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OFFICE OF THE MAYOR RECEIVED  
CITY AND COUNTY OF HONOLULU

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MUI HANNEMANN  
MAYOR



CITY COUNCIL  
HONOLULU, HAWAII

December 22, 2008

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JAN 9 12:07 PM '09  
CITY CLERK  
HONOLULU, HAWAII

The Honorable Romy Cachola, Chair  
and Members of the Affordable Housing &  
Economic Development Committee  
Honolulu City Council  
530 South King Street, Room 202  
Honolulu, Hawaii 96813

Dear Chair Cachola and Councilmembers:

Enclosed is a copy of the, "Comprehensive Housing Strategy for the City and County of Honolulu by the Mayor's Affordable Housing Advisory Group, September 11, 2008". This is an over-arching, comprehensive, "housing production strategy" for non-profit and for-profit developers to partner with the City and County of Honolulu and provide housing for all market segments.

We look forward to working with you on developing solutions to the affordable housing needs of the people of Oahu. If you have any questions, please do not hesitate to give me a call at 523-4810.

Sincerely,

Rae Gee  
Executive Assistant

Enclosure

APPROVED:

Wayne M. Hashiro, P.E.  
Managing Director

**COMPREHENSIVE HOUSING STRATEGY FOR THE  
CITY AND COUNTY OF HONOLULU BY THE  
MAYOR'S AFFORDABLE HOUSING ADVISORY GROUP**

property will serve those making up to 80% of median income and retain affordability for a minimum of 55 years.

- ❖ The Committee recommends the City sell its rental units using both a business and social plan to maximize the revenues to the City and create the greatest number of affordable units in perpetuity.

The City owns 1,303 units that were developed or purchased. This portfolio runs the gamut from small rent facilities to elderly apartment communities to mixed-use, high-rise rental properties which include several public parking facilities. Most of the units should be sold with available 4% housing tax credits and tax exempt revenue bonds. Three of the buildings might be best sold as mixed-income properties serving residents up to 140% AML. No matter which way the properties are marketed, it is recommended that they have deed restrictions placed on them outlining the required number of units per various income groups. It is likely that the sale of these properties will generate substantial revenues in excess of the debt and the additional proceeds can be used to help facilitate the preservation and production of additional affordable housing units throughout the city.

#### **8. Mass Transit and Transit Oriented Developments**

Mass transit combined with transit oriented development offers the greatest promise of increasing Oahu's affordable housing stock. Transit oriented developments would in turn create the increased densities needed to support transit rider-ship. And, transit stations create increased property values within 1,000 to possibly 2,000 feet of each station.

While the City has actively engaged transit planners and the community in the planning process, the Committee strongly encourages the City to actively engage urban planners and real estate developers early on and throughout the process. These individuals are especially critical for their expertise in determining potential transit routes that could maximize affordable housing opportunities as well as the appropriate growth and development of the affected communities.

The value of the entitlements that the City is able to offer around a properly planned transit route has the greatest potential for financing the affordable housing needs of Oahu. The following are a few recommendations for consideration.

- ❖ Include a study for newly planned, higher density housing neighborhoods in the transit plan;
- ❖ Require an affordable housing component at each transit station and create a value capture zone to help subsidize these units;

**AFFORDABLE HOUSING  
ADVISORY COMMITTEE**

City & County of Honolulu

**REPORT & RECOMMENDATIONS**

Submitted to the Mayor  
By the Affordable Housing Advisory Committee

April 2006

d. **Develop a List of Pre-Qualified Buyers for Affordable Housing Units**

The Hawaii Home Ownership Center, the Self Help Housing Corporation of Hawaii, or other agencies may be able to provide "advance homeownership counseling" services to help prospective buyers be financially ready for home buying opportunities. Maintaining a list of these individuals could further facilitate the ability of developers to connect with potentially pre-qualified buyers for their affordable homes.

