



A BILL FOR AN ORDINANCE

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.
- (b) For affordable rental housing units rented to households earning more than 60 percent of the AMI, 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 contained in the building permit issued by the department of planning and permitting for the affordable rental housing project.



A BILL FOR AN ORDINANCE

- (c) For affordable rental housing units 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 contained in the building permit issued by the department of planning and permitting for the affordable rental housing project.
- (d) Grants authorized under this article shall not exceed \$9,000 per dwelling unit within a project eligible under subsection (b).
- (e) Grants authorized under this article shall not exceed \$15,000 per dwelling unit within a project eligible under subsection (c).
- (f) The aggregate of grant payments made under this article shall not exceed \$10,000,000.
- (g) All grants payable to the owner of an eligible affordable rental housing project shall only be authorized upon issuance of a certificate of occupancy for that project.
- (h) An intent to claim a grant under this article shall be submitted upon the filing of a building permit application.
- (i) 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.
- (j) A claim for the grant shall be made by the owner of an affordable rental housing project 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 an initial intent to claim was submitted pursuant to subsection (h).
- (k) 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 documentation establishing the number of square feet of dwelling space permitted by the building permit for the project and a copy of the certificate of occupancy for the project. The director of planning and permitting shall forward the amount determined to be paid as a grant to the director of budget and fiscal



A BILL FOR AN ORDINANCE

services 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.

- (l) 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.
- (m) The director of budget and fiscal services may waive the requirements of subsection (h) 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.

Sec. 42-4.3 Reporting.

The director of budget and fiscal services and the director of planning and permitting shall provide reports to the city council every six months beginning on the effective date of this ordinance, that at a minimum must include:

- (1) The number of building permit applications submitted under the grant program established by this article for the six-month period and cumulatively;
- (2) The number of building permits approved under the grant program for the six-month period and cumulatively;
- (3) The number of grant applications submitted under the grant program at each AMI tier for the six-month period and cumulatively;
- (4) The number of grant claims approved under the grant program for the six-month period and cumulatively;
- (5) The number of affordable rental housing units supported with grants for the six-month period and cumulatively;
- (6) The amount of grant funds disbursed for the six-month period and cumulatively;
- (7) The number of waivers granted under Section 42-4.2(m) for the six-month period and cumulatively;



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ORDINANCE _____

BILL 1 (2021), CD1, FD1

A BILL FOR AN ORDINANCE

- (8) The number of affordable rental housing units built under the grant program for the six-month period and cumulatively; and
- (9) A description of any violations of this article discovered during the six-month period and actions taken against the violator."

SECTION 3. Effective date; repeal. This ordinance takes effect upon its approval and will be repealed on the repeal date of ROH Chapter 42.

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