

Bill 59 (2017)
Early Testimony

From: CLK Council Info
Sent: Wednesday, November 15, 2017 3:17 PM
Subject: Zoning & Housing Speaker Registration/Testimony
Attachments: 20171115151709_Bill_59_testimony.docx

Speaker Registration/Testimony

Name Bill Melohn
Phone 6509686892
Email BMELOHN@YAHOO.COM
Meeting Date 11-16-2017
Council/PH Committee Zoning
Agenda Item 59
Your position on the matter Support
Representing Self
Organization
Do you wish to speak at the hearing? No
Written Testimony
Testimony Attachment 20171115151709_Bill_59_testimony.docx
Accept Terms and Agreement 1

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I would like to testify in support of Bill 59.

Background: my neighbors and I live in an area within the city of Honolulu where restrictive covenants attempt to control the height and lot footprint of houses. We've been involved for over 4 years in trying to stop one of our neighbors, a mainland landlord who owns a dozen other rental properties in Honolulu, from building a much taller and larger house, with the addition of a "wet bar", "rumpus room", and "family room", the latter two areas were originally submitted to DPP as "Living room 2", and "Dining room 2", but the room labels were changed after an initial failed submission to DPP, who then approved the plans which were otherwise unchanged.

Under our covenants, all structures are single family, and can be only 18' in height, and cover 33% of the lot.

Because we have no HOA, the enforcement of these covenants falls to individual lot owners in our subdivision. The DPP expressly play NO role in considering covenants when assessing a building permit.

When the homeowner refused to comply with these restrictions, we were forced to file a lawsuit to stop his construction. The court found any claims of use for the new addition to be "unripe", which means that until he builds the structure AND has another family occupy it, we have no means of preventing him from building this DPP approved plan.

This is ludicrous; once he's built the addition, the damage to our homes and community created is permanent, regardless of how he ends up using the space. If he's reported by us as having 2 families as tenants, the best we can hope for is a small DPP fine.

The lawsuit has dragged on for years, as he is currently appealing the ruling that found his plans in terms of height and lot coverage to be in violation. Each of us homeowners have had to pay tens of thousands of dollars to enforce the covenants, with NO guarantee that in the end the owner won't end up winning, or worse, casting doubt on the validity of the 35 year old covenants, jeopardizing the entire subdivision's reliance on them to preserve our community's views and single family character.

Based on our experience so far, I'd like to provide a couple of suggestions, either to this bill or a subsequent one.

1) Expand the definition of large homes to include any plan where the increase in square footage is more than 66% or 2000sq of the size of the original home. Very few single family homes are going to dramatically expand in this way, and just as ADUs are limited in size, so too should "additions" that are substantially larger than the homes they are attached to. Requiring a covenant requiring single family occupancy in these circumstances seems reasonable.

2) Require the DPP to consider ALL restrictive covenants applied to a lot, whether they run with the lot, or were added as part of a large home application. Demand the DPP **investigate** issues with covenants prior to plan approval, and put the weight of the city government behind their findings. Provide an adjudication process when covenant interpretation by land owners raises questions, and potentially involve neighbors or community associations in helping demonstrate the character of a given neighborhood to absentee home owners. Help neighborhoods adopt guidelines that prevent homes from being constructed that might impact shared resources, such as on street parking.

3) Have the DPP issue **rejections** of plans that obviously enable multi family dwellings, not just allow label changes to and then approve designs. A two story home, with separate living, dining, and kitchen areas (designated as a “wet bar” or not) that appears to an examiner to have the potential to be used as a multi family dwelling should be given the same red flag, requiring a restrictive covenant prior to approving the permit.

4) Consider explicitly stating that violations of the covenant can lead to the requirement that the addition be **demolished** from the property, and a permanent injunction granted preventing further non conforming modifications. Fines clearly are not working, but requiring someone to demolish non conforming structures could have a much stronger deterrent.

Mahalo for your consideration!

