HONOLULU CITY COUNCIL

KE KANIHELA O KE KALANA O HONOLULU

CITY AND COUNTY OF HONOLULU

ORDINANCE _____

BILL **55 (2025), CD1**

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

The City Council ("Council") finds that the shortage of affordable housing within the City and County of Honolulu ("City") is a longstanding and complex issue. In order to address the ongoing affordable housing shortage, the Council adopted Resolution 25-86, FD1, which approved the amendment of the Revised Charter of the City and County of Honolulu 1973 (Amended 2017 Edition), as amended ("Charter"). This Charter amendment created a new Department of Housing and Land Management and authorized the Director of Housing and Land Management to, among other things, manage and operate projects within the City's housing inventory, as well as administer programs for affordable housing.

The Council further finds that the City has restarted its Multi-Family Rental Housing Program ("Program"), and has adopted rules for the administration of the Program. These rules, which took effect on February 4, 2022, allow the City to charge program fees that are established via ordinance. Thus, the City may now codify the fees for the Program within the appropriate section of the Revised Ordinances of Honolulu 2021.

SECTION 2. Section 6-34.1, Revised Ordinances of Honolulu 2021 ("Definitions"), is amended as follows:

1. By adding new definitions of "Multi-Family Rental Housing Program" and "Regulatory Period" to be appropriately inserted and to read as follows:

"***Multi-Family Rental Housing Program.*** The multi-family rental housing program authorized under HRS Chapter 201H and established by the city pursuant to § 6-34.6."

"***Regulatory Period.*** The term of the regulatory agreement as defined in the multi-family rental housing program rules."

2. By amending the definition of "Director" to read as follows:

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"***Director.*** The director of [~~community services.~~] housing and land management."

SECTION 3. Section 6-34.6, Revised Ordinances of Honolulu 2021, is amended to read as follows:

"**§ 6-34.6 Establishment of the multi-family rental housing** [~~loan~~] **program.**

This section establishes a loan program for the construction of multi-family rental housing units by using tax exempt revenue bonds."

SECTION 4. Section 6-34.7, Revised Ordinances of Honolulu 2021, is amended to read as follows:

"**§ 6-34.7 Adoption of** [~~rules of~~] **multi-family rental housing** [~~loan~~] **program**[~~.~~] **rules.**

The director [~~of community services~~] is authorized and directed, under and pursuant to and upon compliance with HRS Chapters 356D, 91, and 92, as amended, and the Charter, to adopt from time to time rules for the multi-family rental housing program [~~for the city~~]. The multi-family rental housing program rules must further the purposes of the multi-family rental housing program as set forth in HRS Chapter 356D, as amended, and be consistent with the purposes of this section. The multi-family rental housing program rules will have the force and effect of law. The director shall file in the office of the city clerk no fewer than three copies of the multi-family rental housing program rules."

SECTION 5. Chapter 6, Article 34, Revised Ordinances of Honolulu 2021 ("Housing Loan and Mortgage Programs"), is amended by adding a new Section 6-34.8 to read as follows:

"**§ 6-34.8 Multi-family rental housing program fees.**

(a) *Fees due.* Any person who participates in the multi-family rental housing program shall pay the following fees, as applicable:

(1) *Application fees.*

(A) *Initial application fee.* A non-refundable fee of $5,000, payable at the time the application is submitted.

(B) *Application extension or modification fee.* A non-refundable fee of $5,000 for any request for extension of or major modification to the application.

(2) *Administration fees*.

(A) *Bond issuance fee.* An administration and processing fee of 0.5 percent 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.

(B) *Annual fee.* An annual fee of up to 0.125 percent of the total allocation amount, due and payable in arrears in annual installments, commencing upon bond issuance and payable on July 1 of every year through the term of the regulatory period. The annual fee will automatically increase by 3 percent effective as of the beginning of the second year and annually thereafter through the term of the regulatory period.

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

(b) *Deposits*. The fees collected under this section must be deposited into the multi-family rental housing program account of the housing development special fund."

SECTION 6. Section 6-46.1, Revised Ordinances of Honolulu 2021, is amended to read as follows:

"**§ 6-46.1 Creation.**

There is created and established a special fund to be known as the "housing development special fund."

There [~~is~~] are established in the housing development special fund [~~a separate account~~] separate accounts to be designated as the "housing development [~~account" and a separate account to be designated as~~] account," the "affordable housing

development [~~account."~~] account," and the "multi-family rental housing program account.""

