

HOUSING OAHU: Islandwide Housing Strategy

Executive Summary

Oahu is experiencing a housing crisis. Our current housing policies, programs, and investments are fragmented and need updating to address escalating needs. The marketplace is not building enough affordable housing to keep up with demand. Many people live in overcrowded homes, spend more than 45% of their incomes on combined housing and transportation costs, or are homeless. Oahu will need more than 24,000 additional housing units to address pent-up demand combined with new household formation. Over 18,000 or 75% of the total projected demand is for households earning less than 80% of area median income (AMI), or \$76,650. The demand is largely for rental units. In contrast, only 2,080 building permits per year on average have been issued over the last five years. Most of the homes constructed were for higher income households and for-sale units.

The Vision

Oahu – Hawaii’s gathering place – will provide housing choices that build community, strengthen neighborhoods, and fit family budgets. All people will have access to shelter on Oahu.

This Islandwide Housing Strategy will address these needs through new and revised policies, incentives, regulations, and investments, in partnership with developers, builders, and other stakeholders.

Implementing the Housing Strategy will add over 4,000 units to the affordable housing inventory over five years. If the State continues funding affordable housing projects at a rate similar to the projects currently in the pipeline, and capitalizes on TOD opportunities on state lands, the five-year total increase could be over 8,000 units. If these policies and investment strategies prove effective and are continued over a fifteen year period, the identified demand for 24,000 housing units will be met. Major new initiatives include:

- Affordable Housing Requirement.** This will apply to all development over a certain threshold. Current regulations (applied only to rezoning) only require affordability to be maintained for ten years. The new requirement will prioritize more affordable rental housing for lower income households, require affordability for a much longer period of time, and have sufficient flexibility to meet developers’ needs.

Current Unilateral Agreement Rules	Proposed Islandwide Requirements
Applies to projects needing rezoning at 10 units or more.	Applies to projects needing building permits for 10 units or more, with a different percentage for rental and for-sale.
Options:	Three options:
A minimum of 30% of total units must be affordable to those earning up to 140% AMI.	CONSTRUCTION ON-SITE: Rental: 15% of the units at up to 80% of AMI For-Sale: 30% of the units at up to 120% of AMI
Of this 30% , a minimum 20% of the total units must be affordable to those earning up to 120% AMI, of which 10% of the total units must be affordable to those earning up to 80% AMI.	CONSTRUCTION OFF-SITE: Rental Only: 20% of the units at up to 80% of AMI IN LIEU OF CONSTRUCTION FEE: Fee equivalent to the cost of constructing a percentage of the total units as affordable (amount tbd).
Minimum required period of affordability 10 years.	Minimum required period of affordability 30 to 60 years.
<i>Note: HCDA Reserved Housing Rules for development in Kakaako require 20% of for-sale units (for 5 years) and 15% of rental units (for 15 years), both at up to 140% of AMI.</i>	

- **Transit-Oriented Development.** Building the rail system is a new driver. A toolkit of financial and zoning incentives will encourage developers to build more affordable housing near the rail stations. City investments in catalytic projects and public-private partnerships will help lead the market. Applying similar “transit-ready development” principles islandwide will help make sure that growth on the rest of Oahu is also compact, connected and walkable.
- **Accessory Dwellings.** The supply of rental housing in existing neighborhoods will be increased by updating zoning codes to allow accessory dwelling units (ADUs) to be added on existing single-family lots. Like ohana units – but not limited to family members – small cottages, additions, or converted garages will provide well-located, well-managed housing choices plus additional income for owners, or more accessible units for elders to move into as they ‘age in place.’ Between 17,000 and 22,000 rental units could be built under this program.

Strategic Action Plan: Major Initiatives

- 1. Increase Workforce Housing Inventory**
 - Adopt new Islandwide Affordable Housing Requirements to require longer affordability period at lower income levels in more projects.
 - Increase affordable housing production and adopt benchmarks.
- 2. Increase Low-Income and Homeless Housing Options**
 - Acquire, develop, rehabilitate, and lease Housing First units.
 - Leverage existing HUD funding to implement projects and to better coordinate and target homeless services.
- 3. Invest in Better Neighborhoods**
 - Develop affordable and workforce housing in mixed-use, mixed-income catalytic TOD projects, using public-private partnerships.
 - Adopt a housing finance toolkit with incentives to stimulate private investment.
 - Rehabilitate existing housing and invest in neighborhood infrastructure.
- 4. Update Policies and Regulations to Promote Housing Production**
 - Adopt Neighborhood TOD Plans and update ordinances, zoning and parking requirements to make it easier to build mixed-use projects near rail stations.
 - Expand zoning for multi-family, ohana and accessory dwelling units (ADUs) for affordable rental housing.
 - Revise housing construction standards and building codes.
- 5. Coordinate Implementation and Measure Progress**
 - Establish a strategic development office to fast-track implementation.
 - Track production and inventory of affordable housing.

Acting together on this Strategy will help us emerge from our housing crisis and build a more diverse and affordable housing stock over time. The recommended next step, after initial discussion with Council, is to reconvene stakeholder groups for review, present the policy to other interested parties, and then refine the recommendations for submittal to City Council. Adoption of the key principles as a policy will affirm the City’s commitment to the production, preservation and maintenance of well-located affordable and workforce housing.

Download Housing Strategy at www.honoluluodpp.org/