HONOLULU CITY COUNCIL

KE KANIHELA O KE KALANA O HONOLULU

CITY AND COUNTY OF HONOLULU

ORDINANCE _____

BILL 15 (2026)

A BILL FOR AN ORDINANCE

RELATING TO AFFORDABLE HOUSING REQUIREMENTS.

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

SECTION 1. Findings and purpose.

The City Council finds that Chapter 29, Revised Ordinances of Honolulu 2021 ("ROH"), was intended to help address the City's affordable housing crisis, and establishes an islandwide affordable housing requirement ("AHR") that applies to the new construction of 10 or more for-sale dwelling units, or to the conversion of hotels, offices, or rental units into multifamily dwellings containing 10 or more for-sale dwelling units, subject to certain exclusions.

ROH Chapter 29 categorizes projects as interim planned development-transit ("IPD-T") projects, planned development-transit ("PD-T") projects, or transit-oriented development ("TOD") special district projects seeking bonus height or density; or as projects in all areas, excluding IPD-T, PD-T, or TOD special district projects.

Under ROH Chapter 29, the number of affordable housing units required is determined as a percentage of the total number of dwelling units in the principal project, and the percentages are higher for IPD-T, PD-T, and TOD special district projects.

For-rent AHR units must be rented to households earning 80 percent or below of the area median income ("AMI") based on U.S. Department of Housing and Urban Development annual income limits for the Honolulu Metropolitan Statistical Area as adjusted for household size, at prices affordable to those households, and must remain affordable for a minimum of 30 years. A developer that elects to provide affordable rental units must set aside 15 percent of the total project units as affordable rental units if the project is an IPD-T, PD-T, or TOD special district project, or 5 percent of the total project units if the project is not an IPD-T, PD-T, or TOD special district project.

For-sale AHR units must be sold to households earning 120 or below of the AMI at prices affordable to those households. At least one-half of those units must be sold to households earning 100 percent or below of the AMI at prices affordable to those households.

A developer may provide affordable onsite for-sale AHR units under three options based on the length of time the units must remain affordable:

1. For IPD-T, PD-T, or TOD special district projects, 10 percent of the total units must remain affordable for a minimum of 30 years, 20 percent of the total units must remain affordable for a minimum of 10 years, or 30 percent of the total units must remain affordable for a minimum of five years; and

2. For all other projects, five percent of the total units must remain affordable for a minimum of 30 years, 10 percent of the total units must remain affordable for a minimum of 10 years, or 15 percent of the total units must remain affordable for a minimum of five years.

A developer may provide affordable offsite for-sale AHR units within the same rail station area as the principle project (for IPD-T, PD-T, or TOD special district projects), or within the same development plan area as the principle project (for projects other than IPD-T, PD-T, or TOD special district projects) at the same percentages, but would need to add five percent to each of the categories if the for-sale AHR units are located outside of the rail station area or development plan area in which the principal project is located.

Two IPD-T projects elected to provide for-sale affordable housing pursuant to ROH Chapter 29 under the option requiring that 10 percent of the total units remain affordable for a minimum of 30 years. While 10 percent of the total units constitutes the lowest percentage of total units that must be provided as affordable for IPD-T projects, the 30-year affordability period proved to be problematic. Many of the affordable units were small in size, and the 30-year affordability period was not appealing to potential home buyers who planned to start families, or for other reasons would need a larger home before the 30-year period expires.

Under ROH Chapter 29, four marketing periods are specified, with each of the first three marketing periods consisting of a 120-day period. As the marketing periods progress, the affordable rental or for-sale units could be incrementally offered to household income groups that are 20 percent higher than the household income group for the previous marketing period, not to exceed households earning 140 percent of the AMI, but at prices affordable to households earning the percentage of AMI originally required. The unintended result of this marketing period provision is that the affordable units may remain vacant for months while prospective renters or buyers wait for the marketing periods to expire.

The purpose of this ordinance is to amend the affordable housing requirements in ROH Chapter 29.

