when housing opportunities are a reality for all residents. Given our island’s housing shortage in the face of high construction costs and rising interest rates, the City’s role in the housing arena has never been more critical. Achieving these goals will not be easy. The housing plan outlines a path forward that will be expanded over time to produce a more comprehensive islandwide housing plan for O’ahu.

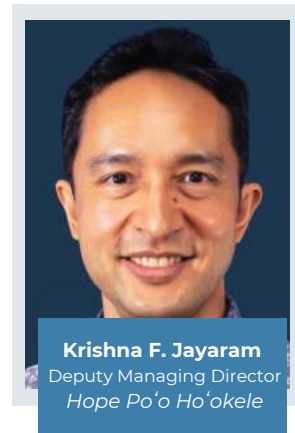
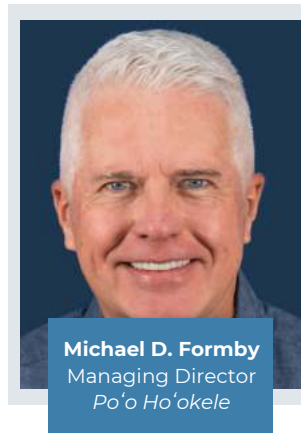
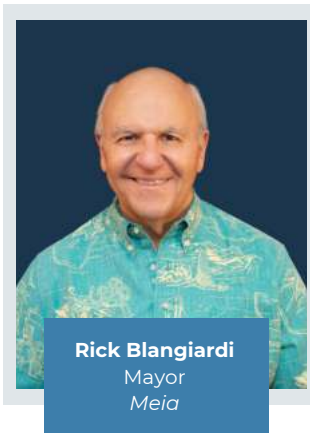
Me ka mahalo nui,

A handwritten signature in black ink, which appears to read "Denise Iseri-Matsubara". The signature is fluid and cursive, with a long horizontal line extending to the right.

Denise Iseri-Matsubara
Executive Director, Office of Housing



EXECUTIVE LEADERSHIP TEAM



CONTRIBUTING CITY DEPARTMENTS AND OFFICES



Department of
Land Management



Department of
Community Services



Department of
Planning and Permitting



Honolulu Emergency
Services Department

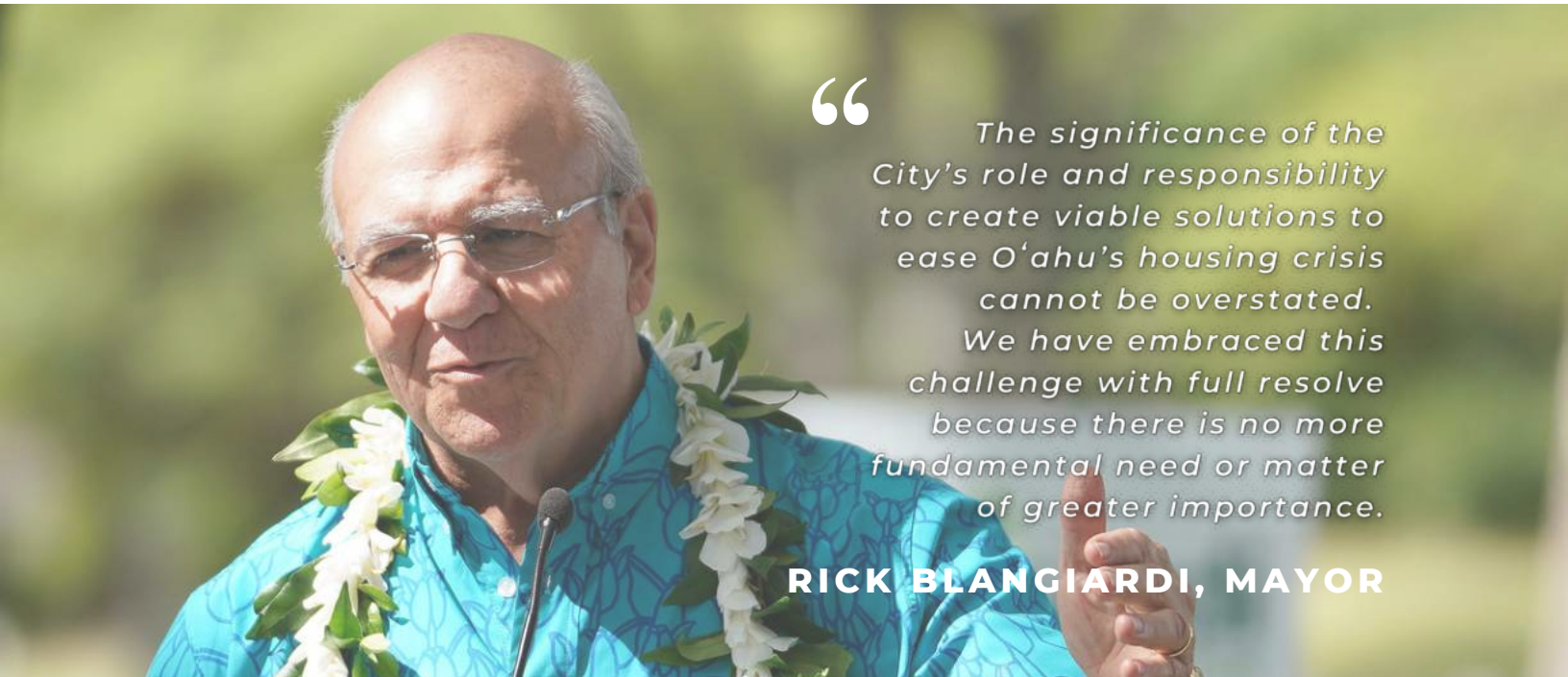


Office of Economic
Revitalization

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INTRODUCTION



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The significance of the City’s role and responsibility to create viable solutions to ease O’ahu’s housing crisis cannot be overstated. We have embraced this challenge with full resolve because there is no more fundamental need or matter of greater importance.

RICK BLANGIARDI, MAYOR

THE OFFICE OF HOUSING (HOU)

The Office of Housing (HOU) drives policy and strategy by engaging in cross-sector collaboration to stimulate the acquisition, development, and preservation of affordable housing. This includes advocating for pathways out of homelessness that lead to permanent housing solutions. The Blangiardi administration (the Administration) is committed to increasing O’ahu’s housing supply. HOU collaborated with other City and County of Honolulu (the city) departments to develop this plan which identifies strategies to address the housing shortage and provides clarity and vision to help drive decision-making. This document is a draft plan that will form the basis for a more comprehensive plan that will be pursued once a consultant has been contracted to assist in this effort. This draft plan also includes a summary of some of the non-performing assets acquired under previous administrations that consume considerable amounts of city resources in terms of time, energy, and money, to manage and attempt to resolve.

THE HOUSING CHALLENGE

The shortage of affordable housing on O’ahu is a long-standing, complex issue that the city has faced for decades. The lack of housing impacts us as a community. Increasing the supply of housing for all income levels must be considered as a continuum of need exists ranging from homeless shelters and permanent supportive housing to low-income rentals, workforce housing, and single-family homes and condos for those pursuing the American dream of homeownership.

According to the 2019 Hawai’i Housing Planning Study,¹ O’ahu needs an additional 22,168 housing units over a five-year period to meet projected demand for housing. The study indicated there is a demand for rental as well as for-sale housing units with the difference between these needs being only seven percent. Of the 22,168 units needed, approximately 46.5%, or 10,311 of those units are for-sale units for homeownership, and 53.5%, or 11,857 units are for rent.

THE OBJECTIVE

In order to address O’ahu’s long-standing housing crisis, HOU works with the appropriate state and federal government agencies, along with private developers and other stakeholders to leverage resources, expertise, and to explore a variety of strategies to break down barriers to development. The sense of urgency surrounding the housing shortage demands that we formulate solutions that can be implemented in the near term while also engaging in long-range planning to increase the delivery of housing on O’ahu. We will strive for a better balance between government regulation and development incentives while pursuing housing policies that allow us to fulfill our fiduciary duty of being good stewards of the public trust.



¹SMS (2019) Hawai’i Housing Planning Study. Retrieved from: https://www.dbedt.hawaii.gov/hhfdc/files/2020/01/FINAL-State_Hawaii-Housing-Planning-Study.pdf

OUR VISION

We envision an O'ahu where all residents, in each of our communities, have access to safe, stable, and affordable housing, regardless of income level, so today's generation and future generations can continue to call our island *home*.

OUR MISSION

Our mission is to drive unprecedented investments in three pillars of housing:

- The *acquisition* of affordable housing units,
- The *creation* of new housing units through policies that incentivize development, and
- The *preservation* of existing affordable housing units to promote community stability.

OUR GOAL

Working with our partners in the private and public sectors, the city's goal is to drive delivery of approximately *18,000 units* between FY 2022 and 2029.



Varona Village Phase I to repair and renovate the existing 46 homes so that they can be offered for sale to the tenants of record.

KEY STRATEGIES TO INCREASE HOUSING INVENTORY

We will look at a variety of strategies to break down barriers to development and incentivize production.

- STRATEGY 01** INVEST IN AFFORDABLE HOUSING

- STRATEGY 02** PROCESS IMPROVEMENTS

- STRATEGY 03** ADDRESS REGULATORY BARRIERS

- STRATEGY 04** TRANSIT-ORIENTED DEVELOPMENT
AND INFRASTRUCTURE INVESTMENT

- STRATEGY 05** IMPROVE REAL ESTATE AND ASSET
MANAGEMENT



STRATEGY 01

INVEST IN AFFORDABLE HOUSING



Waikiki Vista includes 108 studio apartments, commercial/office space, classrooms, an auditorium, kitchen, and dining facilities.

ACQUIRE REAL PROPERTY

The city made significant investments to increase the inventory of affordable housing on O’ahu.

Waikiki Vista: Located on Kapi’olani Boulevard, Waikiki Vista is the first real property acquisition made by the Administration and the largest ever undertaken by the city. This property formerly housed students from Tokai University and Hawai’i Pacific University and consists of 108 studios along with office and commercial space. The property was purchased in October 2022 for \$37,750,000 with funding from the American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Fund (SLFRF).

Interim plans for the building include providing permanent supportive housing and stabilization services for families transitioning out of homelessness. The city is in the process of partnering with the state to provide stabilization and orientation services, as well as case management. The state is providing a minimum of \$2,625,000 over the next two to three years to fund this endeavor. The long-term plan for Waikiki Vista is for the city to provide rental housing for low-to-moderate income households.



Kihapai Place: In August 2023, the city acquired the fee simple interest in a 24,593 square foot land parcel located at 734 and 735 Kihapai Place in Kailua. The parcel was acquired by the Department of Land Management (DLM) for affordable rental housing purposes. The property is zoned A-2 (medium-density apartment).

The \$5,000,000 acquisition includes the land and construction drawings for the development of a four-story affordable housing building containing 42 one- and two-bedroom units. This is the last undeveloped A-2 zoned parcel of its size in Kailua.

