

BILL 58 TESTIMONY

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Proposed Affordable Housing Requirement for a period of 30 years:

Proposed Change to Bill 58

The increase to a 30 year affordability term from the current 10 year term for the for-sale units will make these affordable units extremely difficult to market. If a significant amount of equity is lost to the owner unless the owner stays in the unit for 30 years, the opportunity to eventually move into a larger home becomes difficult, with the loss of equity. If the owner stays in the unit for the 30 year period, after 5-10 years, the home is occupied by someone with expected increases in income no longer serves someone in the affordable category. If however, under the 10 year term of affordability, the owner decides to move, the home will be sold at a level similar to surrounding formerly affordable homes and will probably service someone at an affordable income level.

If the affordable term cannot be reduced to a 10-year term, I strongly recommend that after a unit with the 30-year term has been marketed for 30 days, if buyers cannot be found that the developer be allowed to reduce it to a 10-year term. If the current trend of lotteries for affordable homes for sale continues the homes, if there is a market for the 30-year term, should be picked up within the 30-day period. The biggest concern for a developer is having to hold the affordable housing units unsold, which could affect project financing.