



CITY COUNCIL

CITY AND COUNTY OF HONOLULU

HONOLULU, HAWAII 96813-3077

COMMITTEE ON ZONING AND HOUSING

Voting Members:

Kymerly Marcos Pine, Chair
Ikaika Anderson, Vice Chair
Brandon Elefante
Ann H. Kobayashi
Joey Manahan

AGENDA SPECIAL MEETING COMMITTEE MEETING ROOM THURSDAY, JANUARY 18, 2018 10:00 A.M.

SPEAKER REGISTRATION

Persons wishing to testify are requested to register to speak by 10:00 a.m. as follows:

- a. On-Line at <http://www.honolulu.gov/ccl-testimony-form.html>;
- b. By faxing to 768-3827 your name, phone number and the agenda item;
- c. By filling out the registration form in person; or
- d. By calling 768-3815.

Persons who have not registered to testify will be given an opportunity to speak on an item following oral testimonies of the registered speakers.

Each speaker limited to a **one-minute** presentation.

WRITTEN TESTIMONY

Written testimony may be faxed to 768-3827 or transmitted via the internet at <http://www.honolulu.gov/ccl-testimony-form.html> for distribution at the meeting.

If submitted, written testimonies, including the testifier's address, e-mail address and phone number, may be posted by the City Clerk and available to the public on the City's DocuShare Website.

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Accommodations are available upon request to persons with disabilities, please call 768-3815 or send an email to cnakazaki@honolulu.gov at least three working days prior to the meeting.

The meeting is viewable by: (1) internet live streaming through http://olelo.granicus.com/MediaPlayer.php?publish_id=92; (2) televised live broadcast on Olelo TV Channel 54; or (3) after the meeting, viewable at <http://www.honolulucitycouncil.tv/>. Copies of older meeting videos may be requested by calling the City Clerk's Office at 768-5822, charges may apply.

FOR ACTION

1. **BILL 58 (2017), CD1 – ESTABLISHING AN AFFORDABLE HOUSING REQUIREMENT.** Increasing the production of affordable housing, to encourage dispersal of affordable housing throughout the City and County of Honolulu, and to maintain the units as affordable for a long period of time. (Bill 58 [2017], CD1 passed second reading and public hearing held 7/12/17)

PROPOSED CD2 TO BILL 58 (2017), CD1 (Submitted by Councilmember Pine) – The CD2 (OCS2018-0022/1/12/2018 4:45 PM) makes the following amendments:

- A. In SECTION 1 of the bill: (1) adds reference to payment of an in-lieu fee or the provision of improved land as options to satisfy the affordable housing requirement; and (2) clarifies that the affordable housing must remain affordable for at least 30 years, except under certain circumstances.
- B. In Section __-1.1 ("Purpose"): (1) adds reference to payment of an in-lieu fee or the provision of improved land as options to satisfy the affordable housing requirement, and (2) removes reference to the affordability period.
- C. In Section __-1.2 ("Definitions"), adds new definitions for "first affordability period," "first marketing period," "gap financing," "hotel," "interim planned development-transit project" or "IPD-T project," "planned development-transit project" or "PD-T project.," "second affordability period," "second marketing period," "substantial rehabilitation," and "third marketing period."
- D. In Section __-1.2 ("Definitions"), revises the definition of "rail transit station area" to clarify that "draft neighborhood TOD plan" means the most current version of the plan then under consideration by the department of planning and permitting or the council at the time an application for a principal project is submitted to the department and accepted as complete, commencing with the first public review draft released by the director of planning and permitting to the community for review and comment. Council committee drafts of a plan are deemed under consideration by the council after they have been placed on a full council agenda for public hearing or adoption. Council floor drafts of a plan are deemed under consideration by the council after the council has amended the plan to the floor draft version.
- E. In Section __-1.3 ("Applicability"), provides that the affordable housing requirement applies to projects involving new construction of ten or more total for-sale dwelling units or the conversion of hotels, offices, or rental units into multifamily dwellings containing ten or more total for-sale dwelling units. Also deletes applicability of the affordable housing requirement to the substantial rehabilitation of ten or more dwelling units.