The Administration worked with the Honolulu City Council on significant sums to support the acquisition, planning, and construction of affordable housing, including mixed-use projects. A total of \$260,000,000 was appropriated by the City Council in the FY2024 capital improvement project (CIP) budget. This allocation includes \$170,000,000 for general development of low- to moderate-income housing, \$35,000,000 for affordable housing in transit-oriented development (TOD) areas, \$20,000,000 for housing aimed at those transitioning out of homelessness, and an additional \$35,000,000 for homeless services facilities.

City projects currently projected to utilize FY2024 CIP Funds are detailed in the table below:

Capital Improvement Program Projected Expenditures FY 2023/2024	
Project	Total CIP Funds
Iwilei Area Planned Property Acquisition	\$63,000,000
Iwilei Master Planning	\$5,000,000
First Hawaiian Bank Parcel Acquisition (Planning)	\$500,000
Waikiki Vista Building Improvements	\$10,000,000
Ena Road Building Improvements	\$7,200,000
Royal Kunia Box Car Lot (Planning)	\$500,000
Varona Village Infrastructure Improvements	\$15,000,000
Total	\$101,200,000

INCENTIVIZE PRIVATE DEVELOPMENT

CHAPTER 32 – BILL 7 (2019) AND BILL 1 (2021)²

Revised Ordinances of Honolulu, 2021 (ROH) Chapter 32 incentivizes the development of low- to moderate-density affordable rentals. In 2019, Bill 7 (2019) relaxed certain zoning and building code standards in an effort to accelerate the construction of affordable rental housing in apartment and business mixed-use zoning districts. It was enacted and became Ordinance 19-8.



To promote the development of affordable rental housing even further, the Administration worked with the City Council to provide small grants (\$9,000 to \$15,000 per unit) through Bill 1 (2021). These housing policies were consolidated under ROH Chapter 32 which targets households at or below 100% of the area median income (AMI).

As of September 2023, there were a total of 45 applications filed for affordable rental housing projects under this program. Two projects with a total of 51 units have been completed and an additional eight projects (around 230 units) have been fully permitted and are under construction.

In 2023, Mayor Rick Blangiardi collaborated with Governor Josh Green to secure \$5,000,000 in matching grant funds from the state for these small-lot, low-density rental housing projects mainly in the urban core. In an effort to continuously look for ways to improve the effectiveness of this housing policy, the Department of Planning & Permitting (DPP) convened a working group to regularly meet and improve the effectiveness of the Bill 7 and Bill 1 program.

The long-term goal of the working group is to encourage the development of affordable rental housing. With the program extended until 2030 through Ordinance 23-12, originally Bill 8 (2023), DPP and developers are looking to further refine the program to reach the goals articulated in the bill.



² Chapter 32 of the 2021 Revised Ordinances of Honolulu (ROH), is also referred to as Bill 7 (2019), which became Ordinance 19-8, and Bill 1 (2021), which became Ord. 21-12. Chapter 32 can be found here: <https://codelibrary.amlegal.com/codes/honolulu/latest/honolulu/0-0-0-37103>

MAXIMIZE CITY FINANCING PROGRAMS

AFFORDABLE HOUSING FUND PROGRAM

The Affordable Housing Fund Program (AHF), currently administered by the Department of Community Services (DCS), was established in the City Charter through a ballot initiative in 2006 and became effective in 2007 through Ordinance 7-19. The Charter mandates one-half of one percent of each year's real property tax revenues to be deposited into the AHF. This program provides flexible gap financing for affordable housing developments serving residents earning at or below 60% of the AMI provided that the units remain affordable for at least 60 years.³

Tax revenue deposits into the AHF appear to have ranged between \$7,000,000 and \$8,000,000 per year. A total of approximately \$8,300,000 is expected to be allocated to the fund in FY2024.⁴ Until recently, these funds were never publicly deployed and a total of approximately \$38,000,000 had accumulated in the fund.⁵

In 2022, the Administration initiated steps to use these funds as intended by issuing a public solicitation. This was the very first time the funds were made publicly available on a competitive basis since the fund's establishment. The solicitation resulted in over \$23,200,000 being deployed to support the development of nearly 500 units of affordable housing. The awarded projects included:

- **Halewiliko Highlands** ('Aiea), 140 affordable units, \$6,000,000, expected occupancy 2025
- **Hālawā View II** ('Aiea), 302 affordable units, \$5,000,000, expected occupancy 2026
- **Hocking Hale** (Honolulu), 40 affordable units, \$3,923,433, expected occupancy 2024
- **Waialua Mill Camp** (Waialua), \$3,549,556, land acquisition to potentially provide 268 units
- **Kailua Lofts** (Kailua), \$4,800,000, land acquisition to potentially provide 62 units



The city will be exploring more strategic uses of this housing finance resource by prioritizing project readiness, financial leveraging, efficient use of this fund, and alignment to city housing goals, such as projects located on city lands or in close proximity to rail stations.

³ Projects receiving AHF funds are required to record restrictive covenants with the land court system to ensure the AHF units remain affordable for the minimum 60 years.

⁴ Departmental Communication 139 (2023) from the Department of Budget and Fiscal Services to the Honolulu City Council. Retrieved from: <https://hnlidoc.hawaii.gov/hnlidoc/document-download?id=16688>

⁵ Departmental Communication 128 (2021) from the Department of Budget and Fiscal Services to the Honolulu City Council. Retrieved from: <https://hnlidoc.hawaii.gov/hnlidoc/document-download?id=9954>

AHF funds can also be an important leveraging tool to create more affordable housing units when strategically combined with Low-Income Housing Tax Credits (LIHTC) and state Rental Housing Revolving Funds (RHRF), both of which are issued by the Hawai'i Housing Finance and Development Corporation (HHFDC).

The Administration should also consider the possibility of re-structuring the AHF program to issue revolving loans instead of grants. DCS is planning a second AHF public solicitation in late 2023 or early 2024.

PRIVATE ACTIVITY BONDS

The City and County of Honolulu revived its Private Activity Bond (PAB) program after a 23-year hiatus. PABs are an essential component of the nation's primary program for financing the development of affordable rental housing - the LIHTC program - which is administered by HHFDC. The bonds are used in conjunction with 4% LIHTCs which reduces the senior debt required to finance affordable housing projects. This decreases the overall borrowing costs and allows developers to charge lower rents. Federal government rules require the bonds to cover at least half the project costs.

The federal government limits the amount of tax-exempt PABs that each state can issue (on a per capita basis). Because Hawai'i is a small state, it receives a limited amount of PAB volume capacity (bond cap).⁶ In Hawai'i, state law allocates a portion of the state's bond cap to each county. Only the City and County of Honolulu and Kaua'i County have elected to retain their bond cap in recent years.



The PABs are currently regarded as a scarce resource for financing affordable rental units by the development community, given that the demand for these bonds outpaced the supply by 2.5 to 1 for the past several years.

The significance of re-establishing this bond financing program is that the city can now direct this limited resource to rental housing projects located on O'ahu. In the past, the city returned its PAB allocation to the state for distribution by HHFDC, where it could be applied to projects in other counties.

In 2022, the Administration published rules to administer its Multi-Family Rental Housing Program (MRHP) and in October 2022, these tax-exempt PABs were made available to developers through a competitive application process.

⁶ Internal Rev. Proc. 2022-38 Private Activity Bonds Volume Cap. For calendar year 2023 the amount is the greater of (1) \$120 multiplied by the state population, or (2) \$358,845,000.



In 2023, the city made PAB awards totaling \$135,000,000 to two acquisition-rehabilitation projects which, combined, will rehabilitate and preserve over 500 affordable rental units. Projects awarded PAB in 2023 include:

- **Jack Hall**, Waipahū \$30,000,000 (144 units)
- **Maunakea Tower**, Chinatown \$105,000,000 (378 units)

OPTIMIZE UTILIZATION OF HUD FUNDS

The U.S. Department of Housing and Urban Development (HUD) provides various subsidies, grants, and other funding to the city to support housing development and rent subsidization. These programs are administered by the Department of Community Services (DCS).

SECTION 8 HOUSING CHOICE VOUCHERS

The city's Section 8 Housing Choice Voucher (HCV) Program consists of a total of approximately 4,900 voucher units under DCS' authority providing around \$66,000,000 in annual rental assistance support.⁷ The Section 8 Program provides rental subsidies that are paid directly to landlords on behalf of income-eligible families, elderly, and disabled individuals.

Eligible participants receive a voucher which entitles them to search for a rental unit. Most HCVs are "tenant-based," meaning program participants can use them to rent any private apartment that meets program guidelines.

Project-based vouchers (PBVs), in contrast, are attached to a specific unit. PBVs can be a valuable resource that can be used to help stabilize cash flows to make low-income rental projects feasible to finance. The city has the ability to project-base up to 20% of its voucher authority. Projects are typically selected for PBVs through a competitive solicitation and PBVs can be awarded for up to 25% of a project's units or 25 units, whichever is greater. The contract term for project-based rental assistance can be set by the city from one to twenty years.

By guaranteeing a future source of stable income, PBVs can be integral to the financing package for the construction or rehabilitation of affordable housing. PBVs also have the potential to boost an affordable housing project's score on the Consolidated Application for financing submitted to HHFDC.

The city should explore the possibility of project-basing a portion of its HCV voucher authority and investigate the requirements necessary to build its internal capacity to do so. Effectively leveraged, PBVs can be an essential long-term financing tool to create more stable rental housing opportunities for low-income individuals and families.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

The CDBG Program provides annual grants on a formula basis to states, cities, and counties to provide safe, decent housing and economic opportunities to low- and moderate-income populations.

CDBG may be deployed for a wide range of community development activities directed toward revitalizing neighborhoods, economic development, and providing improved community facilities and services. The city received approximately \$7,800,800 in CDBG funding for FY2023. Prior city use of this grant for housing has mainly involved acquiring real property. The city should consider more strategic use of CDBG funds which would require advanced planning and further research.



HOUSING TRUST FUND (HTF)

The HTF program is designed to complement other existing federal, state, and local efforts to increase and preserve the supply of affordable housing. The state's annual allocation for HTF is set at \$3,000,000; the funds are divided evenly between neighbor islands (50%) and O'ahu (50%). Of the \$3,000,000, approximately \$300,000 is reserved for administrative costs. Funds may be used for a wide range of eligible activities including real property acquisition, site improvements and development (e.g. construction, materials), financing costs, relocation assistance, and operating costs. HTF is one of the few federal programs that can be utilized to develop rental housing for extremely low-income households (30% AMI), including families experiencing homelessness.

The city has not been able to accept its annual allocation of \$1,425,000 since Program Year 2019-2020 due to capacity limitations, allowing it to revert back to the state to be allocated to the other counties. Should the city acquire the necessary capacity to implement this program in the future, HTF can be leveraged with the state's Rental Housing Revolving Fund program. Resources such as HTF are critical because they provide the necessary gap financing to make low-income housing projects feasible to build. The city should review each of these federal programs to ensure that HUD funds are being leveraged to their maximum potential, particularly in situations where these funds could be deployed to assist with the development of desperately needed affordable housing.

