'25SEP17 AM 8:24 CITY CLERK

DEPARTMENT OF HOUSING AND LAND MANAGEMENT
KA 'OIHANA HO'OLĀLĀ KŪKULU HALE A ME KA HO'OKELE 'ĀINA
CITY AND COUNTY OF HONOLULU

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September 16, 2025

The Honorable Val Okimoto, Chair
and Members
Committee on Budget
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawai'i 96813

Dear Chair Okimoto and Councilmembers:

SUBJECT: Proposed CD1 to Bill 55 (2025) Relating to Multi-Family Rental Housing Program Fees

After a 23-year hiatus, the City and County of Honolulu (the "**City**") revived its Multi-Family Rental Housing Program (the "**Program**"), more commonly referred to as the private activity bond ("**PAB**") program, and adopted rules to administer the Program. See Section 20-27-4, Title 20, Chapter 27, City and County of Honolulu Administrative Rules (the "**Rules**"), entitled "Multi-Family Rental Housing Program". A copy of the Rules are attached hereto as **Exhibit "A"** for your convenience.

Among other things, the Rules state that the City shall charge program fees, with the fee established by ordinance. See Rules §20-27-4. Accordingly, on July 23, 2025, the Department of Housing and Land Management ("**DHLM**") transmitted Bill 55 (2025) to establish fees for the Program.

Each Program transaction requires a significant amount of City resources to structure and close. Bill 55 would allow the City to recover some of these costs by charging Program fees, payable both at the time of transactional closing and thereafter on an annual basis to ensure compliance.

On August 6, 2025, the City Council issued its approval of Resolution 25-198, authorizing an additional Program transaction which will support the development of 304 new affordable rental housing units. We are pleased to report that this transaction will close later this month. We respectfully request the City Council's support of Bill 55, which would allow the City to recover $100,000.00 at the time of closing.

DEPT. COM. 706
BUD

Since our submission of Bill 55 in July, we have had the opportunity to further discuss it with bond counsel and with the Hawai'i Housing Finance and Development Corporation, which administers programs similar to the Program. Based on those discussions, we hereby attached for consideration a proposed CD1 to Bill 55, identified as "Exhibit B", which makes the following changes:

1. Sets a ceiling rate (vs. a fixed rate) for the annual administration fee, to allow for flexibility in application.
2. Aligns the proposed language with other jurisdictions, where the annual administration fee is collected in arrears.
3. Includes an annual adjustment at a fixed rate to ensure that the fees are certain, and are not impacted by inflation.
4. Adds the definition for "Program" and "Regulatory period."
5. Amends the effective date to be "retroactive to February 4, 2022," the date the Rules were passed.
6. Other technical and non-substantive edits.

If you need further information or have any questions, please contact me at (808) 768-4674.

Sincerely,

Kevin D. Auger
Director Designate

Attachments

APPROVED:

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

OFFICE OF THE CITY CLERK

CITY AND COUNTY OF HONOLULU
530 SOUTH KING STREET, ROOM 100
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GLEN I. TAKAHASHI
CITY CLERK

January 25, 2022

2022 JAN 31 PM 3:33
DEPT OF PLANNING AND PERMITTING
CITY & COUNTY OF HONOLULU

Mr. Dean Uchida, Director
Department of Planning and Permitting
City and County of Honolulu
Honolulu, Hawaii 96813

Dear Mr. Uchida:

I am transmitting the original rules of the Department of Planning and Permitting, Governing Multi-Family Rental Housing, filed by your office on January 25, 2022, and to take effect on February 4, 2022.

Sincerely,

GLEN TAKAHASHI
City Clerk

GT/vc

Attachment

Exhibit A

CITY AND COUNTY OF HONOLULU
DEPARTMENT OF PLANNING AND PERMITTING
ADMINISTRATIVE RULES

Adoption of Title 20, Chapter 27

and

Repeal of Department of Housing and Community Development,
Multi-Family Rental Housing Program Rules

City and County of Honolulu Administrative Rules

January 20, 2022

SUMMARY

1. Title 20, Chapter 27, City and County of Honolulu Administrative Rules, entitled "Multi-Family Rental Housing Program" is adopted.

2. Department of Housing and Community Development, City and County of Honolulu Administrative Rules, entitled "Multi-Family Rental Housing Program" is repealed.