Bill Melohn

1865 Alaweo Street

Honolulu, HI 96821

Speaker Registration/Testimony

Name	Christine Nakashima-Heise
Phone	808-782-9005
Email	cnheise@gmail.com
Meeting Date	01-18-2018
Council/PH Committee	Zoning
Agenda Item	Bill 59
Your position on the matter	Support
Representing	Organization
Organization	Hawaii Rental Housing Coalition
Do you wish to speak at the hearing?	No
Written Testimony	
Testimony Attachment	20180114100817_Letter_to_Council_members.pdf
Accept Terms and Agreement	1

HAWAII RENTAL HOUSING COALITION

January 15, 2018

To: Kymberly Marcos Pine, Zoning Committee Chair
Ikaika Anderson, Vice Chair
Joey Manahan
Ann H. Kobayashi
Brandon J. C. Elefante

From: Christine Nakashima-Heise, Executive Director

Re: Bill 59

Dear Chair Pine, Vice-Chair Anderson and Zoning Committee Members:

As you may know, Zoning Committee Chairperson, Kymberly Pine, has called several working meetings to exchange ideas on Mayor Caldwell's housing bills 58 and 59. There have been productive and constructive interactions among the various housing agencies, private sector developers, housing and community advocates, as well as members of the various City and State departments, all of whom are stakeholders in the matter of building new affordable housing. Revisions to both Bills 58 and 59 have been made for your consideration for this week's zoning committee hearing.

The Hawaii Rental Housing Coalition, a consortium of private developers and in partnership with the Hawaii Construction Alliance, which represents more than 70% of the construction industry workers, has championed initiatives both within the private and public sector to make the development of new affordable rental housing for our workforce population possible. Our specific program, which is supported by Act 54 passed by the Legislature last year, calls for the building of affordable rental housing, of which 20% must be built for those earning at or under 80% AMI, with the remainder under 140% AMI. The project must also remain affordable for a period of 30 years. Together with Act 54, Bill 59 is critical to our program. Bill 59 provides critical incentives for the building of affordable housing. Bill 59 has broad support among all the stakeholders involved in the ongoing discussions with Chair Pine and is ready for passage. If passed, Bill 59 will allow for the development of qualified affordable rental housing projects by the private sector to begin. For these reasons, we urge you to cast a favorable vote to pass Bill 59 immediately, independent of the outcome of the vote on Bill 58.

Respectfully submitted,

Christine Nakashima-Heise

Hawai'i Construction Alliance

P.O. Box 179441
Honolulu, HI 96817
(BOB) 348-8885

January 15, 2018

The Honorable Kymberly Marcos Pine, Chair
The Honorable Ikaika Anderson, Vice Chair
and Members
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawai'i 96813

RE: Strong Support for Bill 59 CD2,[†] Relating to Affordable Housing Incentives

Dear Chair Pine, Vice Chair Anderson, and members:

The Hawai'i Construction Alliance is comprised of the Hawai'i Regional Council of Carpenters; the Operative Plasterers' and Cement Masons' Union, Local 630; International Union of Bricklayers & Allied Craftworkers, Local 1; the Laborers' International Union of North America, Local 368; and the Operating Engineers, Local Union No. 3. Together, the member unions of the Hawai'i Construction Alliance represent 15,000 working men and women in the basic crafts of Hawai'i's construction industry.

We have been extremely concerned about the chronic deficiency of rental apartment housing across the state, which is negatively affecting families throughout the entire community – including our members. Along with our partners in the banking, development, landowning, contracting, architecture, and engineering communities, we have identified measures which can be taken to improve the economics of construction, developing, and financing rental housing projects. **One such measure is the proposed CD2 of Bill 59, which we strongly support.**

Our partners in the private sector have committed to undertaking several initiatives to lower the cost of construction and improve the operations for rental housing through the Hawai'i Rental Housing Coalition. On the State side, the Legislature passed HB1179, which was signed into law by the Governor as Act 54 (2017). Act 54 (2017) created a new class of affordable rental housing projects which would be eligible to be exempt from the general excise tax under HRS 201H-36(a)(5), which would automatically improve the economics of producing these projects by 4-4.5%.

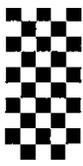
Through Bill 59, we are seeking to ensure that these new HRS 201H-36(a)(5) rental housing projects will receive City-level incentives to help them become economically feasible at income levels which are within reach of local families. Specifically, Bill 59 would provide incentives in the form of real 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. We applaud your committee for its diligent work in evaluating these incentives and look forward to the positive benefits that these incentives will provide for those who are so desperately in need of rental housing.