ESTABLISH AFFORDABLE HOUSING DATABASE

Demonstrating the city's commitment to invest in housing, the city entered into an agreement with the University of Hawai'i's Economic Research Organization (UHERO) in February 2023, to establish and maintain a comprehensive database of subsidized and price-restricted housing units across O'ahu.



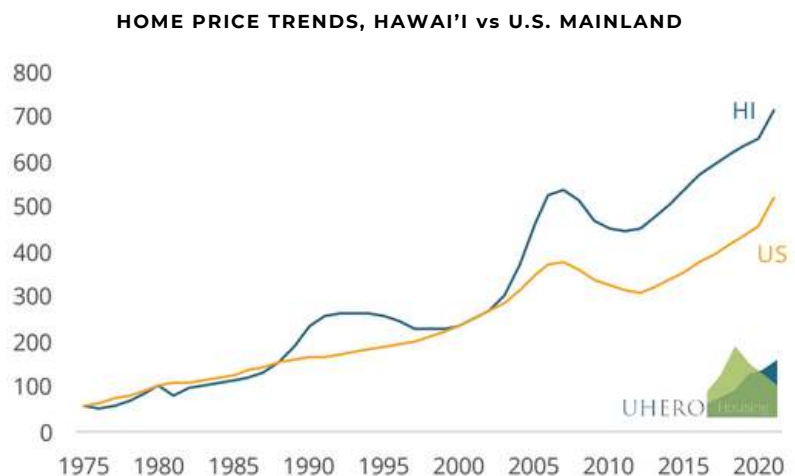
This endeavor aims to offer policymakers, administrators, and the wider community a centralized hub of housing information that is easily accessible and available at no cost. The database is anticipated to be accessible to the public by 2025, with a preliminary data preview expected from UHERO in the Fall of 2023.

This data will play a pivotal role in assisting the Administration and policymakers in making better-informed decisions related to housing policies, programs, and initiatives.

MEASURING THE BURDEN OF HOUSING REGULATION

A recent UHERO report found that regulatory burdens on new housing construction are higher in Hawai'i than any other state in the United States. Government-imposed restrictions on new housing can drive up housing production costs, ultimately contributing to higher housing prices. In a follow-up report supported by the city and Hawai'i Community Foundation, UHERO will provide information on the share of housing costs in Honolulu that can be attributed to regulatory barriers.

The methodology to be used essentially compares the marginal cost of producing a new unit of housing against the market price for housing and attributes the gap between these prices to the burden of regulation. The project will result in a "UHERO Brief," providing a detailed description of the methodology, data, and findings, and will be made publicly available through UHERO's website.



Source: U.S. Federal Housing Finance Agency. All-Transactions House Price Index for Hawai'i and the U.S. (Index, 1980 = 100).

STRATEGY 02

PROCESS IMPROVEMENTS



Halewiliiko Highlands consists of 140 rental units for seniors earning no more than 60% of the AMI. Construction is projected to begin by the end of 2023.

STREAMLINE THE ENTITLEMENT AND PERMITTING PROCESS

The permitting process is one of the most time-consuming aspects of development. The Department of Planning and Permitting (DPP) has been working on ways to streamline and improve processing times for permit approvals. Increased efficiency in the permitting process would have the biggest impact on the production of housing.

The significant backlog of building permit applications has been a historical issue. In an effort to cut down on permitting approval times, and to address the department's existing backlog of applications, DPP has undertaken several initiatives to improve its operations and systems. These include:

STAFFING

Staff capacity has been, and continues to be a challenge for DPP.⁸ As with many city departments, particularly for highly skilled positions such as engineers, plan reviewers, and other professionals, salaries offered in the public sector cannot compete with the salaries offered in the private sector. Despite these challenges, DPP continues to push forward in recruiting skilled professionals to increase the department's capacity.

⁸ Departmental Communication 532 (2023) - Update from the Department of Planning & Permitting on Building Permit Process Backlog. Presented to the Committee on Planning and the Economy on July 19, 2023. Document retrieved from: <https://hnlidoc.ehawaii.gov/hnlidoc/document-download?id=18269>.

DPP is currently examining potential programs and incentives to encourage more people to choose a career with the city. DPP is also looking to invest in a comprehensive training program that would benefit existing employees and new hires.

Additionally, the Administration collaborated with the Honolulu City Council on Bill 6 (2023) to allow design professionals to self-certify a project's compliance with city building codes. This is intended to reduce the backlog of building permit applications by providing the building official the authority to allow approved, licensed architects and engineers to certify their own designs. The bill is currently under consideration by the City Council.

TECHNOLOGY

DPP is taking bold steps to adopt new technologies to upgrade its existing obsolete systems and software. In late 2022, the department implemented an automated system that substantially reduced the time required to prescreen permits from an average of six months to just one week.⁹ While the time for the prescreen portion of the process has been reduced through use of the automated system, the backlog has moved to other more complex steps within the process, particularly the code review portion. DPP is currently working on improvements to each step of the process to ultimately reach the goal of issuing building permits in a more timely manner to decrease the time it takes to build housing. Additionally, DPP will be rolling out new permit tracking software in the latter half of 2023 that will allow the department to more accurately track the status of applications and automate or eliminate redundant manual processes performed under the current system.

IMPACT OF REGULATORY CHANGES

The continuous passage of multiple ordinances over time impacts the ability of DPP personnel to process permits on a timely basis. Changes in code or housing requirements over the years have translated to increased time to train staff on the changes, adding to the time to process each application.

However, the development community has raised concerns that certain DPP Administrative Rules pose issues for some projects.¹⁰ For example, one of the provisions restricts rent limits for households earning at or below 80% of the AMI to Section 8 Fair Market rents, despite not being eligible for Section 8 subsidies. The maximum rental rates for all other AMI levels except for 80% AMI are based on the premise that housing costs be no more than 30% of the HUD income limit.

These types of inconsistencies can negatively impact affordable rental projects in some locations. HOU submitted a request to DPP in August 2023 to amend its administrative rules to better facilitate the delivery of rental housing. An administrative hearing is expected in the Fall of 2023 to begin the process of remedying this potential barrier to development.

⁹ Departmental Communication 662 (2023) - Update from the Department of Planning & Permitting on Building Permit Process Backlog. Presented to the Committee on Planning and the Economy on Sept. 14, 2023. Document retrieved from: <https://hnlidoc.ehawaii.gov/hnlidoc/document-download?id=18701>.

¹⁰ Department of Planning and Permitting. Rules to Implement City's Affordable Housing Requirements (effective March 31, 2019). Retrieved from: https://www.honolulu.gov/rep/site/dpp/dpp_docs/rules-affordable-housing-requirements.pdf.

STRATEGY 03

ADDRESS REGULATORY BARRIERS



Local governments play a vital role in housing production. The city will foster a better balance in its housing policies to fulfill its fiduciary duty to the public.

ROLE OF LOCAL GOVERNMENT IN HOUSING

Local governments have the most direct control over housing production through land use, taxation, and housing policies. Local governments can and should encourage thoughtfully designed policies to motivate housing development. To ensure that its housing policies remain effective, the city should periodically review its administrative rules, ordinances, and statutes to evaluate what works and what may need to be modified in order to achieve its housing goals.

AMEND ADMINISTRATIVE RULES TO FACILITATE FINANCING AND PRODUCTION

Based on feedback received from the development community, DPP's "Rules to Implement City's Affordable Housing Requirements"¹¹ are being reviewed to determine if certain provisions are complicating the marketing of affordable for-sale housing units subject to Ordinance 18-10 (see Exhibit A), which established the Affordable Housing Requirements. As an example, several projects currently under construction through the Interim Planned Development - Transit permit process have been able to sell only a small percentage of their affordable units after being on the market for over a year. Debt-to-income ratios (DTI) for determining unit sales prices under the rules were reported to be more restrictive than the DTI underwriting standards applied by mortgage lending institutions. For example, under the rules the DTI used to determine unit sales prices is restricted to 33% while some mortgage lenders permit DTI ratios of up to 50%.

¹¹ Department of Planning and Permitting, Rules to Implement City's Affordable Housing Requirements (effective March 31, 2019). Retrieved from: https://www.honolulu.gov/rep/site/dpp/dpp_docs/rules-affordable-housing-requirements.pdf.



In August 2023, HOU submitted a formal request to DPP to amend the rules as they may hinder the financing and sale of affordable housing units. HOU's proposed amendments will allow financial institutions to make credit determinations regarding a buyer's qualifications for a mortgage loan based on their own underwriting criteria. A public hearing of the requested changes is pending. HOU will continue to advocate for rule changes that increase and accelerate the delivery of housing.

BILL 6 - SELF-CERTIFICATION

One legislative measure aimed at speeding up the permitting time is currently being considered by the City Council under Bill 6 (2023). This measure was a collaborative effort between the Administration and the City Council to allow third-party professionals to self-certify compliance with relevant building codes, to help address the backlog of permits. If enacted, this measure would allow DPP to improve review and approval timelines while simultaneously implementing enforcement mechanisms to ensure compliance with the codes and that the public's health and safety are not compromised. If adopted by the City Council, Bill 6 could help alleviate the backlog at DPP.

BILL 7 / BILL 1 - ENHANCE THE AFFORDABLE RENTAL HOUSING INCENTIVE PROGRAM

Bill 7 (2019), or Chapter 32, is an innovative program designed to incentivize affordable rental housing development for households at or below 100% of the AMI. In an effort to promote the production and revitalization of affordable housing on small land parcels mostly located in the urban core with existing infrastructure, Bill 7 provides a variety of exemptions from zoning and building code regulations and expedited permit processing. Bill 7 was further enhanced by Bill 1 (2021), the first housing-related measure introduced during the current Administration, to provide grant funding for units completed under the program.

Bill 7 and Bill 1 have the potential to provide significant incentives for privately developed affordable housing projects with minimal public funding across hundreds of parcels on O'ahu. As of September 2023, 45 projects submitted plans for permits, with two projects already completed and an additional eight fully permitted and under construction.



CHAPTER 38, ROH - STREAMLINE PROCUREMENT PROCEDURES FOR CITY-OWNED PROPERTIES

Leasing city-owned land to developers to allow the private sector to build affordable housing is critical for our efforts to increase the supply of affordable housing on O’ahu. All city-owned lands must be leased through ROH Chapter 38 procedures, which permit only two methods of procurement – in most cases, through Requests for Bids (RFBs), and in limited circumstances, through Requests for Proposals (RFPs). ROH Chapter 38 permits the use of RFPs for soliciting leases from private developers for the purpose of constructing housing, commercial spaces, parking, and other facilities in implementing the housing and human services programs of the city. The challenge is that ROH Chapter 38 is quite prescriptive as to the procurement process, proposal content, and selection criteria.