CITY AND COUNTY OF HONOLULU ADMINISTRATIVE RULES

TITLE 20

DEPARTMENT OF PLANNING AND PERMITTING

CHAPTER 27

MULTI-FAMILY RENTAL HOUSING PROGRAM

Subchapter 1 General Provisions

§20-27-1 Purpose
§20-27-2 Definitions
§20-27-3 Delegation
§20-27-4 Fees
§20-27-5 General requirements
§20-27-6 Compliance monitoring

Subchapter 2 Eligible Project Loan Funding Program

§20-27-10 Purpose
§20-27-11 Definitions
§20-27-12 Delegation
§20-27-13 Selection of Eligible Projects; criteria

Subchapter 3 Loans to Lenders Program

§20-27-20 Purpose
§20-27-21 Definitions
§20-27-22 Process and Procedure

Subchapter 4 Advance Commitment Program

§20-27-30 Purpose
§§20-27-31 to 20-27-32 (Reserved)

Subchapter 5 Purchase of Existing Loan Program

§20-27-40 Purpose
§§20-27-41 to 20-27-42 (Reserved)

Subchapter 6 Miscellaneous Provisions

§20-27-50 Yield on mortgage loans
§20-27-51 Severability
§20-27-52 Waiver
§20-27-53 Arbitrage
§20-27-54 Number

SUBCHAPTER 1

GENERAL PROVISIONS

§20-27-1 Purpose. These Rules are adopted under HRS Chapter 91 and implement Part III of HRS Chapter 201H as made applicable to the City and County of Honolulu by HRS §§46-15.1 and 46-15.2 as authorized by §§6-34.6 and 6-34.7 of the Revised Ordinances of Honolulu 1990, and as approved by the Mayor of the City and County of Honolulu and have the following objectives:

(1) Increase the supply of affordable rental units available in the City and County; and
(2) Make funds available at feasible interest rates to make Eligible Project Loans in order to permit the construction of Eligible Projects; and
(3) Encourage the participation of Qualified Sponsors in the programs authorized by Part III, HRS Chapter 201H. [Eff FEB 04 2022] (Auth: HRS §§46-15.1, 46-15.2, 201H-97) (Imp: HRS §§46-15.1, 46-15.2, 201H-98)

§20-27-2 Definitions. Whenever used in these Rules and the Procedural Handbook, unless the context otherwise requires:

"Agreement Concerning Costs" means the agreement between the Applicant, the City and County, and the Department whereby the Applicant agrees to pay the costs incurred by the City and County and the Department in processing the application and structuring of the proposed Bond issue, including internal and third party costs.

"Applicant" means any owner or developer that submits an Eligible Project Loan Application for the financing of an existing or proposed multi-family rental housing project under the program.

"Bond Trustee" means the national or state bank or trust company which administers the indenture of trust or comparable document covering the proceeds of a Bond issue to protect and enforce the rights of the Bondholders.

"Bonds" means the revenue bonds issued to finance all or any part of the -advance commitment program, the loans to lenders program, the purchase of existing loans program, and Eligible Project Loan Funding Program authorized under HRS part III, Chapter 201H and HRS Chapter 49, as made applicable by HRS §§46-15.1 and 46-15.2.

"Bondholder" means the investor or investors that purchased the Bonds and any successors thereto.

"City and County" means the City and County of Honolulu, Hawaii.

"Code" means the Internal Revenue Code of 1954, as amended, including Internal Revenue Code of 1986 and Internal Revenue Code of 1986, as amended.

"Contract rent" means the monthly rent approved by the City and County and payable by an Eligible Tenant to a qualified sponsor under the lease for a regulated unit in an Eligible Project.

"Credit enhancement" means security for the Bonds provided to support the promise to repay the Bondholder in order to improve the credit quality of the Bond issue.

"Department" means the Department of Planning and Permitting of the City and County.

"Director" means the Director of the Department of Planning and Permitting of the City and County or his or her designated representative.

"Eligible Project" means a project financed in whole or in part by a Qualified Sponsor pursuant to an Eligible Project Loan approved by the Director. An Eligible Project shall have a minimum of twenty percent of the total number of units targeted to households earning fifty percent or less of the Area Median Income determined by the United States Department of Housing and Urban Development (HUD) annually for the Honolulu Metropolitan Statistical Area, as adjusted for household size; or shall have a minimum of forty percent of the total number of units targeted to households earning sixty percent or less of the Area Median Income determined by HUD annually for the Honolulu Metropolitan Statistical Area, as adjusted for household size.

"Eligible Project Loan" means an interim or permanent loan made to a Qualified Sponsor to finance an Eligible Project pursuant to the provisions of HRS Chapter 201H.