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- F. In Section __-1.3(b), adds a new subdivision (10) to exclude hotels not located within a TOD special district from applicability of the affordable housing requirement.
- G. In Table __-1.4:
- Categorizes projects as: (1) IPD-T projects, PD-T projects, or TOD special district projects seeking bonus height or density, or both; or (2) all areas, excluding IPD-T projects, PD-T projects, or TOD special district projects seeking bonus height or density, or both.
 - Provides that for IPD-T projects, PD-T projects, or TOD special district projects seeking bonus height or density, or both, any affordable dwelling units being provided as a community benefit to justify increased height or density, or both, may be counted to satisfy the base affordable housing requirements for IPD-T, PD-T, or TOD special district projects.
 - Establishes two options for providing for-sale on-site affordable dwelling units.
 - Adjusts the affordable housing requirement percentage amounts.
 - Adds options relating to payment of an in-lieu fee or the provision of improved land as options to satisfy the affordable housing requirement.
 - Provides that for IPD-T projects, PD-T projects, or TOD special district projects seeking bonus height or density, or both, an in-lieu fee can only be used to satisfy the portion of the base affordable housing requirements applicable to those projects that are in excess of the affordable housing requirements that otherwise apply to all areas.
- H. Adds Section __-1.4(d), relating to the payment of an in-lieu fee as a way to satisfy the affordable housing requirement. Payment of an in-lieu fee for projects with more than 25 dwelling units must be approved by the council.
- I. Adds Section __-1.4(e), relating to the provision of improved land as a way to satisfy the affordable housing requirement.
- J. In Section __-1.5 ("Affordability period"), with regard to for-sale affordable dwelling units, establishes two affordability periods. Affordable dwelling units sold during the first 120-day affordability period must remain affordable

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for a period of 30 years after the date when the unit is initially sold to a qualified buyer. Affordable dwelling units sold thereafter during the second affordability period must remain affordable for a period of 10 years after the date when the unit is initially sold to a qualified buyer.

- K. Adds a new Section __-1.6, which establishes four marketing periods that apply to for-rental and for-sale affordable dwelling units. All affordable dwelling units must be rented or sold at prices affordable to households earning the percentage of the AMI specified in Table __-1.4; provided that:
- During the first 120-day marketing period, affordable dwelling units must be marketed, and rented or sold to households earning the percentage of the AMI specified in Table __-1.4;
 - During the second 120-day marketing period, affordable dwelling units may be marketed, and rented or sold 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 140 percent;
 - During the third 120-day marketing period, affordable dwelling units may be marketed, and rented or sold 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 the AMI cannot exceed 140 percent; and
 - During the last marketing period, affordable dwelling units may be marketed, and rented or sold to households earning 140 percent and below of the AMI.

Renumbers subsequent sections.

- L. Adds Section __-1.7, which requires the deposit of in-lieu fees collected into a special account within the general fund, and restricts the use thereof. Renumbers subsequent sections.
- M. In renumbered Section __-1.11(c)(3), provides that affordable rental dwelling units will be subject to annual monitoring by a private compliance monitoring service, the fees for which will be paid by the owner of affordable rental dwelling unit directly to the private compliance monitoring service.

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- N. In renumbered Section ___-1.12 ("Rules"), provides that at a minimum, the DPP Director shall adopt administrative rules to:
- (1) Regulate the resale of affordable dwelling units under Section ___-1.5 to ensure the units remain within the same AMI range, as adjusted from time-to-time;
 - (2) Regulate the resale of affordable dwelling units under Section ___-1.6 to ensure the units remain within the same AMI range, as adjusted from time-to-time; and
 - (3) Establish an affordable housing compliance monitoring program, to be administered by a third party, to manage and implement the for-rental and for-sale affordable dwelling units created in compliance with the ordinance, for purposes of ensuring compliance with affordability requirements and periods. In addition, requires that at a minimum, the affordable housing compliance monitoring program must address the performance of certain functions set forth in the ordinance.
- O. Adds a new SECTION 3 to the bill, which provides that no later than five years after the effective date of the ordinance, the director shall submit to the Council a status report assessing the effectiveness of the ordinance in creating new affordable dwelling units in the City, and the efficiency of the affordable housing compliance monitoring program in administering the requirements of the ordinance.