DLM utilized the Chapter 38 RFP model to enter into four public-private partnerships (PPPs) with private developers to construct affordable housing projects on city-owned land through a development agreement and a long-term ground lease. The current procedure involves a very lengthy process which takes approximately five years from the preparation of the solicitation to the execution of a lease. Because of these cumbersome procedural requirements, one of the PPPs is still in progress, with the lease execution date unknown – even after five years of engaging in the process. One reason why the Chapter 38 RFP process takes years is because there are at least four opportunities for public hearings, three of which are City Council resolutions that require multiple readings. Each of the three City Council resolutions authorizes the city to execute the same transaction documents. This inefficiency adds months to the already lengthy timeline and introduces various layers of discretion and risk to the transaction.

In contrast, several state agencies have broad power to enter into contracts with eligible developers and have the ability to use their discretion to determine the method of contracting. The result is much more flexibility in leasing state lands or entering into public-private partnerships to develop affordable housing through various competitive methods, including Requests for Qualifications (RFQs), Requests for Interest (RFIs), or direct negotiations.



In addition, state agencies have exercised their discretion to scale their solicitations on a portfolio basis (versus the city, which issues RFPs on a per-project basis). DLM will be reviewing the procedures of various state agencies to explore other options that can allow the city to have flexibility, as well as streamline the process. DLM intends to introduce legislation to amend ROH Chapter 38 to allow greater flexibility when entering into PPPs with private developers to construct affordable housing on city land.

CHAPTER 46, HRS - MIXED-USE DEVELOPMENT

We want to create communities where O’ahu residents can live, work, and play, especially along the rail corridor and around rail stations now that Skyline has commenced operations. In order to do this, the city needs the ability to engage in mixed-use developments as it develops housing.

This requires amending Chapter 46-15.1 of the Hawai’i Revised Statutes (HRS) to mirror the housing powers of HHFDC. Under Chapter 201H of the HRS, HHFDC is authorized to “plan, develop, construct, and finance housing projects, including mixed-use developments.”¹² Although Chapter 46-15.1 delegates housing powers to the counties, it does not include the development of mixed-use projects.¹³ The Administration plans to pursue a legislative amendment to the HRS in the 2024 State Legislative Session to include mixed-use development as part of the county’s delegated housing authority.

CITY 201H AND STATE 201H ALIGNMENT

The city 201H entitlement program is administered by DPP and generally follows the state program under Chapter 201H of the HRS. However, the city’s administrative rules associated with implementing this program have drawn some concern from the development community. The concerns are mainly about the lower income threshold and longer affordability period. A comparison of the differences is provided in the chart below:

	Unit Breakdown, by AMI	Affordability Period
City and County of Honolulu (DPP) ¹⁴	20% units for ≤80% AMI 31% units for 81 - 120% AMI 49% units developer’s choice, including market-rate	Rental: 30 years Ownership: 30 years
State (HHFDC) ^{15,16}	50% + 1 unit for ≤140% AMI Remainder of units developer’s choice, including market-rate	Rental: 30+ years Ownership: 10 years

As the chart indicates, the state’s 201H program allows projects up to 140% of the AMI while the city’s program only goes up to 120% of the AMI. For rental units, both the city and state require a minimum of a 30-year affordability period, however, the state program provides gap financing to help projects pencil. For-sale unit affordability terms are also more favorable under the state, with the city requiring 30 years and the state requiring 10 years.

The city should consider aligning these provisions to provide the same flexibility as the state’s 201H program.

¹² Chapter 201H-12 of the Hawai’i Revised Statutes (HRS). Retrieved from: https://www.capitol.hawaii.gov/hrscurrent/Vol04_Ch0201-0257/HRS0201H/HRS_0201H-0012.htm.

¹³ Chapter 46.15-1 of the Hawai’i Revised Statutes (HRS). Retrieved from: https://www.capitol.hawaii.gov/hrscurrent/Vol04_Ch0046-0115/HRS0046/HRS_0046-0015_0001.htm.

¹⁴ Department of Planning and Permitting, 201H Housing Program Rules (approved Oct, 2018). Retrieved from: https://www.honolulu.gov/rep/site/dpp/dpp_docs/rules-201H-housing-program-rules.pdf.

¹⁵ HHFDC, §201H-38 Housing development; exemption from statutes, ordinances, charter provisions, and rules. Retrieved from: https://www.capitol.hawaii.gov/hrscurrent/Vol04_Ch0201-0257/HRS0201H/HRS_0201H-0038.htm.

¹⁶ HHFDC, §15-311-32 Evaluation of requests for program funds: criteria point system. Retrieved from: <https://dbedt.hawaii.gov/hhfdc/files/2023/06/HAR-15-311-Approved-2022.pdf>.

STATE ACT 262 (2023) - PRIVATE ACTIVITY BOND BILL

HB923, CD1, which became law under Act 262 without the Governor's signature on July 11, 2023, makes various amendments to HRS Chapter 39B relating to PABs.

The two key provisions of this bill are: 1) if the city assigns all or part of its bond allocation to the state, that allocation must be applied to projects on O'ahu, and 2) it authorizes HHFDC to enter into a cooperative agreement with the city to allow for joint administration of bonds, which makes it more convenient for developers to submit one financing application.

The city is working with HHFDC to more effectively and efficiently deploy its PAB allocation to streamline the financing process, while also ensuring that the city's bond allocation remains on O'ahu.



TAX CONSEQUENCES FOR VACANT HOMES

According to the 2019 SMS Hawai'i Housing Planning Study, there are nearly 35,000 vacant housing units on O'ahu.¹⁷ While some units are held off the market due to legal proceedings, settling estates, or refurbishment, approximately 25,000 units fall into the categories of 'vacant and available' or 'vacant and used for seasonal/recreational purposes.'

Bill 9 (2022)¹⁸ to tax vacant homes was introduced by request at the City Council following collaborative efforts between community advocates, the Administration, and Councilmembers. As Hawai'i has one of the lowest real property tax rates in the United States,¹⁹ an empty homes tax initiative is being considered by the Administration to address the situation: 1) to direct revenue collected from homes that remain vacant toward programs that address affordable housing and homelessness, and 2) to encourage owners of vacant units to sell them, returning the homes to the pool of available housing stock.

As an empty homes tax is complex to implement and enforce, the Administration concluded that more research was necessary to determine how best to implement an initiative consistent with the goals of Bill 9 (2022). The Administration allocated \$500,000 to BFS in the Spring of 2023 to hire a consultant to provide a comprehensive analysis of this tax proposal and its viability on O'ahu.²⁰ A public solicitation for applications for this contract was issued in early September 2023.



¹⁷ Hawai'i Housing Planning Study (2019) Prepared by SMS for HHFDC. Retrieved from: https://dbedt.hawaii.gov/hhfdc/files/2020/01/FINAL-State_Hawaii-Housing-Planning-Study.pdf.

¹⁸ Honolulu City Council (2022) Bill 9: Relating to Real Property Taxation. Retrieved from: <https://hnlidoc.ehawaii.gov/hnlidoc/measure/2073>.

¹⁹ Odeniran, W. (2023) State with the Lowest Property Taxes in 2023. Nasdaq - SmartAsset. Retrieved from: <https://www.nasdaq.com/articles/states-with-the-lowest-property-taxes-in-2023>.

²⁰ Mayor's Message 85 (2023) - Summary Report of the Fiscal Recovery Fund Procurement Request. Approved and Closed as of April 23, 2023. Document retrieved from: <https://hnlidoc.ehawaii.gov/hnlidoc/document-download?id=17344>.



STRATEGY 04

TRANSIT-ORIENTED DEVELOPMENT & INFRASTRUCTURE INVESTMENT



Renderings of potential new development surrounding the future Iwilei rail station is depicted in the photo. The city is investing in infrastructure and properties in the TOD areas to create vibrant and accessible neighborhoods.

SKYLINE

The city celebrated the grand opening of Skyline's Phase I, serving East Kapolei to Hālawā-Aloha Stadium on June 30, 2023. Skyline is expected to create significant new opportunities for TOD, including housing, commercial development, and recreation, which have the potential to fundamentally transform the neighborhoods and communities in close proximity to Skyline's stations. The city has worked with the residents in each of the nine major TOD areas along the rail route to create Neighborhood TOD Plans.²¹



The purpose of the TOD plans is to focus major growth and enhancements in the areas surrounding Skyline, and to provide land use and multi-modal circulation frameworks to guide future development and encourage higher density housing in these areas.²²

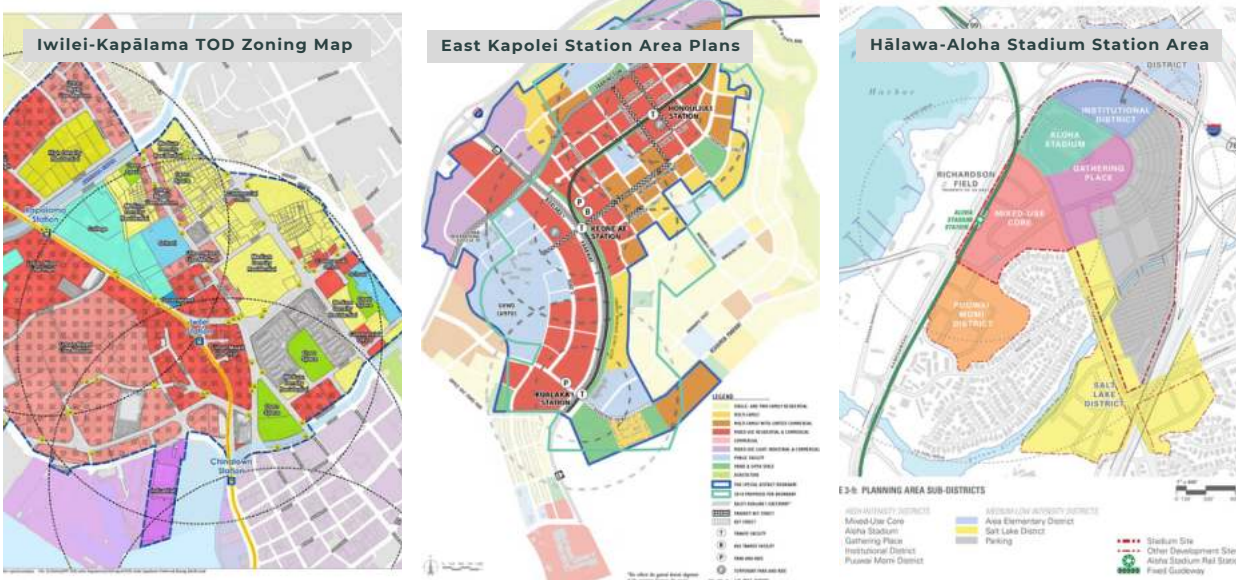
²¹ Honolulu Transit-Oriented Development. Referenced link: <https://www.honolulu.gov/tod>.

²² Neighborhood TOD Plans allow increased building heights of up to 400 feet in some locations, and significantly higher densities of up to 7.5 floor area ratio (FAR).

