

Testimony of
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Pacific Resource Partnership

City & County of Honolulu
City Council
Councilmember Ron Menor, Chair
Councilmember Ikaika Anderson, Vice Chair

Bill 59, CD1 Affordable Housing Incentives
Wednesday, July 12, 2017
10:00 a.m.
City Council Chamber

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C & C OF HONOLULU

Aloha Chair Menor, Vice Chair Anderson and members of the Council:

Pacific Resource Partnership (PRP) supports the Hawaii Rental Housing Coalition (HRHC) and the state and city governments in their efforts to find concrete solutions to build more affordable housing for households whose incomes are at or below 140% AMI. We particularly support Bill 59, CD1 incentives for “affordable rental dwelling units located on real property used in connection with a housing project developed in compliance with **Section 201H-36(a)(5), Hawaii Revised Statutes.**”

Bill 59, CD1 incentives for affordable rental housing projects developed in compliance with **Section 201H-36(a)(5)** are an important part of an initiative, supported by the private sector and state government, that will make it feasible to build more affordable housing units in the near-future. Both HRHC members and state government have made the following contributions:

1. HRHC members, including developers, landowners, contractors, union leaders, members of the banking community, and housing advocates have come together to propose changes that will reduce the cost of building more affordable rental housing; and
2. The 2017 Hawaii State Legislature passed HB 1179, and Governor Ige recently signed it into law as Act 54, which created the **Section 201H-36(a)(5) provision referenced in Bill 59, CD1**. This law expands the existing general excise tax exemptions for allowable construction, development, and financing costs for projects wherein at least 20% of available units are for households whose incomes are at or below 80% AMI, and wherein all remaining units are for households whose income are at or below 140% AMI. In addition, this law allows construction unions to participate and negotiate a special wage rate and benefits package to help reduce the construction costs for affordable rental housing projects.

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These contributions combined with city incentives provided for in Bill 59, CD1 will allow the construction industry to build more affordable housing for Hawaii's residents.

Thank you for the opportunity to voice our opinion and we respectfully request that you support Bill 59, CD1 incentives for affordable rental housing units in connection with housing projects developed in compliance with Section 201H-36(a)(5), HRS.