SUMMARY OF PROPOSED COMMITTEE DRAFT:

BILL 18 (2026), CD1
RELATING TO AFFORDABLE HOUSING.

The PROPOSED CD2 makes the following amendments:

A. In SECTION 2 of the bill, adds a new definition of "Urban High-Service Bus Stop" that was previously included in SECTION 6 of the as-introduced version of the bill.

B. In SECTION 4 of the bill, amends the development standards in ROH Section 32-2.3 to:

1. Amend the maximum building height to the maximum height permitted by the underlying zoning district; provided that:

a. For zoning lots located within any special district that prescribes a maximum building height, the maximum building height is the maximum height permitted by the special district; and

b. For zoning lots:

i. Located within the Primary Urban Center Development Plan area, but not within a special district that prescribes a maximum building height;

ii. Located within a transit-oriented development special district; or

iii. Recommended for inclusion in a transit-oriented development special district pursuant to a neighborhood transit-oriented development plan adopted by council resolution;

the maximum building height is 75 feet or the maximum height permitted by the underlying zoning district, whichever is greater.

(Instead of 60 feet or the maximum building height of the underlying zoning district, whichever is greater);

2. Increase the maximum allowable density (floor area ratio or "FAR") from 4.0 to 5.0; and

3. Delete the minimum vertical clearance (10 feet) for off-street loading spaces on a zoning lot exceeding 7,500 square feet.

C. Adds a new SECTION 6 of the bill proposing to amend the formula to calculate the maximum number of affordable rental housing units for each zoning lot that was previously included in SECTION 6 of the as-introduced version of the bill. Renumbers the subsequent bill SECTIONS accordingly.

D. In renumbered SECTION 8 of the bill:

1. Amends Table 32-A to incorporate the amendment to the maximum allowable building height listed in Summary Item B.1, above;

2. Amends proposed ROH Section 32-3.2(c), relating to standards for buildings up to 60 feet in height, by deleting redesignated subdivisions (3) and (4)(B), which allowed a means of egress (certain exterior corridors and balconies) to be constructed up to 5 feet from the property line and which provided a minimum width for fire exit stairwells, respectively, so that affordable rental housing projects must comply with the relevant provisions in the Building Code. Renumbers and reletters the subsequent subdivisions and paragraphs, respectively, as appropriate; and

3. Amends proposed ROH Section 32-3.2(d) to require elevators in buildings over 40 feet in height.

E. Adds a new SECTION 9 of the bill that amends ROH Section 32-4.2(c), relating to post-construction grants, to:

1. Modify the post-construction grant amount for affordable rental housing project units less than 300 square feet in size to $25,000 for each unit (instead of $40 per square foot of dwelling unit floor area); and

2. Modify the maximum post-construction grant amount for affordable rental housing project units 300 square feet or more in size from $12,000 per unit to $27,500 to $31,250 for each unit, depending on unit size.

F. Adds a new SECTION 10 of the bill that amends ROH Section 32-5.2(c), relating to pre-construction subsidies, by:

1. Increasing the maximum pre-construction subsidy amount for affordable rental housing projects from a flat amount of $50,000 per unit, regardless of unit size, to an amount between $50,000 and $62,500 per unit, depending on unit size;

2. Requiring the owner to secure and pay for a project completion bond that ensures the full completion of the affordable rental housing project; and

3. Providing for the owner to obtain a certificate of occupancy within 24 months after the approval of the special assignment inspection if applicable.

G. Adds a new SECTION 11 of the bill, amending SECTION 10 of Ordinance 19-8, as amended by Ordinance 23-12, to extend the repeal date of Ordinance 19-8, as amended by Ordinance 23-12, by 10 years to June 1, 2040, that was previously included in SECTION 10 of the as-introduced version of the bill. Renumbers the subsequent SECTIONS of the bill accordingly.

H. Makes miscellaneous technical and nonsubstantive amendments.

HONOLULU CITY COUNCIL

KE KANIHELA O KE KALANA O HONOLULU

CITY AND COUNTY OF HONOLULU

ORDINANCE _____

BILL **18 (2026), CD2**
PROPOSED

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 relating to affordable rental housing.

SECTION 2. Section 32-1.1, Revised Ordinances of Honolulu 2021 ("Definitions"), is amended by adding new definitions of "Reasonable Maneuvering Area" and "Urban High-Service Bus Stop" to be appropriately inserted and to read as follows:

"***Reasonable Maneuvering Area.*** An area that allows a vehicle that has entered a loading space in a forward manner to exit the loading space in a forward manner after no more than two back-and-forth movements."

"***Urban High-Service Bus Stop.*** Any bus stop that is located within the primary urban center development plan area and is served by at least one bus route with a frequency of service interval of 16 minutes or less at any point during the week."

SECTION 3. Section 32-2.2, Revised Ordinances of Honolulu 2021, is amended to read as follows:

"**§ 32-2.2 Permitted uses.**

Affordable rental housing projects are a permitted use in the apartment, apartment mixed-use, business, and business mixed-use zoning districts, and in the apartment precinct, including the apartment mixed-use subprecinct, of the Waikiki special district, pursuant to Chapter 21."

