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
April 29, 2025

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

Mr. Chair:

Your Committee on Housing, Sustainability, Economy & Health, which considered Bill 29 (2025) entitled:

"A BILL FOR AN ORDINANCE RELATING TO AFFORDABLE HOUSING,"

which passed second reading and was the subject of a public hearing held at the April 16, 2025 Council meeting, reports as follows:

The purpose of Bill 29 (2025) is to amend provisions related to affordable housing in the Revised Ordinances of Honolulu 2021 by extending the real property tax exemption for qualifying affordable rental dwelling units or affordable rental housing units from 10 years to 15 years.

Your Committee considered and approved a CD1 version of the Bill that makes the following amendments:

A. In SECTION 2 of the bill, allows any exemptions granted pursuant to ROH Section 8-10.33 prior to the effective date of this ordinance to be extended by five years (from 10 years to 15 years).

B. Adds a new SECTION 3 of the bill, which amends SECTION 8 of Ordinance 18-1 to extend the repeal date for:

   1. ROH Section 8-10.33 (relating to the Real Property Tax exemption for qualifying affordable rental dwelling units);

ADOPTED ON MAY 14 2025 COMMITTEE REPORT NO. 159

2. ROH Section 8-10.34 (relating to the Real Property Tax exemption for valuation increases due to qualifying construction work and marketing of affordable dwelling units); and

3. ROH Section 43-10.8 (relating to the waiver of wastewater system facility charges for affordable dwelling units),

to June 1, 2030 to address the conflicting repeal dates in the ordinances that established and later amended these ROH Sections. Renumbers subsequent sections accordingly.

C. Adds a new SECTION 4 of the bill, which amends SECTION 7 of Ordinance 18-10 to remove the repeal date for Section 3 of Ordinance 18-10. Renumbers subsequent sections accordingly.

D. In the renumbered SECTION 6 of the bill, clarifies that:

1. The amendments made in SECTION 2 of the bill do not affect the repeal date of Ordinance 18-1; and

2. Exemptions granted pursuant to ROH Section 8-10.33 prior to its repeal will remain in effect throughout the regulated period.

E. Makes miscellaneous technical and nonsubstantive amendments.

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

Your Committee on Housing, Sustainability, Economy & Health is in accord with the intent and purpose of Bill 29 (2025), as amended herein, and recommends that it pass third reading in the form attached hereto as Bill 29 (2025), CD1. (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 **29 (2025), CD1**

A BILL FOR AN ORDINANCE

RELATING TO AFFORDABLE HOUSING.

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

SECTION 1. Purpose. The purpose of this ordinance is to amend provisions related to affordable housing.

SECTION 2. Section 8-10.33, Revised Ordinances of Honolulu 2021 ("Exemption—Qualifying affordable rental dwelling units or affordable rental housing units"), is amended by amending subsection (a) to read as follows:

"(a) For the purposes of this section, the following definitions [~~shall~~] apply unless the context clearly indicates or requires a different meaning.

Affordable Housing Agreement. An affordable housing agreement as described in § 29-1.8, or a "regulatory agreement" as defined in § 8-10.17(a).

Declaration of Restrictive Covenants. Has the same meaning as defined in Chapter 32.

Exemption Period. The [~~ten-year~~] 15-year period commencing upon the effective date of the claim for a real property tax exemption pursuant to subsection (b)(4), and ending on June 30 of the last year of the [~~ten-year~~] 15-year period. Any exemptions granted pursuant to § 8-10.33 prior to the effective date of this ordinance will be extended by five years.

Regulated Period. The period during which a project is subject to an affordable housing agreement."

SECTION 3. SECTION 8 of Ordinance 18-1 is amended to read as follows:

"SECTION 8. Effective Date; repeal.

(1) This ordinance takes effect upon its approval; provided that the provisions of the ROH sections in SECTIONS 2, 3, 4, 5, and 6 of this ordinance relating to application of those ROH sections to affordable dwelling units required pursuant to [~~Chapter __ by Bill 58 (2017),~~] ROH Chapter 29, said provisions being set forth below, take effect on [~~the effective date of Bill 58 (2017), either in its original or amended form:~~] April 3, 2018:

A BILL FOR AN ORDINANCE

SECTION 2 – New ROH Section [~~8-10._(b)(1);~~] 8-10.33(b)(1);
SECTION 3 – New ROH Section [~~8-10._(b)(1);~~] 8-10.34(b)(1);
SECTION 4 – New ROH Section [~~14-10._(a)(1);~~] 43-10.8(a)(1);
SECTION 5 – New ROH Section 18-6.5(g)(1); and
SECTION 6 – New ROH Section 22-7.3(j)(1).

(2) This ordinance will be repealed on June 30, 2027; provided that [~~the following will not be repealed~~]:

(a) The amendments made to ROH Sections 18-6.5(e) and (f) in SECTION 5 of this ordinance[~~; and~~] will not be repealed;

(b) The amendments made to ROH Sections 22-7.3(a) through (i) in SECTION 6 of this ordinance[~~.~~] will not be repealed; and

(c) The ROH Sections added by SECTION 2, SECTION 3, and SECTION 4 of this ordinance will be repealed on June 1, 2030.

Notwithstanding the foregoing, any real property tax exemptions granted pursuant to SECTION 2 of this ordinance prior to its repeal on [~~June 30, 2027,~~] June 1, 2030, will continue for the regulated period, subject to the provisions in ROH Section [~~8-10.__ in SECTION 2 of this ordinance~~] 8-10.33 relating to ongoing requirements and the consequences of failing to meet those requirements."

SECTION 4. SECTION 7 of Ordinance 18-10 is amended to read as follows:

"SECTION 7. This ordinance takes effect upon its approval[~~; provided that Section 3 of this ordinance will be repealed on June 30, 2027~~]."

SECTION 5. Ordinance material to be repealed is bracketed and stricken. New material is underscored. When revising, compiling, or printing this ordinance for inclusion in the Revised Ordinances of Honolulu, the Revisor of Ordinances need not include the brackets, the material that has been bracketed and stricken, or the underscoring. In SECTION 2 of this ordinance, the Revisor of Ordinances shall, pursuant to the Revisor's authority under Section 1-16.3(b)(1), Revised Ordinances of Honolulu 2021 ("ROH"), replace the phrase "the effective date of this ordinance" or similar phrase used in the codified language of this ordinance with the actual date on which the ordinance takes effect.

A BILL FOR AN ORDINANCE

SECTION 6. This ordinance takes effect upon its approval, provided that:

(1) The amendments made in SECTION 2 of this ordinance do not affect the repeal date of Ordinance 18-1; and

A BILL FOR AN ORDINANCE

(2) Any real property tax exemptions granted pursuant to ROH Section 8-10.33 prior to its repeal will continue for the regulated period, subject to the provisions in ROH Section 8-10.33 related to ongoing requirements and the consequences of failing to meet those requirements.

INTRODUCED BY:

Matt Weyer

DATE OF INTRODUCTION:

March 13, 2025
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:
Real Property; Affordable Housing; Tax Exemption; Exemption Period

Description:
Extends the real property tax exemption for qualifying affordable rental dwelling units or affordable rental housing units from 10 years to 15 years and allows exemptions granted prior to the effective date of this ordinance to be extended by five years. Extends the repeal date for: (1) Real Property Tax exemption for qualifying affordable rental dwelling units; (2) Real Property Tax exemption for valuation increases due to qualifying construction work and marketing of affordable dwelling units; and (3) the waiver of wastewater system facility charges for affordable dwelling units to June 1, 2030 to address the conflicting repeal dates in the ordinances that established and later amended these ROH Sections.

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