[PROPOSED CD2 TO BILL 58 \(2017\), CD1](#) (Submitted by Councilmember Martin)
– The CD2 (OCS2017-1286/12/22/2017 2:13 PM) makes the following amendments:

- A. In proposed new Section _-1 .2, adds a definition for “common entrance.”
- B. In proposed new Section -1.4(b), provides that when affordable dwelling units are provided on site, affordable units and market-rate units in the same multifamily dwelling must share common entrances.
- C. Makes miscellaneous technical and nonsubstantive amendments.

2. **BILL 59 (2017), CD1** – **REVISED ORDINANCES OF HONOLULU, 1990, RELATING TO AFFORDABLE HOUSING INCENTIVES.** Providing financial support for the creation and maintenance of affordable dwelling units that are provided through compliance with the Bill establishing an Affordable Housing Requirement (AHR) (Bill ___[2017]), the Planned Development-Transit (PD-T) bill (Bill 74 [2015]), and Interim Planned Development –Transit (IPD-T) (Chapter 21, Section 9) permits, and for qualifying rental housing projects pursuant to HRS Section 201H-36(a)(5). (Bill 59 [2017], CD1 passed second reading and public hearing held 7/12/17)

PROPOSED CD2 TO BILL 59 (2017), CD1 (Submitted by Councilmember Pine) – The CD2 (OCS2018-0023/1/12/2018 3:36 PM) makes the following amendments:

- A. In SECTION 1 of the bill ("Purpose and intent"), provides that the waiver of park dedication requirements applies to all affordable dwelling units, not just rental units.
- B. In proposed new ROH Section 22-7.3(j), provides that the waiver of park dedication requirements applies to all affordable dwelling units, not just rental units.
- C. In SECTION 8 of the bill, provides that the technical amendments made to ROH Sections 18-6.5(e) and (f) in SECTION 5 of the bill, and ROH Sections 22-7.3(a) through (i) in SECTION 6 of the bill, will not be repealed when the ordinance is repealed on June 30, 2026.
- D. Makes miscellaneous technical and nonsubstantive amendments.

PROPOSED CD2 TO BILL 59 (2017), CD1 (Submitted by Councilmember Elefante) – The CD2 (OCS2018-0007/1/9/2018 9:27 AM) makes the following amendments:

- A. In SECTION 1 of the bill, provides that the ordinance waives 50 percent of the park dedication requirements for affordable rental dwelling units rented to households earning 80 percent and below of the area median income ("AMI") for Honolulu.
- B. Adds a new SECTION 6 of the bill, to amend ROH Section 22-7.2 to add a definition of "area median income" or "AMI". Renumbers subsequent bill sections accordingly.

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- C. Amends ROH Section 22-7.3(j) in renumbered SECTION 7 of the bill to provide that for enumerated affordable rental dwelling units rented to households earning 80 percent and below of the AMI, the land or in-lieu fee required to be provided under this article will be 50 percent of the normal requirement determined under Section 22-7.5, 22-7.6, or 22-7.7, as applicable.
- E. In renumbered SECTION 9 of the bill, provides that the technical amendments made to ROH Sections 18-6.5(e) and (f) in SECTION 5 of the bill, and ROH Sections 22-7.3(a) through (i) in SECTION 7 of the bill, will not be repealed when this ordinance is repealed on June 30, 2026
- F. Makes miscellaneous technical and nonsubstantive amendments.

KYMBERLY MARCOS PINE, Chair
Committee on Zoning and Housing