REPORT OF THE COMMITTEE ON HOUSING, SUSTAINABILITY, ECONOMY & HEALTH

Voting Members:
Matt Weyer, Chair; Radiant Cordero, Vice-Chair;
Tyler Dos Santos-Tam, Augie Tulba, Andria Tupola

Committee Meeting Held
January 14, 2025

Honorable Tommy Waters
Chair, City Council
City and County of Honolulu

Mr. Chair:

Your Committee on Housing, Sustainability, Economy & Health, which considered Bill 19 (2024), FD1, CD1 entitled:

"A BILL FOR AN ORDINANCE RELATING TO HOUSING,"

which passed second reading and was the subject of a public hearing held at the July 10, 2024 Council meeting, reports as follows:

The purpose of this Bill is to address housing in the City and County of Honolulu, including by establishing a residence preference in the City's housing programs.

The Executive Director of the Office of Housing testified in support.

Your Committee considered and approved a CD2 version of the Bill that makes the following amendments:

A. Deletes SECTION 3 of the bill, which proposed to amend ROH Section 29-1.4(a) by removing the option for developers to satisfy the City's affordable housing requirement by producing for-sale affordable dwelling units that must remain affordable for 30 years and by increasing the length of time that for-sale affordable dwelling units must remain affordable.

B. Deletes SECTION 4 of the bill, which provided instructions for the Revisor of Ordinances. Renumbers the subsequent SECTION.

ADOPTED ON JAN 29 2025

COMMITTEE REPORT NO. 4

C. Makes miscellaneous technical and nonsubstantive amendments.

Your Committee on Housing, Sustainability, Economy & Health is in accord with the intent and purpose of Bill 19 (2024), FD1, CD1, as amended herein, and recommends that it pass third reading in the form attached hereto as Bill 19 (2024), FD1, CD2. (Ayes: Cordero, Dos Santos-Tam, Tulba, Weyer – 4; Noes: None; Absent: Tupola – 1.)

Respectfully submitted,



Committee Chair

HONOLULU CITY COUNCIL

KE KANIHELA O KE KALANA O HONOLULU

CITY AND COUNTY OF HONOLULU

ORDINANCE _____

BILL **19 (2024), FD1, CD2**

A BILL FOR AN ORDINANCE

RELATING TO HOUSING.

BE IT ORDAINED by the People of the City and County of Honolulu:

SECTION 1. Purpose and findings. The purpose of this ordinance is to address housing in the City and County of Honolulu ("City"), including by establishing a resident preference in the City's housing programs.

The City Council ("Council") finds that:

(1) A key objective of the O'ahu General Plan (2021), adopted by the Council on December 1, 2021 (approved on January 14, 2022), as required by the Revised Charter of the City and County of Honolulu 1973 (Amended 2017 Edition), as amended, is "[t]o ensure a balanced mix of housing opportunities and choices for all residents at prices they can afford";

(2) The City, having grappled with a critical shortage of affordable housing for residents for decades, has a compelling interest in providing affordable housing for its residents to fulfill the O'ahu General Plan objective; mitigate the displacement and upheaval of O'ahu residents; provide a sufficient workforce to ensure efficient governmental and business functioning; and ensure the stability of O'ahu families and communities;

(3) The median single-family home price in the City for April 2024 has increased to $1.1 million – almost three times the national average ($420,800), resulting in a decrease in the number of residents who are able to afford to buy or rent a home on O'ahu and a corresponding increase in O'ahu's homeless population and the number of island residents moving to the mainland;

(4) According to the U.S. Census Bureau, more than 67,257 residents left the State of Hawai'i ("State") between 2021 and 2022, and a majority of Native Hawaiians (55 percent) now live outside the State;

(5) Between July 1, 2020 and July 1, 2023, the City had an average net loss of 9,894 people per year, or an average out-migration of approximately 27 people per day, according to the State Department of Business, Economic Development, and Tourism ("DBEDT");

(6) The extreme out-migration of City residents has contributed to a high vacancy rate in many City positions, which negatively impacts optimal City functioning;

(7) The State Department of Human Services' 2023 Point in Time Count determined that the City's homeless rate for 2023 was 40.5 per 10,000 population, which was more than twice the 2023 national average and largely due to the lack of affordable housing;

(8) In March 2024, DBEDT estimated that, based on historical trends, 23,999 units would need to be built by 2035 to meet the City's housing demand;

(9) The Council has considered and enacted legislative alternatives to a resident preference policy, such as providing developer incentives and other development mechanisms to speed the development of affordable housing; however, the growth in City residents' need for affordable housing has outpaced the City's ability to provide it using these mechanisms alone;

(10) The Council believes that it is necessary to establish a preference for City residents who participate in various housing programs offered by the City, to the extent allowed by law, in order to provide City residents with housing opportunities they can afford pursuant to the O'ahu General Plan objective; stem the rapid out-migration of City residents; provide a sufficient workforce to maintain efficient City functioning; and stabilize O'ahu families and communities; and

(11) Based on the DBEDT analysis, *Hawai'i Population Characteristics 2019*, the Council further believes that a resident preference for City affordable housing programs will not have a significant, adverse, and disproportionate effect on any protected group under the federal or State housing laws or constitutions.

SECTION 2. Chapter 1, Revised Ordinances of Honolulu 2021 ("General Provisions"), is amended by adding a new article to be appropriately designated by the Revisor of Ordinances and to read as follows:

"ARTICLE __: RESIDENT PREFERENCE IN CITY HOUSING PROGRAMS

§ 1-__.1 Purpose.

This article establishes a preference for city residents who participate in various housing programs offered by the city, to the extent allowed by law.

§ 1-__.2 Definitions.

For the purposes of this article, the following definition applies unless the context clearly indicates or requires a different meaning.

City Resident. Any individual who has a stated intent to reside or be domiciled in the city.

§ 1-__.3 Preference policy.

It is the policy of the city to ensure that every program or initiative that promotes or is intended to promote the provision of housing, and that was created, developed, implemented, administered, required, supervised, managed, or guided by the city must, to the greatest extent allowed by law, include a preference for city residents. This policy instills only a preference for city residents and does not exclude non-city residents from such programs or initiatives. This preference must be construed broadly to effectuate the intended purpose of installing the aforementioned preference.

§ 1-__.4 Rules.

The department or agency designated by the mayor to implement this article may adopt rules pursuant to HRS Chapter 91 for the implementation, administration, and enforcement of this article."

A BILL FOR AN ORDINANCE

SECTION 3. This ordinance takes effect upon its approval.

INTRODUCED BY:

Tyler Dos Santos-Tam

Radiant Cordero

DATE OF INTRODUCTION:

March 15, 2024
Honolulu, Hawai'i

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel

APPROVED this _____day of _____, 20 _____.

RICK BLANGIARDI, Mayor
City and County of Honolulu

Report Title:
Housing Policy and Programs; City Resident Preference; Rulemaking Authority

Description:
Establishes a City resident preference policy for City housing programs. Defines "City Resident." Explains reasons for the policy. Authorizes the department or agency designated by the Mayor to adopt administrative rules to implement the policy.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.