

A



Davies Pacific Center  
841 Bishop Street, Suite 1601  
Honolulu HI 96813

Ph: (808) 587-7770  
Fx: (808) 587-7769  
www.avalonhi.com

2017 JUL 12 AM 7:36  
RECEIVED  
CITY CLERK  
C & C OF HONOLULU

July 12, 2017

The Honorable Ron Menor, Chair  
Councilmember Ikaika Anderson, Vice Chair  
& Members of the Honolulu City Council  
530 South King Street, Room 202  
Honolulu, Hawaii 96813

RE: Bill 59 – TO AMEND CHAPTER 8, CHAPTER 14, AND CHAPTER 22, REVISED ORDINANCES OF HONOLULU 1990, RELATING TO AFFORDABLE HOUSING INCENTIVES

Aloha Chair Menor, Vice Chair Anderson and Members of the Honolulu City Council, my name is Frank Orrell here on behalf of Avalon Development Company. Thank you for allowing Avalon Development Company ("Avalon") to submit testimony in support of Bill 59, CD1 relating to affordable housing incentives. Avalon is a multifaceted real estate business that develops, owns and manages properties throughout Honolulu and the state of Hawaii.

Avalon has been active in all efforts to support legislation that will encourage the delivery of affordable units. Bill 59, which seeks to make available incentives to support the development of affordable housing units in TOD and other areas, is a step in the right direction. Incentives include real property tax exemptions, waivers for wastewater system facility charges, waivers for building permit and plan review fees, and waivers for park dedication requirements for certain affordable dwelling units. These incentives will help to reduce some of the substantial losses of between \$100,000-300,000 per unit homebuilders must bear in order to build any affordable units, whether it is a rental or for-sale unit. However, the incentives currently available via State of Hawaii's 201H program or the under the ROH Sect. 8-10.20 (full RPT exemption for each parcel within a regulatory agreement project for the regulated period if 20% of the units are at 80% AMI). Despite the incentives currently available, it has been difficult to build affordable rental housing or rental housing period. We believe that an over supply of rental housing at all pricing levels will dampen appetite for speculative purchasing of individual investment housing as rents would be come very competitive with an over supply of rental housing. To reach that goal, there must be much more incentives needed. Significant incentives are still needed if we are to reach the City's affordable housing goals. At the very least, the Council should allow all incentives (including the park dedication waiver) to apply to both rental and for-sale affordable units. The need for both rental and for-sale units is great enough such that incentivizing both types of affordable units is preferred. Also, the floor area for affordable units should be exempted from calculations for floor area ratio. This will help to reduce the land costs associated with affordable units and allow the density allowed to be applied to market rate units.

PH

We appreciate your efforts to increase affordable housing units in Honolulu and look forward to working with the Council to ensure these incentives have the desired results.

Sincerely,

DocuSigned by:  


B5809E8FC30C4F1...  
Frank Orrell

Project Manager  
Avalon Development Company LLC