

**OFFICE OF HOUSING
KE KE'ENA HO'OLĀLĀ KŪKULA HALE
CITY AND COUNTY OF HONOLULU**

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RICK BLANGIARDI
MAYOR
ME/IA



DENISE ISERI-MATSUBARA
EXECUTIVE DIRECTOR
PO O HO'OKO

October 6, 2023

The Honorable Tommy Waters
Chair and Presiding Officer
and Members
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

Dear Chair Waters and Councilmembers:

SUBJECT: Housing Plan

We are pleased to submit to the Honolulu City Council the attached 2023 Housing Plan. With this submission, the Department of Budget and Fiscal Services will be releasing the remaining \$5,000,000 in funding from the American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program in accordance with Resolution 23-2, CD1, FD1 for the Rental and Utility Relief Program administered by the Office of Economic Revitalization. Please let me know if you have any questions or concerns with this. This plan represents the first phase of a more comprehensive housing plan which the Office of Housing will embark on once a professional consultant has been procured.

My understanding is that an "Update on the Status of the City Administration's Action Plan to Address the Needs of Homeless Persons on O'ahu" was previously submitted to the City Council on February 16, 2023. A copy of this report is also attached for your convenience.

Mahalo for your continued guidance and support. Should you have any questions or concerns, please feel free to contact me at (808) 768-4675.

Sincerely,

A handwritten signature in black ink, appearing to read "Denise Iseri-Matsubara", is written over a horizontal line.

Denise Iseri-Matsubara
Executive Director

Attachment

APPROVED:

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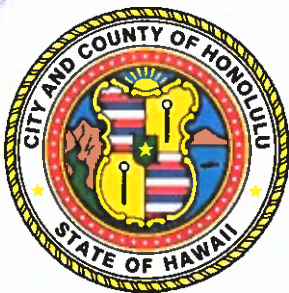
Michael D. Formby
Managing Director

MAYOR'S MESSAGE 218

CITY AND COUNTY OF HONOLULU

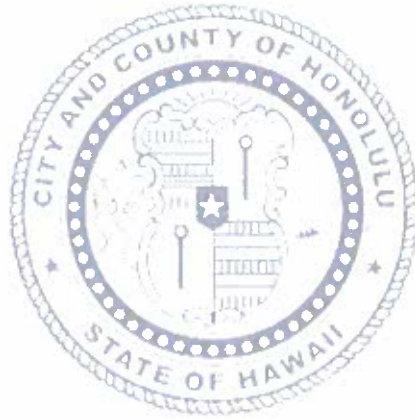
2023

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.

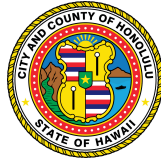
We will also focus on Transit-Oriented Development to capitalize on compact, mixed-use development that incorporates housing, job centers, and childcare centers that take advantage of the convenience and efficiency of being within close proximity to rail stations and multi-modal networks.

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.

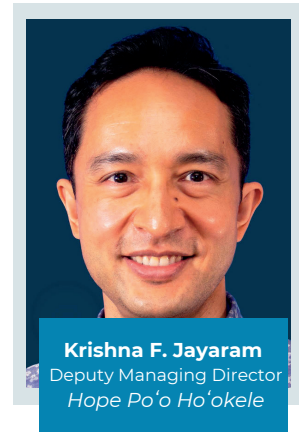
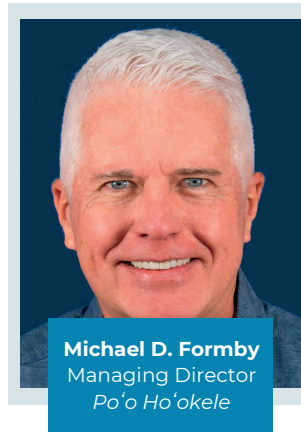
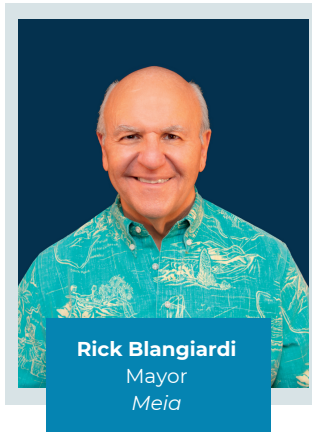
Me ka mahalo nui,

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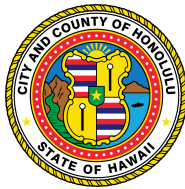
Denise Iseri-Matsubara
Executive Director, Office of Housing



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.



¹ SMS (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*.

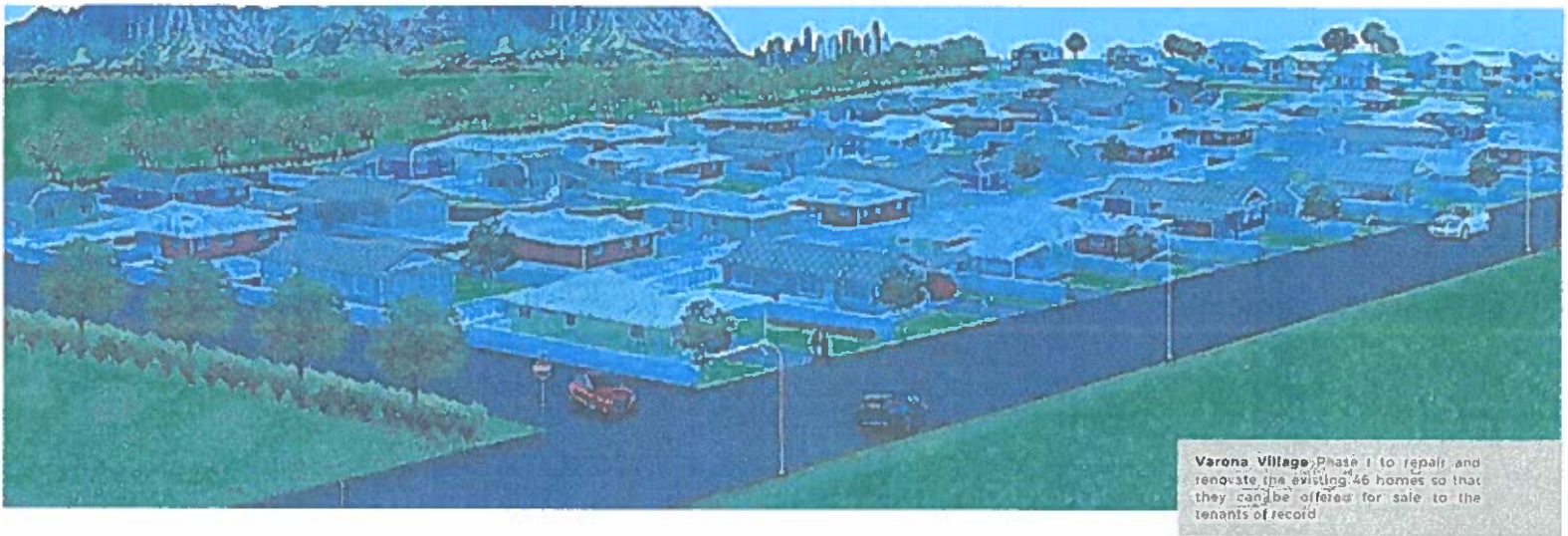
OUR MISSION

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.



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



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.



Kihāpai Place: In August 2023, the city acquired the fee simple interest in a 24,593 square foot land parcel located at 734 and 735 Kihāpai 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.



²Chapter 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://codebook.amlegal.com/codes/honolulu/latest/honolulu/O-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.

³Projects 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

⁴Departmental 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>

⁵Departmental 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.

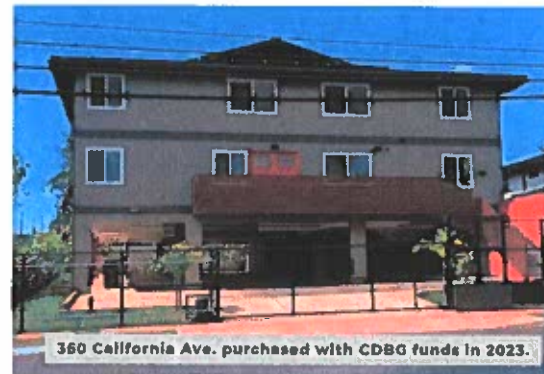
By guaranteeing a future source of stable income, PBVs can be integral to the financing package for the construction or rehabilitation of affordable housing. PBVs also have the potential to boost an affordable housing project's score on the Consolidated Application for financing submitted to HHFDC.

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.



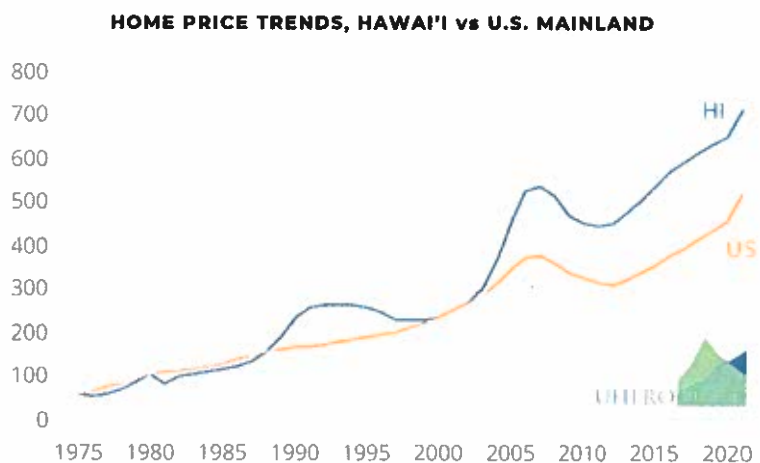
This endeavor aims to offer policymakers, administrators, and the wider community a centralized hub of housing information that is easily accessible and available at no cost. The database is anticipated to be accessible to the public by 2025, with a preliminary data preview expected from UHERO in the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



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.hawaii.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.

STRATEGY 03

ADDRESS REGULATORY BARRIERS



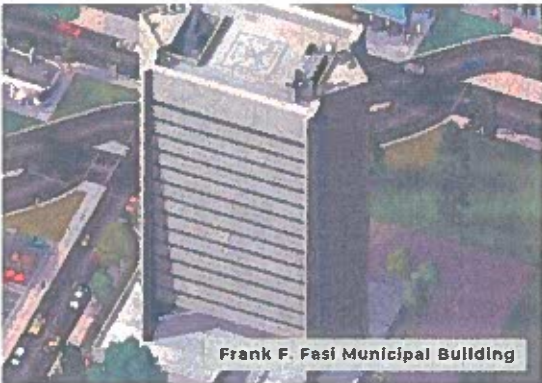
ROLE OF LOCAL GOVERNMENT IN HOUSING

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.



311 Puuhue Place is the first project constructed under Bill 7

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/HR50201H/HR5_0201H-0012.htm.

