



## RESOLUTION

ESTABLISHING CITY POLICY GOVERNING QUALIFICATIONS FOR PROSPECTIVE DEVELOPERS/OWNERS/MANAGERS OF THE CITY'S AFFORDABLE HOUSING PROJECTS.

WHEREAS, the people of Hawaii are suffering from an affordable housing emergency that has reached the crisis stage; and

WHEREAS, the City and County of Honolulu has decided to sell all twelve city-owned affordable housing projects; to wit:

Bachelors Quarter's (built in 1938), 10 units  
Chinatown Gateway Plaza (1990), 200 units  
Chinatown Manor (1993), 89 units  
Harbor Village (1991), 90 units  
Kanoa Apartments (1955), 14 units  
Kulana Nani (1972), 160 units  
Manoa Gardens 1992, 41 units  
Marin Tower (1994), 236 units  
Pauahi Hale (1982), 77 units  
West Loch Elderly (1993), 150 units  
Westlake Apartments (1973), 96 units, and  
Winston Hale (1964), 94 units;

and

WHEREAS, preserving existing affordable rental housing in a safe and well-maintained physical condition and under professional, tenant-sensitive, and effective management is absolutely critical in the midst of an affordable housing crisis; and

WHEREAS, it is the sentiment of the council to preserve these twelve affordable housing projects as affordable in perpetuity; and

WHEREAS, it is also the sentiment of the council to increase the supply of permanently affordable rental housing to serve the diverse communities that compose the unique fabric of our city and state; and

WHEREAS, it is the position of the council to ensure that any prospective developers, owners, and/or managers of these existing projects, as well as of any additional affordable rental housing to be developed on any of these sites, have a



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successful history of developing, owning, and/or managing similar affordable rental properties and a proven commitment to healthy neighborhoods; and

WHEREAS, in a series of public meetings culminating at Harris United Methodist Church on May 26, 2007, city-owned affordable housing residents achieved consensus over the qualifications that they require in prospective owners of their homes; and

WHEREAS, these qualifications were endorsed by the Delegate Council of Faith Action for Community Equity (FACE) on June 9, 2007; and

WHEREAS, these residents and community leaders promise to endorse prospective owners who can meet these qualification and further promise to oppose development and/or rehabilitation plans submitted by prospective owners who do not meet these qualifications; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu that the city shall respect this community consensus and that the following city policy shall govern qualifications for prospective owners and managers of the city's affordable housing projects:

1) Development/Ownership

- Prospective owners shall have the development of permanently affordable rental housing as part of their core competence and/or mission. Absent this, affordable housing shall be an explicit part of their business plan;
- Prospective owners shall be able to package financing that ensures permanently affordable rental housing;
- Prospective owners/developers shall have a good history of working with community and resident groups;
- Prospective owners shall have a long-term plan for permanent affordability; and
- Prospective owners shall be willing to accept ownership with a deed restriction that specifies affordability in perpetuity and/or as a leasehold interest with the city to maintain the fee simple ownership.



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2) Management

- Prospective owners shall select an experienced affordable rental housing management agent with a good history of working with resident groups;
- Prospective owners shall implement a management plan evidencing authentic concern for the resident community they serve and including regular resident participation; and
- Prospective owners shall have a strong performance record of maintaining and rehabilitating affordable rental housing.

3) Rehabilitation

- Prospective owners seeking to do building rehabilitation shall allow residents to participate in defining the scope of work before construction begins, and jobs shall be completed within a reasonable time;
- Building rehabilitation shall include but not be limited to health, safety, and environmental needs of residents;
- Rent increases associated with rehabilitation shall be reasonable for existing resident populations and should be phased in over a period of time; and
- Prospective owners shall hire local contractors and/or local subcontractors whenever possible.

4) Affordability

Quality affordable housing is the cornerstone of livable communities. Most city-owned affordable housing projects represent a range of incomes that has proven to be economically and socially beneficial for project neighborhoods. Prospective owners shall at a minimum retain the existing mix of eligible income ranges that presently exist within each property. If financially feasible, owners may change these income ranges only to serve those at lower income levels. Long term affordability shall never be defined as "for the useful life of the building," as this may encourage some owners to let properties deteriorate when they want to "opt" out of their commitment.



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Any additional housing developed on any of these sites will also be affordable rental housing, unless the development of market rate housing proves a positive addition, and the profits from these market rate units will provide additional subsidy for existing and possible additional affordable rental housing. These affordability restrictions shall be memorialized either as part of a leasehold agreement, a land development/disposition agreement, regulatory agreement, the deed of trust, and/or any other covenant document to be placed on the subject property, dependent on the mechanism by which the land and/or buildings containing the units are to be transferred/sold to a third party.

5) Local ownership

The city shall prefer local ownership wherever possible. Prospective owners without a history of doing business in Hawaii shall be prepared to explain their plan for long-term involvement in Hawaii. Prospective owners from outside the state shall be asked for their long-term commitment to doing business in the state of Hawaii.

6) Non-Profit/For-Profit

Whenever possible, the city shall prefer non-profit or community-development corporate developers motivated by an authentic concern for the residents they serve. Prospective for-profit owners interested in these properties shall be prepared to explain how affordable rental housing ownership fits within their business plan or model. The city will base the choice of a developer, either non-profit or for-profit, on the depth and length of affordability that a developer commits to produce, as well as on its proven track record at meeting such commitments. The city will define depth of affordability as affordable to the people with the lowest incomes and length of affordability as in perpetuity.



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BE IT FINALLY RESOLVED that copies of this Resolution be transmitted to the mayor, managing director, and the directors of the departments of community services, budget and fiscal services, and planning and permitting.

INTRODUCED BY:

*Sam Kuyama*  
*Donna Wilson*  
*Ed Lee*  
*Ed Lee*  
*Romy M. Miller*

DATE OF INTRODUCTION:

**APR 25 2008**

Honolulu, Hawaii

Councilmembers