



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of Hawai'i Appleseed Center for Law and Economic Justice
 In Support of Bill 13 GIA Appropriations
 Honolulu City Council
 Scheduled for Hearing Wednesday, June 3, 2015, 10:30 AM

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Hawai'i Appleseed Center for Law and Economic Justice is a nonprofit law firm created to advocate on behalf of low-income individuals and families in Hawai'i. Our core mission is to help our clients gain access to the resources, services, and fair treatment that they need to realize their opportunities for self-achievement and economic security.

Thank you for the opportunity to testify **in support** of Bill 13, relating to Relating to the Executive Operating Budget, and in particular the proposed Grant-in-Aid appropriations included in the budget. The proposed appropriations include a \$52,104 grant to Hawai'i Appleseed for a project that will help address Hawai'i's affordable housing crisis by facilitating the development of Accessory Dwelling Units (ADUs). The project will be done in partnership with Appleseed, Hawaiian Community Assets, Hawaiian Community Development, and pro bono partner Architects Hawaii, which has committed to providing 1800 hours of staff time for the project.

For years, Hawai'i has faced a serious affordable housing shortage. Oahu needs more than 24,000 additional housing units by 2016, with over 75% of the total projected demand for households earning less than 80% of the Area Median Income. From Appleseed's affordable housing research and recommendations—many of which have been adopted into city and state housing strategies—ADUs have emerged as the lowest-hanging fruit for affordable housing development.

ADUs are dwellings with their own kitchen, bathroom, and sleeping facilities, built on a single-family lot, but separate from the main house. They have been successfully used by jurisdictions around the country as part of their affordable housing strategies. ADUs are typically more affordable than other types of units, with the average rents for ADUs being affordable to households earning 70 to 80% of AMI, making them a promising means of developing affordable housing without the use of scarce government subsidies. ADUs facilitate multigenerational living, relieve overcrowding, allow aging in place, and create additional income streams for homeowners, all while preserving a community's character and reducing the environmental impact of development on new land.

The project initially focuses on ADU development on Hawaiian Homelands property, where county ordinances that currently prohibit ADUs can be waived and there is great need for ADUs to help create additional low to moderate-income housing opportunities and relieve overcrowding. Assuming that an

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ADU ordinance currently being considered by the Council is passed, the project will expand to the whole of Oahu. The project will facilitate ADU development through the following means:

- Working with pro bono partner Architects Hawaii to develop four sustainably built, low-cost ADUs using designs that will be included in an open source Plan Book
- Creating a how-to manual to help homeowners learn about ADUs and guide them through the process, including planning, financing, permitting, building, and leasing
- Identifying and expanding upon existing ADU financing options and tools to support homeowners interested in building ADUs
- Developing additional partnerships with builders, building suppliers, and architects to streamline ADU creation (e.g., building materials suppliers creating ADU packages)
- Developing a workshop and counseling program to help homeowners finance and build ADUs
- Creating a marketing plan, materials and website to increase ADU awareness

We are targeting to break ground on the initial three to four units in late 2015, early 2016. With the initial units serving as a model for other homeowners, by mid-2017, we hope to be involved with breaking ground on 35 new ADUs which are traceable to our efforts. Ultimately, the resources developed by the project and the barriers it removes will have a lasting statewide impact, with only minimal ongoing resources necessary for their continued maintenance.

It is estimated that ADU development could result in the creation of at least 250 new housing units per year on Oahu alone. To put that in perspective, the state of Hawai'i gives out around \$27 million per year under the Low-Income Housing Tax Credit (LIHTC) program—one of the few programs available to subsidize affordable housing development. Yet the LIHTC program is estimated to create less than 300 affordable rental units each year. This ADU project has the potential to set into motion changes that will ultimately provide housing for hundreds, perhaps even thousands of households on Oahu without the use of government subsidies.

Thank you again for the opportunity to testify in of this effort. We know that the Council has expended great effort on finding answers to O'ahu's affordable housing crisis, and we deeply appreciate those efforts. We hope that you will support this project and take advantage of this opportunity to expand our affordable housing supply quickly—without a substantial cost to the public—by facilitating the development of Accessory Dwelling Units.