SECTION 4. Section 32-2.3, Revised Ordinances of Honolulu 2021, is amended to read as follows:

"**§ 32-2.3 Development standards.**

Affordable rental housing projects are subject to the following development standards and [~~off-street parking and loading~~] requirements[~~, as illustrated in Figures 32-2.6 and 32-2.7~~]:

A BILL FOR AN ORDINANCE

Development Standard	**Requirement**
Maximum lot area	[~~20,000 square feet~~] 40,000 square feet.
Minimum front yard	10 feet, or the minimum front yard required by the underlying zoning[~~,~~] district, whichever is less.
Minimum side and rear yards	5 feet, or the minimum side and rear yards required by the underlying zoning[~~,~~] district, whichever is less.
Maximum building area	[~~80% of the zoning lot~~] None; provided that the required yards of the underlying zoning district still apply.
Maximum building height	[~~60 feet~~] The maximum height permitted by the underlying zoning district; provided that: (1) For zoning lots located within any special district that prescribes a maximum building height, the maximum building height is the maximum height permitted by the special district; and (2) For zoning lots: (a) Located within the Primary Urban Center Development Plan area, but not within a special district that prescribes a maximum building height; (b) Located within a transit-oriented development special district; or (c) Recommended for inclusion in a transit-oriented development special district pursuant to a neighborhood transit-oriented development plan adopted by council resolution; the maximum building height is 75 feet or the maximum height permitted by the underlying zoning district, whichever is greater.
Maximum density (FAR)	[~~4.0 FAR~~] 5.0.

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Development Standard	**Requirement**
Height setbacks	None.
Off-street parking	None.
Bicycle parking	None.
Off-street loading	For a zoning lot of 7,500 square feet or less: None[,]; provided that loading and garbage storage must be accommodated on site. For a zoning lot exceeding 7,500 square feet: One loading space with minimum horizontal dimensions of 16 feet in length and 7 feet 6 inches in width and a reasonable maneuvering area; provided that alternative measurements may be approved by the department of planning and permitting traffic review branch. Garbage storage must be accommodated on site.
Yard encroachments	Parking, including bicycle parking, is allowed in the side and rear yards. One loading space may encroach a maximum of 5 feet into the front yard. Required fire exit stairwells and fire corridors may encroach into the front yard by a maximum of 5 feet.

"

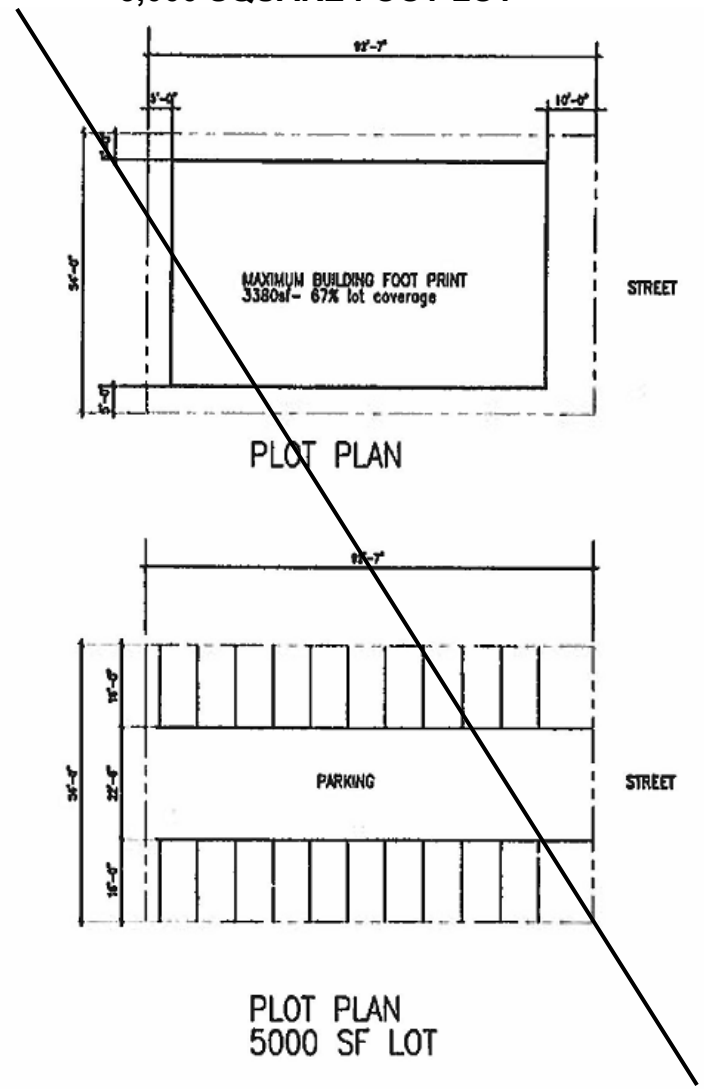
A BILL FOR AN ORDINANCE

SECTION 5. Section 32-2.6, Revised Ordinances of Honolulu 2021, is repealed.

