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June 6, 2017

From: George S. Massengale  
To: Honolulu City Council  
Date: June 7, 2017  
Re: Bill 58, Establishing Affordable Housing Requirements

### OPPOSE

Chair Menor, Vice Chair Anderson, and members of the city council. Please accept our testimony in opposition of this measure. Our opposition is specific to the reduction of In-Lieu Fees in **all areas outside of Ala Moana, Downtown, or Chinatown rail transit stations areas**, as well as **All arears outside of a rail transit station area**.

As the council members know the current in-lieu fee is \$45.00 per square foot, and the proceeds go into the city's affordable housing for development of low and moderate income housing. We along with other affordable housing advocates do not grasp as to how lowering the fee to \$27.00 in some areas will facilitate the development of more affordable housing (for households with incomes between 40 and 80% AMI).

We also must point out that the square foot construction cost for a nonprofit housing developers such as EAH Housing Corporation or Steadfast Housing Development Corporation is in the area of \$350 per square foot. On the other end of the spectrum, high-end developers factor in development cost in excess of \$800+ per square foot.

In closing, I would just remind council members that we do have a housing crisis and lowering the in-lieu fee to \$27.00 per square foot is counterintuitive, especially on Oahu where land is at a premium, and construction cost are some of the highest in the nation.

**We would ask that the council to remove the \$27.00 per square foot figure and retain the \$45.00 per square foot figure. Although we would strongly recommend at least doubling the \$45.00 per square foot figure.**

Respectfully,

George S. Massengale  
Director, Community Engagement

MISC. COM. 3134