"Eligible Tenant" means, with regard to an Eligible Project maintaining a minimum of twenty per cent of the total number of units targeted to households earning fifty percent or less of the Area Median Income determined by HUD annually for the Honolulu Metropolitan Statistical Area, as adjusted for household size, a person whose gross income, which when combined with the gross income of all other persons over the age of eighteen years residing in the same unit, does not exceed fifty per cent of the Area Median Income determined by HUD annually for the Honolulu Metropolitan Statistical Area, as adjusted for household size. With regard to an Eligible Project maintaining a minimum of forty per cent of the total number of units targeted to households earning sixty percent or less of the Area Median Income determined by HUD annually for the Honolulu Metropolitan Statistical Area, as adjusted for household size, "Eligible Tenant" means a person whose gross income, which when combined with the gross income of all other persons over the age of eighteen years residing in the same unit, does not exceed sixty per cent of the Area Median Income determined by HUD annually for the Honolulu Metropolitan Statistical Area adjusted for family size. In no event will the occupants of a unit be considered Eligible Tenants if all of such occupants are students as defined in §151(e) (4) of the Code, no one of whom is entitled to file a joint return under §6013 of the Code.

"Household income" means the gross income of a person, together with the gross income of all persons over the age of eighteen who intend to reside with such person in one residential unit, as calculated in the manner prescribed in the Code or the applicable Treasury Regulations.

"HRS" means the Hawaii Revised Statutes.

"Inducement Resolution" means the resolution adopted by the City and County signifying the City and County's first official action identifying the Eligible Project as one within the program as required under Treasury Regulations §§1.103 – 8(a)(5) and 1.150-2(e).

"Lender loan" means a loan of the Bond proceeds by the Bond Trustee to a Mortgage Lender for the purpose of funding an Eligible Project Loan.

"Median income" means the Area Median Income determined by HUD annually for the Honolulu Metropolitan Statistical Area as most recently determined by the Secretary of Housing and Urban Development under §8 of the United States Housing Act of 1937, or if programs under §8 are terminated, Area Median Income determined by HUD annually for the Honolulu Metropolitan Statistical Area determined under the method used by the Secretary prior to such termination.

"Mortgage" means the mortgage and security agreement and any other security for the obligation of a Qualified Sponsor to repay an Eligible Project Loan.

"Mortgage Lender" means a mortgage lender as defined in Part III, HRS Chapter 201H.

"Owner's Equity" means the sum of the capital and the market value of the assets, as confirmed by the Department, contributed by the Qualified Sponsor toward the development, or the acquisition and rehabilitation of an Eligible Project and any subsequent infusions of cash by the Qualified Sponsor for capital improvements as approved by the Department. The initial amounts contributed towards Owner's Equity shall be verified by a cost certification audit, or such other verification acceptable to the Department, performed upon completion of construction.

"Program" means the City and County's multi-family rental housing program as established by HRS Chapter 201H.

"Procedural Handbook" means a set of instructions, guidelines, terms, and conditions for making, funding, and servicing Eligible Project Loans.

"Qualified Project Period" means the period beginning on the first day on which at least ten per cent of the Regulated Units in the project are first occupied and ending on the latter of (a) the date which is fifteen years after the date upon which fifty per cent of the Regulated Units in the Eligible Project are first occupied; (b) the first day upon which no tax-exempt private activity bond issued with respect to the Eligible Project is outstanding; or (c) the date upon which any assistance provided with respect to the Eligible Project under §8 of the United States Housing Act of 1937 terminates.

"Qualified Sponsor" means a Qualified Sponsor as defined in Part III, HRS Chapter 201H and who is determined by the City and County to have articles of incorporation or comparable documents of organization or a written agreement with the City and County, which, in addition to other requirements of law, provides that if the person or entity receives an Eligible Project Loan from the City and County as provided for in Part III, HRS Chapter 201H, it shall be authorized to enter into an agreement with the City and County , providing for regulations with respect to rents, profits, dividends and dispositions of property or franchises.

"Regulated Unit" means a unit occupied by or made available for occupancy by an Eligible Tenant. No less than twenty per cent of the total number of dwelling units in an Eligible Project must be regulated units.

"Regulatory Agreement" means the agreement between the Department/ City and County and a Qualified Sponsor that prescribes the manner in which the Eligible Project is to be operated, among other things, the rental rates to be charged on the regulated units.

"Rental schedule" means the schedule of rents, including the contract rents, covering all units in an Eligible Project.