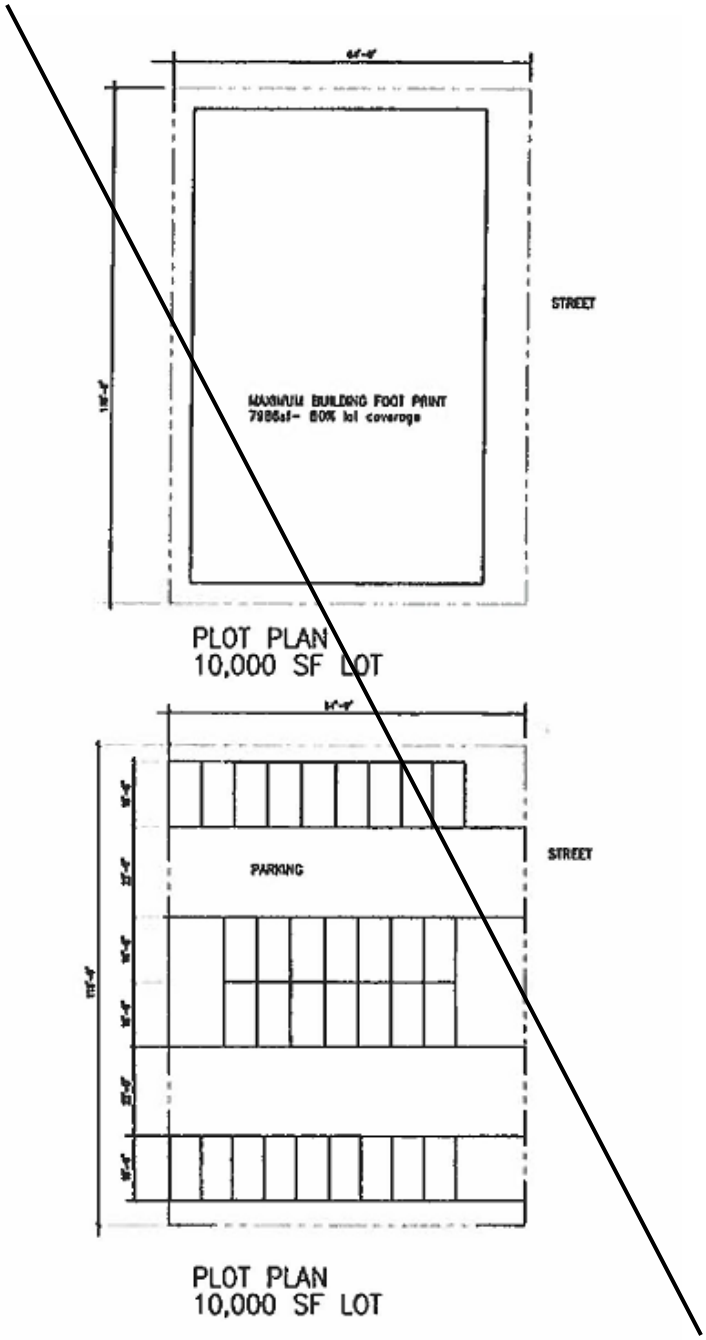
["~~§ 32-2.6 Examples of maximum building area and yards.~~

~~The following figures illustrate possible configurations of maximum building area and required yards; however, they do not necessarily reflect acceptable parking configurations or compliance with all other development standards:~~