¹³ Chapter 46-15.1 of the Hawai'i Revised Statutes (HRS). Retrieved from: https://www.capitol.hawaii.gov/hrscurrent/Vol02_Ch0046-0115/HR50046/HR5_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/HR50201H/HR5_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://dbedthawaii.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/2022>

¹⁹ Odeniran, W. (2023) State with the Lowest Property Taxes in 2023. NerdIQ - SmartAsset. Retrieved from <https://www.nerdq.com/article/state-with-the-lowest-property-tax-in-2023>

²⁰ Mayor's Message 85 (2023). Summary Report of the Fiscal Recovery Fund Procurement Request, Approved and Closed as of April 21, 2023. Document retrieved from <https://hnlidoc.ehawaii.gov/hnlidoc/document-download?id=17344>

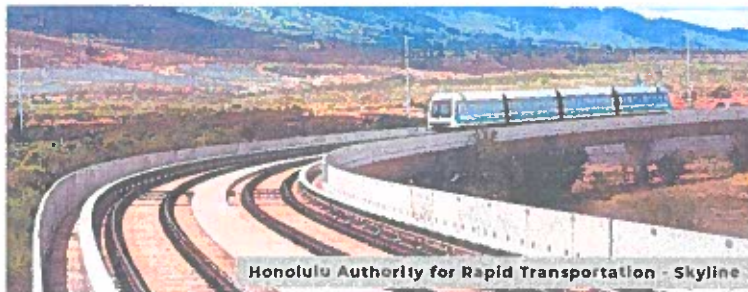
STRATEGY 04

TRANSIT-ORIENTED DEVELOPMENT & INFRASTRUCTURE INVESTMENT



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-model circulation frameworks to guide future development and encourage higher density housing in these areas.²²

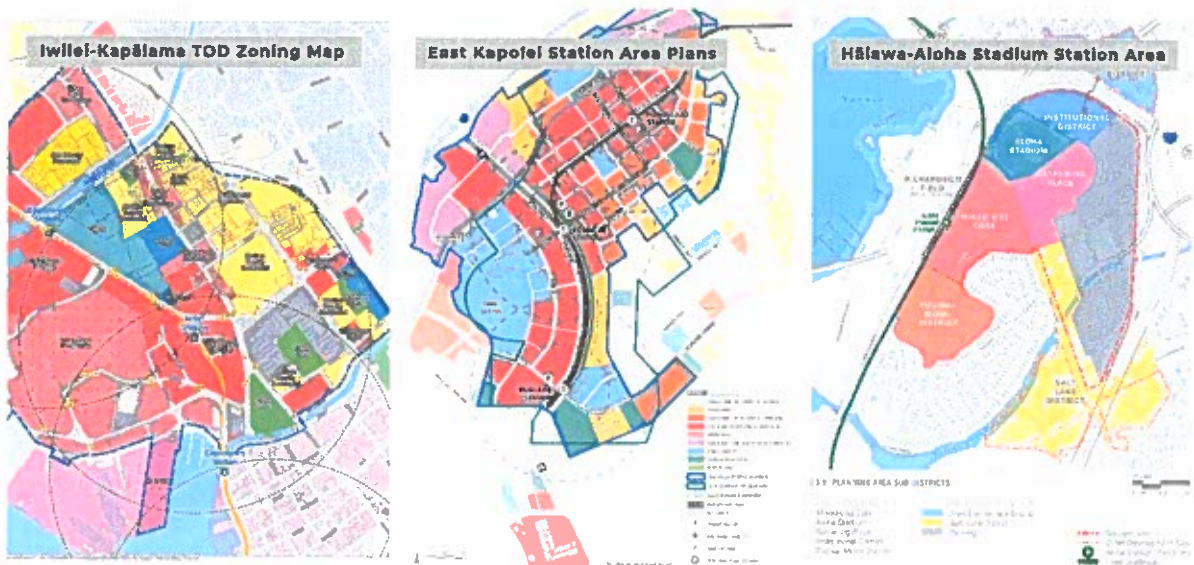
²¹ Honolulu Transit-Oriented Development. Referenced link: <https://www.honolulu.gov/tod>.

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



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'anāe
- **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., Waikiki 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.

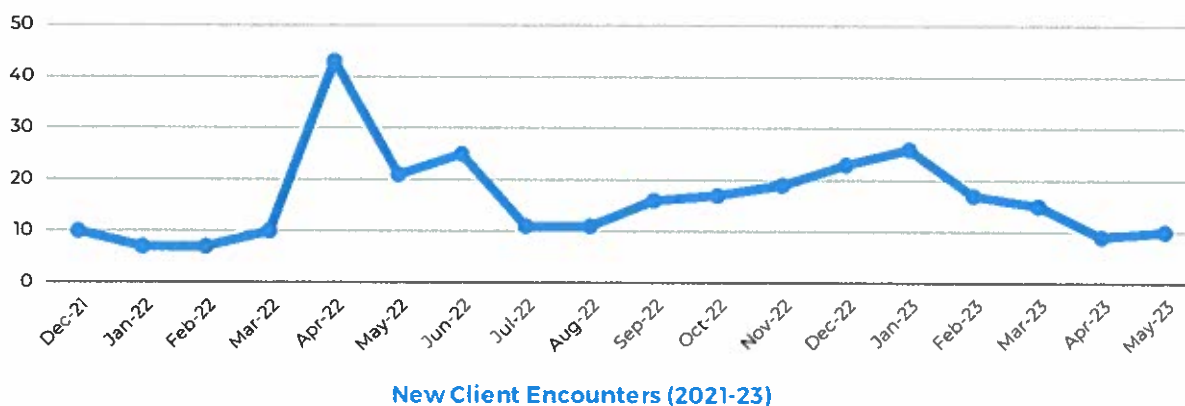
PROJECT ON CITY-OWNED PROPERTY	LOCATION	UNITS	AMI LEVEL
Halewa'olu Senior Residences	Chinatown	156	≤80%
Kapolei Parkway Lot 6	Kapolei	236	≤60%
Kapolei Parkway Lot 7	Kapolei	169	≤60%
Halewillo Highlands ('Aiea Sugarmill)	'Aiea	140	≤60%

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.



HOMELESS OUTREACH & NAVIGATION FOR UNSHELTERED PERSONS (HONU)

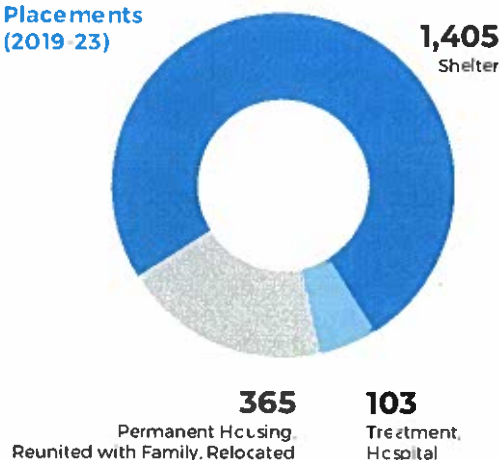
HONU is a temporary mobile shelter program that relocates approximately every 90 days and is administered by DCS. A total of 234 unsheltered homeless individuals have been served by the HONU program in 2023. Individuals who have not been transitioned to a longer-term placement are either still enrolled 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>



38



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

HALONA

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



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%20County%20of%20New%20Orleans%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'ili. 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 Kīhāpai 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.

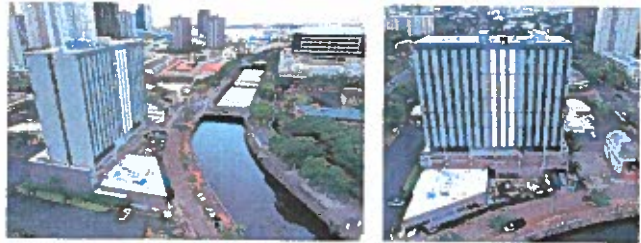


The acquisition was made possible through the utilization of funds from the city's Capital Improvement Project (CIP) budget for affordable housing. DLM will issue a solicitation seeking a public-private partnership with a developer to construct, operate, and maintain the project through a ground lease. 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.



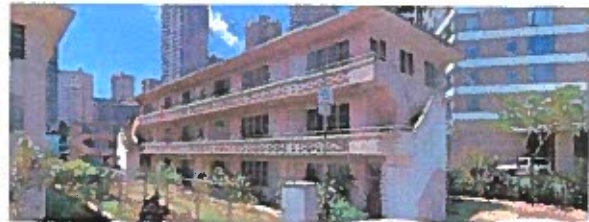
This public-private partnership will create a variety of communal gathering spaces as well as community development services and activities provided by Lanakila Pacific in a dedicated on-site Kūpuna Wellness Center. This needed project to house and serve our kūpuna is scheduled to be completed in mid-2025.

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.

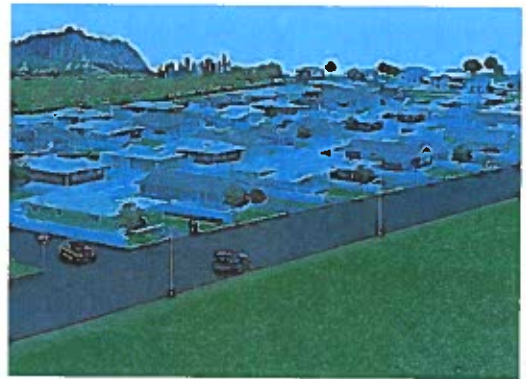


The project will provide apartments for households earning at or below 60% of the AMI and rents must remain affordable for at least 60 years. Five units will be designated for chronically homeless individuals or those receiving certain types of supportive services. The project is expected to be completed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



²⁹ Partners in Care - Dashboard of O'ahu Housing Now Program Exits. Retrieved from: <https://www.partnersincareoahu.org/dashboards-ohn>.

³⁰ HUD Exchange (Nov. 2021) COVID-19 Homeless System Response: Honolulu Housing Fair. Retrieved from: <https://www.hudexchange.info/resource/6535/covid-19-homeless-system-response-honolulu-housing-fair/>.

'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.hawaii.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.

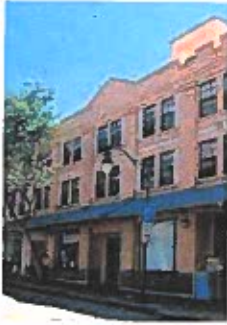


In 2022, DCS administered the fund's very first public solicitation since its creation.

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/dpptomd/dpptomd_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			
* See footnotes below. An example of AHR fulfillment is below Table 2				

* 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



'23FEB16 PM 4:21 CITY CLERK

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RICK BLANGIARDI
MAYOR

MICHAEL D. FORMBY
MANAGING DIRECTOR

KRISHNA F. JAYARAM
DEPUTY MANAGING DIRECTOR

February 16, 2023

The Honorable Tommy Waters
Chair and Presiding Officer
and Members
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

Dear Chair Waters and Councilmembers:

SUBJECT: Status of the City Administration's Action Plan to
Address the Needs of Homeless Persons on O'ahu

We are pleased to submit the attached Report to the 2023 Honolulu City Council, pursuant to Resolution 22-2, CD1. The Report outlines the City's approach to homelessness by identifying building strategies that layer upon existing programs and services to form more comprehensive strategies. The Report recognizes that there are no "one-size-fits-all" solutions and seeks innovative ways to collaborate with other levels of government, nonprofits, and other community partners to ultimately create a system that meets an individual's specific needs.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Formby", is written over a horizontal line.

Michael D. Formby
Managing Director

Attachment

Update on the Status of the City Administration's Action Plan to Address the Needs of Homeless Persons on O'ahu

Prepared by:
Mayor's Office of Housing
Department of Community Services
Department of Emergency Services
Office of Economic Revitalization
Honolulu Police Department

February 2023



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EXECUTIVE SUMMARY

In January 2021, the City administration, under Mayor Rick Blangiardi, began the development of strategic action plans to address the public health, safety, and situational needs facing our communities and people experiencing homelessness.

The 2022 Point-in-Time Count estimates that there are 3,951 individuals experiencing sheltered or **unsheltered homelessness on O'ahu**. This represents a decrease of 11% from 2020, but is still far too many residents without one of the most basic human needs: shelter.

Individuals and families experiencing homelessness or at-risk of becoming homeless are facing challenges that need to be addressed. These can be standalone barriers or a combination of issues. Examples of these include but are not limited to economic issues, alcohol/substance use, mental health challenges, domestic violence, human trafficking, sexual assault, trauma, stalking, disabilities, and/or veteran issues.

To address the complex set of issues, the question becomes, how can we make our efforts scalable and effective? Two basic efforts need to be recognized:

1. *How can we affect an individual or family's decision to engage in the process to end homelessness for themselves?* While some households may be responsive to a certain type of service or approach, others may not be. This can be caused by general preferences, previous negative experiences and traumas, or other factors. The City has developed a variety of services that can engage with people in different environments and provide unique assistance that can be a first step for people to engage further. Outreach programs such as Crisis Outreach Response & Engagement (CORE) and TEAM WorkHawai'i, and resource centers such as Pūnāwai Rest Stop are opportunities to engage in services.
2. *When those decisions are made, how can we build a system of services, programs, and facilities to support those decisions?* For individuals and families that decide to engage in services, the City is working to provide programs to meet their needs and help them exit homelessness through access to service providers and case management, shelters, transitional housing, permanent supportive housing, work-to-rent, rent relief, and affordable housing. We are developing systems that can facilitate the supportive measures that people require when they are ready to accept them.