"Reserve fund for replacements" means a restricted custodial account established and maintained under the Regulatory Agreement or by the Mortgage Lender, the proceeds of which are to be disbursed for the funding of extraordinary maintenance and repair and replacement of capital items.

"Sale resolution" means the resolution adopted by the City and County authorizing the issuance of Bonds by the City and County.

"Rules" means these Rules adopted pursuant to Part III, HRS Chapter 201H, as made applicable by HRS §§46-15.1 and 46-15.2, as authorized by Ordinance No. 84-113 (Revised Ordinances of Honolulu 1990, §§6-34.6 and 6-34.7) and HRS Chapter 91 and as approved by the Mayor of the City and County.

"State" means the State of Hawaii.

"Treasury Regulations" means the regulations promulgated by the United States Department of the Treasury.

"Underwriter" means the investment banking firm, if any, which structures the Bond financing, sells the Bonds and delivers the proceeds to the Bond Trustee.

[Eff FEB 04 2022] (Auth: HRS §§46-15.1, 46-15.2, 201H-97) (Imp: HRS §§46-15.1, 46-15.2, 201H-97)

§20-27-3 Delegation. The City and County delegates to the Director the authority to implement and carry out the purposes of this these Rules.

[Eff FEB 04 2022] (Auth: HRS §§46-15.1, 46-15.2, 201H-97) (Imp: HRS §§46-15.1, 46-15.2, 201H-97)

§20-27-4 Fees.

The City and County shall charge the following program fees with the fee established by ordinance:

(1) Application fee;

(2) Administrative fees:

(A) At Bond issuance; and

(B) Annual fee as a percent of the permanent multi-family loan amount; and

(3) Annual compliance monitoring fee per unit per year for all project units excluding managers units. [Eff FEB 04 2022] (Auth: HRS §§46-15.1, 46-15.2, 201H-100) (Imp: HRS §§46-15.1, 46-15.2, 201H-100)

§20-27-5 General requirements. (a) In order to qualify as an Eligible Project, a multi-family rental housing project must be able to meet the following criteria:

(1) The Eligible Project must be financed by an Eligible Project Loan approved by the City and County;

(2) The Eligible Project must contain four or more similarly constructed units that are not designed to be used on a transient basis (i.e. the units must include full kitchens and bathrooms);

(3) The Eligible Project must maintain at least twenty percent of the units as rentals for Eligible Tenants;

(4) The Eligible Project must be maintained as a residential rental housing project continuously throughout the Qualified Project Period;

(5) The Eligible Project must be subject to a Regulatory Agreement with the City and County;

(6) The Eligible Project must be subject to an Agreement Concerning Costs with the City and County and Department; and

(7) The Eligible Project must qualify as a low- and moderate-income housing project under HRS §46-15.1(g).

(b) Construction of an Eligible Project must be completed within thirty months from the sale of the Bonds to be sure that the Eligible Project Loan can be completely funded prior to the lapse of thirty-six months from the date of the Bond sale. [Eff FEB 04 2022] (Auth: HRS §§46-15.1, 46-15.2, 201-97) (Imp: HRS §§46-15.1, 46-15.2, 201H-97, 201H-105, 201H-106)

§20-27-6 Compliance monitoring. The City and County or its authorized agent shall monitor the Eligible Project and the Qualified Sponsor throughout the term of the Eligible Project Loan to determine compliance with program requirements. [Eff FEB 04 2022] (Auth: HRS §§46-15.1, 46-15.2, 201H-97) (Imp: HRS §§46-15.1, 46-15.2, 201H-97, 201H-105, 201H-106)

SUBCHAPTER 2

ELIGIBLE PROJECT LOAN FUNDING PROGRAM

§20-27-10 Purpose. The purpose of this program is to provide Eligible Project Loans to Qualified Sponsors by directly making or by contracting with Eligible Project Loan Servicers to fund Eligible Project Loans. [Eff FEB 04 2022] (Auth: HRS §§46-15.1, 46-15.2, 201H-97) (Imp: HRS §§46-15.1, 46-15.2, 201H-97, 201H-105, 201H-106)

§20-27-11 Definitions. As used in this subchapter and the Procedural Handbook, unless the context otherwise requires:

"Commitment Letter" means the City and County's notice to a Qualified Sponsor of the acceptance of the Eligible Project Loan Application subject to the acceptance and conditions of the Eligible Project Loan Servicing Agreement, if applicable.

"Eligible Project Loan Application" means an application from a Qualified Sponsor, in such form as prescribed by the City and County, requesting an Eligible Project Loan.