INFRASTRUCTURE

Adequate water, sewer, and electric infrastructure is essential to support housing development along the Skyline TOD corridor. The city and its state partners are investing in improving and expanding infrastructure to accommodate the projected growth in key TOD areas on O’ahu. These areas include:

- Iwilei-Kapālama
- East Kapolei-West O’ahu
- Hālawā-Aloha Stadium



The state infrastructure plan for the Iwilei-Kapālama area has been completed. However, the state’s plan focused primarily on state-owned land assets.

To ensure that the infrastructure needs of city-owned land assets in these areas are adequately addressed, the Administration worked with the Honolulu City Council to secure a total of \$6,000,000 in the FY24 CIP Budget to define the city’s infrastructure plans in these three TOD areas. Since the timing of future developments is uncertain, the concept for the funds was to undertake comprehensive regional infrastructure planning for city, state, and private regional developments in a scalable model that ties development to infrastructure requirements over a 25-year horizon, allowing the city, state, and private industry to work together to plan funding of infrastructure improvements.

The city is now working with the state to meet the matching fund requirements of these appropriations and is also working with state agencies on city/state infrastructure improvement projects. The focus is on Iwilei-Kapālama, Hālawā-Aloha Stadium, and East Kapolei-West O’ahu, in that order. The city would like to expedite all three infrastructure planning studies as soon as possible.

TOD DEVELOPMENT

Beginning in 2021, the Administration significantly shifted the city's focus in terms of acquisition - from multiple existing small parcels or buildings to larger ones (100+ units) that take advantage of the economies of scale. Additionally, the city will pursue the consolidation of parcels to capitalize on the construction of iconic TOD development near rail stations.



Currently, the city is aggressively acquiring parcels for consolidation in Iwilei near the rail station for the purpose of TOD with housing, mixed-use retail, pedestrian/bikeway improvements, complete streets, a rail park-n-ride and activation of prime real estate near Honolulu's urban core.

The city is also working with state and private property owners, including Castle and Cooke, in the Iwilei area to plan regional improvements.



STRATEGY 05

IMPROVE REAL ESTATE AND ASSET MANAGEMENT



Kauhale Kamaile utilized pre-fabricated modular housing units in order to deliver low cost housing for families experiencing homelessness or on the verge of becoming homeless.

OPTIMIZE MANAGEMENT OF EXISTING CITY REAL PROPERTY

The Department of Land Management (DLM) is the primary real estate department within the city. DLM was created via a Charter amendment following an approved 2016 general election ballot measure and was established in 2017. DLM's core function is to protect, develop, and manage city real property interests.²³

DLM has two divisions: the Asset Management Division (AMD) and the Asset Development Division (ADD). AMD provides property management services for nearly 1,450 affordable housing units across 21 properties. Examples of these properties include:

- **Chinatown Gateway Plaza** (200 units), Chinatown
- **Chinatown Manor** (89 units), Chinatown
- **Kauhale Kamaile** (16 units), Wai'anae
- **West Loch Elderly** (150 units), 'Ewa
- **Winston Hale** (100 units), Chinatown

²³ §6-1802(a) Honolulu City Charter (2021) Retrieved from: https://www.honolulu.gov/rep/site/cor/rch/Charter_Revised_6-30-21_FINAL.pdf



Winston Hale



Chinatown Gateway Plaza



Chinatown Manor



Kauhale Kamaile



West Loch Elderly

In addition to DLM's portfolio, the Department of Community Services (DCS) also oversees approximately 63 special needs housing properties. DCS' real property inventory is largely leased out to private developers or nonprofits to be rented to households with very low to moderate incomes and those with special needs. In some cases, DCS performs direct property management services on its properties (e.g., Waikīkī Vista, Ena Road). Special needs units serve those who are elderly, people with disabilities (including physical, mental, and developmental disabilities), youth, domestic violence survivors, and households who are transitioning out of homelessness.

The city is currently identifying gaps and duplication of certain housing functions and responsibilities being performed by different agencies. However, the city should engage the services of a consultant to do a comprehensive reorganization study. During the course of this evaluation, it should include the possibility of consolidating the management of city properties under one department to ensure that all assets are uniformly managed. Consolidating the management of properties may be more efficient when it comes to budgeting for maintenance, repairs, and possible repositioning of the city's real estate portfolio.

OPTIMIZE DEVELOPMENT OF EXISTING CITY REAL PROPERTY

DLM's ADD facilitates the acquisition and development of city properties, which includes affordable housing. Examples of acquisitions to support affordable housing completed by ADD include:

- **Waikiki Vista** (108 units), Mō'ili'ili
- **DeeLite Bakery** (TOD Redevelopment Opportunity), Kalihi
- **820 Iwilei Road** (TOD Redevelopment Opportunity), Iwilei
- **Harbor Arms** (30 units), 'Aiea



Examples of affordable housing developments initiated by ADD through collaborative public-private partnerships include:

- **Halewai'olu Senior Residences** (156 units), Honolulu
- **Kapolei Parkway Project** (405 units), Kapolei
- **Halewiliko Highlands** (140 units), 'Aiea
- **Kaleima'o Village** (127 units), 'Ewa
- **Varona Village** (120 units), 'Ewa Villages



Halewai'olu



Kapolei Parkway Project



Halewiliko Highlands



Kaleima'o Village

Analyzing city-owned lands to identify vacant or underutilized properties will enhance the city's ability to leverage city-owned lands to develop affordable housing. Pursuant to City Charter §6-1802(b), DLM is responsible for preparing and maintaining a perpetual inventory of city real property interests, including all lands owned, leased, rented, or controlled by the city. While there is a current inventory of all city lands, it could be improved to aggregate and present meaningful data to enable the city to better review and assess its lands, identify maintenance needs, and plan for future acquisitions and dispositions. The Administration is exploring several options to better catalog the city's inventory, especially our affordable housing inventory, so that we may better oversee, operate, and maintain city-owned lands. A stronger database will allow the departments to review and assess their assets, identify maintenance needs, and plan for the future.

The city's efforts to strengthen its inventory are coupled with the city's efforts to generate an inventory of ALL affordable housing lands within the city, not just on city-owned lands, through the UHERO partnership. Other opportunities for enhancing the city's affordable housing inventory include collaboration with other city initiatives, such as the city's recently passed Better Buildings Benchmarking Program, to better plan for and finance capital improvements on city-owned assets.



EXPLORE PRIVATIZATION OF THE CITY'S PORTFOLIO

The government's role in managing publicly subsidized or price-restricted housing is important to examine, considering government constraints such as modest pay for specialized positions, a lack of human capital, and limited and inflexible monetary resources to maintain the long-term operation of its many properties. Accordingly, the city is currently examining its housing portfolio to identify properties that may be well-suited for privatization. Privatization of housing assets currently managed by the city could potentially free up capacity in already thinly stretched city departments.

For example, beginning in 2013, HHFDC began a program to dispose of its owned-and-operated affordable rental housing portfolio, in part to free up existing human and financial capital and to focus on its core business of financing new affordable housing projects. These efforts culminated in 2019 when HHFDC sold the leasehold interest in approximately 1,200 affordable housing properties statewide. The transaction required that the housing units remain affordable through the deed restrictions recorded against the leasehold properties. The sale of these leasehold interests also allowed HHFDC to pivot away from time-consuming activities required to manage these properties and focus on the more critical function of financing and development of more affordable housing. The city is considering a similar privatization of a portion of the city-owned affordable housing portfolio.

METRICS

HOUSING PRODUCTION

UNITS PRODUCED ²⁴

Working with our partners in the private and public sectors, the city's goal is to drive delivery of approximately 18,000 units between FY 2022 and 2029.

FISCAL YEAR 2021	FISCAL YEAR 2022	FISCAL YEAR 2023
1,627 UNITS	2,960 UNITS	TBD *

* Pending update to the DPP Annual Report on the Status of Land Use on O'ahu.

UNITS FINANCED

Two major financing resources were deployed for public solicitation and awards in FY2023. The city's Private Activity Bonds (PAB) program was resurrected by the Blangiardi administration after being dormant for over two decades. A total of \$135,000,000 in PAB was awarded for the rehabilitation of 522 affordable rental units. Also, the first public solicitation of the city's Affordable Housing Fund was issued in 2022 and a total of \$23,200,000 was awarded to support five projects for a total of 482 low-income rental units. Two of the five awards were for land acquisitions.

FISCAL YEAR 2021	FISCAL YEAR 2022	FISCAL YEAR 2023
N/A **	N/A **	1,004 UNITS PLUS 330 potential units

** These financing programs were not administered until FY2023.

CITY LANDS MADE AVAILABLE FOR AFFORDABLE HOUSING

The city made its lands available to private developers through a competitive bid process to build affordable housing for the community. A total of four ground leases were issued by DLM for a term of 75 years. Two more properties will be made available for development next year.

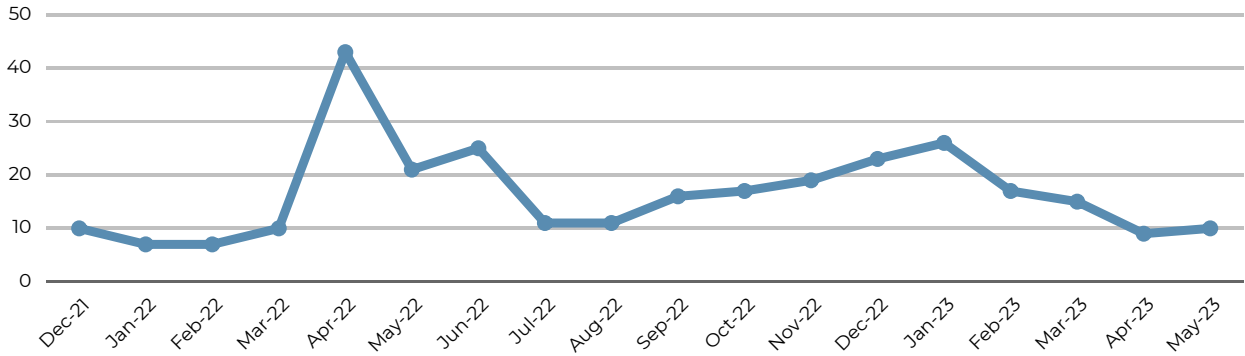
PROJECT ON CITY-OWNED PROPERTY	LOCATION	UNITS	AMI LEVEL
Halewai'olu Senior Residences	Chinatown	156	≤80%
Kapolei Parkway Lot 6	Kapolei	236	≤60%
Kapolei Parkway Lot 7	Kapolei	169	≤60%
Halewiliko Highlands (Aiea Sugarmill)	'Aiea	140	≤60%

²⁴ DPP (Feb. 2023) Annual Report on the Status of Land Use on O'ahu for FY21. Retrieved from: https://www.honolulu.gov/rep/site/dpp/pd/pd_docs/Annual_Report_FY21_Final_230222.pdf. See Exhibit B.