The challenge of addressing homelessness can feel vast and insurmountable, but with a clear plan we can make progress on this critical issue. Our goal is simple: make homelessness a rare, brief, and non-recurring experience.

Our approach centers around five strategies to break the cycle of homelessness by helping people exit homelessness and ensuring that those who are struggling have opportunities to remain stably housed. The City has formed these strategies to layer upon existing programs and services that work to build a more comprehensive system. These strategies are:

- Strengthening the Homeless Crisis Response System
- Integrating Healthcare
- Building Career Pathways to Exit Homelessness
- Housing
- Homelessness Prevention and Diversion

We recognize that the issues related to homelessness are too big for the City to tackle alone. We must leverage federal and state government support and seek innovative ways to collaborate with other levels of government, nonprofits, philanthropic organizations, and other community partners.

The administration recognizes that those experiencing homelessness are not a homogenous group and there are no **“one-size-fits-all” solutions** to this complex issue. We approach the issue from multiple viewpoints using the strategies outlined in this plan. We are building upon existing programs to ultimately create a system that can meet the **individual’s** specific needs, priorities, and goals so they will choose to engage in services and find pathways out of homelessness. Every small win, whether helping an individual onto the path of self-sufficiency or preventing a family from falling into homelessness, collectively moves us closer to our larger goal of ending homelessness.

INTRODUCTION

Housing is foundational to create a thriving community. Despite being one of the most basic needs, too many of O'ahu's residents do not have stable housing. The most recent data estimates that nearly 4,000 individuals on O'ahu are experiencing homelessness (sheltered and unsheltered) – an unacceptable number that the City must address with urgency. This number does not include our individuals and families doubled-up with relatives or friends who are unable to afford housing costs on their own and may otherwise fall into homelessness.

The City and County of Honolulu is committed to tackling this perennial issue, in collaboration with other government agencies, nonprofit partners, faith-based organizations, and caring and concerned citizens, with an approach that addresses the root causes of homelessness and advances equity.

Current Landscape

The Point-in-Time (PIT) Count is an annual count to determine the number of people experiencing homelessness on a single night each year and is a crucial data source for planning efforts. The PIT Count also helps to assess estimates for specific populations, such as children, veterans, and chronically homeless, and measures the prevalence of underlying causes of homelessness. O'ahu's PIT Count is conducted by Partners in Care, O'ahu's Continuum of Care.

The 2022 PIT Count, which took place on March 9, 2022, counted 3,951 individuals experiencing sheltered or unsheltered homelessness on O'ahu, a decrease of 11% from 2020 (see Figure 1). The data indicated a significant reduction in sheltered homelessness, possibly due to COVID-19 related social distancing protocols, while the unsheltered population has remained steady.

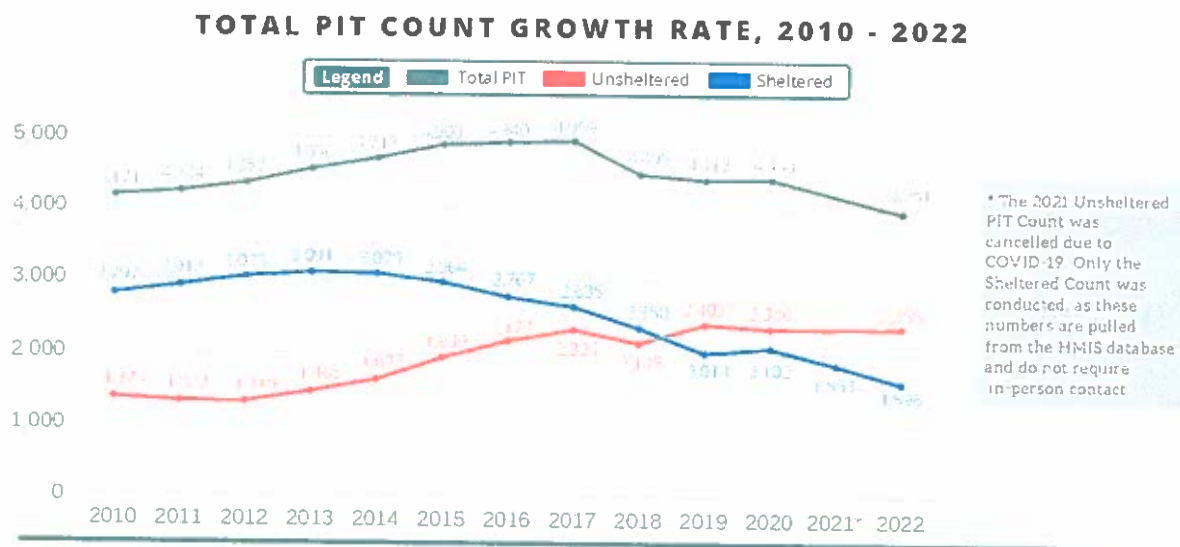


Figure 1: Point-in-Time Count Numbers, 2010-2022. Source: Partners in Care.

Distribution of O'ahu's unsheltered homeless population varies across regions, with Region 1 (Downtown Honolulu, Kalihi, and Nu'uuanu) and Region 2 (East Honolulu) having the largest percentages of O'ahu's unsheltered population and Region 5 (Upper Windward) with the smallest percentage of O'ahu's unsheltered population (see Figure 2). As the PIT Count offers a snapshot of O'ahu's homeless population on a single night each year, it is also essential to assess the trends over time. The full Point-in-Time Count Report offers more insights by region and can be viewed at <https://www.partnersincarcoahu.org/pit>.

Percent of Total O'ahu Unsheltered Population by Region (2,355)

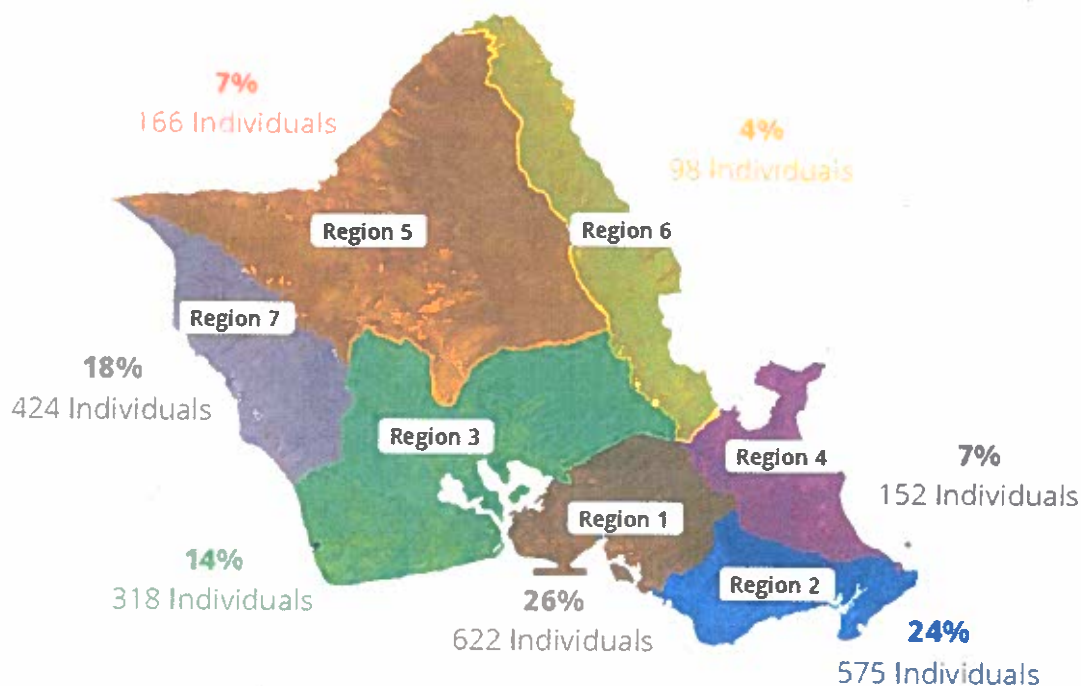


Figure 2: 2022 Point-in-Time Count Percentage of Unsheltered Population, by Region. Source: Partners in Care.

Analysis of the Point-in-Time Count demographic data revealed areas of progress, as well as opportunities for improvement. The data has shown that O'ahu has made forward progress in supporting key sub-populations, including families with minor children, children experiencing homelessness, veterans, and chronically homeless individuals. However, the data also reveal racial disparities, with Native Hawaiian and Pacific Islanders representing the greatest portion of the Point-in-Time Count population at 35%, which is disproportionate as compared to their percentage of the general population of 10% (see Figure 3).

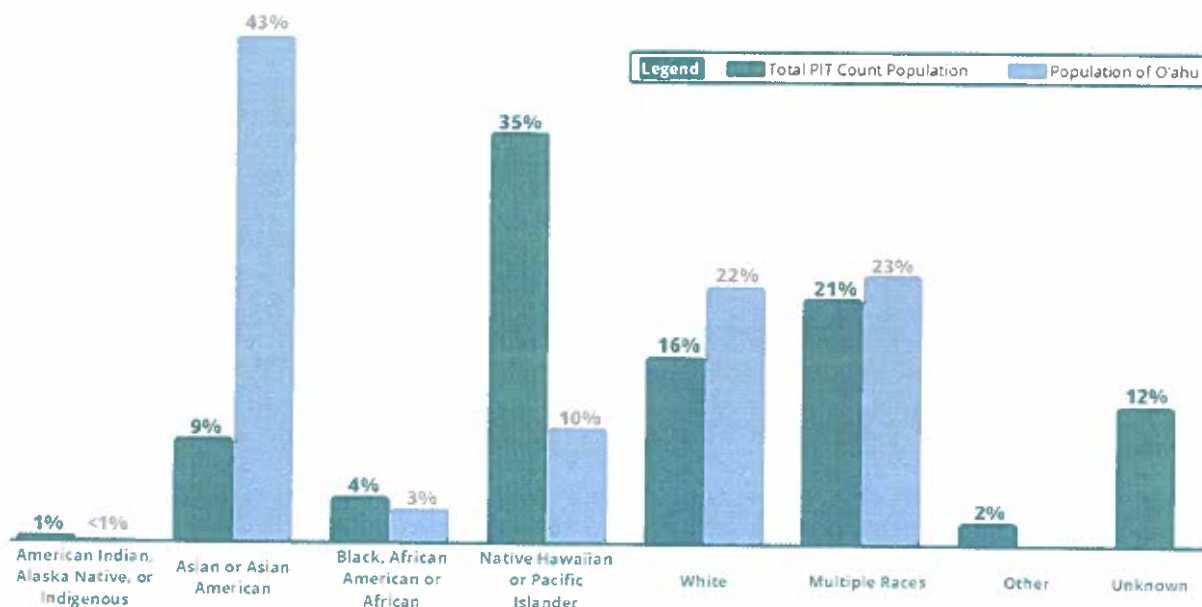


Figure 3: 2022 Point-in-Time Count Demographics, by Ethnicity, in Comparison to General Population. Source: Partners in Care.

We cannot end homelessness until everyone has an equal opportunity to live in safe, affordable housing that supports their needs. This will require a multi-pronged approach and collaborative partnerships that address the root causes of homelessness.

City and County of Honolulu's Approach to Homelessness

In January 2021, the City administration, under the direction of Mayor Rick Blangiardi, began developing strategic action plans to address the public health, safety, and situational needs facing individuals experiencing homelessness. Ending homelessness is not a one-time goal, but an ongoing effort to create systemic changes so that every person experiencing homelessness has a pathway out and that those at-risk have ample opportunities to prevent themselves from falling into homelessness. Thus, the City's overarching goal is to make homelessness a rare, brief, and non-recurring experience.

