

REPORT OF THE COMMITTEE ON ZONING AND PLANNING

Voting Members:

Ikaika Anderson, Chair; Breene Harimoto, Vice-Chair;
Ann H. Kobayashi, Ron Menor, Kymberly Marcos Pine

Committee Meeting Held
February 6, 2014

Honorable Ernest Y. Martin
Chair, City Council
City and County of Honolulu

Mr. Chair:

Your Committee on Zoning and Planning, to which was referred Resolution 13-202 entitled:

“RESOLUTION REQUESTING THAT THE DEPARTMENT OF PLANNING AND PERMITTING AMEND ITS AFFORDABLE HOUSING RULES FOR UNILATERAL AGREEMENTS,”

introduced on August 26, 2013, reports as follows:

The purpose of Resolution 13-202 is to request that the Department of Planning and Permitting amend its affordable housing rules for unilateral agreements with respect to the restriction period and minimum number of affordable rental units to be required.

Your Committee considered Resolutions 13-168 and 13-202 concurrently since their subject matters are closely related.

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ADOPTED ON FEB 19 2014

COMMITTEE REPORT NO. 41

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Councilmember Menor, the introducer of Resolution 13-202 and the proposed CD1 version, summarized the purpose and intent of the Resolution. Councilmember Menor explained that he introduced Resolution 13-202, and the proposed CD1 version, because increasing the restriction period will maintain the City's supply of affordable units for a longer period of time and help to stem the loss from the current buyback period. In addition, the Councilmember explained that requiring developers to provide rental units affordable to households earning no more than 80 percent of Honolulu's median income will help to address the acute shortage of affordable rental units in the city.

At your Committee's meeting on February 6, 2014, the Director of Planning and Permitting (DPP) and the City's Housing Director stated that the administration has no position at this time on the Resolution. The DPP Director noted that the Administration has formed a working group, which includes affordable housing stakeholders, that is working toward creating a comprehensive strategy to address the city's affordable housing needs.

Upon questioning by Committee Vice-Chair Harimoto, the DPP Director stated that the Administration's working group will evaluate whether the provisions of the CD1 version of Resolution 13-202 should be a part of the proposed affordable housing strategy and report back to the Council.

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Your Committee received testimony in support of the Resolution, and/or its CD1 version, from Catholic Charities Hawaii; Protecting Hawaii's Ohana, Children, Under Served, Elderly and Disabled; EAH Housing; Unite Here Local 5; International Longshore and Warehouse Union; Hawaii Appleseed Center for Law and Economic Justice; and two members of the public. Testimony in opposition to the Resolution, and/or its CD1 version, was received from the Land Use Research Foundation of Hawaii and the Building Industry Association of Hawaii. Comments were received from the University of Hawaii Economic Research Organization and five members of the public.

Your Committee amended the Resolution to the posted CD1 version proposed by Councilmember Menor which makes the following changes:

- A. Provides that the restriction period for affordable for-sale units shall be no less than 15 years.
- B. Provides that the restriction period for affordable rental units shall be no less than 50 years.
- C. Provides that at least 30 percent of dwelling units required to be provided to households earning no more than 80 percent of median income shall be affordable rental units.

Your Committee believes that additional public testimony at the public hearing recommended herein to be scheduled on this Resolution will provide further assistance to your Committee and to the Council in their deliberations on this Resolution.

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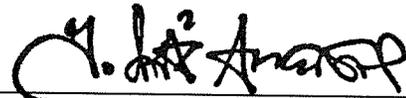
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Your Committee on Zoning and Planning recommends that Resolution 13-202 and the proposed Resolution 13-202, CD1, attached hereto, be scheduled for public hearing and be referred back to Committee. (Ayes: Anderson, Harimoto, Kobayashi, Menor, Pine – 5; Noes: None.)