SERVICES AND PROGRAMS

CRISIS OUTREACH RESPONSE AND ENGAGEMENT (CORE)

Operated by the Honolulu Emergency Services Department (HESD), CORE responds to homeless-related 911 calls from or within the community that are non-violent and do not require emergent medical assistance. From the time of the program’s launch in 2021 through May 2023, CORE had approximately 300 encounters with new unduplicated participants and around 1,500 encounters with recurring participants.



New Client Encounters (2021-23)

HOMELESS OUTREACH & NAVIGATION FOR UNSHELTERED PERSONS (HONU)

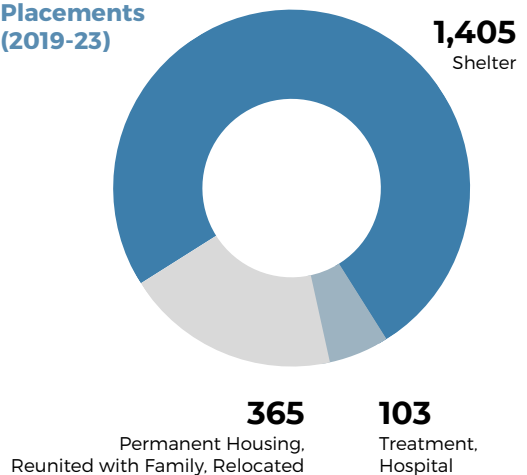
HONU is a temporary mobile shelter program that relocates approximately every 90 days and is administered by DCS. A total of 234 unsheltered homeless individuals have been served by the HONU program in 2023. Individuals who have not been transitioned to a longer-term placement are either still enrolled on-site or have exited the program for various reasons (e.g., voluntary exit, officer/staff exit for rules violations, medical).

234 unsheltered homeless individuals served by the HONU program in 2023

1,873 total HONU placements since start in December 2019

3,337 total HONU intakes since start in December 2019

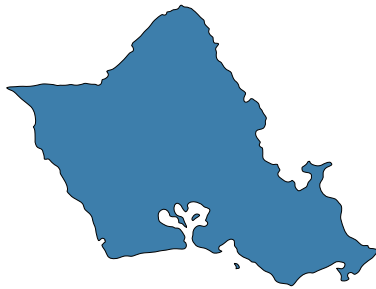
Placements (2019-23)



SERVICES AND PROGRAMS

RENTAL AND UTILITY RELIEF PROGRAM (RURP)

This is a COVID-era relief program administered by the city's Office of Economic Revitalization (OER) in partnership with two nonprofits, Catholic Charities Hawai'i and the Council for Native Hawaiian Advancement. From April 2021 through September 2023, the Rental and Utility Relief Program distributed over \$230,000,000 to help nearly 20,000 households stay stably housed, avoid eviction, and prevent homelessness. As of September 2023, the RURP is continuing to approve new households to distribute additional relief to our community.



19,500
Households Approved



\$232,962,639
in Relief Distributed

The RURP was launched in 2021 with support from the U.S. Treasury Emergency Rental Assistance Program to provide relief to households struggling with the impacts of the pandemic. The city's Rental and Utility Relief Program was recognized by the federal government as one of the nation's top performers in terms of distributing funds to those in need.²⁵



²⁵ U.S. Treasury (2021) Treasury Releases Additional Emergency Rental Assistance Funds to High-Performing State and Local Government Grantees. Retrieved from: <https://home.treasury.gov/news/press-releases/jy0352#:~:text=Treasury%20Releases%20Additional%20Emergency%20Rental%20Assistance%20Funds%20to,County%2C%20FL%20...%208%20New%20Orleans%2C%20LA%20>



NON-PERFORMING HOLDOVER ASSETS

In addition to pursuing its current priorities for addressing affordable housing and homelessness, the Administration is also tasked with addressing non-performing assets held over from previous administrations that require considerable resources and capacity to manage and resolve. A partial summary of these non-performing assets includes the following:



PROJECT 01 IWILEI RESOURCE CENTER

The Iwilei Resource Center is located at 806/818 Iwilei Road. The property is a 36,834-square-foot four-story mixed-use building that was constructed in 2019. The property contains 27 residential studio units, a homeless resource center space, an extensive commercial kitchen, meeting rooms, a dining hall, and several classrooms.

The property was acquired in 2019 for the purpose of collaborating with a non-profit organization to offer supportive services for homeless individuals. However, the property was never placed in service because the bond financing used to acquire the property contained restrictive covenants prohibiting its intended use, including the ability to operate the commercial kitchen.

While the city works to resolve these issues, the current Administration took action to establish a temporary medical respite for high-needs individuals experiencing homelessness. In June 2023, the Crisis Outreach Response and Engagement program (CORE) moved into the center to provide services for those experiencing homelessness. The long-term plan is to partner with the State Department of Health (DOH) to operate a crisis center and permanent supportive housing. DCS and DOH are currently working together on opening a new support center that includes housing sometime before the end of 2023.



PROJECT 02

VARONA VILLAGE

Varona Village is one of eight separate communities that comprise 'Ewa Villages, which has served as residences for plantation workers previously employed by the O'ahu Sugar Company. The city acquired the 26.36-acre parcel in 1990. The land is zoned AG-1 Restricted Agriculture District. After the O'ahu Sugar Company ceased operations in 1995, the city accepted the obligation to provide housing for the existing tenants and planned to renovate and sell the existing homes to the residents or allow them to remain in their homes for very low rent. Of the eight villages, Varona Village required the most infrastructure and restoration improvements and was scheduled as the last phase of the city's Department of Housing and Community Development (DHCD) 'Ewa Villages Renovation Plan. DHCD was dissolved in 1999, prior to beginning restoration work on Varona Village. In 2018, DLM subsequently assumed responsibility for managing the city's 'Ewa Villages obligations.

While the city's commitment to the Varona Village tenants continues, restoration work has not yet begun and tenants are aging and passing away. In response to an RFP issued in 2017, Savio/Hawai'i Habitat LLC (Developer) was chosen as the developer for the project and a Development Agreement (Agreement) between the city and the Developer was negotiated and executed in 2020. Under the Agreement, the Developer will acquire the property and development rights for \$1,840,000.

The project involves rehabilitating existing homes and constructing new homes pursuant to a condominium property regime (CPR), which will include up to 133 dwellings and a community center.

The project is expected to be completed in two phases: Phase I will repair and renovate 46 existing homes currently occupied by 35 residents or their families. Phase II involves the construction of up to 87 new homes, the community center, and onsite infrastructure improvements. The new phase II homes will be offered to Tenants of Record or their family members on a priority basis at predetermined sales prices. The city will remain responsible for infrastructure and roadway improvements to Renton Road.

Mayor Blangiardi has prioritized the fulfillment of the city's commitment to Varona Village residents made back in the 1990's. This is a top priority for the Administration, and DLM has been leading the effort. The project is intended to provide an affordable home in fee simple to the former village plantation workers and their families, and to preserve, protect, promote, and enhance the history, character, and cultural heritage of 'Ewa Village.



PROJECT 03 ENA ROAD

The Ena Motoi Building is located in Waikīkī. The property built in 1991 consists of two separate structures. The first is a vacant eight-story building that contains a ground-floor lobby, a second-floor commercial/retail space, and a former commercial area on floors 3 - 8 that now contains 33 studio apartment units. Each of the residential units includes a full bath but no kitchen. A central kitchen space is provided on each of the residential floors. The second structure contains a mechanical-operated parking structure that is no longer functional. The property is zoned resort mixed-use. Due to its proximity to the Ala Wai Canal, the building is situated within the 100-year flood zone.

The city acquired the building in 2018 for \$7,500,000 but was never redeveloped and activated to provide affordable housing. The majority of the purchase price was funded utilizing CDBG program funding. The building was acquired with multiple issues that need to be resolved.

- Most interior finishes, appliances, and fixtures require immediate repair and/or replacement.
- The 8th floor is not code-compliant for fire egress and stairways do not meet the 40" minimum code requirements.
- The building and elevator are not ADA-compliant, requiring extensive accessibility modifications.
- The building elevator permit expired in 2012.
- The building roof requires a complete replacement.
- The mechanical parking structure is proprietary and is not functioning. The structure will require significant capital to remove or rehabilitate.
- Full internal demolition and rehabilitation of the building is estimated to take approximately four years to complete at an estimated cost of \$14,000,000 - \$19,000,000.



PROJECT 04 820 IWILEI ROAD

The prior administration acquired 820 Iwilei Road in December 2020, for the purpose of building affordable housing. It was funded with restrictive TOD Preference capital monies. At 5,242 square feet (0.12 acres), the site is very limited in terms of redevelopment opportunities, and hence the property has sat vacant.



PROJECT 05

ROYAL KUNIA BOX CAR LOT

Located at 94-640 Kupuohi Street in Waipahū, the 3.8 acre site was dedicated to the city in 1994 as part of the required community benefits package for the zone changes granted for the larger Royal Kunia development.²⁶ The site was deemed suitable for the development of senior or affordable/workforce housing with the potential to accommodate approximately 200 units. The site also provides convenient access to retail facilities and Skyline via bus connection. A childcare facility and a park-and-ride that serves the Royal Kunia community must be provided as part of the redevelopment. The city intends to contract a consultant in early 2024 to conduct an Environmental Assessment of the site using Affordable Housing and Community Revitalization funds.



PROJECT 06

DEELITE BAKERY

In 2019, the previous administration acquired DeeLite Bakery, comprised of two lots located at 1907 Eluwene Street and 1930 Dillingham Avenue. Because of its location along the rail corridor and being adjacent to one of the rail touchdown points, the acquisition was intended to support a mixed-use redevelopment opportunity. DeeLite Bakery was acquired for \$8,840,000 using FY18 Capital Improvement Project funding for Affordable Housing (with a TOD Preference) which contained restrictive appropriation language that limited the use of the funds to low-income affordable housing. This language prohibits mixed-use development, although the community's hope was to see an energetic and vibrant mixed-use product.²⁷

²⁶ The Royal Kunia Development is subject to several UA conditions attached to Ordinances 88-02, 91-11, 95-08, and 97-12.

²⁷ KHON2 (2023) I-Team: Community questions future of former Dee Lite Bakery property. Retrieved from: <https://www.khon2.com/local-news/i-team-community-questions-future-of-former-dee-lite-bakery-property/>



PROJECT 07

HĀLONA

The city acquired the property located at 86-537 Hālonā Road in Waiʻanae in 1990. The lot was overgrown with weeds and brush and included a vacant, dilapidated 7-bedroom single-family dwelling that had not been utilized for many years. In 2016, the city demolished the building, cleared the lot, and placed three 500-square-foot modular homes on the site. Property managers will not bid on the project because they determined there was no opportunity to generate sufficient income to recover costs, so the property is currently bundled with another asset to offset costs.