"Eligible Project Loan Servicer" means a Mortgage Lender or its designee as approved by the City and County, which has executed an Eligible Project Loan Servicing Agreement.

"Eligible Project Loan Servicing Agreement" means an agreement among a Qualified Sponsor, an Eligible Project Loan Servicer and the City and County in a form as prescribed by the City and County to fund and service or service an Eligible Project Loan.

"Eligible Project Loan Servicing Agreement Application" means an application from an Eligible Project Loan Servicer, in such form as prescribed by the City and County and Qualified Sponsor to fund and service or service an Eligible Project Loan to a Qualified Sponsor. [Eff FEB 04 2022] (Auth: HRS §§46-15.1, 46-15.2,) (Imp: HRS §§46-15.1, 46-15.2, 201H-97, 201H-105, 201H-106)

§20-27-12 Process and procedures. (a) Eligible Project Loan Applications and Eligible Project Loan Servicing Agreement Applications shall be available at the principal office of the Director.

(b) In order for a Qualified Sponsor to submit (i) an Eligible Project Loan Application, the Qualified Sponsor shall also submit an Eligible Project Loan Servicing

Agreement Application or (ii) evidence satisfactory to the City and County of other servicing arrangements plus (x) evidence that the eligible Project has received a conditional commitment or site appraisal and marketing analysis letter from the Federal Housing Administration or similar commitment documents from other insuring or guaranteeing agencies of the federal government or (y) other evidence that the Eligible Project Loan meets the requirements specified in the Procedural Handbook, if any, or determined by the City and County in its sole discretion for Eligible Project Loans not insured or guaranteed by the federal government.

(c) After receipt of Eligible Project Loan Applications and other documents required in subsection (b) above, the City and County may, subject to such terms and conditions as described in the Procedural Handbook, if any, or determined by the City and County in its sole discretion, issue its Commitment Letter to the Qualified Sponsor.

(d) The City and County shall establish such restrictions, as deemed necessary, on the annual return to the Qualified Sponsor, as described in the:

(1) Commitment Letter; and

(2) Eligible Project Loan Servicing Agreement; and

(3) Procedural Handbook, if any.

(e) The operation and implementation of the Eligible Project Loan Funding Program shall be conducted in accordance with Part III of HRS Chapter 201H, these Rules and the Procedural Handbook, if any, as supplemented from time to time by the City and County in its sole discretion. [Eff FEB 04 2022] (Auth: HRS §§46-15.1, 46-15.2, 201H-97) (Imp: HRS §§46-15.1, 46-15.2, 201H-97, 201H-105, 201H-106)

§20-27-13 Selection of Eligible Projects; criteria. (a) In considering an Eligible Project Loan Application, the City and County shall determine whether the Eligible Project would provide affordable rental housing as well as address the needs of lower income individuals and families. Preference shall be given, whenever practicable, to those Eligible Projects that treat housing problems in the context of the total needs of the tenants and the community, recognizing that the development of isolated housing units, without regard to the neighborhood and the availability of support facilities, tends to create undesirable consequences.

(b) In addition to the program preferences referenced in this section, the City and County shall evaluate Eligible Projects in the following primary areas:

(1) Qualifications of Applicant and development team;

(2) Site evaluation and land use characteristics;

(3) Environmental impacts;

(4) Zoning, subdivision, and permitting requirements;

(5) Impacts to cultural and or historical sites;

(6) Financial, operational, and regulatory compliance evaluation;

(7) Project design;

(8) Unit variety and family types served;

(9) Tenant displacement and relocation considerations;

(10) Energy conservation and efficiency considerations;

(11) Target population and market conditions; and

(12) Overall competitive position, merit, and feasibility of the Eligible Project.

[Eff FEB 04 2022] (Auth: HRS §§46-15.1, 46-15.2, 201H-97) (Imp: HRS §§46-15.1, 46-15.2, 201H-97, 201H-105, 201H-106)

SUBCHAPTER 3

LOANS TO LENDERS PROGRAM

§20-27-20 Purpose. The purpose of this program is to provide loans to Mortgage Lenders to be used to make Eligible Project Loans. The loan amount shall be based on an agreement by Mortgage Lenders to originate a specified principal amount of Eligible Project Loans. [Eff FEB 04 2022] (Auth: HRS §§46-15.1, 46-15.2, 201H-97) (Imp: HRS §§46-15.1, 46-15.2, 201H-97)

§20-27-21 Definitions. As used in this subchapter and the Procedural Handbook, unless the context otherwise requires:

"Lender Loan Application" means a Mortgage Lender's application, in such form as may be prescribed by the City and County, to receive a loan from the City and County for the purpose of making Eligible Project Loans pursuant to the terms of the loan agreement.