~~Figure 32-2.6~~
~~5,000 SQUARE FOOT LOT~~

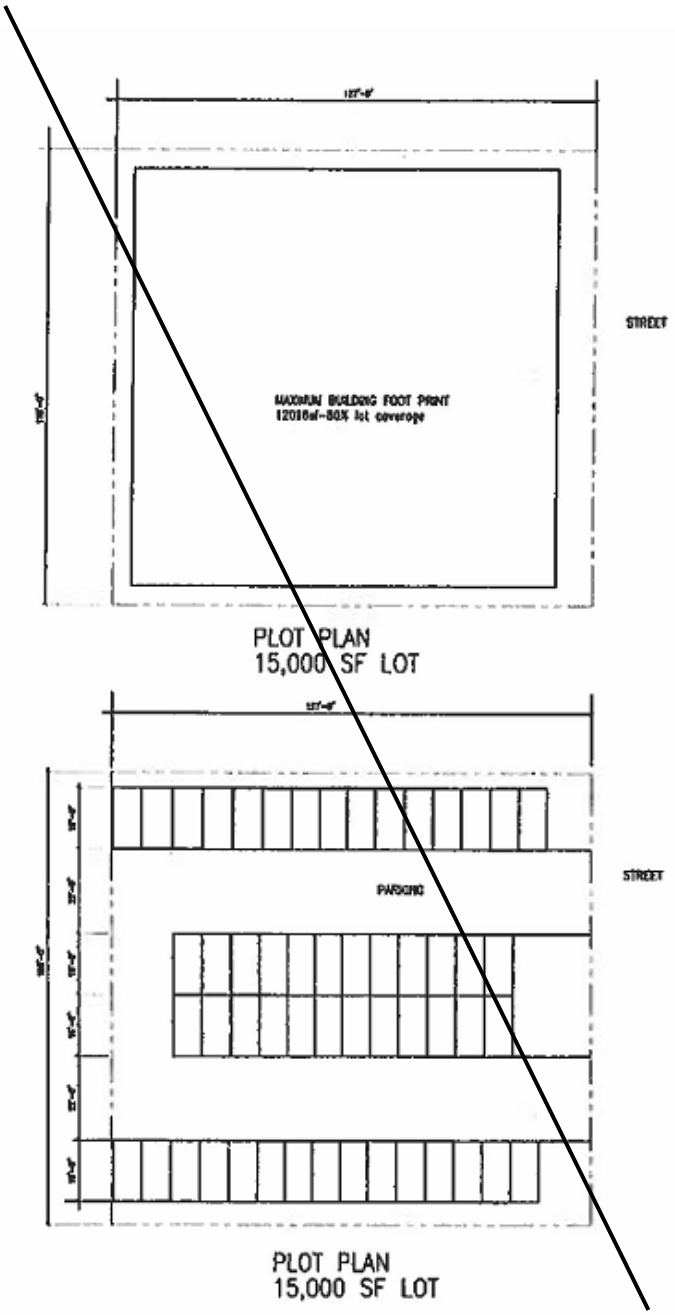


~~**Figure 32-2.6**~~
~~**10,000 SQUARE FOOT LOT**~~

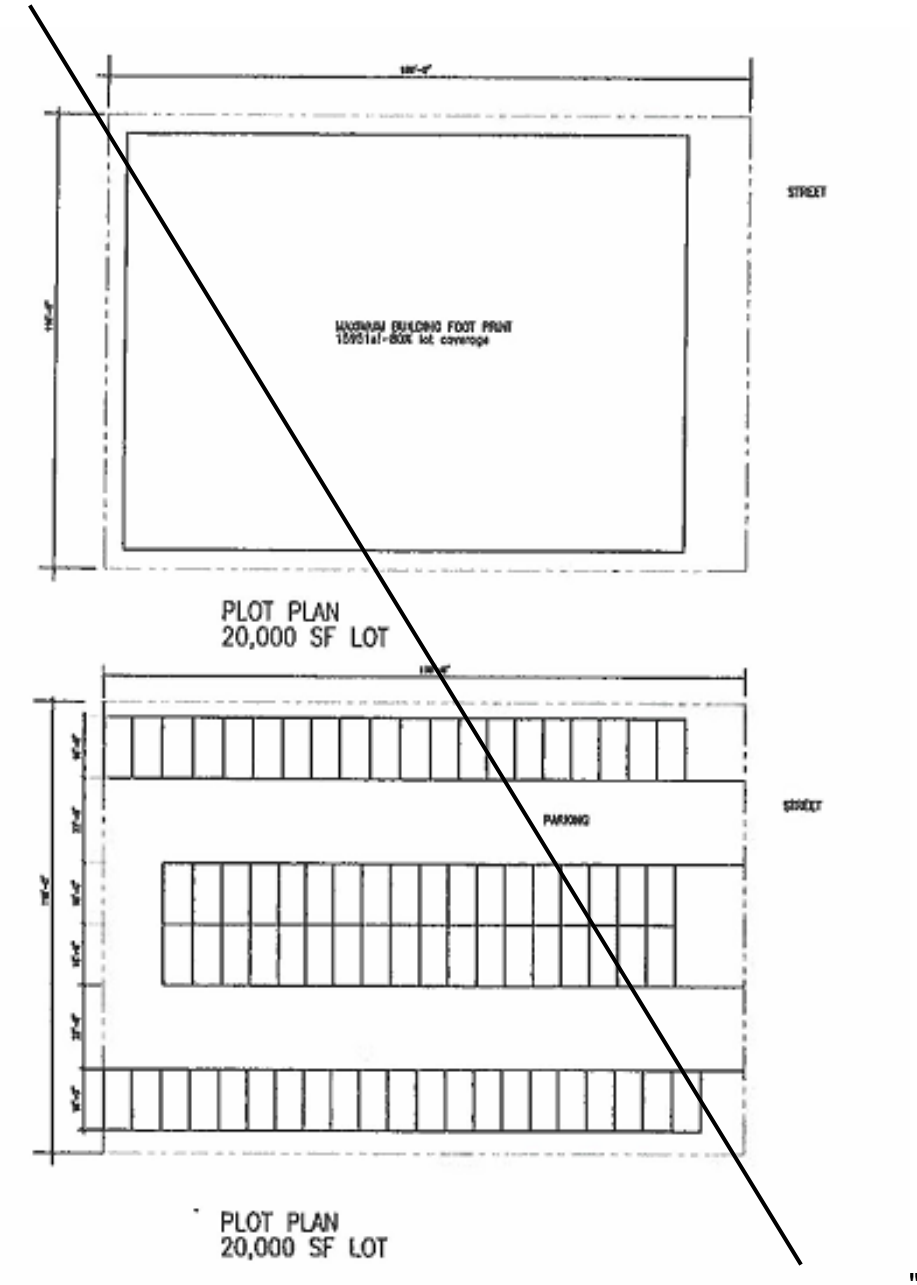


A BILL FOR AN ORDINANCE

~~Figure 32-2.6~~
~~15,000 SQUARE FOOT LOT~~



~~**Figure 32-2.6**~~
~~**20,000 SQUARE FOOT LOT**~~



"]

A BILL FOR AN ORDINANCE

SECTION 6. Section 32-2.8, Revised Ordinances of Honolulu 2021, is amended to read as follows:

"**§ 32-2.8 Maximum number of units.**

The maximum number of affordable rental housing units for each zoning lot is determined by dividing the square footage [~~equivalent of the maximum allowable FAR for that zoning lot, excluding any public open space bonus FAR, by a factor of 800, and rounding down to the nearest whole number.~~] of the zoning lot by a factor of 130 and rounding down to the nearest whole number; provided that if the zoning lot is located within 2,000 feet of an urban high-service bus stop at the time of application for a building permit to construct an affordable rental housing project, the maximum number of affordable rental housing units is determined by dividing the square footage of the lot by a factor of 120 and rounding down to the nearest whole number."