PROJECT 08

MŌHALA MAI

In 2019, the prior administration acquired Mōhala Mai located at the corner of Citron and McCully Streets. Renovations were completed before opening the project in 2020. Tenants were reluctant to rent in this project because, although rents were based on income levels equal to or less than 50% AMI, the units were single-room occupancy units that lacked bathrooms. The bathroom facilities are communal. Property managers withdrew from the project because they could not generate sufficient income. The property is now bundled with another asset to offset costs.

The current Administration was able to turn this project into a successful one by converting it to supportive housing for previously incarcerated women and their children. Please see the accomplishments section for further information.

ACCOMPLISHMENTS



Hälawa View II will provide apartments for households earning at or below 60% of the AMI and rents must remain affordable for at least 60 years.

The Blangiardi Administration came into office at the height of the COVID-19 pandemic just as vaccinations were starting to become available. Much of the first two years of the Administration were spent dealing with COVID-19 impacts and stabilizing the community. Despite these challenges, the city was able to make meaningful progress in the housing and homelessness arena. Here are some of the highlights of these achievements.

RENTAL AND UTILITY RELIEF PROGRAM

During the pandemic shutdown and recession, many households found themselves in financial hardships being out of work or having their hours slashed. This led to many residents finding themselves not being able to pay rent or falling behind on payments. The city launched its Rental and Utility Relief Program (RURP) in 2021 using Emergency Rental Assistance funding from the U.S. Treasury. The program is administered by the city's Office of Economic Revitalization (OER) in partnership with two nonprofits, Catholic Charities Hawai'i and the Council for Native Hawaiian Advancement, and has been recognized by the federal government as one of the nation's top performers in terms of distributing funds to those in need.²⁸

Paired with the state's temporary landlord-tenant mediation program, from 2021 through September 2023, OER and its nonprofit partners have distributed \$232,962,639 in relief to assist 19,500 households to avoid eviction and prevent homelessness. The program has recently collected applications from households that have not already been served by the program to provide additional relief to our community.

²⁸ U.S. Treasury (2021) Treasury Releases Additional Emergency Rental Assistance Funds to High-Performing State and Local Government Grantees. Retrieved from: <https://home.treasury.gov/news/press-releases/jy0352#:~:text=Treasury%20Releases%20Additional%20Emergency%20Rental%20Assistance%20Funds%20to,County%2C%20FL%20...%208%20New%20Orleans%2C%20LA%20>

WAIKĪKĪ VISTA

The Administration completed its first successful acquisition in October 2022, when it acquired Waikīkī Vista. This represents the largest affordable housing purchase ever made by the city. The 19-story, 172,036-square-foot building is located at 2241 Kapi'olani Boulevard in Mō'ili'iili. Waikīkī Vista formerly housed Tokai University and Hawai'i Pacific University. The building contains 108 studio apartments, commercial/office space, classrooms, an auditorium, kitchen, and dining facilities.



The property was purchased for \$37,750,000, with funds from the American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program. DCS is overseeing the property. Long-term plans for the project include providing housing for low- to moderate-income households, including families transitioning out of homelessness, and other supportive services.



DCS is currently in discussions with a service provider to operate a portion of the building and is also researching the cost to renovate existing residential units to conform to code and address ADA accessibility requirements. The building is located in the Kapi'olani corridor in close proximity to schools, public transportation, and employment centers.

IWILEI RESOURCE CENTER

The Administration was able to convert a non-performing asset acquired back in 2019 into an interim medical respite facility for the city's CORE program. The Iwilei Resource Center (IRC) is supporting individuals experiencing homelessness in need of a clean and safe place to recuperate. These beds serve as a bridge to help some of our most vulnerable community members stabilize and transition to permanent housing.

As of August 2023, the city has been working with the state to establish a stabilization center and supportive housing at this property. IRC consists of 27 studio apartment units. The plan is to have supportive services located on-site to provide both housing and behavioral health services. The city and state continue to work out the details of this collaborative effort to address the needs of our community, which include supportive housing.



The following five (5) properties are examples of the City making its lands available to private developers to build affordable housing for the community.

KĪHĀPAI PLACE

In August 2023, DLM successfully completed the strategic real estate acquisition of 734 and 735 Kihāpai Place in Kailua, expanding the city's property portfolio and paving the way for the creation of much-needed affordable housing in the Kailua area. The \$5,000,000 purchase price includes the land and construction drawings for the development of a four-story affordable housing building containing 42 one- and two-bedroom units.



The acquisition was made possible through the utilization of funds from the city's Capital Improvement Project (CIP) budget for affordable housing. DLM will issue a solicitation seeking a public-private partnership with a developer to construct, operate, and maintain the project through a ground lease. The partnership will ensure the effective construction, management, and rental of the units to eligible individuals and families, primarily at or below 80% of the AMI.

HALEWAI'OLU SENIOR RESIDENCES

Halewai'olu Senior Residences is a 156-unit affordable housing development for kūpuna with incomes between 30% and 80% of the AMI. This project will provide residents with amenities that create a sense of belonging, including a community center and rooftop garden. The Administration is pleased the project has come to fruition using city-owned lands to provide housing to our seniors and community space for the Chinatown neighborhood.

The Michaels Organization was selected to build this affordable senior housing development on a city-owned property along Chinatown's River Street. The project was blessed and commenced construction in June 2021, its waitlist was opened in April 2023, and will be move-in ready in Fall 2023. Halewai'olu Senior Residences is an excellent example of the city's commitment to ensuring that our kūpuna have affordable homes that are also accessible to community essentials and resources.



KAPOLEI PARKWAY LOTS 6 AND 7

The city issued a solicitation and entered into a long-term lease agreement with the Kobayashi Group to develop affordable housing in downtown Kapolei. Construction began in August 2023 with the first phase of homes scheduled to be move-in ready by August 2024 with all homes completed by August 2025. The developer expects to produce 400 affordable units within this development.



With Skyline expected to be a significant driver of housing development over the years to come, Kapolei Parkway Lots 6 and 7 are examples of a TOD project within walking distance of a future rail station upon extension to Kapolei Center. All units will serve low- to moderate-income households at or below 60% of the AMI. These developments will serve various household types with the inclusion of studios up to 4-bedroom units. The project will include child daycare facilities for working families and ample open space for the community to enjoy.

HALEWILIKO HIGHLANDS (FORMALLY KNOWN AS 'AIEA SUGARMILL)

Halewiliko Highlands is an example of the city making its lands available to private developers to build more affordable housing for our community. Through a competitive bid process, the city entered into a ground lease agreement for a parcel it owns that was formerly occupied by 'Aiea Sugar Mill. The project, called Halewiliko, was awarded to EAH Housing.

It consists of 140 rental units for seniors earning no more than 60% of the AMI. The city also provided Halewiliko with \$6,000,000 in gap financing from its Affordable Housing Fund. Construction on Halewiliko Highlands is projected to begin by the end of 2023.



This public-private partnership will create a variety of communal gathering spaces as well as community development services and activities provided by Lanakila Pacific in a dedicated on-site Kūpuna Wellness Center. This needed project to house and serve our kūpuna is scheduled to be completed in mid-2025.

1615 ALA WAI BOULEVARD

The city used its power of eminent domain, also known as condemnation, to acquire an old derelict apartment building at 1615 Ala Wai Boulevard in Waikīkī. This three-story 18-unit building has been vacant for more than two decades, and as such, has deteriorated significantly and attracted criminal activity.

The use of the city's eminent domain power for this property demonstrates how the city can address blight in our neighborhoods and work toward turning the property into safe, decent, and affordable housing for the community. Honolulu City Council Chair Tommy Waters, who represents this neighborhood, introduced Resolution 20-65 in 2020 requesting that the administration acquire this property. The city initiated the eminent domain court process in 2021 and executed the settlement agreement in September 2023 for the purchase price of \$3,850,000, with final discussions occurring between the city and the landowners.

The city has been working with a contractor to prepare a feasibility study for the property, which includes an analysis of the feasibility and costs associated with redeveloping the asset into an affordable housing project. Redeveloping 1615 Ala Wai will bring important housing units to Waikīkī and will improve the safety and vitality of the neighborhood. The city anticipates issuing a solicitation seeking a private developer to develop, operate, and maintain the project pursuant to a long-term ground lease.



HĀLAWA VIEW II

This project under development is a \$168,000,000, 302-unit affordable housing complex located near Pearl Harbor that broke ground on July 18, 2023. The city invested \$5,000,000 in the Hālawā View II project from its Affordable Housing Fund and HHFDC authorized \$93,300,000 in state and federal tax credits along with a \$42,300,000 loan from the state's Rental Housing Revolving Fund.



The project will provide apartments for households earning at or below 60% of the AMI and rents must remain affordable for at least 60 years. Five units will be designated for chronically homeless individuals or those receiving certain types of supportive services. The project is expected to be completed by summer 2025.

VARONA VILLAGE

Varona Village in 'Ewa Beach was acquired by the city in the 1990s following the closure of the O'ahu Sugar Company. Three decades ago, the city promised the existing plantation workers at the time (called "Tenants of Record") that they would be offered the opportunity to purchase the homes they were renting. It has taken 30 years to begin to fulfill this promise, however, the city has entered into a public-private partnership with a private developer to redevelop Varona Village in two phases and expects to finalize an agreement of sale with the private developers - a partnership between Savio Group and Habitat for Humanity - by the end of 2023 to start phase I.

Upon closing the agreement of sale, the private developer will begin phase I to repair and renovate the existing 46 homes so that they can be offered for sale to the Tenants of Record. Phase II will involve new construction as well as infrastructure development to provide up to 87 additional homes for sale to former residents and their families. This represents a monumental effort by DLM and the city's Corporation Counsel to get to the point of fulfilling a 30-year-old promise to these Tenants of Record and their families out in 'Ewa Village.



MŌHALA MAI

The Administration was able to transition this non-performing asset acquired in 2019 into a project that helps a previously underserved population. In March 2023, Mōhala Mai became the first city-facilitated supportive housing project for formerly incarcerated women and their children. The city partnered with the Women's Prison Project and Housing Solutions Inc. to bring this project to fruition on this city-owned property to serve this population. The lack of affordable housing options for people transitioning from incarceration cause many to return to detrimental living situations or live on the streets.

Projects like Mōhala Mai are essential to help reduce the recidivism rate among vulnerable women. This 24-unit project provides a safe, stable, affordable home for women transitioning back into the community from incarceration and offers supportive services to help them get back on their feet.



CREATION OF CORE

The city expanded treatment options for those on the streets by creating a new program called CORE (Crisis Outreach Response and Engagement) in late 2021. The program provides a continuum of care that includes minor medical treatment, social services, and mental health alternatives for individuals experiencing homelessness.



Following initial contact with homeless individuals, the CORE team assists clients through various steps to help get them off the streets completely. As of May 2023, CORE had a total of around 300 new encounters and 1,500 recurring visits with participants.

