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CITY AND COUNTY OF HONOLULU

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October 23, 2024

2024-HOU-055

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

The Office of Housing (HOU) **supports** the establishment of a pre-construction financing option for affordable rental housing projects built under Chapter 32, Revised Ordinances of Honolulu. Making governmental subsidies accessible to developers on a pre-construction basis could close financing gaps on projects as developers work toward securing private financing. This option would help to move more Chapter 32 projects forward and increase O'ahu's supply of affordable rentals for more moderate income households.

According to the City's housing consultant, CommunityScale, the projected household growth over the next five years will be concentrated in the more moderate- and upper-income levels. Households in these same income groups appear to be the ones who have been moving away over the past several years.

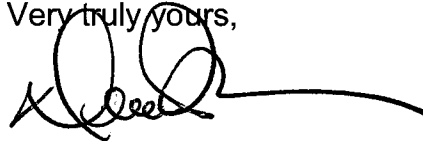
Given O'ahu's population trends, we would like to point out that as currently written, both Bill 3 (2024), which became Ordinance 24-23, and the proposed Bill 31 (2024) would allow the use of City Affordable Housing Funds and State Rental Housing Revolving Funds. The blending of these financing resources has the effect of lowering the eligibility threshold to 60% AMI households (approximately \$58,000 for individuals and \$67,000 for couples). That would mean working couples in the restaurant industry or education sector may no longer qualify to rent in these projects. While there are larger scale programs that exist to support low-income rental housing, including the Low-Income Housing Tax Credit (LIHTC) program and the City's Affordable Housing

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Fund, the affordable rental program established under Chapter 32 is one of the very few housing programs that serves households up to 100% AMI (approximately \$97,000 for individuals and \$111,000 for couples).

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

Very truly yours,



Denise Iseri-Matsubara
Executive Director

APPROVED:



for

Michael D. Formby, Managing Director
Office of the Managing Director