

OFFICE OF HOUSING
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CITY AND COUNTY OF HONOLULU

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June 26, 2024

2024-HOU-030

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

Dear Chair Say and Councilmembers:

SUBJECT: Support for Bill 3 (2024), proposed CD2 – Relating to Incentives
for the Construction of Affordable Rental Housing

The Office of Housing (HOU) **supports** the proposed CD2 of Bill 3 (2024), 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 higher cost of construction due to inflation, supply chain shortages, and interest rates doubling from the time this by-right housing program was first established, it is incumbent upon the City to find ways to help these projects materialize.

Being that Ordinance 19-8 was intended to promote the development of rental housing for households at or below 100% AMI, it has the potential of being a successful strategy to help stem the out-migration of our workforce. Part of our workforce falls in the gap income group – households that make too much to qualify for low-income rental units but not enough to afford market rent. This measure provides the development community with a positive signal of the City's support for their projects currently in the pipeline.

We appreciate the Zoning Committee's continuous efforts on Bill 3 as well as on the proposed creation of a new housing finance subsidy being considered under Bill 31 (2024) on a pre-construction basis. Compared to the existing grant formula established in Ordinance 21-12, the proposed CD2 of Bill 3 would increase post-construction grant amounts for all units, regardless of the unit size, thereby striking a balance between the different interests while working toward the same goal of increasing the housing supply.

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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', written in a cursive style.

Denise Iseri-Matsubara
Executive Director

APPROVED:

A handwritten signature in black ink, appearing to read 'Michael D. Formby', written in a cursive style.

Michael D. Formby
Managing Director