SECTION 7. Section 32-2.9, Revised Ordinances of Honolulu 2021, is repealed.

["~~§ 32-2.9 Maximum size of units.~~

~~The maximum size of an affordable rental housing unit in an affordable rental housing project is as follows:~~

~~Number of Bedrooms and Bathrooms~~	~~Maximum Floor Area (square feet)~~
~~Studio with 1 bathroom~~	~~500~~
~~One bedroom with 1 bathroom~~	~~650~~
~~One bedroom with 1.5 bathrooms~~	~~700~~
~~One bedroom with 2 bathrooms~~	~~750~~
~~Two bedrooms with 1 bathroom~~	~~800~~
~~Two bedrooms with 1.5 bathrooms~~	~~900~~
~~Two bedrooms with 2 bathrooms~~	~~1,000~~
~~Three bedrooms with 1.5 bathrooms~~	~~1,100~~
~~Three bedrooms with 2 bathrooms~~	~~1,200~~
~~Three bedrooms with 2.5 bathrooms~~	~~1,250~~
~~Four bedrooms with 2 bathrooms~~	~~1,300~~

~~**Number of Bedrooms and Bathrooms**~~	~~**Maximum Floor Area (square feet)**~~
~~Four bedrooms with 2.5 bathrooms~~	~~1,350~~

"]

SECTION 8. Section 32-3.2, Revised Ordinances of Honolulu 2021, is amended to read as follows:

"**§ 32-3.2 Standards.**

(a) *Building heights and areas.* The building height permitted by Table 32-A [~~will be~~] is increased in accordance with Section 504 of the building code. The building area of a one-story building must not exceed the limitations set forth in Table 32-A, except as provided in Section 506 of the building code.

A BILL FOR AN ORDINANCE

<table>
<tr><th colspan="7">TABLE 32-A</th></tr>
<tr><td rowspan="6">TYPE OF CONSTRUCTION</td><td colspan="6">ALLOWABLE HEIGHT AND BUILDING [~~AREAS~~] AREA FOR [~~MID-RISE MULTI-FAMILY RESIDENTIAL BUILDINGS.~~] AFFORDABLE RENTAL HOUSING PROJECTS.
Height [~~Limitations~~] limitations are shown as stories and feet above grade plane.
Area limitations [~~as~~] are determined by the definition of [~~Area,~~] building[~~,~~] area, per story.</td></tr>
<tr><td>IB</td><td>IIA</td><td>IIIA</td><td>HT</td><td>VA</td></tr>
<tr><td colspan="5">MAXIMUM HEIGHT (feet)</td></tr>
<tr><td>[~~60~~]</td><td>[~~60~~]</td><td>[~~60~~]</td><td>[~~60~~]</td><td>50</td></tr>
<tr><td colspan="4">The maximum height permitted by the underlying zoning district; provided that:

(1) For zoning lots located within any special district that prescribes a maximum building height, the maximum building height is the maximum height permitted by the special district; and

(2) For zoning lots:

(a) Located within the Primary Urban Center Development Plan area, but not within a special district that prescribes a maximum building height;

(b) Located within a transit-oriented development special district; or

(c) Recommended for inclusion in a transit-oriented development special district pursuant to a neighborhood transit-oriented development plan adopted by council resolution;

the maximum building height is 75 feet or the maximum height permitted by the underlying zoning district, whichever is greater.</td><td></td></tr>
<tr><td>Height/Area</td><td colspan="5">Maximum Height (stories) and Maximum Area (sq. ft.)</td></tr>
<tr><td>H</td><td>7</td><td>7</td><td>7</td><td>7</td><td>5</td></tr>
</table>

TABLE 32-A					
A	[~~80% of land area~~]	[~~80% of land area~~]	[~~80% of land area~~]	[~~80% of land area~~]	[~~80% of land area~~]
	None; provided that the required yards of the underlying zoning district apply.				

(b) *Type of construction.* The minimum type of construction must comply with Chapter 6 of the building code and Table 32-A.

(c) *Standards for buildings up to 60 feet in height.* The following standards apply to affordable rental housing projects with a building height of 60 feet or less:

[~~(c)~~] (1) *Fire-resistance rated construction and requirements.* The following requirements apply [~~to affordable rental housing projects~~]:

[~~(1)~~] (A) Where an exterior wall is less than 10 feet from the property line, one-hour fire-rated exterior walls with openings comprising no greater than 25 percent [~~openings per~~] of the area for each wall surface[~~;~~] must be utilized; provided that the windows in the openings may be unrated;

[~~(2)~~] (B) One-hour fire-rated corridor walls must be utilized for [~~double loaded~~] double-loaded corridors and demising walls between units;

[~~(3)~~] (C) Twenty-minute fire-rated entry doors [~~to units~~] with automatic closure [~~mechanisms;~~] mechanisms must be installed for each unit;

