

**SUMMARY OF PROPOSED COMMITTEE DRAFT:**

**BILL 1 (2021), CD1  
RELATING TO GRANTS INCENTIVIZING THE CONSTRUCTION  
OF AFFORDABLE RENTAL HOUSING.**

**THE PROPOSED CD2** makes the following amendments:

- A. Amends various provisions in proposed new ROH Chapter 42, Article 4, to clarify that the total grant amounts for an affordable rental housing project will be based on the dwelling floor area of only the affordable rental housing units in the project, not the dwelling floor area of all the dwelling units.
- B. Provides that the claim for the grant must be supported by, among other things, documentation establishing the number of square feet of dwelling space permitted by the building permit for:
  - 1. Affordable rental housing units rented to households earning more than 60, but less than or equal to 100 percent of the AMI; and
  - 2. Affordable rental housing units rented to households earning 60 percent and below of the AMI.
- C. Requires that the owner certify in writing submitted with the owner's claim that each affordable rental housing unit claimed shall be rented to households earning the same AMI specified in the claim for a period of not less than 15 years, consistent with Ordinance 20-13, which amended Chapter 42 to provide that affordable rental housing must remain affordable for 15 years.
- D. Makes miscellaneous technical and nonsubstantive amendments, and redesignates subsections accordingly.



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## A BILL FOR AN ORDINANCE

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RELATING TO GRANTS INCENTIVIZING THE CONSTRUCTION OF AFFORDABLE RENTAL HOUSING.

BE IT ORDAINED by the People of the City and County of Honolulu:

SECTION 1. Purpose and Findings. The purpose of this ordinance is to provide a grant to incentivize the construction of affordable rental housing. There are no zoning, planning, housing, building, or other changes being made to Ordinances 19-8 or 20-13.

The Council finds that, since the adoption of Ordinances 19-8 and 20-13, which were passed to address a segment of the shortage of affordable rental housing in the City and County of Honolulu, the economic and social effects of the current COVID-19 pandemic have and continue to exacerbate that shortage. Owners and developers considering the development of affordable rental housing projects under Ordinances 19-8 and 20-13 are hesitant to move forward due to the economic uncertainties presented by the COVID-19 pandemic.

Accordingly, the Council finds that additional financial incentives are necessary to accelerate the construction of affordable rental housing in these uncertain times.

SECTION 2. Chapter 42, Revised Ordinances of Honolulu 1990 ("Affordable Rental Housing"), is amended by adding a new Article 4 to read as follows:

### **"Article 4. Grants**

#### **Sec. 42-4.1 Administration.**

The director of budget and fiscal services, or the director's duly appointed representative, shall administer this article.

#### **Sec. 42-4.2 Grants.**

- (a) A grant is established for the purpose of incentivizing the completion of construction of affordable rental housing units provided for in this chapter. The grant is awarded for each affordable rental housing unit in an affordable rental housing project, as those terms are defined by Section 42-1.1.



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- (b) For affordable rental housing units rented to households earning more than 60, but less than or equal to 100 percent of the AMI, the amount of the incentive shall be \$11.25 per square foot of dwelling floor area of the affordable rental housing unit, as shown in the building permit issued by the department of planning and permitting for the affordable rental housing project; provided that the grant shall not exceed \$9,000 per unit.
- (c) For affordable rental housing units to be rented to households earning 60 percent and below of the AMI, the amount of the incentive shall be \$15 per square foot of dwelling floor area of the affordable rental housing unit, as shown in the building permit issued by the department of planning and permitting for the affordable rental housing project; provided that the grant shall not exceed \$15,000 per unit.
- (d) The aggregate of grant payments made under this article shall not exceed \$10,000,000.
- (e) All grants shall be payable to the owner of the eligible affordable rental housing project and shall only be authorized upon issuance of a certificate of occupancy for that project; provided that the owner certifies in writing submitted with the owner's claim that each affordable rental housing unit claimed shall be rented to households earning the same AMI specified in the claim for a period of not less than 15 years.
- (f) The owner of an affordable rental housing project shall submit an intent to claim a grant under this article upon the filing of a building permit application.
- (g) The intent to claim shall be made to the director of planning and permitting on a form prescribed by the director of planning and permitting. The director of planning and permitting shall forward the intent to claim and estimated amount of the grant to the director of budget and fiscal services no later than 30 days after receipt of the intent to claim.
- (h) The owner of an affordable rental housing project shall submit a claim for the grant no earlier than the date of issuance of a certificate of occupancy for the affordable rental housing project and no later than one year after the issuance of the certificate of occupancy, provided that the owner must have submitted an initial intent to claim pursuant to subsection (f).



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## A BILL FOR AN ORDINANCE

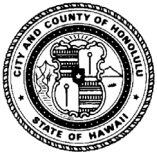
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- (i) A claim for the grant shall be made to the director of planning and permitting on a form prescribed by the director of planning and permitting and must be supported by a copy of the certificate of occupancy for the project and documentation establishing, separately, the number of square feet of dwelling space permitted by the building permit for:

- (1) Affordable rental housing units rented to households earning more than 60, but less than or equal to 100 percent of the AMI; and
- (2) Affordable rental housing units rented to households earning 60 percent and below of the AMI.

The director of planning and permitting shall forward to the director of budget and fiscal services the amount determined to be paid, as a grant to the owner, no later than 30 days after receipt of a claim, and the director of budget and fiscal services shall pay the grant amount to the claimant no later than 30 days after receipt of the information from the director of planning and permitting.

- (j) No claim for a grant payment shall be made for an affordable rental housing project with a certificate of occupancy issued after the repeal of this chapter.
- (k) The director of budget and fiscal services may waive the requirements of subsection (f) for affordable rental housing projects containing one or more grant-eligible units for which a building permit application had been submitted, or a building permit was issued, prior to the effective date of this ordinance if the waiver is consistent with the purpose of this article and in the public interest."



# CITY COUNCIL

CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII

ORDINANCE \_\_\_\_\_

BILL 1 (2021), CD2

## A BILL FOR AN ORDINANCE

SECTION 3. Effective date; repeal. This ordinance takes effect upon its approval and will be repealed on the repeal date of Ordinance 19-8.

INTRODUCED BY:

Tommy Waters (br)

DATE OF INTRODUCTION:

January 21, 2021

Honolulu, Hawaii

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel

APPROVED this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_.

RICK BLANGIARDI, Mayor  
City and County of Honolulu