O'AHU HOUSING NOW

O'ahu Housing Now (OHN) was an innovative program administered by DCS and implemented starting in early 2021 with the goal of rapidly housing 300 households experiencing homelessness. The city supported this initiative by using over \$10,000,000 in one-time federal CARES Act funds. The city worked with several community partners to make OHN a reality, including Partners in Care, Housing Solutions Inc., Family Promise Hawai'i, and Alternative Structures International. OHN provided full rental assistance for 12 months while also providing wraparound services to help stabilize individuals and households to create a long-term plan to ensure stability beyond program participation. The program surpassed its goal by housing 312 households consisting of a total of 829 individuals. As of September 2023, 97% of the 211 households who termed out of OHN stayed housed after the program.²⁹ OHN's use of creative methods led to its success, including its use of landlord incentives and housing fairs to rapidly enroll people in the program and apply for housing. This approach has been recognized and applauded by HUD.³⁰

While OHN was a temporary program due to the nature of the CARES Act funding, the program serves as an excellent model for rapidly housing individuals and families experiencing or at risk of homelessness.



‘IMI OLA PIHA HOMELESS TRIAGE CENTER

The city provided \$3,500,000 in Community Development Block Grant - Coronavirus funds to the Institute for Human Services (IHS) in 2021 for the purchase and renovation of a building in Iwilei that serves as a bridge between homelessness and long-term housing solutions.³¹ This triage center, known as ‘Imi Ola Piha, opened in 2023 and is the island’s first community-based, medically monitored facility for community members experiencing chronic homelessness who suffer from mental health conditions and/or substance use disorders.

‘Imi Ola Piha can serve up to eight individuals at a time, for up to a one-week period as staff work to find a long-term placement in a group home or treatment facility. These types of initiatives provide people experiencing homelessness with opportunities to transition from the streets into housing.



RESURRECTION OF THE PAB PROGRAM

In 2022, the city launched its Multi-Family Rental Housing Program for the issuance of tax-exempt Private Activity Bonds (PABs) to facilitate the development and preservation of affordable housing. The city did not directly use this resource for over 23 years, allowing its PAB allocation to revert back to the state.



In 2020, the prior administration opted to retain the city’s PAB allocation but was not able to stand up a program to deploy the bonds to finance housing projects.

The current Administration hired individuals with knowledge and expertise to stand up a program (the Multi-Family Rental Housing Program) within DPP and launched its first public offering during the fourth quarter of 2022. Two affordable housing projects were selected through a competitive application process.

³¹ Departmental Communication 355 (2021). Retrieved from: <https://hnlidoc.ehawaii.gov/hnlidoc/document-download?id=11036>.

A total of \$135,000,000 in bonds was awarded to preserve and rehabilitate approximately 500 affordable housing units. The projects awarded were Maunakea Tower in Chinatown (378 units) and Jack Hall in Waipahū (144 units). With the reestablishment of the housing bond program, the city has yet another tool to support the development, rehabilitation, and preservation of affordable housing.



BILL 1 (2021): DEVELOPMENT INCENTIVES FOR LOW-DENSITY AFFORDABLE RENTAL PROJECTS ON SMALL LOTS

To encourage the use of the low-density affordable housing exemption program created by Bill 7 (2019), the Administration collaborated with the City Council on Bill 1 (2021) to provide developers with financial incentives to build affordable rental units. This program combined with grant incentives is known collectively as Chapter 32 of the Revised Ordinances of Honolulu (2021). It provides greater flexibility of zoning building codes as well as a shallow subsidy to incentivize production. As of September 2023, 45 projects have submitted plans to DPP for approval, with two projects completed and an additional eight fully approved and under construction. This is another example of our collective efforts to enhance communities by repurposing and activating underutilized, vacant, or dilapidated properties.

PUBLIC SOLICITATION OF THE CITY'S AFFORDABLE HOUSING FUND IN 2022

The Affordable Housing Fund was established in the City Charter to facilitate the development of rental housing for households at or below 60% of the AMI for an affordability term of at least 60 years. The fund is resourced by an allocation of one-half of one percent of the real property tax collections which amounts to about \$7,000,000 to \$8,000,000 each year.



In 2022, DCS administered the fund's very first public solicitation since its creation.

A total of \$23,000,000 was awarded to five different housing projects to support the development of 500 units with a potential of 350 more on land acquired for future developments.

HIGH OCCUPANCY RATES

In FY23, the city maintained an average occupancy rate of 97% across the 21 affordable housing projects with approximately 1,450 units under DLM's jurisdiction, with 100% occupancy in Chinatown Manor, Westlake Apartments, Mānoa Gardens Elderly Housing, Bachelor's Quarters, Kanoa Apartments, Beretania Apartments, Kauhale Kamaile, Kumuwai, Hale Maluhia, and McCully Apartments.



Chinatown Manor



Mānoa Gardens



Kumuwai



Westlake Apartment



Kauhale Kamaile

CAPITAL IMPROVEMENT UPGRADES

In FY23, the city invested a substantial amount of time and energy to make capital improvements to the real estate portfolio. This included substantial renovation, electrical and plumbing work, and landscaping maintenance across the city's affordable housing portfolio under DLM's jurisdiction.



Chinatown Gateway Plaza



Harbor Village



Kulana Nani

This included modernizing building components at Chinatown Gateway Plaza, resurfacing the roof at Westlake Apartments, completing piping repairs and landscape improvements at West Loch Elderly, and upgrading the gas line at Kulana Nani. DLM also completed a 23-unit renovation project at Winston Hale, installed new mailboxes at Harbor Arms, and replaced the drains at Harbor Village in anticipation of the complete renovation of the atrium and planned unit upgrades to include water-efficient toilets, showerheads, and energy-saving appliances.



EXHIBIT A

Breakdown of Ordinance 18-10, the Affordable Housing Requirements - Islandwide

Retrieved from: https://www.honolulu.gov/rep/site/dpptod/dpptod_docs2/AHR_Incentives_handout.pdf

AHR Table 1: All For-Sale Residential Projects (except TOD Bonus Projects)

Applies islandwide, except that TOD projects seeking bonus height and/or density are subject to Table 2 Options below can satisfy the AHR.				
Option	On-Site or Off-Site Production ¹	Affordable Housing In SAME Rail Station Area or DP Area ² as Principal Project	Affordable Units as a Percent of Total Units	Affordability Period ³
FOR-SALE PROJECTS: Affordable units SOLD to households at 120% AMI and below; one-half at 100% and below				
Option 1.a	On- or Off-Site	Yes	5%	30 Years
Option 1.b			10%	10 Years
Option 1.c			15%	5 Years
Option 2.a	Off-Site	No	10%	30 Years
Option 2.b			15%	10 Years
Option 2.c			20%	5 Years
RENTAL PROJECTS: Affordable units RENTED to households at 80% AMI and below				
Option 3	On- or Off-Site	Yes or Director approval	5%	30 Years
OTHER OPTIONS				
Option 4	Combination of two more options listed above, subject to Director approval			
Option 5	Conveyance of improved land if other options not possible, subject to Director approval ⁴			
<i>* See footnotes below. An example of AHR fulfillment is below Table 2.</i>				

* Footnotes

1. "On-site" means construction or other activities that occur on the site of the Principal Project. "Off-site" refers to a site other than where the Principal Project is located. Any on- or off-site affordable dwelling unit provided through substantial rehabilitation will count as one unit.
2. Affordable housing must be located within the same Rail Transit Station Area (if applicable), Development Plan Area, or Sustainable Communities Plan Area as the Principal Project, OR the higher for-sale percentage is required for those unit types.
3. For for-sale units, begins on the date when the unit is initially sold to a qualified buyer. For rental units, begins on the date when the unit is initially rented to a qualified renter.
4. The appraised value of the real property conveyed must, at a minimum, be equal to an amount that will be established and may be periodically adjusted by rules adopted by the Director pursuant to Section _-1.11.

EXHIBIT A

Breakdown of Ordinance 18-10, the Affordable Housing Requirements - TOD

Retrieved from: https://www.honolulu.gov/rep/site/dpptom/dpptom_docs2/AHR_Incentives_handout.pdf

AHR Table 2: For-Sale Residential Projects Seeking TOD Bonuses

Only applies to TOD Projects seeking bonus height and/or density				
Interim Planned Development-Transit (IPD-T), Planned Development-Transit (PD-T), and TOD Special District permits are three types of TOD permits that may request higher/bonus heights and densities in TOD zones. Projects seeking TOD bonuses are required to provide community benefits (see Ordinance 17-54). The affordable housing required in this table does not count towards those benefits. Options below can satisfy the AHR.				
Option	On-Site or Off-Site Production ¹	Affordable Housing In SAME Rail Station Area ² as Principal Project	Affordable Units as a Percent of Total Units	Affordability Period ³
FOR-SALE PROJECTS: Affordable units SOLD to households at 120% AMI and below; one-half at 100% and below				
Option 1.a	On- or Off-Site	Yes	10%	30 Years
Option 1.b			20%	10 Years
Option 1.c			30%	5 Years
Option 2.a	Off-Site	No	15%	30 Years
Option 2.b			25%	10 Years
Option 2.c			35%	5 Years
RENTAL PROJECTS: Affordable units RENTED to households at 80% AMI and below				
Option 3	On- or Off-Site	Yes or Director approval	15%	30 Years
OTHER OPTIONS				
Option 4	Combination of two more options listed above, subject to Director approval			
Option 5	Conveyance of improved land if other options not possible, subject to Director approval ⁴			
* See footnotes below Table 1.				

Example: Principal project using TOD Special District permit with 300 units, located in the Ala Moana Rail Station Area

Option 1.a: 300 units x 10% = **30 for-sale affordable dwelling units**; 15 units sold to households earning 100% and below of AMI, and 15 units sold to households earning 120% and below of AMI, to remain affordable for 30 years.

Combining Options: *If used, the declarant shall designate the proportionate share of the affordable housing requirement that each option will fulfill, and the sum of the proportionate shares must equal or exceed one.*

Option 1.a (80% of fulfillment): 300 units x 10% = 30 x 80% = **24 affordable for-sale units**; 12 units sold to households earning 100% and below of AMI, 12 units sold to households earning 120% and below of AMI, to remain affordable for 30 years.

+

Option 3 (20% of fulfillment): 300 units x 15% = 45 x 20% = **9 affordable rental units** for households earning 80% and below of AMI, to remain affordable for 30 years.

= 100% of affordable housing requirement fulfilled.

EXHIBIT B

Explanation of “Units Produced” in Metrics Section from “Known Projects”

Units produced includes the completion of all units that are within “known projects,” as are listed in DPP’s Annual Status of Land Use on O’ahu report. A project can include single-family, two-family, and apartment units in development projects. Development projects can include single-family or two-family homes in a sub-division development (e.g., Koa Ridge), but would not include a single-family or two-family home built by an individual homeowner. A project is considered to be completed based on Certificate of Occupancy, Temporary Certificate of Occupancy, or other information received by DPP about project completion status.

For more information, visit DPP’s Annual Status of Land Use on O’ahu report for FY21.

Retrieved from: https://www.honolulu.gov/rep/site/dpp/pd/pd_docs/Annual_Report_FY2021_Final_230222.pdf