[~~(4)~~] (D) Unrated interior walls must be utilized within each unit;

[~~(5)~~] (E) One-hour fire-rated floors and roof, or heavy timber floors and roof[~~;~~] must be utilized;

[~~(6)~~] (F) Two-hour fire-rated walls must be utilized between units and building stairs or passenger elevators;

[~~(7)~~] (G) Two-hour fire-rated walls and 90-minute fire-rated [~~door~~] doors

must be utilized in the booster pump room [~~described in subsection (d)(5)~~]; and

[~~(8)~~] (H) All domestic water and fire sprinkler piping must be made of noncombustible material; provided that alternate fire-rated piping material may be used in an affordable rental housing project when: the affordable rental housing project is not constructed of heavy timber construction; the affordable rental housing project does not use a single water supply and distribution system for domestic water and fire sprinkler systems; and the use of the alternate fire-rated piping material complies with Chapter 16 and Chapter 20 fire sprinkler requirements.

[~~(d)~~] (2) *Fire protection system.* [~~The installation of automatic~~] Automatic sprinkler systems installed for protection against fire hazards must be designed and installed in compliance with [~~section~~] Section 903 of the building code; or, for residential occupancies of seven or fewer stories in buildings not exceeding 60 feet in height above grade, an automatic sprinkler system must be provided as follows:

[~~(1)~~] (A) A common sprinkler/domestic main must be installed throughout the building;

[~~(2)~~] (B) Vertical risers must be provided with a secured shutoff valve locked in the open position. All required outages must be provided with a fire watch;

[~~(3)~~] (C) All sprinkler heads must be installed prior to the last plumbing fixture served within the unit. All sprinkler piping serving a sprinkler head must be kept to a minimum and no greater than 16 inches in length;

[~~(4)~~] (D) The discharge density must be 0.05 gallons per minute per [~~square-foot~~] square foot with a maximum of four sprinkler heads within each compartment;

[~~(5)~~] (E) A booster pump must be provided to accommodate the domestic water and greatest hydraulic demanding sprinklers within a unit. The booster pump must provide a minimum of 40 pounds per square inch at the top of the riser;

[~~(6)~~] (F) A manual wet stand pipe must be precharged from a domestic water supply tap. The stand pipe must be located in an exterior open stairwell with two-hour [~~rated~~] fire-rated walls;

[~~(7)~~] (G) For exterior walls that are between 5 and 10 feet from the property line with a wall opening greater than [~~a~~] 10 percent, there must be a sprinkler head at all wall openings to provide a water curtain when the sprinkler head is activated;

[~~(8)~~] (H) For buildings over 40 feet in height with type VA construction, a National Fire Protection Association 13 sprinkler system is required; and

[~~(9)~~] (I) A mechanical engineer licensed in the State of Hawaii [~~shall~~] must prepare the plans for the automatic sprinkler system required by this [~~section.~~] subdivision.

[~~(e) *Means of egress.* Exterior corridors and balconies that are open with guards of a minimum one-hour fire-rated construction, or composed of other noncombustible fascia surfaces may be constructed up to 5 feet from the property line.~~]

[~~(f)~~] (3) *Fire escape stairs.* The following requirements apply:

[~~(1)~~] (A) All fire stair exits may be open; provided that the walls adjoining any unit are two-hour fire-rated walls.

[~~(2) Except as provided in subdivision (3), at least one fire exit stairwell must be a minimum width of 36 inches, and if no elevator is provided, a second fire exit stairwell with a minimum width of 36 inches must be provided.~~]

[~~(3)~~] (B) Buildings with 35 or fewer units may have a single fire exit stairwell; provided that the total length of the building does not exceed 100 feet and the stairwell is a minimum [~~width~~] of 48 inches [~~and~~] wide, is constructed of non-combustible material or heavy timber construction[~~; provided that the total length of the building must not exceed 100 feet. The stairwell~~], and [~~must exit~~] exits to the ground floor.

[~~(4)~~] (C) The fire chief may, at the fire chief's discretion, approve of alternative fire exits in lieu of a second fire exit stairwell, including a drop ladder system or a narrower second fire exit stairwell.

[~~(g)~~] (4) *Exterior glass.* Exterior glass in an affordable rental housing project [~~will be~~] is exempt from the requirements of Chapter 16B (the Building Energy Conservation Code).

[~~(h)~~] (5) *Fire and smoke alarm systems.* Smoke detectors with audio alarms that are electronically powered must be installed in all bedrooms. An alarm pull box that is electronically connected to set off an audio alarm must be installed on each floor.

(d) *Accessibility.* [~~Design~~] The design of the building and facilities must comply with the federal Fair Housing Act, 42 USC §§ 3601 et seq. Elevators are [~~not required unless~~] required in buildings over 40 feet in height and required as mandated by Section 1007.2.1 of the building code[~~, or required by~~] and applicable federal accessibility laws. Elevators may be provided in affordable rental housing projects, even [~~though~~] when they are not otherwise required.

