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June 14, 2016

Honolulu City Council
Zoning and Planning Committee
Thursday, June 16, 2016, 9:00am
City Council Chamber (3rd floor), Honolulu Hale

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SUPPORT: Bill 27

Aloha e Council Members,

I am submitting testimony in **STRONG SUPPORT** of Bill 27, legislation that will temporarily exempting accessory dwelling units, as defined in Section 21-10.1, from certain fees and permanently exempting accessory dwelling units from the requirement to provide or dedicate land for park and playground purposes. This legislation would allow our Honolulu residents to become a part of the solution in addressing the severe need for housing among homeless families, overcrowded households, and our growing kupuna population.

I submit my testimony in my capacity as Executive Director of Hawaiian Community Assets (HCA), the state's largest nonprofit 501c3 HUD-certified housing counseling agency that builds the capacity of low- and moderate-income communities to achieve and sustain economic self-sufficiency. Our business offers place-based financial education, housing counseling, and asset building programs to achieve our mission. HCA owns a nonprofit subsidiary, Hawaii Community Lending (HCL), which is a native community development financial institution that provides micro-loans to Hawaii residents to build/improve credit and secure/sustain affordable housing. Founded in 2000, our organization serves 1,500 children and families annually through 24 remote site offices on all inhabited islands across the state. Since our inception we have assisted 1,492 low-income families secure or sustain permanent housing and helped our low-income communities access more than \$142 million in capital through mortgage financing, match savings, and micro-loans.

According to the Corporation for Enterprise Development's 2016 Assets and Opportunities Scorecard, Hawaii homeowners and renters rank last in the nation in housing cost burden, paying, on average, 40.6% and 57.5% of their income toward housing, respectively. At the same time, Hawaii workers reported the lowest annual average pay rate in the nation as compared to other states and the District of Columbia, making \$12,457 less per year than the average US worker. This economic situation, where our families are paying the highest costs for housing in the nation while earning the least amount of money, has impacted our local economy by resulting

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in higher homeless rates, greater overcrowding, and less opportunities for our keiki and kupuna to be housed.

Bill 27 would address this need for affordable housing on Oahu, and specifically by lessening the upfront costs on our island residents to build accessory dwelling units (ADUs) on their existing properties. Additional benefits of ADUs, include:

ADUs create rental housing: On Oahu, the greatest need is for affordable rental housing, but the private market has failed to create rental units. ADUs are a straightforward way to add to our affordable rental housing inventory without government subsidies, since homeowners cover the cost of development. The rents charged for ADUs are often affordable to low and moderate income renters.

ADUs provide a flexible housing option: Secondary units have long been used on Oahu as ohana dwellings and are ideal for intergenerational living. But while ohana units help adult children and aging parents to afford rental housing, the ban on rentals to non-relatives means that ADUs are limited in their usage. Allowing rentals to non-family members will ensure that ADUs benefit homeowners in all phases of life, including when they do not have family members in need of housing but still need stabilizing income. This also adds units into the general housing stock. Greater flexibility will encourage ADU production because homeowners know that they and future owners can use them long-term.

ADUs help homeowners afford their homes: ADUs provide an additional source of income, helping homeowners afford their own homes—they are better able to pay their mortgages, property taxes, and other expenses.

ADUs enable aging in place: Rental income supports elders on fixed incomes, helping them to stay in their homes. ADUs can house caregivers and promote safety by having another person live on-site.

ADUs promote sustainability: They help to prevent urban sprawl while still maintaining neighborhoods' character, and because of their smaller size, they use less energy.

ADUs support the local economy: Developing ADUs creates work for local builders and contractors, increases sales of construction materials, and provides ongoing government support through property taxes.

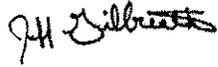
Regulated ADUs benefit tenants and the community: Allowing and regulating ADUs will promote units that are code-compliant and that owners pay relevant fees, such as sewer fees, and GET on rental income.

Mahalo for the opportunity to submit my testimony in support of Bill 27 legislation that will temporarily exempting accessory dwelling units, as defined in Section 21-10.1, from certain fees and permanently exempting accessory dwelling units from the requirement to provide or dedicate land for park and playground purposes. This legislation would allow our Honolulu residents to

become a part of the solution in addressing the severe need for housing among homeless families, overcrowded households, and our growing kupuna population.

Please feel free to contact me directly at 808.587.7653 should you have any questions or need clarification.

Sincerely

A handwritten signature in black ink, appearing to read "Jeff Gilbreath". The signature is written in a cursive style with some loops and flourishes.

Jeff Gilbreath
Executive Director