"Loan Agreement" means an agreement between the City and County and a Mortgage Lender, in such form as may be prescribed by the City and County, which outlines the terms and conditions of the loan being made to the Mortgage Lender for the purpose of making Eligible Project Loans in accordance with these Rules and Procedural Handbook, if any.
[Eff FEB 04 2022] (Auth: HRS §§46-15.1, 46-15.2, 201H-97) (Imp: HRS §§46-15.1, 46-15.2, 201H-97)

§20-27-22 Process and procedures. (a) The City and County will advertise that Lender Loan Applications are available to Mortgage Lenders at the principal office of the Director at least thirty days prior to the deadline for submission of such applications to the City and County.

(b) The City and County may consider, among other things, in allocating the funds available for Eligible Project Loans:

(1) The financial condition of the Mortgage Lenders who submitted Lender Loan Applications;

(2) The demonstrated ability of the Mortgage Lenders to act as makers and servicers of the Eligible Project Loans; and

(3) The Eligible Project Loans to be made by the Mortgage Lender.

(c) The City and County shall establish fees and charges payable to the City and County by ordinance and such restrictions, as deemed necessary, on the annual return to the Qualified Sponsor and, the Mortgage Lender, as described in the:

(1) Loan Agreement; and

(2) Procedural Handbook, if any.

(d) The Loan Agreement shall contain the terms and conditions of the loan to the Mortgage Lender which may include, among other things, the following:

(1) The amount and nature of the collateral security the City and County may require;

(2) The maturity date of the loan;

(3) Prepayment penalties, if any;

(4) The Eligible Project Loans to be made by the Mortgage Lender; and

(5) The qualified sponsor to whom the Mortgage Lender will make an Eligible Project Loan.

(e) The operation and implementation of the Loans to Lenders Program shall be conducted in accordance with these Rules and the Procedural Handbook, if any. [Eff FEB 04 2022] (Auth: HRS §§46-15.1, 46-15.2, 201H-97) (Imp: HRS §§46-15.1, 46-15.2, 201H-97).

SUBCHAPTER 4

ADVANCE COMMITMENTS PROGRAM

§20-27-30 Purpose. The purpose of this program is to allow the City and County to purchase Eligible Project Loans from Mortgage Lenders. The purchase shall be based on an Advance Commitment by Mortgage Lenders to deliver a specified amount of the Eligible Project Loans to the City and County. [Eff FEB 04 2022] (Auth: HRS §§46-15.1, 46-15.2, 201H-97) (Imp: HRS §§46-15.1, 46-15.2, 201H-97, 201H-105)

§§20-27-31 to 20-27-32 (Reserved).

SUBCHAPTER 5

PURCHASE OF EXISTING LOANS PROGRAM

§20-27-40 Purpose. The purpose of this program is to provide funds to Mortgage Lenders to be used to make Eligible Project Loans. The funding shall be based on an agreement by Mortgage Lenders to deliver a specified amount of existing loans and Mortgage Lenders shall use the funds to originate Eligible Project Loans. [Eff FEB 04 2022] (Auth: HRS §§46-15.1, 46-15.2, 201H-97) (Imp: HRS §§46-15.1, 46-15.2, 201H-97, 201H-104)

§§20-27-41 to 20-27-42 (Reserved).

SUBCHAPTER 6

MISCELLANEOUS PROVISIONS

§20-27-50 Yield on mortgage loans. Mortgage Loans financed, funded or made by the City and County under these Rules shall bear interest at a rate which shall produce a yield to the City and County on the Mortgage Loans sufficient to:

(1) Pay principal and interest on the related issue of the City and County's Bonds;

(2) Provide adequate reserves, if any, for the holders of the bonds; and

(3) Cover the operating costs of the City and County for the Program;

Provided the yield on the Mortgage Loans shall not exceed the maximum allowed pursuant to the Code and the applicable Treasury Regulations. [Eff FEB 04 2022] (Auth: HRS §46-15.1, 46-15.2, 201H-97) (Imp: HRS §§46-15.1, 46-15.2, 201H-98, 201H-99, 201H-100)

