

~~Speaker Registration~~/Testimony

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 Meeting Date 06-29-2017
 Council/PH Committee Zoning
 Agenda Item Bill 59
 Your position on the matter Oppose
 Representing Self
 Organization
 Do you wish to speak at the hearing? No

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I reviewed Bill 59 and in general I support the intent of the Bill, and also support that it is implemented through incentives. Given my concern that these incentives end up being a transfer of wealth from taxpayers to those who are fortunate enough to get the limited affordable housing produced, I am opposed to the bill overall however.

With one key amendment I would support this bill: The amendment being that upon any sale of the unit, 80% of the profits be returned to the C&C of Honolulu. This would rectify the situation of individuals benefiting from taxpayers who have provided the funds that pay for these incentives.

A second concern I have is the Bill limits such incentives to affordable housing units only. Studies have shown that compared to other states, the value of land is an extremely high portion of the value of the properties here in Oahu. Therefore one concern I have is these exemptions will prompt building of such units in the short term, but upon the first resale it will revert to market rate units.

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The end result as I see it then is this:

- 1) Our broad taxes are used to provide these exemptions and incentives, which results in transfer of money to developers
- 2) Developers use this transferred money to sell units at below market rate to affordable households, transferring the wealth to them
- 3) The affordable household sells the units - ending up with a transfer of wealth from the tax paying population to those who were fortunate enough to qualify for the affordable units.

For #3, I have written to HCDA supporting the amendment in that area specifically

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that gives them the option to purchase the unit at the original price paid.

For affordable units that are benefited by these exemptions, I would therefore support a clause that states that for any affordable unit sold, at any time, C&C of Honolulu may purchase the unit at the last sale price, OR will receive 80% of the increase in sale price.

This would disincentivize anyone from purchasing with the intent to make money, and ensure that families who truly want to live in those units can continue to do so. Any increase in land value thus can be recaptured by the City and County of Honolulu, and the wealth is not transferred to any individual in this manner

Testimony
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