

OFFICE OF HOUSING
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CITY AND COUNTY OF HONOLULU

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July 10, 2024

2024-HOU-035

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 31 (2024), CD1 – Relating to
Pre-Construction Financing for Affordable
Rental Housing**

The Office of Housing (HOU) **supports** Bill 31 (2024), CD1, 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 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.

We appreciate the City Council's efforts to provide another option for builders to choose from in terms of financing to support the development of affordable rental

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housing. The pre-construction subsidy amounts are more than double the amounts provided for in the original grant incentive for this program (Ordinance 21-12). As this new financing option would require the administration to work on establishing a new process that may involve rulemaking, we urge the Council to move the bill forward to continue the conversation on this measure.

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

Very truly yours,



Denise Iseri-Matsubara
Executive Director

APPROVED:



Michael D. Formby
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