A BILL FOR AN ORDINANCE

SECTION 2. Section 29-1.2, Revised Ordinances of Honolulu 2021 ("Definitions"), is amended by repealing the definitions of "First Marketing Period," "Second Marketing Period," and "Third Marketing Period."

~~["***First Marketing Period.*** The first 120 days during which an affordable dwelling is marketed, and may be rented or sold, as applicable, to households earning the applicable AMI."]~~

~~["***Second Marketing Period.*** The 120-day period immediately following the first marketing period, during which an affordable dwelling is marketed, and may be rented or sold, as applicable, to households earning the applicable AMI."]~~

~~["***Third Marketing Period.*** The 120-day period immediately following the second marketing period, during which an affordable dwelling is marketed, and may be rented or sold, as applicable, to households earning the applicable AMI."]~~

SECTION 3. Section 29-1.4, Revised Ordinances of Honolulu 2021 ("Affordable housing requirement"), is amended by amending subsection (a) to read as follows:

"(a) The affordable housing requirements set forth in Table 29-1.4 of this subsection apply to all projects subject to this chapter pursuant to § 29-1.3. The requirements must be met by satisfying one or a combination of the options in this section subject to the director's approval. If a combination of options is used, the declarant shall designate the proportionate share of the affordable housing requirement that each option will fulfill, and the sum of the proportionate shares must equal or exceed one. Fulfillment of the requirement may account for varying unit sizes, lower income ranges, rounding, or other factors, subject to the director's approval, as established in rules adopted pursuant to § 29-1.11. Affordable for-sale dwelling units must be owner occupied.

A BILL FOR AN ORDINANCE

TABLE 29-1.4

AFFORDABLE HOUSING REQUIREMENT PROVISIONS, AS A PERCENTAGE OF THE TOTAL NUMBER OF DWELLING UNITS IN THE PRINCIPAL PROJECT

Principal Project Location	For Sale[1] or For Rental[2]	On-Site Production[3]	Off-Site Production[3]	Conveyance of Land
[~~The following requirements take effect on April 3, 2018.~~]				
IPD-T projects, PD-T projects, or TOD special district projects seeking bonus height or density, or both[4]	For Sale	30 percent[5]	30 percent [~~8,~~] 7.5	Conveyance of land [~~12~~] 11
			35 percent [~~9,~~] 8.5	
		20 percent[6]	20 percent [~~8,~~] 7.6	
			25 percent [~~9,~~] 8.6	
		[~~10 percent[7]~~]	[~~10 percent[8,7]~~]	
			[~~15 percent[9,7]~~]	
	For Rental	15 percent		
All areas, excluding IPD-T projects, PD-T projects, or TOD special district projects seeking bonus height or density, or both	For Sale	15 percent[5]	15 percent [~~10,~~] 9.5	Conveyance of land [~~12~~] 11
			20 percent [~~11,~~] 10.5	
		10 percent[6]	10 percent [~~10,~~] 9.6	
			15 percent [~~11,~~] 10.6	
		[~~5 percent[7]~~]	[~~5 percent[10,7]~~]	
			[~~10 percent[11,7]~~]	
	For Rental	5 percent		

(1) For-sale affordable dwelling units must be sold to households earning 120 percent and below of the AMI. At least one-half of those units must be sold to households earning 100 percent and below of the AMI.

(2) For-rental affordable dwelling units must be rented to households earning 80 percent and below of the AMI.

(3) Any on-site or off-site affordable dwelling unit provided through substantial rehabilitation will count as one unit.

(4) The affordable housing requirements for IPD-T projects, PD-T projects, or TOD special district projects seeking bonus height or density, or both, are base affordable housing requirements. If affordable dwelling units are being provided as a community benefit to justify increased height or density, or both, the affordable dwelling units being provided as a community benefit must be in addition to the base affordable housing requirements for IPD-T, PD-T, or TOD special district projects.

(5) For-sale affordable dwelling units must remain affordable for not less than five years after the date when the unit is initially sold to a qualified buyer.

(6) For-sale affordable dwelling units must remain affordable for not less than 10 years after the date when the unit is initially sold to a qualified buyer.

