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CITY AND COUNTY OF HONOLULU

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May 15, 2024

2024-HOU-025

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

Dear Chair Waters and Councilmembers:

SUBJECT: Strong Support for Bill 3 (2024), CD1 – Relating to Incentives
for the Construction of Affordable Rental Housing

The Office of Housing (HOU) **strongly supports** Bill 3 (2024), CD1, which would increase the post-construction grant incentive created by Ordinance 21-12 to support the City's affordable rental housing program established by Ordinance 19-8. With the rise in interest rates, along with rising construction and material costs, it is incumbent upon the City to find ways to facilitate the delivery of housing under current conditions. We need to curtail the out-migration of residents, especially our workforce, that has been occurring over the past several years.

We appreciate the Zoning Committee's efforts to continue the conversation on a new pathway for financing affordable rental housing projects by offering grants on a pre-construction basis. However, as pre-construction grants would likely require rulemaking and an assessment of the administrative needs for implementation, the bifurcation of the pre-construction grants separately from the existing post-construction grants appears to be the best option to move forward. The administration also strongly supports offering grants on a pre-construction basis as an option for developers to choose from.

Those eligible for workforce housing include the gap income group – households that make too much to qualify for low-income rental units, but not enough to afford market rent. The affordable rental housing program supported by the post-construction grants is one of the very few programs aimed at this gap income group and is critical to

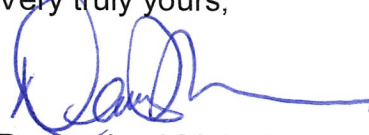
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providing the development community with a positive signal of the City's support for their projects currently in the pipeline.

With interest rates doubling since the Ordinance 19-8 program was first established, this measure would demonstrate the City's responsiveness to the trend in market conditions and provide residents with hope for the future of housing on O'ahu.

Thank you for the opportunity to provide testimony on this matter.

Very truly yours,



Denise Iseri-Matsubara
Executive Director

APPROVED:



Michael D. Formby
Managing Director