



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of Hawai'i Appleseed Center for Law and Economic Justice
In Support of Bill 27 Relating to Accessory Dwelling Units
City Council, City and County of Honolulu
Scheduled for Hearing Thursday, June 16, 2016, 9:00 AM, Committee Meeting Room

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Thank you for the opportunity to testify in **strong support** of Bill 27, aimed at reducing costs for building Accessory Dwelling Units ("ADUs") by temporarily exempting certain fees, and permanently exempting ADUs from the requirement to provide or dedicate land for park and playground purposes.

According to the U.S. Census Bureau, the 2014 American Community Survey estimated over 50% of homeowners in Hawai'i are cost-burdened (spending 30% or more of household income on housing), while over 57% of renters are cost-burdened. Due to the high cost of housing and relatively low wages, Hawaii has the highest rate of homelessness in the nation, and out homelessness rate continues to rise.

ADUs are an important tool to tackle our affordable housing crisis, offering many benefits to current homeowners, prospective tenants, and the community at large. First, they decrease cost-burdens to homeowners by increasing household income through rental of the ADU. Second, they can help larger households to relieve overcrowding while allowing families remain together on a single property lot. Third, ADUs can be built relatively quickly without the necessity of government subsidies; since ADUs typically rent out at 70 to 80 percent of Area Median Income, they represent an important affordable housing development opportunity—one which relies on private homeowners as part of the solution to Hawaii's affordable housing crisis, rather than scarce government subsidies. Fourth, studies have shown ADUs to be one of the greenest housing options due to their reduced sizes and lower energy usage. By increasing density in existing communities, ADUs also prevent urban sprawl.

The ADU program has so far been limited in effectiveness. In passing Bill 20, it was estimated that over 250 ADUs could be built each year. Within the first six months since the bill's passage, only 7 permits had been granted with a little over 60 applications pending. We have yet to reach the full potential of ADUs.

By eliminating permit fees, Bill 27 can increase the attractiveness and effectiveness of the program. We do not believe at this point that the low turnout reflects a disinterest in the program, but instead a result of burdensome upfront investments. Current fees include sewer hookup fees, grading and grubbing permit fees, plan review changes fees, and other miscellaneous preliminary expenses. In aggregate, these can cost up to \$10,000. Community sentiment seems to indicate that the monetary

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hurdle is significantly prohibitive as it approximates 10-25% of total constructions costs, and has made ADUs a less attractive investment to homeowners.

Thank you again for the opportunity to testify in **strong support** of Bill 27. We greatly appreciate the amount of time and effort that the City Council has invested in finding answers to Oahu's affordable housing crisis, and in working to create a strong bill that will make a real difference in our communities. We strongly urge you to take advantage of this opportunity to expand our affordable housing supply quickly—without a substantial cost to the public—and allow our communities to capture the benefits that ADUs have to offer.