§20-27-51 Severability. If any part, section, sentence, clause, or phrase of these Rules, or its application to any person or transaction or other circumstances, is for any reason held to be unconstitutional or invalid, the remaining parts, sections, sentences, clauses, and phrases of these Rules, or the application of these Rules to other persons or transactions or circumstances, shall not be affected.]. [Eff FEB 04 2022] (Auth: HRS §§46-15.1, 46-15.2, 201H-97) (Imp: HRS §§46-15.1, 46-15.2, 201H-98)

§20-27-52 Waiver. The City and County, by resolution, may waive or vary provisions of this Rule to conform to the requirements of applicable federal requirements. [Eff FEB 04 2022] (Auth: HRS §§46-15.1, 46-15.2, 201H-97) (Imp: HRS §46-15.1, 46-15.2, 201H-98)

§20-27-53 Arbitrage. It is the intent of the City and County not to exceed the arbitrage limitation of the Internal Revenue Code and the City and County may waive any provision of these Rules in any instance to comply with the arbitrage limitation. [Eff FEB 04 2022] (Auth: HRS §§46-15.1, 46-15.2, 201H-97) (Imp: HRS §46-15.1, 46-15.2, 201H-79)

§20-27-54 Number. The use of all words used in the singular shall extend to and include the plural. [Eff FEB 04 2022] (Auth: HRS §§46-15.1, 46-15.2, 201H-97) (Imp: HRS §§46-15.1, 46-15.2, 201H-98)

§20-27-55 Conflict. Should the provisions of these Rules conflict with any other affordable housing rules administered by the Department, the more restrictive provisions shall apply. [Eff FEB 04 2022] (Auth: HRS §§46-15.1, 46-15.2, 201H-97) (Imp: HRS §§46-15.1, 46-15.2, 201H-98)

CITY AND COUNTY OF HONOLULU ADMINISTRATIVE RULES

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

MULTI-FAMILY RENTAL HOUSING PROGRAM

Repealed

§§ 101 to 1005 Repealed. [R FEB 04 2022]

DEPARTMENT OF PLANNING AND PERMITTING

Title 20, Chapter 27, City and County of Honolulu Administrative Rules entitled "Multi-Family Rental Housing Program" were adopted on January 20, 2022, following a public hearing held on November 8, 2021, after public notice was given on October 8, 2021, in the Honolulu Star-Advertiser and on the Department of Planning and Permitting website.

The foregoing rulemaking action shall take effect ten days after filing with the Office of the City Clerk.

DEAN UCHIDA, Director

APPROVED AS TO FORM
AND LEGALITY:

Deputy Corporation Counsel

APPROVED this 24TH day of JANUARY, 2022.

RICK BLANGIARDI, Mayor
City and County of Honolulu

CERTIFICATION

I, DEAN UCHIDA, in my capacity as Director of the Department of Planning and Permitting, do hereby certify that the foregoing is a full, true and correct copy of Title 20, Chapter 27, City and County of Honolulu Administrative Rules, entitled "Multi-Family Rental Housing Program" that was adopted on January 20, 2022, following a public hearing held on November 8, 2021, after public notice was given on October 8, 2021, in the Honolulu Star-Advertiser.

DEAN UCHIDA, Director

Received this 25th day of January, 2022

City Clerk

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU
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RICK BLANGIARDI
MAYOR

DEAN UCHIDA
DIRECTOR

DAWN TAKEUCHI APUNA
DEPUTY DIRECTOR

EUGENE H. TAKAHASHI
DEPUTY DIRECTOR

January 20, 2022

RECEIVED
2022 JAN 21 PM 1:09
CITY CLERK

MEMORANDUM

TO: Rick Blangiardi, Mayor

FROM: Dean Uchida, Director
Department of Planning and Permitting

SUBJECT: Rules and Regulations Governing Multi-Family Rental Housing Program

The Department of Planning and Permitting (DPP) submits for your approval the attached "Rules Governing Multi-Family Rental Housing" (Rules), pursuant to Section 91-3(d), Hawaii Revised Statutes (HRS).

The proposed Rules are intended to (1) increase the supply of affordable rental housing units available in the City and County of Honolulu; (2) make funds available at feasible interest rates to make Eligible Project Loans in order to permit the construction of Eligible Projects; and (3) encourage the participation of Qualified Sponsors in the program.

The Rules repeal the Department of Housing and Community Development, Multi-Family Rental Housing Program Rules, and implement Part III of Chapter 201H, HRS, as made applicable to the City and County of Honolulu by Sections 46-15.1 and 15.2, HRS, to allow the City to issue tax exempt special revenue bonds for the purpose of increasing the supply of affordable housing units. The tax exempt financing made possible by these Rules will be available to eligible projects.