- **Rare** – Prevent people from entering homelessness whenever possible, so few people experience homelessness.
- **Brief** – If a person does fall into homelessness, help them exit as quickly as possible.
- **Non-recurring** – Stabilize people so they don't fall back into homelessness.

To accomplish this goal, the City builds on previous plans that emphasized Housing First as the primary means to address homelessness. The City's new approach still includes housing as a central strategy, but recognizes that we must address other drivers that cause homelessness and contribute to the difficulties in ending the cycle of homelessness, such as poverty, lack of employment, racism, trauma, incarceration, substance use, mental illness, domestic violence, and/or complex medical issues.

Building upon existing programs and services, these strategies include:

- Strengthening the Homeless Crisis Response System
- Integrating Healthcare
- Building Career Pathways to Exit Homelessness
- Housing
- Homelessness Prevention and Diversion

The following sections encompass the five strategies with corresponding City programs that fall within their scope, with some programs extending into multiple strategies.

The City cannot solve this problem alone – our strategy relies on a community-wide response, with collaboration and partnerships central to our approach. Our coordinated and intentional approach is used to determine how the City allocates funding for programs and services that support efforts to end homelessness.

Homelessness is also a significant concern for the Honolulu City Council, and resulted in the adoption of Resolution 22-2, which requested an update on the status of the City **administration's action plan to address the needs of individuals experiencing homelessness on O'ahu. In response** to Resolution 22-2, the City and County of Honolulu outlines its plan in the following sections.

STRATEGY: STRENGTHENING THE HOMELESS CRISIS RESPONSE SYSTEM

A strong crisis response system, which includes street outreach and emergency shelters, is critical to achieving our goal of making homelessness a rare, brief, and non-recurring experience. As the **community's** frontline response to homelessness, the homeless crisis response system quickly connects those experiencing homelessness with essentials like food, shelter, and personal hygiene through a coordinated entry system. This ensures that users are efficiently, effectively, and equitably connected with housing, resources, and supportive services.

Crisis Outreach Response and Engagement (CORE)

Frontline emergency responders such as police and emergency medical technicians (EMTs) receive a large volume of calls to help people experiencing homelessness. However, enlisting police and emergency services for situations that are not criminal or life-threatening often is not the most appropriate response and potentially diverts them from more serious emergencies.

Individuals experiencing homelessness are at-risk of many negative health-related occurrences simply from being unhoused, which is often compounded with the exacerbation of existing health conditions. As a consequence of being unhoused and in addition to other barriers caused by homelessness, individuals living on the streets often have to rely on emergency services for medical attention when conditions or wounds progressively get worse, including ambulances and emergency room care. These types of healthcare responses are not only more costly than preventative care, they often also are not adequately prepared to assist individuals experiencing homelessness with the plethora of challenges that they may face.

In light of these circumstances, Mayor Blangiardi and the Office of Housing and Homelessness (OHH) convened an advisory team of expert practitioners and others with a broad spectrum of experience in homeless issues and services. This includes representatives from the City and County of Honolulu's OHH, Honolulu Police Department (HPD), Department of Emergency Services (HESD), Department of Community Services (DCS), Department of Facility Management (DFM), and Department of Parks and Recreation (DPR). In addition, the State of Hawai'i's Office on Homelessness and Housing Solutions and the Department of Health, service providers, community representatives, and individuals that have experienced homelessness participated and provided their perspectives.

Through a series of highly productive meetings, data gathering, discussion, and extraordinary dedication, this team devised a plan for a Crisis Outreach Response and Engagement (CORE) program. CORE was created with the aspiration of reducing a substantial encumbrance on emergency responders.

Through close collaboration and coordination with HPD and HESD in service to Honolulu's homeless population, CORE responds to homeless-related 911 calls from or within the community that are non-violent and do not require emergent medical assistance. CORE's response team includes EMTs and community health workers trained in relationship building, extending compassion, problem-solving, and conflict resolution.

CORE is committed to supporting a more diversified response system that is truly adaptable to the needs of the client, the **community, and the responders'** resources. CORE seeks to engage the person in a way that builds a relationship of trust so that an individual will decide to accept services that are in their best interest. Once a decision has been made with respect to a crisis, CORE will deploy a client-centered follow-up routine by checking on the client's well-being and determining the effectiveness of CORE's services. In addition, CORE team members are able to collaborate with service providers that an individual may already be connected with to link them with other services that they may need.

As of December 2022, CORE had 234 initial contacts and 988 recurring visits with participants. The CORE hotline receives an average of 75 calls per month requesting various services, including calls for identification documentation and wellness checks.

CORE officially launched in October 2021, initially focusing its efforts in the Downtown Honolulu and Chinatown area and offering services Monday through Friday from 7:00 a.m. to 5:00 p.m. In June 2022, CORE expanded its service area to include Waikīkī and its operational hours to seven days a week. As staffing capacity increases and funding allows, the CORE program will extend further to other communities on O'ahu to continue to be one of the various avenues for individuals experiencing homelessness to receive assistance and get connected to resources.

Teach, Encourage, Advocate, Motivate (TEAM) WorkHawai'i Outreach

Teach, Encourage, Advocate, Motivate (TEAM) WorkHawai'i was formed in July 2020 within the Department of Community Services using U.S. Department of Housing and Urban Development Community Development Block Grant funding through the Coronavirus Aid, Relief, and Economic Security Act to assist individuals and families who are experiencing homelessness, at-risk of homelessness, unemployed, or underemployed.

TEAM WorkHawai'i is a group of experienced and skilled outreach workers and housing coordinators that encounter unsheltered individuals and families, those preparing to transition from correctional facilities to the community, and others in community-based treatment programs. These individuals and families receive information on WorkHawai'i's **housing and employment services**, job training, and resources that will help them create a personalized pathway to financial and housing stability. Housing services include fundamental skills training (i.e., financial literacy) and housing search and placement. Employment services and training programs include occupational skills training, preparation to secure employment, and job search and placement. Resources include assistance with obtaining legal documents (i.e., state ID) and applying for the Supplemental Nutrition Assistance Program, Temporary Assistance for Needy Families, and Med-QUEST benefits.

Honolulu Police Department's Community Policing Teams

Homelessness, while not criminal in nature, is frequently and unfairly portrayed as such by concerned community members, and often directed toward available emergency services, including the Honolulu Police Department (HPD). This provides a unique opportunity for law

enforcement to understand and provide possible options for those experiencing homelessness directly.

As frontline responders, the majority of calls for service regarding homelessness are handled by **HPD's patrol officers**. Traditionally, the only options available to patrol officers have been enforcing applicable laws or dispersing individuals from the area, which only provides temporary results. **This ultimately may not change a person's behavior and only relocates the individual and their persistent challenges to another community.**

Unfortunately, these law enforcement interactions do not address most of the core homeless-related issues. Such issues include, but are not limited to, a lack of affordable housing and shelter space or access to basic human needs (adequate food, clothing, and healthcare). These also do not adequately address alcohol or drug dependence and mental health-related issues.

This realization has shifted **HPD's** response to homeless-related issues and calls for service to a more strategic and holistic approach. **HPD's Community Policing Teams (CPT)** have a solid commitment to community outreach, while also expanding and strengthening the enforcement of applicable laws as needed.

HPD-CPT continues to create and strengthen existing partnerships with other City, State, and non-governmental organizations. These partnerships, including those formed with the **Hawai'i Health & Harm Reduction Center**, **Institute for Human Services**, and other established outreach agencies, allow service providers controlled and safe opportunities to connect with clients and offer services to those willing to accept them. Outreach service providers and HPD-CPT regularly coordinate for outreach events and to work together on strategies to address challenging situations related to homeless encampments. By being involved in this process, HPD-CPT officers can gain the trust and build relationships with individuals experiencing homelessness in desperate need of these services, showing them a compassionate side of law enforcement that has their best interests at heart.

During the height of the COVID-19 pandemic, various outreach-based projects were spearheaded by patrol districts to assist those experiencing homelessness. This includes increasing access to shelter space, distributing face masks and personal hygiene kits to prevent the spread of the virus, and providing access to medical services.

In addition, an increased emphasis has been placed on providing specialized training to officers department-wide when approaching those experiencing homelessness, including those undergoing a mental health crisis.

Housing, Outreach and Navigation for Unsheltered Persons (HONU)

Housing, Outreach and Navigation for Unsheltered Persons (HONU) is a temporary mobile shelter program that relocates approximately every 90 days. The program was initiated in 2019 by the Department of Community Services (DCS) in partnership with the Honolulu Police Department (HPD) and is primarily funded through the **State of Hawai'i 'Ohana Zones** program. The intent of the HONU program is to ensure that individuals and families experiencing

homelessness have a safe place to stay while seeking shelter or housing. The main goal of HONU is to provide housing navigation services to individuals by helping them secure necessary clearances to enter a shelter, assisting them with placement, and transporting them to shelters. Beyond shelters, many program participants are also reunited with family who are able and willing to take care of them. **HONU can be compared to a 'bus stop' en route to getting** individuals experiencing homelessness to the next rung of the housing ladder.

From January to mid-October 2022, HONU served a total of 714 individuals, with 437 individuals being placed in a longer-term setting. This includes 344 who were transitioned into shelter, 11 who went into a treatment facility, and 31 who were placed into permanent housing.

Navigating the housing safety net services is not simple, regardless of whether an individual is recently homeless or has been on the street for a long time. Often, housing is not the only challenge these individuals are facing. **So while housing isn't the only solution these individuals** need, it contributes significantly to their social and emotional stability, enabling them to make better decisions. Having a temporary mobile shelter operation that takes services to the population and makes it a safe and stable space available for 90 days has been effective in reaching individuals who need to learn how to engage the system or are otherwise hesitant to engage.

Beyond housing navigation services and temporary shelter, HONU provides its participants with at least one meal per day and access to shower and laundry facilities. For individuals experiencing homelessness, these elements are essential in further providing social and emotional stability. HONU also partners with service providers to deliver basic medical attention on-site and case management.

HONU also allows the City to engage with each community it visits on the issue of homelessness. HONU has faced initial community opposition on the use of each site, which the City has countered, indicating that it is only a temporary 90-day program. Yet after only a few weeks of operation, the program often garners positive feedback from the community and a desire for the program to return. It's very common for HONU sites to receive donations of food, hygiene products, clothing, and other household items from community members. Overall, HONU has been very helpful in improving the dialogue with the community about siting homeless services and programs all around the island.

Another benefit of the HONU program is that it is a scalable operation. During the pandemic, the program expanded with the infusion of federal funding to increase program capacity while providing adequate means for isolation and quarantine. Instead of running one HONU site, the program operated two locations – one inside and one outside the urban core. With the sunset of emergency shelter monies, HONU has been reduced to a single site but will expand back to two sites as soon as possible.

Effective November 1, 2022, HONU operations were transferred from HPD to DCS, as it currently administers several other housing programs.

Emergency Solutions Grants (ESG) Program

The U.S. Department of Housing and Urban Development (HUD) Emergency Solutions Grants Program (ESG) provides shelter and service programs for people experiencing homelessness each year. The City matches the approximately \$700,000 received from HUD each year for a total of \$1.4 million annual budget.

The Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH Act) amended the McKinney-Vento Homeless Assistance Act, revising the Emergency Shelter Grants Program in significant ways and renaming it the Emergency Solutions Grants program. The change in the program's name, from Emergency Shelter Grants to Emergency Solutions Grants, reflects the shift in the program's focus from addressing the needs of homeless people in emergency or transitional shelters to assisting people to quickly regain stability in permanent housing after experiencing a housing crisis or homelessness. The ESG Interim Rule took effect on January 4, 2012.

The ESG program helps individuals and families quickly regain stability in permanent housing after experiencing a housing crisis or homelessness. HUD makes these funds available to jurisdictions throughout the country and awards them to eligible private nonprofit organizations through a competitive solicitation and procurement process.

