

# REPORT OF THE COMMITTEE ON HOUSING AND THE ECONOMY

## Voting Members

Esther Kia'aina, Chair; Calvin Say, Vice-Chair;  
Radiant Cordero, Augie Tulba, Andria Tupola

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Committee Meeting Held  
March 2, 2021

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

Mr. Chair:

Your Committee on Housing and the Economy, which considered Bill 1 (2021) entitled:

"A BILL FOR AN ORDINANCE RELATING TO INCENTIVIZING THE  
CONSTRUCTION OF AFFORDABLE RENTAL HOUSING,"

transmitted by Departmental Communication 42 (2021), dated January 21, 2021 from the Department of Budget and Fiscal Services, which passed First Reading at the Council's meeting of January 27, 2021, reports as follows:

The purpose of Bill 1 (2021) is to incentivize the construction of affordable rental housing.

The Department of Planning and Permitting submitted written testimony in support of the Bill through Departmental Communication 139 (2021) and at your Committee's meeting on March 2, 2021, the Director of the Department of Planning and Permitting Dean Uchida testified in support of the Bill.

Your Committee has prepared a CD1 version of the Bill that makes the following amendments:

- A. Amends proposed new ROH Section 42-4.2 as follows:

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## CITY COUNCIL

CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII

ADOPTED ON

**MAR 17 2021**

COMMITTEE REPORT NO.

**62**

# REPORT OF THE COMMITTEE ON HOUSING AND THE ECONOMY

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1. Amends subsection (b) to provide that the incentive of \$11.25 per square foot applies to units rented to households earning more than 60 percent, but less than or equal to 100 percent of the area median income (AMI).
2. Adds a new subsection (c) to provide that an incentive of \$15 per square foot applies to units rented to households earning 60 percent and below of the AMI.
3. Amends subsection (c), now subsection (d), to cap the total grant award amount for projects eligible under subsection (b) at \$9,000 per dwelling unit.
4. Adds a new subsection (e) that caps the total grant award amount for projects eligible under subsection (c) at \$15,000 per dwelling unit.
5. Re-alphabetizes the following subsections accordingly and makes conforming amendments to citations of the subsections.

B. Makes miscellaneous technical and nonsubstantive amendments.

At your Committee's meeting, Island Business Management, LLC; PR Heavy Division, LLC; and one individual testified remotely in support of the Bill. Hawai'i Construction Alliance and Hawai'i Budget and Policy Center offered comments.

Your Committee received written testimony in support from Honolulu Board of Realtors; Island Business Management, LLC; and five individuals. Comments were received from Hawai'i Construction Alliance and Hawai'i Budget and Policy Center.

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Your Committee on Housing and the Economy is in accord with the intent and purpose of Bill 1 (2021), as amended herein, and recommends it pass Second Reading, be scheduled for a public hearing, and thereafter be referred back to Committee in the form attached hereto as Bill 1 (2021), CD1. (Ayes: Cordero, Kia'aina, Say, Tulba, Tupola; Noes: None.)

Respectfully submitted,

  
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Committee Chair

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**CITY COUNCIL**  
CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII

ADOPTED ON MAR 17 2021

COMMITTEE REPORT NO. 62



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**A BILL FOR AN ORDINANCE**

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RELATING TO GRANTS INCENTIVIZING THE CONSTRUCTION OF AFFORDABLE RENTAL HOUSING.

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 provide a grant to incentivize the construction of affordable rental housing. There are no zoning, planning, housing, building, or other changes being made to Ordinances 19-8 or 20-13.

The Council finds that, since the adoption of Ordinances 19-8 and 20-13, which were passed to address a segment of the shortage of affordable rental housing in the City and County of Honolulu, the economic and social effects of the current COVID-19 pandemic have and continue to exacerbate that shortage. Owners and developers considering the development of affordable rental housing projects under Ordinances 19-8 and 20-13 are hesitant to move forward due to the economic uncertainties presented by the COVID-19 pandemic.

Accordingly, the Council finds that additional financial incentives are necessary to accelerate the construction of affordable rental housing in these uncertain times.

SECTION 2. Chapter 42, Revised Ordinances of Honolulu 1990 ("Affordable Rental Housing"), is amended by adding a new Article 4 to read as follows:

**"Article 4. Grants**

**Sec. 42-4.1 Administration.**

The director of budget and fiscal services, or the director's duly appointed representative, shall administer this article.

**Sec. 42-4.2 Grants.**

- (a) A grant is established for the purpose of incentivizing the completion of construction of affordable rental housing units provided for in this chapter.
- (b) For affordable rental housing units rented to households earning more than 60, but less than or equal to 100 percent of the AMI, the amount of the incentive shall be \$11.25 per square foot of dwelling floor area contained in the building permit issued by the department of planning and permitting for the affordable rental housing project.



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**A BILL FOR AN ORDINANCE**

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- (c) For affordable rental housing units rented to households earning 60 percent and below of the AMI, the amount of the incentive shall be \$15 per square foot of dwelling floor area contained in the building permit issued by the department of planning and permitting for the affordable rental housing project.
- (d) Grants authorized under this article shall not exceed \$9,000 per dwelling unit within a project eligible under subsection (b).
- (e) Grants authorized under this article shall not exceed \$15,000 per dwelling unit within a project eligible under subsection (c).
- (f) The aggregate of grant payments made under this article shall not exceed \$10,000,000.
- (g) All grants payable to the owner of an eligible affordable rental housing project shall only be authorized upon issuance of a certificate of occupancy for that project.
- (h) An intent to claim a grant under this article shall be submitted upon the filing of a building permit application.
- (i) The intent to claim shall be made to the director of planning and permitting on a form prescribed by the director of planning and permitting. The director of planning and permitting shall forward the intent to claim and estimated amount of the grant to the director of budget and fiscal services no later than 30 days after receipt of the intent to claim.
- (j) A claim for the grant shall be made by the owner of an affordable rental housing project no earlier than the date of issuance of a certificate of occupancy for the affordable rental housing project and no later than one year after the issuance of the certificate of occupancy, provided that an initial intent to claim was submitted pursuant to subsection (h).
- (k) A claim for the grant shall be made to the director of planning and permitting on a form prescribed by the director of planning and permitting and must be supported by documentation establishing the number of square feet of dwelling space permitted by the building permit for the project and a copy of the certificate of occupancy for the project. The director of planning and permitting shall forward the amount determined to be paid as a grant to the director of budget and fiscal services no later than 30 days after receipt of a claim, and the director of budget



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ORDINANCE \_\_\_\_\_

BILL 1 (2021), CD1

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**A BILL FOR AN ORDINANCE**

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and fiscal services shall pay the grant amount to the claimant no later than 30 days after receipt of the information from the director of planning and permitting.

- (l) No claim for a grant payment shall be made for an affordable rental housing project with a certificate of occupancy issued after the repeal of this chapter.
- (m) The director of budget and fiscal services may waive the requirements of subsection (h) for affordable rental housing projects containing one or more grant-eligible units for which a building permit application had been submitted, or a building permit was issued, prior to the effective date of this ordinance if the waiver is consistent with the purpose of this article and in the public interest."



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SECTION 3. Effective date; repeal. This ordinance takes effect upon its approval and will be repealed on the repeal date of Ordinance 19-8.

INTRODUCED BY:

Tommy Waters (br)

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DATE OF INTRODUCTION:

January 21, 2021  
Honolulu, Hawaii

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Councilmembers

APPROVED AS TO FORM AND LEGALITY:

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Deputy Corporation Counsel

APPROVED this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_.

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RICK BLANGIARDI, Mayor  
City and County of Honolulu