[~~(i) *Fire and smoke alarm systems.* Smoke detectors with audio alarms that are electronically powered must be installed in all bedrooms. An alarm pull box that is electronically connected to set off an audio alarm must be installed on each floor.~~]"

SECTION 9. Section 32-4.2, Revised Ordinances of Honolulu 2021 ("Post-construction grant"), is amended by amending subsection (c) to read as follows:

"(c) *Post-construction grant.* The owner of the zoning lot on which an affordable rental housing project is situated may apply for a post-construction grant under this subsection after a certificate of occupancy has been issued for the affordable rental housing project in accordance with the following provisions:

(1) [~~*Post-construction grant amount.*~~] An owner may be eligible to receive a post-construction grant in the following amounts based on the size of each affordable rental housing unit provided:

(A) [~~For affordable rental housing units~~] $25,000 for each unit that [~~are~~] is less than 300 square feet in size[~~, the owner is eligible to receive $40 per square foot of dwelling unit floor area; and~~];

(B) [~~For affordable rental housing units~~] $27,500 for each unit that [~~are~~] is 300 square feet or more in size[~~, the owner is eligible to receive~~

~~$12,000 per affordable rental housing unit.~~] but less than 350 square feet in size;

(C) $30,000 for each unit that is 350 square feet or more in size but less than 650 square feet in size; and

(D) $31,250 for each unit that is 650 square feet or more in size.

(2) To apply for a post-construction grant, no earlier than the date of issuance of a certificate of occupancy for the affordable rental housing project, and no later than 12 months after the issuance of a certificate of occupancy, the owner shall submit to the department of planning and permitting a post-construction grant application for the project in a form prescribed by the director of planning and permitting. At a minimum, the post-construction grant application must include:

(A) The building permit number or professional self-certification number issued for the affordable rental housing project; and

(B) The certificate of occupancy number issued for the affordable rental housing project.

(3) Upon receipt of the post-construction grant application for an affordable rental housing project, the department of planning and permitting [~~shall~~] must certify project eligibility for the post-construction grant[~~,~~] and review and process the grant application[~~, and calculate~~] before calculating the post-construction grant amount the project is eligible for.

(4) For all affordable rental housing projects eligible for a post-construction grant, the director of planning and permitting shall send the following to the director of budget and fiscal services:

(A) [~~Certification~~] A certification that the affordable rental housing project is eligible for the post-construction grant, together with a copy of the project's post-construction grant application;

(B) The building permit number or professional self-certification number issued for the affordable rental housing project;

(C) The certificate of occupancy number issued for the affordable rental housing project; and

(D) The total post-construction grant amount payable, and the calculation thereof.

(5) The director of budget and fiscal services shall pay, or cause to be paid, the post-construction grant amount to the owner no later than 30 days after the receipt of the information set forth in subdivision (4) from the director of planning and permitting."

SECTION 10. Section 32-5.2, Revised Ordinances of Honolulu 2021 ("Pre-construction subsidy"), is amended by amending subsection (c) to read as follows:

"(c) *Pre-construction subsidy.* The owner may apply for a pre-construction subsidy under this subsection after a building permit or professional self-certification has been issued, or a special assignment inspection has been approved, for the affordable rental housing project in accordance with the following provisions:

(1) An owner who has been awarded a pre-construction subsidy is not eligible for a post-construction grant pursuant to Article 4 for the same affordable rental housing project.

(2) [~~*Pre-construction subsidy amount.*~~] An owner may be eligible to receive a [~~total of $50,000 for each unit.~~] pre-construction subsidy in the following amounts based on the size of each affordable rental housing unit provided:

(A) $50,000 for each unit that is less than 300 square feet in size;

(B) $55,000 for each unit that is 300 square feet or more in size but less than 350 square feet in size;

(C) $60,000 for each unit that is 350 square feet or more in size but less than 650 square feet in size; and

(D) $62,500 for each unit that is 650 square feet or more in size.

(3) A pre-construction subsidy may only be used for purposes of paying prevailing wages to every laborer and mechanic performing work on the

job site for the construction of the affordable rental housing project, in compliance with HRS Chapter 104.

(4) An owner must apply for a pre-construction subsidy during the 12-month period following the issuance of the building permit or professional self-certification, or the approval of the special assignment inspection, for the affordable rental housing project. To apply for a pre-construction subsidy, [~~no earlier than the date of issuance of a building permit or professional self-certification for the affordable rental housing project, and no later than 12 months after the issuance of a building permit or professional self-certification,~~] the owner [~~shall~~] must submit to the department of planning and permitting a pre-construction subsidy application for the project in a form prescribed by the director of planning and permitting. At a minimum, the pre-construction subsidy application must include:

(A) A current title report for the property[~~,~~] and a description of the affordable rental housing project, including but not limited to the location, zoning lot tax map key number, underlying zoning district, height, density, [~~the~~] and number of affordable units at each AMI level[~~,~~]; and whether [~~there is a~~] the project has a commercial component [~~to the project~~];

(B) The building permit number or professional self-certification number issued for the affordable rental housing project[~~;~~], or, if construction is proceeding under a special assignment inspection, the building permit application number and a copy of the approved special assignment inspection; and

(C) The total estimated cost of the affordable rental housing project and all sources of funding for the project.

(5) Upon receipt of the pre-construction subsidy application for an affordable rental housing project, the department of planning and permitting [~~shall~~] must certify project eligibility for the funding[~~,~~] and review and process the subsidy application[~~, and calculate~~] before calculating the subsidy amount for which the project is eligible.