ESG funds are allocated to the following categories:

- **Street Outreach** funds may cover costs related to essential services for unsheltered people, including emergency health or mental health care, engagement, case management, and services for special populations.
- **Emergency Shelter** funds may be used for the renovation of emergency shelter facilities and the operation of those facilities, as well as services for the residents (including case management, child care, education, employment assistance and job training, legal, mental health, substance abuse treatment, transportation, and services for special populations).
- **Homelessness Prevention and Rapid Re-Housing** programs fund housing relocation and stabilization services, including rental application fees, security deposits, utility deposits or payments, last month's rent, and housing search and placement activities. Funds may also be used for short- or medium-term rental assistance for those at risk of becoming homeless or transitioning to stable housing after homelessness occurs.
- **Data Collection – Homeless Management Information System (HMIS)** funds may be used to pay for the costs of participating in and contributing data to the HMIS designated by the Continuum of Care for the area. Eligible activities include computer hardware, software, equipment, technical support, office space, operators' salaries, staff training costs, and participation fees.

The Department of Community Services (DCS) coordinates closely with Partners In Care, Honolulu's Continuum of Care coordinating organization, to determine the appropriate percentage of funding per category for each funding period before it issues a Notice of Funding Availability, provided approximately 18 months in advance of every funding period.

The City received \$25,649,399.21 in additional ESG funds in three separate allocations from HUD to prevent, prepare for, and respond to the coronavirus. The City awarded these funds to support the following:

- Operating costs or renovations for emergency shelter services:
 - Catholic Charities Family Assessment Center
 - **Family Promise of Hawai'i – Waikīkī** Vista
 - Hale Mauiola
 - Institute for Human Services (IHS) **Ka'a'ahi Street Emergency Shelter** for Women and Children
 - IHS Sumner Street Emergency Shelter for Men
 - Honolulu Community Action Program Kumuhonua Emergency Shelter
 - Residential Youth Services and Empowerment Emergency Shelter
 - Hale Kipa Hale Lanipōlua Emergency Shelter for Youth
 - **Kinai 'Eha Emergency Shelter for Youth**
- Partnership with the Department of Health Adult Mental Health Division for isolation and quarantine/stabilization services on Lemon Road
- Street outreach services in Honolulu and **Waikīkī**
- Medical and psychiatric evaluations and housing readiness assessments at HONU
- Homelessness prevention programs through IHS, the Salvation Army, and Family Promise of Hawai'i
- **O'ahu Housing Now (OHN) Rapid Re-Housing (RRH) Program**

OHN is one of the more successful projects implemented during the pandemic. It provided hundreds of households with short-term rental assistance and supportive services to assist in obtaining housing quickly, increasing self-sufficiency, and helping them maintain housing.

The purpose of OHN was to address the public health crisis of COVID-19 in the community by achieving social distancing through permanent housing, improving the rental history of those housed, and increasing housing opportunities after households exit the program. The program set an ambitious benchmark of rehousing at least 300 households that were experiencing homelessness through a RRH approach.

OHN is a collaborative partnership:

- The [*City & County of Honolulu*](#) provided the funding for the OHN program.
- [*Partners in Care \(PIC\)*](#) was the lead agency providing capacity-building support and technical assistance to the service providers as well as unit acquisition through the Landlord Engagement Program (LEP).
- [*Housing Solutions Inc. \(HSI\)*](#) led the rental payment side of the operation.
- [*Family Promise Hawai'i \(FPH\)*](#) and [*Alternative Structures International \(ASI\)*](#) provided supportive services, including case management, to prevent returns to homelessness for those most at-risk.

The program operated through the following steps:

1. Households are assessed and referred through the [Coordinated Entry System \(CES\)](#).
2. Prioritization for this project will align with the CES' RRH medium-term matching criteria of individuals with a VI-SPDAT score of 4-10 and families with a VI-SPDAT score of 4-8. The households being served must be experiencing [literal homelessness](#).
3. Households will work alongside a case manager to achieve stable and safe housing.

On February 23, 2022, the OHN program met its goal of housing 300 households, representing 787 individuals. The program ultimately surpassed its goal by housing an additional 12 households, bringing the total number of individuals housed through OHN to 829 people. In addition to helping hundreds of households obtain housing, OHN has successfully kept its participants housed. As of December 2022, 97% of individuals participating in the program have not returned to homelessness (see Figure 4).

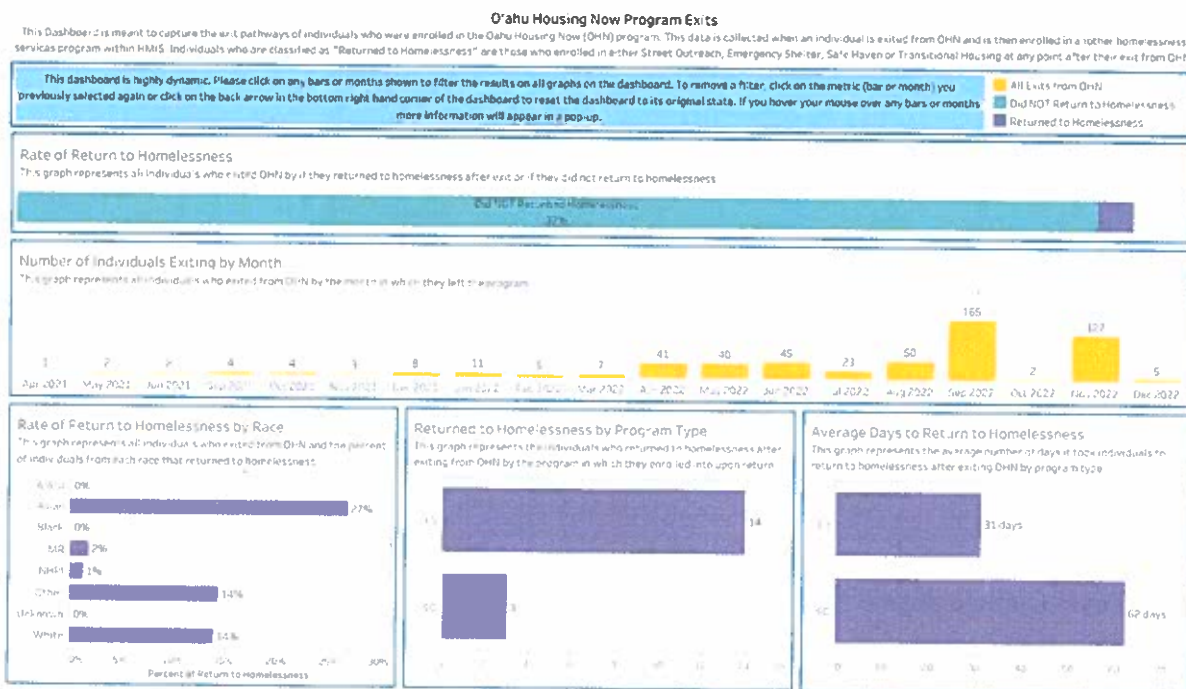


Figure 4: O'ahu Housing Now Dashboard, accessed December 19, 2022. Source: Partners in Care.

As more rental subsidies for households participating in OHN are coming to an end and case managers are supporting participants to transition to ensure housing stability, the City is able to evaluate the model that OHN set for what could be done to more rapidly house our community members experiencing homelessness.

Department of Community Services – Grants in Aid (GIA) Program

The City and County of Honolulu's Grants in Aid (GIA) Program is administered by the Office of Grants Management within the Department of Community Services. It is a charter and ordinance-mandated program that requires 0.5% of City revenues to be deposited into a fund for grants to nonprofits annually. The charter states explicitly that, with only a few exceptions, it is

the sole source of City grants. The number of grants and amount of funding varies each year, as the GIA solicitation is competitive. The GIA Advisory Commission makes recommendations to the Honolulu City Council **on grants to be funded through the City's budgeting process.**

GIA funds shall be used to award grants to charitable nonprofit organizations that:

1. Provide services to economically or socially disadvantaged populations, including but not limited to seniors, people with disabilities, children, victims of domestic violence, people experiencing homelessness, and those suffering from the effects of substance abuse or poor mental health.
2. Provide services for public benefit in the areas of the arts, culture, economic development, or the environment to support the sustainable improvement in the wellbeing and quality of life of local communities, especially in low-to-moderate income areas.

For Fiscal Year 2023, nearly \$9.3 million was awarded to 61 O'ahu nonprofits. Of the grants awarded, [four organizations that assist individuals experiencing homelessness](#) were funded for \$511,994, or 5.51% of funds available for grants this year.

Supporting Homeless Outreach Efforts

The [Homeless Initiatives Unit \(HIU\)](#), part of the Planning, Eligibility, and Coordination Branch within the Community Based Development Division of the Department of Community Services, supports **homeless outreach efforts through the City's general fund, including:**

- **Hale Mauiola**, a low-barrier emergency transitional shelter facility that allows couples to stay together, providing lockable secure units for privacy and welcoming people with pets.
- **Pauahi Hale**, a 77-unit apartment complex for Housing First residents and Safe Haven operations for people with severe mental illness with drop-in services for case management and counseling and a hygiene center with showers and restroom facilities for people experiencing homelessness.
- **Pūnāwai Rest Stop**, a hygiene Center that includes showers, restrooms, laundry equipment, storage area for carts and pets, and program office to allow social service providers to offer outreach services with the goal of providing shelter to people experiencing homelessness.
- **Revive and Refresh**, a mobile hygiene trailer offering showers and restroom facilities with supportive case management services available.
- **Outreach Navigation**, to provide psychiatric and legal services for people experiencing homelessness.
- **Transportation** to help individuals experiencing homelessness move themselves and their belongings to shelter or permanent housing.

All of the programs and services in this section are working together to provide people with choices along their path out of homelessness. There is not a one-size-fits-all solution to homelessness, therefore, developing a homeless crisis response system that acknowledges this and has the flexibility to change as needed and meet people where they are at is key. The

services that the City operates and supports for the homeless crisis response system are programs that are constantly evolving and expanding to better meet people's needs.

STRATEGY: INTEGRATING HEALTHCARE

Housing is integral to good health. For people experiencing homelessness, poor living conditions can result in inadequate nutrition, poor hygiene, high levels of stress, and physical and sexual violence.

Those experiencing unsheltered homelessness are especially vulnerable, facing more significant health challenges and experiencing trauma and violence at higher rates than their sheltered counterparts. The average life expectancy for those experiencing homelessness is 53 years, approximately 30 years less than the general population.

According to the 2022 Point-in-Time Count, 36% of adults and unaccompanied minors experiencing homelessness on O'ahu reported one or more disabling conditions, and 22% reported a physical, developmental, or other disability.

Healthcare costs are particularly high for people without shelter and social support because care is often rendered in hospitals and emergency rooms. Programs that address the complex medical needs of individuals experiencing homelessness are necessary to improve health and reduce the considerable burden on the emergency medical system and healthcare costs. These programs provide serious and preventative healthcare services and additionally can assist in navigating clients to other services that they may need, such as connecting them with housing resources or getting help applying for financial assistance through the State Department of Human Services.

Crisis Outreach Response and Engagement (CORE)

As discussed in the *Strengthening the Homeless Crisis Response System* strategy, the Crisis Outreach Response and Engagement (CORE) program was created through a collaboration between City departments and community partners to provide health services to O'ahu's unsheltered population. CORE uses refurbished ambulances to respond to crisis calls from or within the community that are non-violent and do not require emergent medical assistance.

The response team includes emergency medical technicians and community health workers trained in relationship building, extending compassion, problem-solving, and crisis prevention intervention. CORE can address non-emergency medical needs, such as treating wounds and changing bandages, and acts as a liaison, connecting the individual with many resources, including hygiene centers, health clinics, psychiatric services, shelters, and permanent housing.