Respectfully submitted,



Committee Chair

CITY COUNCIL

CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ADOPTED ON FEB 19 2014

COMMITTEE REPORT NO. 41



RESOLUTION

PROPOSED

REQUESTING THAT THE DEPARTMENT OF PLANNING AND PERMITTING AMEND ITS AFFORDABLE HOUSING RULES FOR UNILATERAL AGREEMENTS.

WHEREAS, zone change ordinances to permit development of large residential housing projects generally are approved by the Council subject to conditions in Unilateral Agreements requiring the developer to provide affordable housing units; and

WHEREAS, the Department of Planning and Permitting's Affordable Housing Rules for Unilateral Agreements (Affordable Housing Rules) presently provide that no less than 30 percent of the total number of dwelling units in a project be affordable to households with incomes not exceeding 140 percent of the median income for Honolulu, with no less than 20 percent of the total number of dwelling units being affordable to households with incomes not exceeding 120 percent of median income, and with no less than 10 percent of the total number of dwelling units being affordable to households with incomes not exceeding 80 percent of the median income; and

WHEREAS, the Department of Planning and Permitting's Affordable Housing Rules provide that a developer may satisfy its affordable housing requirement through one or more of the following options, determined acceptable to the Department of Planning and Permitting:

- a) Affordable for-sale units on the rezoned project site;
- b) Affordable rental housing units on the rezoned project site;
- c) Conveyance of improved fee simple real property to a qualified non-profit affordable housing provider;
- d) Affordable for-sale or rental units at a site other than the rezoned project site;
- e) An in-lieu fee as set by City Council resolution; and
- f) Finished house lots for affordable housing owner-builder through a self-help program;

and

WHEREAS, the Affordable Housing Rules establish a ten-year term of restrictions ("restriction period") on the transfer of title or sale of affordable housing units, during which:

- a) If a purchaser of an affordable unit wishes to transfer title, the Department of Budget and Fiscal Services shall have the option to (1) either purchase the real property, or (2) require the purchaser to sell the real property to a



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qualified resident who is in the same income category as the original purchaser at the time of the original sale; or

- b) Rental units in an affordable housing project must be rented for a minimum restriction period of ten years, after which the City shall be given the first option to purchase the project at fair market value if it is offered for sale after the ten-year rental period;

and

WHEREAS, after the restriction period expires, affordable for-sale units may be sold at fair market value, removing them from Honolulu's inventory of affordable fee-simple housing, and affordable rental units may be converted to market rental units, unless the rental project is purchased by the City; and

WHEREAS, maintaining an adequate inventory of affordable for-sale units is essential to provide residents with the opportunity for home-ownership; and

WHEREAS, maintaining an adequate supply of affordable rental units is essential because Honolulu's high cost of living, combined with stricter lending standards, places even affordable for-sale units out of reach for many residents, as evidenced by the prevalence of homelessness and crowded living situations in the City; and

WHEREAS, based on the foregoing, the Council feels that the restriction period specified in the Affordable Housing Rules must be extended to encourage the preservation of affordable for-sale and rental units for the residents of the City and County of Honolulu; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu that the Department of Planning and Permitting is requested to amend the appropriate provisions of the Affordable Housing Rules to provide that the restriction period for affordable for-sale units shall be no less than 15 years and the restriction period for rental units shall be no less than 50 years; and

BE IT FURTHER RESOLVED that the Department of Planning and Permitting is requested to further amend the appropriate provisions of the Affordable Housing Rules to provide that for the affordable units required to be provided to households with incomes not exceeding 80 percent of the median income, no less than 30 percent of required affordable units shall be affordable rental units; and



RESOLUTION

BE IT FURTHER RESOLVED that the Director of Planning and Permitting is requested to report to the Council within 90 days of the date of adoption of this Resolution on the status of the requested amendments to the Affordable Housing Rules; and

BE IT FINALLY RESOLVED that a copy of this Resolution be transmitted to the Mayor, the Managing Director, and the Director of Planning and Permitting.

INTRODUCED BY:

Ron Menor

DATE OF INTRODUCTION:

August 26, 2013
Honolulu, Hawaii

Councilmembers