(6) All pre-construction subsidy awards are subject to the execution of a written pre-construction subsidy agreement between the city and the owner. At a minimum, the pre-construction subsidy agreement must include provisions:

(A) Restricting the use of the pre-construction subsidy moneys in accordance with subdivision (3);

(B) Requiring that annual payroll records be submitted to the director of planning and permitting, due by September 30 of each year, consisting of a certified copy of all payrolls and a certified copy of a fringe benefit report in compliance with HRS § 104-3;

(C) Requiring the owner to obtain a certificate of occupancy for the affordable rental housing project within 24 months after the issuance of a building permit or professional self-certification for the project[~~,~~], or within 24 months after the approval of the special assignment inspection; provided that the director of planning and permitting[~~,~~] may, at the director's discretion, [~~may~~] extend this 24-month period if the owner demonstrates good cause;

(D) Requiring that the owner develop and manage the affordable rental housing project in compliance with all applicable laws, rules, regulations, and other governmental requirements;

(E) Providing that if the owner breaches or otherwise violates any terms of the pre-construction subsidy agreement, the owner shall forfeit and return all of the pre-construction subsidy moneys received in accordance with the penalty provisions set forth in § 32-5.4(c); [~~and~~]

(F) Providing that the director of budget and fiscal services may, from time to time at the director's discretion, conduct an audit of the use of the pre-construction subsidy moneys to determine compliance with the requirements of this article and the applicable pre-construction subsidy agreement, and require the owner to cooperate with the audit and provide any information requested by the director[~~.~~]; and

(G) Requiring the owner to secure and pay for a project completion bond that ensures the full completion of the affordable rental housing project in accordance with the plans approved by the department of planning and permitting. The project completion bond must:

(i) Be issued by a surety company admitted and licensed in the State that possesses a policyholder rating of A or better and a financial rating of VIII or better, where the ratings are established by A.M. Best Company, Inc.;

(ii) Be executed on a form approved by the director; and

(iii) Identify the city as the obligee under the completion bond.

(7) For all affordable rental housing projects eligible for pre-construction subsidies, upon the execution of a pre-construction subsidy agreement pursuant to subdivision (6), the director of planning and permitting shall transmit the following to the director of budget and fiscal services:

(A) [~~Certification~~] A certification that the affordable rental housing project is eligible for the pre-construction subsidy, together with a copy of the project's pre-construction subsidy application;

(B) The building permit number or professional self-certification number issued for the affordable rental housing project[~~;~~], or, if construction is proceeding under a special assignment inspection, the building permit application number and a copy of the approved special assignment inspection;

(C) A copy of the fully executed pre-construction subsidy agreement for the affordable rental housing project; and

(D) The total pre-construction subsidy amount payable, and the calculation thereof.

(8) All pre-construction subsidy awards are subject to the execution of a written pre-construction escrow agreement by the city (as grantor), the owner (as grantee), and an escrow agent. At a minimum, the pre-construction escrow agreement must include a provision for periodic

disbursements of the pre-construction subsidy pro rata in proportion to the prevailing wages paid to date, as evidenced by the submission of certified payroll records."

SECTION 11. SECTION 10 of Ordinance 19-8, as amended by Ordinance 23-12, is amended to read as follows:

"SECTION 10. This ordinance takes effect upon its approval and will be repealed [~~seven years after the date on which Bill 8 (2023), or any amended version thereof, has been enacted into law and taken effect;~~] on June 1, 2040; provided that:

(1) Any real property tax exemption authorized pursuant to Section 8-10.33(b)(4) in SECTION 6 of this ordinance, and pursuant to Section 8-10.34(b)(4) in SECTION 7 of this ordinance, will apply to tax years beginning July 1, 2020;

(2) The amendments made in SECTIONS 3, 4, 5, 6, and 7 of this ordinance do not affect the repeal date of Ordinance 18-1; and

(3) No later than May 21, 2022, the Director of Planning and Permitting shall submit to the City Council a report on the number of affordable rental housing units developed under this ordinance, and a recommendation regarding the repeal, modification, or extension of this ordinance."

SECTION 12. 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.

A BILL FOR AN ORDINANCE

SECTION 13. This ordinance takes effect upon its approval and will be repealed on the repeal date of Chapter 32, Revised Ordinances of Honolulu 2021, as set forth in SECTION 10 of Ordinance 19-8, and any amendments made thereto; provided that the provisions of this ordinance may apply to any eligible affordable rental housing project for which a building permit application is accepted as complete by the Department of Planning and Permitting prior to the repeal of this ordinance.

INTRODUCED BY:

Andria Tupola

DATE OF INTRODUCTION:

February 11, 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:
Real Property; Affordable Rental Housing; Affordable Housing; Development Standards; Building Construction Standards; Bill 7 (2019) Projects (Ordinance 19-8); Land Use Ordinance ("LUO"); Building Code; Pre-construction Subsidy; Post-construction Grant; Department of Planning and Permitting ("DPP"); Department of Budget and Fiscal Services ("BFS")

Description:
Amends various development standards, building construction standards, subsidies, grants, and other requirements for affordable rental housing projects developed under ROH Chapter 32. Extends the repeal date of ROH Chapter 32 to June 1, 2040.

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