

Bill 58 (2017)
Early Testimony

Speaker Registration/Testimony

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Meeting Date	01-18-2018
Council/PH Committee	Zoning
Agenda Item	Affordable housing requirement
Your position on the matter	Support
Representing	Self
Organization	
Do you wish to speak at the hearing?	No
Written Testimony	I fully support and encourage bill 58 and believe it needs to go further to target women and families who make less than median income
Testimony Attachment	
Accept Terms and Agreement	1

January 18, 2018

The Honorable Kymberly Pine, Committee Chair
and Zoning & Housing Committee Members
Honolulu City Council
530 So. King Street, Room 202
Honolulu, Hawaii 96813

Subject: Support for Bills 58 & 59, Relating to Affordable Housing Requirements and Incentives

Dear Committee Chair Pine and Members:

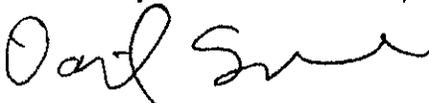
ProsPac Holdings Group would like to commend the Committee Chair for her leadership facilitating constructive dialogue among developers, housing advocates, City staff and fellow Councilmembers. Given the severe, and worsening, housing challenges here on Oahu, we recognize the particular importance in giving careful consideration to the many complex and interrelated aspects of new housing policy.

We also know that extended debate on this issue risks creating continued uncertainty, which threatens to have the unintended consequence of discouraging development. In fact, there are several Inclusionary Zoning (IZ) studies, evaluating hundreds of jurisdictions, that have recognized one of the most important factors for a successful IZ policy is predictability.¹

We appreciate the Interim Planned Development process for Transit-Oriented Development (TOD) areas, which has allowed for testing the affordable housing requirements in Bill 58. We are pleased to move forward with our planned mixed-use, mixed-income development in the Ala Moana TOD District, which we believe will serve as an innovative example for these new standards. The ProsPac development will offer more than 15% of units as affordable rental housing priced at no more than 80% Area Median Income for a 30-year period - and which will be built on-site, concurrent with market-rate housing, and will be privately-financed without use of limited public funds and tax credits.

It is our earnest hope that the Council will move quickly to adopt the proposed incentives in Bill 59 which have encouraged, and will enable, our current development plans.

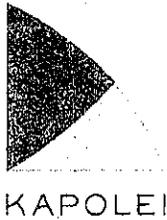
Mahalo for your consideration and prompt action.



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¹ Sturtevant, Lisa A. "Separating Fact from Fiction to Design Effective Inclusionary Housing Programs" Center for Housing Policy May 2016. pg. 9 http://media.wix.com/ugd/19cfbe_9a68f933ed6c45fb5f8b7d2ef49dda0.pdf

Jacobus, Rick. "Inclusionary Housing: Creating and Maintaining Equitable Communities" Lincoln Institute of Land Policy. 2015. pg 16 <http://landuselaw.wustl.edu/Articles/Inclusionary%20Housing%20Report%202015.pdf>



January 16, 2018

Councilmember Kymberly Pine, Chair
Councilmember Ikaika Anderson, Vice Chair
Honolulu City Council
Committee on Zoning and Housing
530 South King Street, Room 200
Honolulu, Hawaii 96813

Chair Pine, Vice Chair Anderson and Members of the Committee:

Testimony in Support of Bill 59 (2017), CD2 (Pine),
Relating to Affordable Housing Incentives

Testimony Offering Comments on Bill 58 (2017), CD2 (Pine),
Establishing Affordable Housing Requirements

Support for Bill 59 (2017), CD2 (Pine)

On behalf of the James Campbell Company LLC, and as members of the Hawaii Rental Housing Coalition, please accept this testimony in strong support of Bill 59 (2017), CD2 (Councilmember Pine's version). We support a heavy incentive-based approach to building new affordable rental housing because of the unique economic constraints that have traditionally plagued new rental housing production in Hawaii.

We have witnessed the difficulty in building rental housing first hand over our decades of development in Kapolei, which along with development across the rest of O'ahu, has generally not produced new rental housing over the past three to four decades. Recently, counter to this trend, we were a lead investor in the Kapolei Lofts 499-unit, 60 percent affordable income-qualified rental project, which was only able to be built because of affordable housing property and general excise tax waivers, utilizing previously earned park dedication credits and a unique project financing structure. Expanding these types incentives, including proposed fee waivers, will make projects like Kapolei Lofts much more feasible.

Consistent with what is provided for in the CD2 (Pine) version of Bill 59, it is essential that these types of incentives are available to build affordable rental projects in every developable and development-ready area of the island and not just in future transit-oriented areas. Considering some estimates indicate we need another fifty Kapolei Lofts-sized projects to be built on O'ahu to satisfy existing rental housing demand, every feasible incentive should be made available to address this crisis.

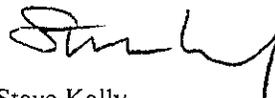
Comments on Bill 58 (2017), CD2 (Pine)

We request that Bill 58 (2017) continue to be held in committee for further revision. There has been substantial progress made thus far in working with stakeholder groups through the diligent work of this committee, advancing the Bill from an initial version that was severely flawed. That work should continue. Our current general comments on the Bill include:

- The bulk of O'ahu's future new housing development is already subject to affordability requirements through conditions of approval mandated through land use changes. We feel instituting comparatively modest affordable housing requirements for projects that are not currently subject to an affordability requirement is a reasonable course of action.
- Much of the debate on Bill 58 involves the term or period of affordability for the new housing that may be developed under this Bill. A 30-year period of affordability is currently the defacto requirement for any rental project to be built because there is no way to finance a rental project without utilizing tax incentives tied to a regulatory agreement with at least 30 years of term. Because of this, and the need to incentivize new rental housing construction in any way possible, affordability period mandates (and really most of Bill 58's provisions) should be directed at for-sale housing. We feel a 10-year for-sale housing affordability period is better, simpler policy that is fairer to affordable home buyers. A 10-year term also keeps housing that may be developed under this Bill on relatively even ground with other for-sale projects' affordability requirements and agreements. However, if a 30-year for-sale housing affordability period should be instituted, tying marketing periods to affordability term, similar to what is proposed in CD2 (Pine), should be the minimum flexibility allowed to minimize costly unsold home holding periods and the resulting hindrances to financing new for-sale housing construction.
- We strongly agree with Bill 58's original premise that its provisions do not apply to housing development that is already subject to unilateral or development agreements made policy through ordinances spanning many actions and years. However, we request clarification from the Department of Planning and Permitting on whether certain provisions proposed in Bill 58 that are not specifically addressed in those agreements, such as affordability and marketing periods, would subsequently be incorporated into adopted rules or affordable housing agreements executed in satisfaction of unilateral or development agreement provisions. In short, will key Bill 58 provisions end up applying to projects with unilateral or development agreements despite the explicit exclusion contained in the Bill? If so, we request that a complete Bill 58 opt-in flexibility be considered to avoid creating policy that would clearly favor some projects over others.

We appreciate the opportunity to testify and look forward to continuing efforts in crafting sound and economically feasible affordable housing policy.

Very truly yours,



Steve Kelly
Vice President