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

530 SOUTH KING STREET, ROOM 306 • HONOLULU, HAWAI'I 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'OKŌ

KEVIN AUGER
DEPUTY DIRECTOR
HOPE PO'O

July 10, 2024

2024-HOU-034

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: Support for Bill 19, FD1, CD1 – Relating to the Establishment of a Resident Preference in City Housing Programs

The Office of Housing (HOU) **supports** Bill 19, FD1, CD1, which would establish a resident preference in the City's housing programs. This policy would prioritize City residents and not exclude non-City residents from participating in our housing programs. We support prioritizing residents of the City and County of Honolulu to the degree that it does not violate any fair housing laws, as well as any equal treatment or equal protection laws. The resident preference proposed in this bill could potentially help address the out-migration that has been occurring over the past seven years; however, HOU defers to the Department of Planning and Permitting on the City's ability to verify an individual's "intent to reside or be domiciled in the City" as "intent" may be somewhat difficult to prove.

We also support the intent of the bill's amendments to the City's Affordable Housing Requirements (AHR) established by Ordinance 18-10, which is codified as Chapter 29, Revised Ordinances of Honolulu. The purpose of Ordinance 18-10 was to produce more affordable housing and preserve affordability for longer periods of time. Unfortunately, this policy has not produced its intended outcomes, particularly for affordable for-sale units, and has discouraged both developers and prospective buyers from participating.

For example, two projects subject to the AHR that opted for the 30-year term for affordable for-sale units, Sky Ala Moana and The Park on Ke'eaumoku, commenced marketing of their projects in the latter half of 2022. Now, almost two years later, only 16

of the 84 affordable units at Sky and 33 of the 146 affordable units at the Park have been sold (19.0% and 22.6%, respectively). Roughly 180 units remain unsold. While more discussion with the development community would be beneficial on these proposed amendments, the current outcomes signal a need for change.

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