CORE is committed to supporting a diversified response system adaptable to the needs of the participant, the community, and the responders' resources. Once the identified crisis is addressed, CORE deploys a participant-centered follow-up routine that includes continual assessment of their needs and linkage to community resources when necessary.

Medical Respite Partnership

To meet a growing need for medical care for individuals experiencing homelessness, the CORE program has partnered with the John A. Burns School of Medicine's Homeless Outreach and Medical Education (HOME) Project to open a clinic in Chinatown. The Pauahi Street location, relocated from Hotel Street, is accessible five (5) days a week and was intentionally collocated near the CORE headquarters on Pauahi Street to facilitate increased medical collaboration between the clinic and the CORE program.

In addition to medical care, the clinic may include limited medical respite short-term acute or post-acute care for individuals experiencing homelessness who are not sick enough to be in a hospital but are too ill to recover on the street. Often these individuals are unable to enter shelters, which require individuals to perform activities of daily living, such as bathing, using the restroom, or walking without assistance. Service providers have identified the lack of sufficient medical respite beds as a gap in the continuum of care system, which is why the City is working with partners like the HOME Project to fill this crucial service gap. Offering a safe place for these individuals to recover can help them stabilize and create a pathway to housing, thus improving care, preventing re-admission to emergency rooms, and reducing healthcare costs.

CORE and clinic personnel will insure that this medical clinic will not become an aggregator of homeless individuals to the Chinatown community. They will also work diligently to ensure the clinic does not promote homeless individuals aggregating on public spaces outside the clinic. The clinic is designed to help reduce the presence of ill homeless individuals on the streets of Chinatown, not increase the presence of ill homeless individuals on Chinatown streets.

Pūnāwai Rest Stop

Pūnāwai Rest Stop is a four-story facility located at 431 Kuwili Street. The ground floor consists of a hygiene center providing free restrooms, showers, and laundry facilities to men, women, and children experiencing homelessness within a clean, safe and dignified environment. The rest stop also offers a storage area for carts and pets and a program office enables social service providers to deliver outreach services with the goal of providing shelter and other necessities to people experiencing homelessness.

The mezzanine and second floor support the operations of a health services clinic that provides non-emergency services to people experiencing homelessness who are ambulatory and do not require hospitalization. The clinic complies with the State of Hawai'i Department of Health regulations of an outpatient clinic. The rest stop also offers permanent supportive housing for people experiencing homelessness, which can also be used to support the patients of the health services clinic located on the mezzanine level.

As noted earlier, housing and health go hand in hand. In addition to CORE, the HOME Project, and Pūnāwai Rest Stop, access to and facilitation of health services are embedded into many other City programs, including the City's Housing First voucher program. Many key partnerships have been formed, including through collaboration between homeless service provider agencies and Medicaid health plans. The City will continue to identify where gaps lie and how healthcare

and other services can be integrated together to better serve our unhoused population on their path to housing.

STRATEGY: BUILDING CAREER PATHWAYS TO EXIT HOMELESSNESS

Connecting people who are able to work with meaningful employment is a crucial strategy for helping individuals and families exit homelessness, achieve self-sufficiency, and maintain long-term housing stability. Beyond economic benefits, employment can provide fulfillment, boost confidence, and promote membership within the community.

Despite the importance of stable employment in helping people secure and remain in housing, many people experiencing homelessness face individual and structural barriers to gaining and maintaining employment. Employment programs are critical to provide support and reduce barriers to help individuals and families break the cycle of homelessness through financial stability.

TEAM WorkHawai'i

As discussed within the *Strengthening the Homeless Crisis Response System* strategy, TEAM WorkHawai'i encounters unsheltered individuals and families, those preparing to transition from correctional facilities to the community, and others in community-based treatment and helps them create a pathway to financial and housing stability.

Annually, the TEAM aims to provide 100 individuals and families with housing assistance or enroll them in employment and training programs. As of October 1, 2022, 80 individuals or heads of households entered one of the following WorkHawai'i programs:

- **Rent-To-Work** works with individuals and families experiencing homelessness to create a plan to end their homelessness and establish a pathway to financial and housing stability. Services include case management, rental subsidies for 12-24 months, occupational skills training, job placement, and resources to enhance their fundamental skills (i.e., financial literacy).
- **American Job Center Hawai'i (AJCH)** is a unique collaboration of State and local organizations to address the workforce development needs of Hawai'i – for both our residents who are seeking jobs and businesses that want to employ them. Through its hiring events, the AJCH connects job seekers to employers who need to fill the talent gaps in their workforce.
- **Kumuwai Permanent Supportive Housing** is a 30-unit building owned by the City and County of Honolulu, which includes 20 State of Hawai'i 'Ohana Zones-funded units targeted for elderly individuals transitioning from chronic homelessness. The facility is property-managed by the nonprofit, Housing Solutions, Inc., and the 20 'Ohana Zones-funded units include case management from TEAM WorkHawai'i. Kumuwai is a prime example of collaborative efforts between the City and County of Honolulu providing the facility and the State of Hawai'i supporting the service component.

O‘ahu Back to Work

O‘ahu Back to Work, a program of the Office of Economic Revitalization, is a partnership with the University of Hawai‘i and WorkHawai‘i, as well as other community-based training organizations to upskill O‘ahu’s workforce and provide paid internships and apprenticeships at the City and other targeted economic growth sectors.

O‘ahu Back to Work provided free job training for O‘ahu residents who suffered a job loss or an employment setback because of COVID-19. In Fall 2020 and Fall 2021, the University of Hawai‘i Community Colleges trained nearly 3,000 residents through this partnership with the City and County of Honolulu.

The O‘ahu Back to Work program is currently closed, but a third iteration of the program is anticipated. The proposal requests an allocation of \$5 million for one year and is now moving to the Department of Budget and Fiscal Services, then contracting.

With the structure of the WorkHawai‘i programs and the O‘ahu Back to Work initiative formed over the past few years, the City will continue to build upon these opportunities and determine how else they can be fine-tuned and expanded upon.

STRATEGY: HOUSING

At its core, homelessness is a housing problem. A [2019 study commissioned by the State Department of Business, Economic Development, and Tourism](#) estimates that the City and County of Honolulu will need an additional 22,168 units by 2025 to meet the demand for housing.

The annual [Out of Reach report](#) from the National Low Income Housing Coalition (NLIHC) consistently ranks Hawai‘i among the most expensive places to afford housing in the country. In 2022, Hawai‘i was ranked by the report to have the most expensive housing compared to our wages. The report showed that a person in Honolulu would need to either make \$43.08 per hour for a 40-hour work week to afford a 2-bedroom rental at fair market rent or would need to work 161 hours per week if they were paid minimum wage to rent that same unit. [According to NLIHC](#), the majority of Hawai‘i’s extremely low- and very low-income households are severely cost burdened by their housing, meaning that they spend more than 50% of their income on housing costs and utilities. Our severe housing shortage contributes to high housing costs, and with the additional burden of the high cost of living, people cannot afford a safe place to stay.

The City has several departments and offices that work to increase the supply of affordable housing within its jurisdiction, with the Department of Community Services (DCS) as the primary agency that administers programs to meet the human services, workforce, and housing needs of economically-challenged individuals and families with special needs. Two of its divisions – the Community Assistance Division and the Community Based Development Division – have a key role in programs and projects designed to preserve and expand the supply of affordable housing and keep low- and moderate-income households housed (see Figure 5 for the department’s organizational chart).

DEPARTMENT OF COMMUNITY SERVICES

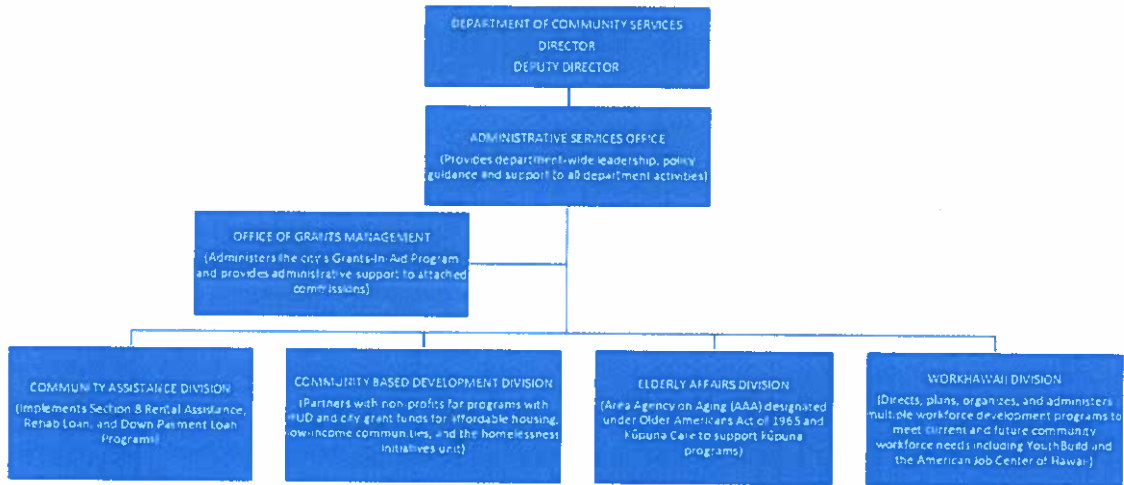


Figure 5: Organizational Chart for the Department of Community Services. Source: Department of Community Services.

Department of Community Services – Community Assistance Division

The Community Assistance Division manages programs that provide rental assistance to lower-income families; preserves decent, safe, and sanitary housing for low- and moderate-income households; and assists lower-income families to achieve economic self-sufficiency and homeownership. The Division administers the following federal voucher programs, which help to house those experiencing or at-risk of becoming homeless:

- **Housing Choice Voucher (HCV) Program**, also known as the Section 8 voucher program, provides rent subsidies to eligible low-income families to live in rental units of their choice. As of October 2022, the City's program currently assists 3,900 families, with approximately 586 on the waiting list. Three hundred and two households have been pulled off the waiting list and are at different stages of the process. Once determined eligible, the family must find a unit from a willing landlord and the unit must pass an inspection. The family's eligibility must be recertified annually. The City's HCV program rules include a limited preference for families certified as receiving housing assistance through a homeless program administered by the City.
- **Veterans Affairs Supportive Housing (VASH)** vouchers are available for veterans referred to the City by the Department of Veteran's Affairs (VA). As of October 2022, there are 196 households active in the program and five are in pending status, looking for a unit. Fifty-four unused vouchers are available for new applicants referred by the VA.
- **Family Unification Program (FUP)** vouchers assist former foster youth certified as eligible by the nonprofit Hale Kipa. As of October 2022, there are 48 individuals in the program. FUP vouchers provide 36 months of rental assistance and supportive services.
- **Emergency Housing Vouchers (EHV)** are provided through the federal American Rescue Plan Act (ARPA). This program provides the City with 312 vouchers for qualifying families referred to the program by Partners in Care. EHV's operate in a similar

manner to the Section 8 Housing Choice Voucher program, but EHV's are specifically for households experiencing or at-risk of homelessness and those fleeing volatile situations, such as domestic violence. As of January 2023, there have been 347 families referred and 116 have been leased up.

Department of Community Services - Community Based Development Division (CBDD)

The Community Based Development Division (CBDD) within the Department of Community Services works in partnership with the for-profit and nonprofit sector and other government agencies to address affordable housing, special needs housing, shelter, and supportive services for people in need. Funding for these activities is provided through the U.S. Department of Housing and Urban Development (HUD), as well as State and City funds. CBDD is made up of two functional divisions:

- The **Planning, Eligibility and Coordination Branch** manages federal, state, and City-funded projects and programs.
- The **Development, Acquisition, Construction and Fair Housing Branch** works with developers and nonprofit agencies to construct projects serving low- to moderate-income people or special needs populations. This Branch also promotes fair housing awareness on O'ahu.

The Planning, Eligibility and Coordination (PEC) Branch is primarily responsible for securing, soliciting proposals for, administering, and providing oversight and monitoring of competitive **grant funds distributed through HUD, the State of Hawai'i, the City and County of Honolulu**, and other sources of funding for people experiencing homelessness and/or for people with HIV and AIDs.