SECTION 7. Section 6-46.3, Revised Ordinances of Honolulu 2021, is amended to read as follows:

"**§ 6-46.3 Receipts and expenditures.**

(a) The proceeds of general obligation bonds and bond anticipation notes authorized and issued for the purpose of developing housing for sale or for rental in the city, including, without limitation, paying the cost of construction of housing for sale or for rental in the city and the acquisition of land therefor, must be deposited in the housing development special fund and credited to the housing development account therein. Moneys on credit to the housing development account must be expended solely for the purpose of developing housing for sale or for rental in the city, including all expenses incurred in connection with and related to the issuance of general obligation bonds or bond anticipation notes issued for such purpose; provided that the proceeds of general obligation bonds and bond anticipation notes must be applied solely to the particular project or projects for which such bonds and notes are authorized.

(b) Moneys from the sale or rental of housing developed from moneys on deposit in the housing development special fund and credited to the housing development account therein, including housing developed from the proceeds of general obligation bonds and bond anticipation notes of the city authorized and issued for such purpose, must be deposited in the housing development special fund as and when received.

(c) Moneys in the housing development special fund, other than moneys in the multi-family rental housing program account and moneys on credit to the housing development account [~~therein~~], may be expended in such amounts as appropriated in the annual executive operating and capital budget ordinances and amendments thereto for the following purposes:

(1) For rebate to the United States of America to the extent and as required by federal law;

(2) For additional credits to the housing development account for the development of additional housing for sale or for rental in the city;

(3) For the retirement of general obligation bonds or bond anticipation notes issued for the purpose of, and the proceeds of which have been applied to, the development of housing for sale or for rental in the city;

(4) For transfers to the general fund of the city as reimbursement of the principal of and interest on general obligation bonds or bond anticipation notes issued for, and the proceeds of which have been applied to, the development of housing for sale or rental in the city; and

(5) For payment of all expenses incurred in connection with and related to the issuance of general obligation bonds or bond anticipation notes issued for the development of housing for sale or rental in the city.

(d) Pending the expenditure of moneys on deposit in the housing development special fund or on credit to the housing development account therein, the director of budget and fiscal services shall, to the extent reasonable and practicable, invest and reinvest such moneys in accordance with law. Income from or earnings on the investment and reinvestment of such moneys must be deposited in the housing development special fund and must be expended as are all other moneys on deposit therein.

(e) In lieu fees or any other moneys received to satisfy city affordable housing requirements must be deposited in the housing development special fund and must be credited to the affordable housing development account. Moneys on credit in the affordable housing development account must be expended to increase the stock of affordable housing in the city by city or State agencies or by private persons or community housing development organizations under the sponsorship of or in partnership with city or State agencies. For the purposes of this section, "affordable housing" means housing for households earning between 30 and 80 percent of the area median income in the city as determined by the United States Department of Housing and Urban Development.

(f) Except for land acquired using moneys from the affordable housing development account, land acquired using moneys from the housing development special fund may be exchanged with another government entity for other land of equivalent value if the land disposed of by exchange is used for the development of housing for sale or rental in the city; provided first that such exchange must be approved by council resolution, and second, that if the land acquired by the city through such exchange is subsequently leased or sold by the city, the proceeds of the lease or sale must be deposited in the housing development special fund to the

credit of the housing development account. Land acquired by such exchange need not be used for the development of housing.

(g) Moneys collected from multi-family rental housing program fees must be deposited in the housing development special fund and credited to the multi-family rental housing program account therein. Moneys in the multi-family rental housing program account must be expended solely for the purpose of operating the multi-family rental housing program."

SECTION 8. 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.

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SECTION 9. This ordinance takes effect retroactive to February 4, 2022.

INTRODUCED BY:

Tommy Waters (br)

DATE OF INTRODUCTION:

July 30, 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:
Multi-Family Rental Housing Program; Fees; Housing Development Special Fund; Multi-Family Rental Housing Program Account; Department of Housing and Land Management ("HLM")

Description:
Creates a Multi-Family Rental Housing Program account within the Housing Development Special Fund, moneys from which must be expended solely for the purpose of operating the Multi-Family Rental Housing Program. Creates fees for the Multi-Family Rental Housing Program that must be deposited into the Multi-Family Rental Housing Program account. Specifies that the Director of Housing and Land Management, instead of the Director of Community Services, is authorized to adopt rules for the Multi-Family Rental Housing Program.

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