e. **Develop a Land Bank or Land Trust**

The City should work with the State, land owners, and developers to set-up a land banking system or land trust for the development of affordable housing.

f. **Preserve the City's Independent Right to Issue Its Own Tax Exempt Bond for Affordable Housing**

g. **Identify Redevelopment Areas to Increase Opportunities for Affordable Housing.**

**7. Preservation of Existing Affordable Rental Housing**

The Hawaii Housing Policy Study, 2003 clearly stated a greater need for rental housing over for-sale housing due to the high demand and limited supply of units. And, as important as new construction of affordable housing units is, it is equally, if not more important to preserve our existing stock of affordable and subsidized housing units.

It is estimated that in the last 10 years over 5,000 affordable rental units have been lost to condominium conversions, including units that were originally developed under the Unilateral Agreement. Over the last several years, over 800 units have had their HUD restrictive use agreements expire. It is estimated that an additional 1,000 units with restrictive use agreements will soon expire. Currently, the Kukui Garden Apartments with 857 low income units is being marketed for sale in addition to the 100 unit Coronado Apartments.

As such, the City needs to become proactive in preserving the existing rental stock and develop a toolbox of incentives to preserve and create as many affordable rental units as possible.

- ❖ The City could provide low interest loans to allow organizations to maintain or acquire affordable rentals provided they guarantee that the property will serve those making up to 80% of median income and retain affordability for a minimum of 55 years.

- ❖ The Committee recommends the City sell its rental units using both a business and social plan to maximize the revenues to the City and create the greatest number of affordable units in perpetuity.

**AGENDA**  
**MAYOR'S AFFORDABLE HOUSING ADVISORY GROUP MEETING**  
**FRIDAY, JANUARY 22, 2010, 2:00PM TO 3:00PM**  
**CITY DEPARTMENT OF TRANSPORTATION CONFERENCE ROOM,**  
**FASI MUNICIPAL BUILDING, 650 S. KING STREET, 3<sup>RD</sup> FLOOR**

- I. WELCOME
- II. UPDATE ON THE SALE OF THE CITY'S PORTFOLIO OF AFFORDABLE HOUSING PROPERTIES
  - A. SALE OF KULANA NANI – STATUS OF THE REQUEST FOR PROPOSALS (RFP)
    - I. CYNDY AYLETT, PERFORMANCE MANAGEMENT OFFICE, BFS REPORT
  - B. SUBSEQUENT PROPERTIES TO BE OFFERED FOR SALE
    - I. CYNDY AYLETT, PMO, BFS, REPORT
- III. CITY COUNCIL REQUEST TO PROVIDE COMMENT ON HOUSING POLICY
  - A. DMD'S REQUEST TO REVIEW CITY HOUSING DRAFT POLICY ON CITY FUNDING (HANDOUT)
    - I. AFFORDABLE HOUSING ADVISORY GROUP MEMBERS COMMENTS
  - B. REVIEW OF RESOLUTION 09-368 CITY'S POLICIES ON PRIORITIES FOR AFFORDABLE HOUSING FUND EXPENDITURES
    - I. AFFORDABLE HOUSING ADVISORY GROUP MEMBERS COMMENTS
      - 1. LEGISLATIVE STATUS: COUNCIL MEMBER GARCIA DEFERRED RESOLUTION AND IS WAITING TO HEAR FROM AFFORDABLE HOUSING ADVISORY GROUP MEMBERS POSITION ON THE DRAFT RESOLUTION TO BE RESURRECTED AT THE FEBURARY 10, 2010 COUNCIL COMMITTEE MEETING
    - II. TRANSIT ORIENTED DEVELOPMENT PLANS STATUS UPDATE
  - C. UNILATERAL AGREEMENTS FOR AFFORDABLE HOUSING RULES AND REGULATIONS STATUS UPDATE
  - D. RIVER STREET HOUSING FIRST PROJECT STATUS UPDATE
- IV. OTHER BUSINESS
- V. NEXT MEETING