On the federal programs side, program planners in the PEC Branch coordinate various provider-based services to O'ahu residents that are funded through formula-based federal programs such as:

- **Emergency Solutions Grants (ESG) Program** helps individuals and families quickly regain stability in permanent housing after experiencing a housing crisis or homelessness. Housing-related programs funded by ESG consist of homeless prevention and rapid re-housing efforts for housing relocation and stabilization services (including rental application fees, security deposits, utility deposits or payments, last month's rent, and housing search and placement activities). Funds may also be used for short- or medium-term rental assistance for those at-risk of homelessness or transitioning to stable housing after homelessness occurs. The timing of the assistance determines which source of funds is used, based on whether the assistance occurs before a person becomes homeless or after.
- **Housing Opportunities for Persons with HIV/AIDS (HOPWA) Program** is dedicated to the housing needs of people living with HIV/AIDS. Low-income individuals (at or below 80 percent of the area median income) that are medically diagnosed with HIV/AIDS and their families are eligible to receive HOPWA-funded assistance. HOPWA funds may be used for a wide range of housing, social services,

program planning, and development costs. These include, but are not limited to, the acquisition, rehabilitation, or new construction of housing units; facility operations; rental assistance; and short-term payments to prevent homelessness. HOPWA funds also may be used for health care and mental health services, chemical dependency treatment, nutritional services, case management, assistance with daily living, and other supportive services. **As there are only two providers on O'ahu** delivering services to HOPWA clients for the past ten years, the City's Consolidated Plan for the period of 2021 to 2025 was amended to reflect the actual percentages of monies disbursed to these two organizations: 80% of future formulaic program grants will be awarded to [Gregory House Programs](#) and 20% will be awarded to [Hawai'i Health and Harm Reduction Center](#).

- **[Community Development Block Grant \(CDBG\) Program](#)** provides annual grants on a formula basis to states, cities, and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income people. Funds can be used to carry out a wide range of community development activities directed toward revitalizing neighborhoods, economic development, and providing improved community facilities and services. Each activity must meet one of the following national objectives for the program: benefit low- and moderate-income people, prevent or eliminate slums or blight, or address urgent community development needs where existing conditions pose a serious and immediate threat to the health or welfare of the community and other funding is not available. Under the CDBG program, qualified agencies may also be designated as Community Based Development Organizations (CBDOs) and provided funds to carry out neighborhood revitalization, community economic development, or energy conservation projects.

The [Homeless Initiatives Unit \(HIU\)](#), part of the PEC Branch, coordinates City and State-funded programs such as Housing First Tenant Based Rental Assistance and Case Management programs that provide permanent supportive housing for individuals experiencing chronic homelessness or victims of domestic violence; the Hale Mauiola emergency transitional shelter at Sand Island; and hygiene, landlord engagement, outreach navigation, and transportation programs that support the City's homeless outreach efforts.

Housing efforts funded by the City's General Fund (GF) include:

- **[Housing First](#)** offers permanent supportive housing for chronically homeless individuals. Housing First is an approach that prioritizes providing permanent housing to people experiencing homelessness, thus ending their homelessness and serving as a platform from which they can pursue personal goals and improve their quality of life. This approach is guided by the belief that people need basic necessities like food and a place to live before attending to anything less critical, such as getting a job, budgeting properly, or attending to substance use issues. Additionally, Housing First is based on the understanding that client choice is valuable in housing selection and supportive service participation. Exercising that choice will likely make a client more successful in remaining housed and improving their life. There are four increments of the City's Housing First program, some with different funding sources:
 - [Increment 1](#) – 115 persons (City GF case management/rental vouchers).

- Increment 2 – 100 persons (City GF case management/rental vouchers).
- Increment 3 – 100 persons (City GF case management/HUD HOME rental vouchers).
- Increment 4 – 60 (State ‘Ohana Zones case management/City GF rental vouchers) + 38 (rent only Permanent Supportive Housing)
- **Hale Mauiola** is a low-barrier emergency shelter facility that allows couples to stay together, providing lockable secure units for privacy and welcoming people with pets.
- **Pauahi Hale** is a 77-unit apartment complex for Housing First residents and Safe Haven operations for people with severe mental illness. Drop-in services for case management and counseling are also available at Pauahi Hale, including a hygiene center with showers and restroom facilities for people experiencing homelessness.
- **Pūnāwai Rest Stop** is a hygiene Center that includes showers, restrooms, laundry equipment, a storage area for carts and pets, and a program office to allow social service providers to deliver outreach services with the goal of providing shelter and other crucial needs to people experiencing homelessness. The second and third floors offer permanent supportive housing for people experiencing homelessness or in support of the programmatic needs of the patients of the health services clinic located on the mezzanine level (20 residential units + one live-in residential manager).
- **Landlord Engagement Program** identifies landlords willing to partner with the City for voucher holders, including Housing First, Rapid Re-Housing, Rent-to-Work, Section 8, and HUD-VASH (VA Supportive Housing).
- **Transportation** is contracted to help individuals experiencing homelessness move themselves and their belongings to shelter or permanent housing.

The City also receives funds from the State to support housing and homelessness efforts. In 2018, the Hawai‘i State Legislature passed Act 209, which appropriated \$30 million to create the ‘Ohana Zones pilot program to address homelessness statewide. In 2019 and 2022, an additional \$2 million and \$15 million were appropriated to support the program, respectively. Projects receiving ‘Ohana Zones funds must have a connection to state and county land and provide services to assist individuals and families experiencing homelessness in accessing permanent housing. The City uses its portion of the funds to support housing efforts, which include:

- **Housing First Increment 4** provides funding for permanent supportive housing for chronically homeless individuals. Sixty households are supported by State ‘Ohana Zones-funded case management with City GF rental vouchers and an additional 38 households are supported with rent only for permanent supportive housing.
- **Kumuwai Permanent Supportive Housing** is a 30-unit building owned by the City and County of Honolulu, which includes 20 ‘Ohana Zones-funded units specifically targeted at elderly individuals transitioning from chronic homelessness. The facility is property-managed by the nonprofit Housing Solutions, Inc., with the 20 ‘Ohana Zones-funded units case managed by WorkHawai‘i.
- **Hale Maluhia** provides 20 one-bedroom apartments for survivors of domestic violence in a City-owned facility that is property-managed by Housing Solutions, Inc., with services provided by the Domestic Violence Action Center. Hale Maluhia includes a range of on-site services for survivors and their families, including attorneys to assist with temporary restraining orders, custody matters, and other civil legal issues. The program provides stable long-term housing so participants can address issues related to

documentation and other legal concerns without the pressure of having to leave the facility within a designated time frame, such as 60 or 90 days.

The Development, Acquisition, Construction and Fair Housing (DACFH) Branch is primarily responsible for securing, soliciting proposals for, administering, oversight and monitoring of construction and acquisition of affordable low- and moderate-income housing projects for families, seniors, and special needs populations such as people experiencing homelessness, victims of domestic violence, people with disabilities such as physical impairments and severe mental illness, and youth. Program planners in the DACFH Branch attract, secure, and solicit funding and financing opportunities for community development and housing from federal, State, and City sources to maximize resources for the acquisition, construction, or renovation and rehabilitation of affordable housing units on O'ahu. Funding sources include:

- **Community Development Block Grant (CDBG) program** provides annual grants on a formula basis to states, cities, and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income people. Funds can be used to carry out a wide range of community development activities directed toward revitalizing neighborhoods, economic development, and providing improved community facilities and services. Activities overseen by the DACFH Branch primarily use these funds to develop, acquire and rehabilitate properties suitable for low- to moderate-income housing.
- **HOME Investment Partnerships (HOME) program** provides formula grants to states and localities that communities use, often in partnership with local nonprofits, to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership, providing direct rental assistance to low-income people, or "other reasonable and necessary expenses related to the development of non-luxury housing," such as site acquisition or improvement, demolition of dilapidated housing to make way for HOME-assisted development, and payment of relocation expenses. It is the largest federal block grant to state and local governments designed exclusively to create affordable housing for low-income households. For rental housing and rental assistance, at least 90% of benefiting families must have incomes that are no more than 60% of the area median income (AMI). In rental projects with five or more assisted units, at least 20% of the units must be occupied by families with incomes that do not exceed 50% of the AMI. The incomes of households receiving HUD assistance must not exceed 80% of the AMI. At least 15% of HOME funds must be set aside for specific activities to be undertaken by a special type of nonprofit called a **Community Housing Development Organization (CHDO)**. The City's two approved CHDOs are Habitat for Humanity and Hawaiian Community Development Board. More participation by smaller developers is encouraged.
- The HUD **Housing Trust Fund (HTF) program** is administered through the Hawai'i Housing Finance and Development Corporation and may be used for the production or preservation of affordable housing through the acquisition, new construction, reconstruction, and/or rehabilitation of non-luxury housing with suitable amenities. All HTF-assisted units must have a minimum affordability period of 30 years and serve individuals and families at 30% AMI or below. HTF-assisted rental housing must comply

with certain rent limitations. Developers have not been able to financially comply with the strict requirements in a very competitive market such as Honolulu. As a result of low interest from developers in the program, the City has not requested an allocation since Fiscal Year 2021. Should developers express interest in applying for and using the funds, the City will re-assess the market.

- The City's [Affordable Housing Fund \(AHF\)](#) is used for project development and construction leveraging. The AHF is funded by 0.5% of City Real Property Tax revenues and generates approximately \$7.5-8 million annually. A Charter Amendment in the 2022 General Election asked voters to consider raising the percentage to 1%, but the measure failed. The AHF can be used for the provision and expansion of affordable rental housing and suitable living environments in projects, which may include mixed-use, mixed-income projects. Activities can include land acquisition for, development of, construction of, and/or capital improvements or rehabilitation of residential units that are principally for people of low- and moderate-income. Units supported by the AHF must remain affordable for at least 60 years. Projects that have received AHF include:
 - **Family Justice Center** - \$2,000,000 to acquire and renovate a 20-bedroom apartment building.
 - **Ola Ka 'Ilima/Artspace** - \$4,400,000 to assist in developing low- to moderate-income housing, including 12 Housing First units.
 - **Hale Makana o Mā'ili** - \$2,000,000 performance mortgage to assist in developing 56 low- to moderate-income housing units.
 - **Nā Lei Hulu Kūpuna Renovation project, Phase I** - \$3,850,000 for the acquisition and renovation of 75 low-income apartments for seniors.
 - **Pauahi Hale** - \$300,000 to install a new fire alarm system in a City facility that provides permanent rentals for Housing First clients and individuals experiencing severe mental illness.
 - **Pūnāwai Building** - \$5,901,446 for the construction of a hygiene center and two floors of permanent rental housing.
 - **Kahauiki Village Phase II** - \$7,027,000 for infrastructure and construction of temporary housing units for families and individuals experiencing homelessness.
 - **Maunakea Marketplace** - \$7,428,730 for the renovation and repurposing of 38 second floor units to create housing for families and individuals experiencing homelessness.
 - **1531 Kewalo Street, Units D & E** - \$100,000 for due diligence costs to complete a HOME-funded Special Needs Housing purchase of a 10-bedroom duplex to be leased to The Youth Collaborative, consisting of Alternative Solutions Inc., RYSE, and Achieve Zero, formerly known as ALEA Bridge.
 - **Nā Lei Hulu Kūpuna Renovation project, Phase II** - \$1,853,000 for additional health, fire, and safety improvements.
 - **54-83 and 54-83A, 54-85 and 54-85A, 54-87 and 54-87A Hau'ula Homestead Road** - \$2,650,000 for due diligence and partial funding of three duplexes to add 15 dwelling units to the City's Special Needs Housing Inventory.
 - **87-288A-H Farrington Highway** - \$5,575,000 for due diligence and acquisition of eight five-bedroom homes to add up to 40 low- to moderate-income dwelling units to the City's Special Needs Housing inventory.