[~~(7) For-sale affordable dwelling units must remain affordable for not less than 30 years after the date when the unit is initially sold to a qualified buyer.~~

~~(8)~~] (7) Applies to off-site production of affordable housing that is located within the same rail transit station area as the principal project.

[~~(9)~~] (8) Applies to off-site production of affordable housing that is located outside of rail transit station area in which the principal project is located.

[~~(10)~~] (9) Applies to off-site production of affordable housing that is located within the same rail transit station area as the principal project; or, if the principal project is not located in a rail transit station area, the off-site production of affordable housing that is located within the same development plan area as the principal project.

[~~(11)~~] (10) Applies to off-site production of affordable housing that is located outside of rail transit station area in which the principal project is located; or, if the principal project is not located in a rail transit station area, the off-site production of affordable housing that is located outside of the development plan area in which the principal project is located.

[~~(12)~~] (11) The appraised value of the real property conveyed must, at a minimum, be equal to an amount that will be established and may be periodically adjusted by rules adopted by the director pursuant to [~~Section~~] § 29-1.11.

"

SECTION 4. Section 29-1.6, Revised Ordinances of Honolulu 2021, is repealed.

["~~**§ 29-1.6 Marketing period.**~~

~~For rental and for sale affordable dwelling units created in compliance with this chapter must be marketed as follows:~~

~~(a) During the first marketing period, affordable dwelling units must be marketed, and may be rented or sold, as applicable, to households earning the percentage of the AMI specified in Table 29-1.4 at prices affordable to such households.~~

~~(b) If, at the end of the first marketing period, the declarant has been unable to obtain a contract for the rental or sale of an affordable dwelling unit to a qualified renter or purchaser, then during the second marketing period, the affordable~~

~~dwelling unit may be marketed, and rented or sold, as applicable, to households earning the percentage of the AMI that is 20 percent higher than the percentage of the AMI specified in the first marketing period, provided that the percentage of the AMI cannot exceed the HUD AMI income limit; but at prices affordable to households earning the percentage of the AMI specified in Table 29-1.4.~~

~~(c) If, at the end of the second marketing period, the declarant has been unable to obtain a contract for the rental or sale of an affordable dwelling unit to a qualified renter or purchaser, then during the third marketing period, the affordable dwelling unit may be marketed, and rented or sold, as applicable, to households earning the percentage of the AMI that is 20 percent higher than the percentage of the AMI specified in the second marketing period, provided that the percentage of AMI cannot exceed the HUD AMI income limit; but at prices affordable to households earning the percentage of the AMI specified in Table 29-1.4.~~

~~(d) If, at the end of the third marketing period, the declarant has been unable to obtain a contract for the rental or sale of an affordable dwelling unit to a qualified renter or purchaser, then the affordable dwelling unit may be marketed, and rented or sold, as applicable, to households earning not more than the HUD AMI income limit; but at prices affordable to households earning the percentage of the AMI specified in Table 29-1.4.~~"]

SECTION 5. 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.

HONOLULU CITY COUNCIL

KE KANIHELA O KE KALANA O HONOLULU

CITY AND COUNTY OF HONOLULU

ORDINANCE _____

BILL 15 (2026)

A BILL FOR AN ORDINANCE

SECTION 6. This ordinance takes effect upon its approval.

INTRODUCED BY:

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_____

DATE OF INTRODUCTION:

_____

_____

JAN 22 2026

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:
Affordable Housing Requirements; Marketing Periods; For-Sale 30-Year Affordability Option; Interim Planned Development-Transit ("IPD-T"); Planned Development-Transit ("PD-T"); Transit-Oriented Development ("TOD"); Department of Planning and Permitting ("DPP")

Description:
Repeals affordable housing requirement options for a developer of an IPD-T project, a PD-T project, or a TOD special district project seeking bonus height or density, or both, that required for-sale affordable housing units to remain affordable for a minimum of 30 years. Repeals the marketing period requirements for for-rental and for-sale affordable dwelling units created in compliance with ROH Chapter 29.

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