

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

530 SOUTH KING STREET, ROOM 306 • HONOLULU, HAWAII 96813
PHONE: (808) 768-4675 • FAX: (808) 768-4242 • WEBSITE: www.honolulu.gov/housing

RICK BLANGIARDI
MAYOR
MEIA



DENISE ISERI-MATSUBARA
EXECUTIVE DIRECTOR
PO'O HO'OKO

KEVIN AUGER
DEPUTY DIRECTOR
HOPE PO'O

June 26, 2024

2024-HOU-031

The Honorable Calvin Say, Chair
and Members
Committee on Zoning
530 South King Street, Room 202
Honolulu, Hawaii 96813

Dear Chair Say and Councilmembers:

SUBJECT: Support for Bill 31 (2024), proposed CD1 – Relating to
Pre-Construction Financing for Affordable Rental Housing

The Office of Housing (HOU) **supports** the proposed CD1 of Bill 31 (2024), which would provide a pre-construction financing option to support the development of affordable rental housing projects under Chapter 32, Revised Ordinances of Honolulu. Today's economic environment is very different from the time this housing program was first established in 2019. The feasibility of projects being developed under the Chapter 32 program has become a challenge due to inflation and the higher cost of construction and financing in the aftermath of the COVID-19 pandemic. This measure responds to these market conditions and addresses the need for financial assistance from the government to help close the gaps on Bill 7 projects as they work toward securing private financing. The proposed CD1 provides another option for developers by authorizing funding to be accessible on a pre-construction basis regardless of the size of the units offered in the project.

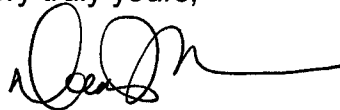
The Chapter 32 program, also known as Bill 7, is currently the only by-right housing program offered by the City that provides rental housing opportunities for our workforce (up to 100% of the area median income). This is housing for our teachers, our first responders, and our construction workers. They are part of the gap income group who earn too much to qualify for low-income rentals, yet not enough to afford market rate units.

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We appreciate the Zoning Committee's efforts to provide another option for government subsidy to assist in the development of affordable rental housing. The proposed CD1 pre-construction subsidy amounts are more than double the amounts provided for in the original grant incentive for this program (Ordinance 21-12). This new subsidy should help projects move forward.


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

Very truly yours,

A handwritten signature in black ink, appearing to read 'Denise Iseri-Matsubara', with a long horizontal line extending to the right.

Denise Iseri-Matsubara
Executive Director

APPROVED:

A handwritten signature in black ink, appearing to read 'Michael D. Formby', with a long horizontal line extending to the right.

Michael D. Formby
Managing Director