Mahalo,



Tyler Dos Santos-Tam
Executive Director
Hawai'i Construction Alliance
execdir@hawaiiiconstructionalliance.org

[†] Version OCS2018-0023/1/12/2018 3:36 PM



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Hawai'i

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Harry A. Saunders
President

Fax Submittal: 768-3827

Email Submittal: <http://www.honolulu.gov/ccl-testimony-form.html>

January 16, 2018

Kymerly Marcos Pine, Zoning Committee Chair
Ikaika Anderson, Vice Chair
Joey Manahan
Ann H. Kobayashi
Brandon J. C. Elefante

Subject: Testimony in Support of Bill 59 Proposed CD2 to Bill 59 (2017) CD1

Dear Chair Pine, Vice-Chair Anderson and Zoning Committee Members:

As you may know, Zoning Committee Chairperson, Kymerly Pine, has called several working meetings to exchange ideas on Mayor Caldwell's housing bills 58 and 59. There have been productive and constructive interactions among the various housing agencies, private sector developers, housing and community advocates, as well as members of the various City and State departments, all of whom are stakeholders in the matter of building new affordable housing. Revisions to both Bills 58 and 59 have been made for your consideration for this week's zoning committee hearing.

The Hawaii Rental Housing Coalition, a consortium of private developers and in partnership with the Hawaii Construction Alliance, which represents more than 70% of the construction industry workers, has championed initiatives both within the private and public sector to make the development of new affordable rental housing for our workforce population possible. The specific program, which is supported by Act 54 passed by the Legislature last year, calls for the building of affordable rental housing, of which 20% must be built for those earning at or under 80% AMI, with the remainder under 140% AMI. The project must also remain affordable for a period of 30 years. Together with Act 54, Bill 59 is crucial to the program. Bill 59 provides critical incentives for the building of affordable housing. Bill 59 has broad support among all the stakeholders involved in the ongoing discussions with Chair Pine and is ready for passage. If passed, Bill 59 will allow for the development of qualified affordable rental housing projects by the private sector to begin. For these reasons, we urge you to cast a favorable vote to pass Bill 59 immediately as it is incentive based and should not be held hostage by the failure of Bill 58 to go forward at this time due to its many inadequacies to accomplish its stated goals.

Respectfully submitted
Castle & Cooke Hawai'i, Inc.



Harry A. Saunders

Testimony of
Christopher Delaunay, Government Relations Manager
Pacific Resource Partnership

City & County of Honolulu
City Council
Committee on Zoning and Housing
Councilmember Kymberly Marcos Pine, Chair
Councilmember Ikaika Anderson, Vice Chair

Bill 59, CD2 Affordable Housing Incentives
Thursday, January 18, 2018
10:00 a.m.
Committee Meeting Room

Aloha Chair Pine, Vice Chair Anderson and members of the Committee:

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 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 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. 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

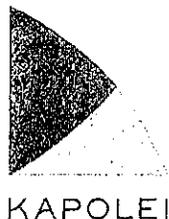


(Continued From Page 1)

and negotiate a special wage rate and benefits package to help reduce the construction costs for affordable rental housing projects.

These contributions combined with city incentives provided for in Bill 59 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 incentives for affordable rental housing units in connection with housing projects developed in compliance with Section 201H-36(a)(5), HRS.



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.

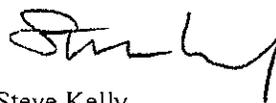
Comments on Bill 58 (2017), CD2 (Pine)

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

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:

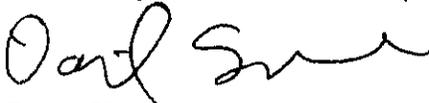
ProsPac Holdings Group would like to commend the Committee Chair for her leadership facilitating constructive dialogue among developers, housing advocates, City staff and fellow Councilmembers. Given the severe, and worsening, housing challenges here on Oahu, we recognize the particular importance in 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.



Daniel Simonich
Assistant Project Manager
ProsPac Holdings Group LLC
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daniel@prospacholdings.com

¹ Sturtevant, Lise 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>