

Bill 59 (2017), CD2  
Additional Testimony

January 31, 2018

The Honorable Ron Menor, Chair  
and Councilmembers  
Honolulu City Council  
530 So. King Street, Room 202  
Honolulu, Hawaii 96813

Subject: Support for Bill 59, Relating to Affordable Housing Incentives

Dear Council Chair Menor and Members:

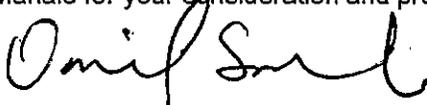
ProsPac Holdings Group strongly supports Bill 59, which offers incentives for developing affordable rental housing.

There seems to be widespread agreement, as many studies conclude, about the need to offer significant incentives to mitigate the economic impacts of an inclusionary zoning requirement; it is understood how "incentives play a role in maximizing the impact of an inclusionary housing program", and that policy measures, such as proposed in Bill 59, critically enhance the feasibility of a development project.<sup>1</sup>

ProsPac is pleased to move forward with its planned mixed-use, mixed-income development in the Ala Moana TOD District, which we believe will serve as an innovative example for the City's new inclusionary zoning standards. The ProsPac development offers to exceed the required amount of 15% affordable housing proposed by Bill 58, and will provide 19% 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  
(808) 955-7018  
[daniel@prospacholdings.com](mailto:daniel@prospacholdings.com)

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<sup>1</sup> Jacobus, Rick. "Inclusionary Housing: Creating and Maintaining Equitable Communities" Lincoln Institute of Land Policy. 2015. pg. 33 [https://www.honolulu.gov/rep/site/doptod/officehousing\\_docs/ahr\\_docs/Inclusionary-Housing\\_Jacobus\\_2015.pdf](https://www.honolulu.gov/rep/site/doptod/officehousing_docs/ahr_docs/Inclusionary-Housing_Jacobus_2015.pdf)

Urban Land Institute, Terwilliger Center for Housing. "The Economics of Inclusionary Development" 2016, [https://www.honolulu.gov/rep/site/doptod/officehousing\\_docs/ahr\\_docs/Economics-of-Inclusionary-Development\\_ULI\\_2016.pdf](https://www.honolulu.gov/rep/site/doptod/officehousing_docs/ahr_docs/Economics-of-Inclusionary-Development_ULI_2016.pdf)

Testimony of  
Christopher Delaunay, Government Relations Manager  
Pacific Resource Partnership

City & County of Honolulu  
City Council

Councilmember Ron Menor, Chair & Presiding Officer  
Councilmember Ikaika Anderson, Vice Chair

Bill 59, CD2 Affordable Housing Incentives  
Wednesday, January 31, 2018  
10:00 a.m.  
City Council Chamber

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 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.

# Hawai'i Construction Alliance

P.O. Box 179441  
Honolulu, HI 96817  
(808) 348-8885

January 30, 2018

The Honorable Ron Menor, 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 and FD1, Relating to Affordable Housing Incentives**

Dear Chair Menor, 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 Bill 59, CD2 and FD1, 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@hawaiiconstructionalliance.org

# HAWAII RENTAL HOUSING COALITION

January 30, 2018

To: The Honorable Ron Menor, Chair, and Members of the City Council

From: Christine Nakashima-Heise, Executive Director

Re: Bill 59

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.

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. As we all know, the major obstacle to providing affordable housing is the cost of developing and constructing it as well as the time required to obtain the necessary entitlements to build it. Bill 59 provides important cost reducing incentives for the building of affordable housing as well as a path to expedite the time consuming process of permit approvals. Bill 59 provides a major step forward in making development of affordable housing by the private sector possible--something that has not been accomplished in the last half century. For these reasons, we strongly urge you to cast a favorable vote to pass Bill 59 immediately, independent of the outcome of the vote on Bill 58.

Respectfully submitted,

/s/ Christine Nakashima-Heise

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**From:** CLK Council Info  
**Sent:** Friday, February 02, 2018 7:13 AM  
**Subject:** Zoning and Housing Speaker Registration/Testimony

## Speaker Registration/Testimony

Name Ken Farm  
Phone 8089376332  
Email farmk@hawaii.edu  
Meeting Date 02-14-2018  
Council/PH  
Committee Zoning  
Agenda Item Bill 59  
Your position on  
the matter Support  
Representing  
Organization Self  
Do you wish to  
speak at the  
hearing? No  
Council Bill 59

Position: SUPPORT

Written  
Testimony

As a Member of the Kalihi-Palama Neighborhood Board, I see every day the cost to human dignity that we are not able to supply safe and suitable housing for residents of on Oahu. Bill 59 has the potential Though I am not a fan of tax exemptions I see no other way to spur on the development of affordable housing and gives incentives to developers to build and reshape Oahu for the betterment of all. In my hopes, I want to see more vertical living residences which reflect the values of the community here in Kalihi-Palama but also of Oahu.

This would mean that we start to look at and incentive developers to build projects at 60% AMI or below. Which many people in Hawaii are struggling to find housing. People who are unable to find housing puts a strain services like homeless shelters and other supportive services.

Ken Farm

Members-At-Large

Neighborhood Board No. 15

Kalihi-Palama

Testimony

Attachment

Accept Terms and  
Agreement 1