The Rules define "Eligible Project", in part, as having a minimum of 20% of the total number of units targeted to households earning 50% or less of the Area Median Income determined by HUD annually for the Honolulu Metropolitan Statistical Area; or shall have a minimum of 40% of the total number of units targeted to households earning 60% or less of the Area Median Income determined by Housing and Urban Development (HUD) annually for the Honolulu Metropolitan statistical area.

The Rules include fees, which are to be established by the City Council, to be charged by the City for the application, administrative fees at bond issuance and annually as a percent of the permanent multi-family loan amount, and annual compliance monitoring.

In order to qualify as an Eligible Project, the Rules provide that the multi-family rental housing project must meet certain criteria, including but not limited to, the project be financed by an eligible project loan approved by the City, it must contain four or more similarly constructed units, it must maintain at least twenty percent of the units as rentals for eligible tenants, and it must be subject to a regulatory agreement with the City.

Pursuant to Section 91-3(a), HRS, on October 8, 2021, the DPP posted to its website and published in the Honolulu Star-Advertiser a notice for a public hearing on the proposed Rules. A copy of the rules was posted on the DPP website. On November 8, 2021, the DPP held the public hearing at the Mission Memorial Auditorium at 550 South King Street, in Honolulu, Hawaii, for the purpose of affording all interested persons the opportunity to submit data, views, or arguments, orally or in writing on the proposed rules.

Having fully considered all written and oral submissions respecting the proposed Rules, the DPP now submits the attached Rules for your approval.

Attachment:

City and County of Honolulu Department of Planning and Permitting Administrative Rules Adoption of Title 20, Chapter 27 and Repeal of Department of Housing and Community Development, Multi-Family Rental Housing Program Rules

HONOLULU CITY COUNCIL
KE KANIHELA O KE KALANA O HONOLULU
CITY AND COUNTY OF HONOLULU

ORDINANCE _____

BILL 55 (2025), CD1
PROPOSED

A BILL FOR AN ORDINANCE

RELATING TO MULTI-FAMILY RENTAL HOUSING PROGRAM FEES

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

SECTION 1. Purpose and intent. The purpose of this ordinance is to establish fees for the City and County of Honolulu's Multi-Family Rental Housing Program.

SECTION 2. Chapter 6, Article 35 of the Revised Ordinances of Honolulu 2021 is hereby adopted to read as follows:

§ 6-35.1 Definitions.

For the purposes of this article, the following definitions apply unless the context clearly indicates or requires a different meaning. All capitalized terms used herein but not otherwise defined shall have the meanings ascribed thereto in the Rules.

Director. The director of housing and land management.

Program. The City and County's multi-family rental housing program as established by HRS Chapter 201H.

Regulatory period. The term of the regulatory agreement as defined in the Rules.

Rules. Title 20, Chapter 27, City and County of Honolulu Administrative Rules, entitled "Multi-Family Rental Housing Program".

§ 6-35.2 Fees.

Any person or entity requesting funding under the Program shall pay the following fees:

(a) Application Fee:

(i) Non-refundable initial application fee of $5,000, payable at the time of application.

(ii) An additional non-refundable application fee of $5,000 must be paid for any request for extensions or major modifications to the application.

(b) Administration Fees:

(i) An administration and processing fee of 0.5% of the requested loan amount, with a minimum of $50,000 and a maximum of $100,000, payable at the time of the bond issuance.

(ii) An annual fee of up to 0.125% of the total allocation amount, due and payable in arrears in annual installments, commencing upon bond issuance and payable on July 1st of each year through the term of the regulatory period. The annual fee will automatically increase by three percent (3.0%) effective as of the beginning of the second year and annually thereafter through the term of the regulatory period.

(c) Compliance Fee. A compliance monitoring fee of $35 per unit per year for all project units excluding manager units, will be due and payable in advance, commencing upon the date of the issuance of the certificate of occupancy and payable on July 1st of each year through the term of the regulatory period.

§ 6-35.3 Effective Date.

The authority to charge the Program fees established herein shall be retroactive to February 4, 2022.

SECTION 3. Ordinance material to be repealed is bracketed and stricken. New ordinance 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.

A BILL FOR AN ORDINANCE

SECTION 4. This ordinance takes effect upon its approval.

INTRODUCED BY:

_____

_____

_____

_____

_____

_____

DATE OF INTRODUCTION: _____

_____

_____
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