- **Halewiliikō** - \$6,000,000 to support the construction of a 140-unit senior housing complex on the former 'Aiea Sugar Mill.
- **Hālawā View II** - \$5,000,000 to support the construction of 302 affordable units near Pearl Harbor.
- **Hocking Hale** - \$3,923,433 to support the renovation of a building to provide 40 affordable units in Downtown Honolulu.
- **'Ōhana Hale** - \$4,900,000 to support the acquisition of land for a 180-unit affordable high rise in McCully.
- **Waiālua Mill Camp** - \$3,549,556 to acquire land for a 268-unit affordable housing community of single-family and multi-family structures.
- **Kailua Lofts** – \$4,800,000 for the acquisition of land for a 62-unit affordable apartment near Kawainui Marsh.



Figure 6: Map of Special Needs Housing Properties. Source: Department of Community Services.

The DACFH Branch also manages leases for 63 [Special Needs Housing](#) properties throughout the island that support housing programs for special needs populations (49 locations providing housing and/or emergency shelter) or affordable housing developments for families and seniors (14 properties). Qualified nonprofit organizations are contracted to provide housing and services

for special needs groups. The 63 properties are located throughout the island, disbursed amongst 19 zip codes for easy access and proximity to the residents and families served (see Figure 6).

The 63 special needs properties include:

- 23 that serve people with developmental disabilities or people with mental illness
- 11 that serve the elderly
- 11 that provide emergency shelter or transitional housing (families and youth)
- 3 that provide permanent rental housing for households experiencing homelessness
- 2 that provide housing or shelter for victims of domestic violence
- 7 that provide support for youth and young adults

Transitional Housing and Kauhale Villages

Transitional housing and kauhale villages offer another option beyond emergency shelter. These communities would foster a sense of belonging through secure, private areas for sleeping, common spaces for cooking and other activities, and offer services such as substance abuse counseling, job training, and housing placement to help residents obtain long-term housing.

As noted earlier, the City is looking to create systems that provide people with options that fit **their needs to create their path from homelessness to housing, and each person's path may look different.** For some individuals, especially for those who have been unhoused for a long time, living completely independently directly from homelessness can be a huge shock. This may be caused by a variety of different factors, including being pulled away from the communities that are formed living unhoused or getting used to living in an enclosed space again, which may be intimidating for some individuals. Housing that provides a stepping stone between homelessness and more permanent placements can be the key to success for many households, ultimately setting people up for longer-term stability.

Through research and discussions with the community, the City has identified existing groups that would be good candidates for a potential kauhale village. There are currently three projects in the planning stages. We envision a community consisting of **several "clusters" of tiny homes**, with 20 to 30 homes in each cluster. Although we anticipate there may be some zoning and permitting hurdles to build these communities, we plan to partner with the State to aggressively add options to our housing portfolio. A [State report from 2022](#) on non-traditional housing models for people transitioning from homelessness can help to proactively plan for and counteract some issues that may arise, with insights provided by local agencies that run non-traditional types of permanent or transitional housing.

As the City seeks to add more kauhale villages to our island, we will work with the community to determine their placement. We plan to partner with the State in acquiring land and with businesses and foundations to help develop the communities. The City has secured over \$13 million in Congressionally Directed Funding to help finance construction and operations.

STRATEGY: HOMELESSNESS PREVENTION AND DIVERSION

In 2022, 27% of O‘ahu households were considered [Asset-Limited, Income-Constrained, Employed \(ALICE\)](#), meaning they are above the federal poverty line but struggle to pay for necessities such as food, rent, childcare, and transportation and are only one financial crisis away from slipping into poverty. An additional 14% of O‘ahu households fall below the federal poverty line. As noted in the *Housing* strategy, our residents with the lowest incomes are [significantly cost burdened by their housing and utilities](#), with the majority of our lowest-income residents paying over 30% or even over 50% of their household income toward housing.

With so many residents barely able to make ends meet, we need to break the cycle and prevent people from losing their housing to truly end homelessness. Homelessness is a traumatic experience that not only results in losing a home, but also possessions, community connections, and sense of security. Programs that prevent people from falling into homelessness or divert people that lost their housing before they enter an emergency shelter are critical to "closing the front door" to homelessness.

Due to the health and economic impacts caused by the spread of the coronavirus pandemic, the City and County of Honolulu received additional funding to pursue more innovative projects for homelessness prevention and diversion programs.

Rental and Utility Relief Program and Mediation Services for Eviction Prevention

The [City’s Rent and Utility Relief Program \(RURP\)](#) was launched in April 2021 to help families stay housed during the pandemic and prevent evictions through payments of rent and utility bills. Administered by Catholic Charities Hawai‘i and the Council for Native Hawaiian Advancement, the program has distributed over \$200 million in aid and has helped over 15,000 local families as of January 2023. O‘ahu’s RURP was recognized as one of the best-performing rent and utility relief programs in the country by the Treasury.

Households qualified for the program if they could demonstrate financial hardship since March 2020 and met income eligibility limits of up to 80% of the area median income. 86% of families served earned less than \$64,000 a year. Eligible households could receive up to 18 months of payment for rent, electricity, and other utilities through the program. The average amount of support was around \$8,000 per household. Women are head of households for 60% of the families served.

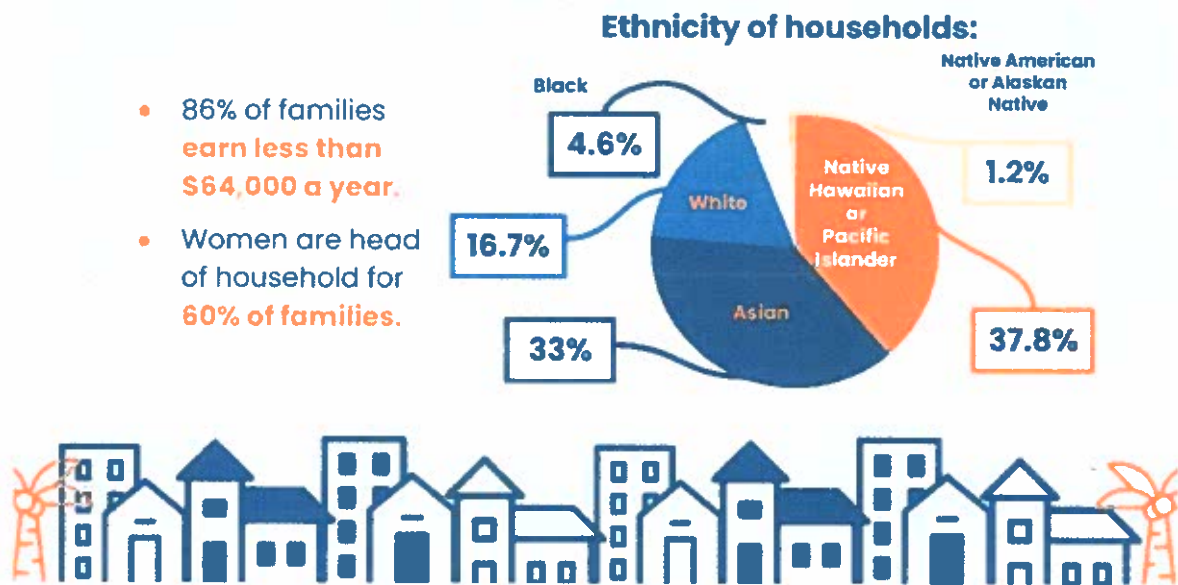


Figure 7: Rent and Utility Relief Program demographics as of October 2022. Source: Office of Economic Revitalization.

Recently, the City allocated an additional \$31 million in State and Local Fiscal Recovery Funds to extend the program through December 2022 to give families more time to plan to cover household expenses and landlords an opportunity to keep families housed while preventing evictions. The portal reopened on October 3, 2022, and closed on November 14, 2022, after receiving 8,000 new applications.

To assist households in transitioning after the end of the RURP, the City is contracting with Catholic Charities Hawai'i and the Council for Native Hawaiian Advancement to provide housing stability services, including case management, eviction diversion, housing counseling, financial literacy training, and connection to other social services and workforce development including job placement through WorkHawai'i.

During the first few years of the pandemic, eviction moratoriums prevented tenants who had fallen behind on rent from being evicted. To ease back into normalcy after the last statewide moratorium ended, the State Legislature passed [Act 57 \(2021\)](#), which temporarily increased the required timeframe for a landlord to provide notice of their intention to evict in cases of non-payment of rent from 5-days to 15-days. Additionally, the Act encouraged landlord-tenant mediation through free mediation services. Act 57 took effect on August 7, 2021.

Mediation services can help renters and landlords find common ground and agree on payment plans. Through the City and County of Honolulu, The Mediation Center of the Pacific provided free mediation services and helped more than 1,100 landlords during the Act 57 time period. [87% of mediation cases reached an agreement](#) and avoided evictions over the past year. Overall, it has been a successful strategy.

Although Act 57 expired on August 7, 2022, The Mediation Center of the Pacific continues to offer no-cost mediation to renters and landlords. They provide translation support and internet/computer access to tenants who need it. In addition, the District Court is encouraging judges with eviction cases to refer renters and landlords to mediation as this strategy has been beneficial for both parties involved.

Federal Aid to Respond to the COVID-19 Pandemic

Due to the health and economic impacts caused by the spread of the coronavirus pandemic, the City and County of Honolulu, through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) passed by the United States Congress on March 27, 2020, received additional Emergency Solutions Grants (ESG) funds and Community Development Block Grant (CDBG) funds to address the impacts of the coronavirus from the U.S. Department of Housing and Urban Development. The City used some of this additional funding on homelessness prevention and diversion programs, including:

- Eviction Prevention Payments (CDBG - CARES Act)
- O'ahu Housing Now Rapid Rehousing Program (ESG – CARES Act)
- Homelessness Prevention programs through the Institute for Human Services, the Salvation Army, and Family Promise of Hawai'i (ESG – CARES Act)

Department of Community Services - Elderly Affairs Division (EAD)

Although the Elderly Affairs Division (EAD) of the Department of Community Services does not directly support individuals experiencing homelessness, it does provide services and supports to allow older adults to live independently in their own homes. In those efforts, EAD supports **kūpuna (60 years or older) by providing “housing assistance” services through a contract with Catholic Charities of Hawai'i and WorkHawai'i via a Memorandum of Understanding. Housing assistance can include help with identifying housing needs, understanding options, and support finding adequate housing to improve an individual's present housing arrangement. Additionally, EAD administers a contract with the Legal Aid Society of Hawai'i to provide legal advice and representation for older adults for landlord and tenant issues, including eviction.**

CONCLUSION

The City's current and ongoing efforts mentioned throughout this plan are designed to approach individuals and the many challenges they may face with an understanding that there is no one-size-fits-all solution to ending homelessness. Providing the variety of programs and services for assistance that the City and our partners deliver creates more opportunities for people to choose their path forward toward becoming stably housed.

Homelessness can seem like an intractable problem, but progress is possible. The strategies outlined in this plan will bring us closer to our goal of making homelessness a rare, brief, and non-recurring experience. However, we also acknowledge the issue's complexity and envision this plan as a living document that will evolve as needs change.

With so many residents barely able to make ends meet and only one financial crisis away from slipping into poverty, homelessness could happen to anyone. The 2022 State of ALICE report estimates that 27% of O'ahu households were above the federal poverty line but struggled to pay for necessities such as food, rent, childcare, and transportation. An additional 14% of households were below the federal poverty line. As long as these conditions exist, we must approach the issue from both sides of the spectrum. We must prevent people at risk from falling into homelessness *and* help people experiencing homelessness find housing and connect them with supportive services so they can stay housed.

The City cannot solve this problem alone. Fortunately, there are many dedicated organizations, businesses, public servants, and concerned citizens that work tirelessly to help our most vulnerable residents. As we align our resources and efforts toward a common goal, together we can build a future without homelessness.