

Bill 7 (2019)

Additional Testimony



Councilmember Kymberly Marcos Pine
Chair, Committee on Zoning and Housing
City Council
City and County of Honolulu
530 South King Street
Honolulu, HI 96813-3077

RE: Bill 7 (2019) Relating to Affordable Rental Housing

Dear Chair Pine and Members of the Committee on Zoning and Housing:

Thank you for the opportunity to address the Council on this important bill. My name is Ikaika Hussey. I am the chairperson of Iliili, a new cooperative association focused on creating affordable low-carbon housing and transportation, restoring healthy food systems, developing a capable and resilient citizenry, and strengthening the urban core.

I am writing in support of Bill 7 as amended with the M&M submittal by the Planning Commission. This legislation will ease the way for traditional and non-traditional developers such as Iliili to build affordable rental units on lands already zoned for multi-family dwellings.

This bill focuses on low to mid-rise, walk-up buildings that can be built economically on small lots (sub 20,000 sq. feet). The Department of Planning and Permitting estimates that these proposed changes would allow 14,000 to 21,000 additional units to be built in Apartment-zoned lands. This estimate does not include AMX, B, or BMX lands, so the possible number may in fact be quite higher. This takes us some distance towards the goal of 60,000 new units by the year 2025, all without a government subsidy.



 / iliili.org

Iliili is a multi-stakeholder community cooperative working to decarbonize our island economy.

This bill puts the City & County of Honolulu in a position to address several of our island's key problems: higher quantities of affordable housing will be made available, which helps to cure market demand; urban in-fill will be accomplished, leading to smarter, denser neighborhoods; and we will see demonstrable improvements in public health and wellness through a more walkable, low-carbon urban landscape which residents of all ages and abilities will be able to utilize. Thank you for the opportunity to testify.

Me ke aloha pumehana iā kākou a pau,

**Ikaika Hussey
1703 Kuikele Street
Honolulu, Hawaii 96819
808-221-2843**



ilili / ilili.org

Ilili is a multi-stakeholder community cooperative working to decarbonize our island economy.



March 28, 2019

Honorable Kymberly Pine, Chair
Committee on Zoning and Housing
Honolulu City Council
Committee Meeting Room
City Hall
Honolulu, Hawaii 96813-3077

Dear Chair Pine, Vice Chair Fukunaga, and members of the Committee,

RE: Bill No. 7, Relating to affordable rental housing. Creating a temporary program to accelerate the construction of affordable rental housing on apartment- and business mixed use-zoned properties by relaxing zoning and building code standards, and offering financial incentives.

My name is Gladys Quinto Marrone, CEO of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii. Our members build the communities we all call home.

BIA-Hawaii is in **strong support** of Bill No. 7 which proposes to create a temporary program to accelerate the construction of affordable rental housing on apartment- and business mixed use-zoned properties by relaxing zoning and building code standards, and offering financial incentives.

Numerous government studies have found that in the State of Hawaii, the supply of housing has not and will not keep pace with demand over the next several years. This overall lack of supply of housing is the reason why the median housing price on Oahu is approximately \$800,000.00. It also is part of the reason why we have a proliferation of "multi-generational housing", and the dreaded "monster houses".

We encourage the Council to explore new ways to incentivize development of more housing at all price points. Reducing regulatory barriers is one way to incentivize more housing development. The National Association of Home Builders found that in 2018, approximately 30% of the price of a new residential unit is attributed to compliance with government imposed exactions, regulations and codes. Relaxing zoning and building code standards, while not compromising public health and safety, will address the underlying issue of housing affordability.

We are in strong support of Bill No. 7 as it is a step in the right direction. We appreciate the opportunity to provide comments on this matter.

Momi Cazimero 222 Kawaikui Place Honolulu, HI 96821 Email: cazimero.momi@gmail.com

March 27, 2019

Via email to info@honoluluhpp.org

Councilmember Kymberly Marcos Pine
Chair, Committee on Zoning and Housing
City Council
City and County of Honolulu
530 South King Street
Honolulu, HI 96813-3077

Re: Bill 7 (2019) Relating to Affordable Rental Housing

Dear Chair Pine and Members of the Committee on Zoning and Housing:

Aloha, my name is Momi Cazimero. My company, Graphic House, has been commissioned by Marshall Hung to provide design services on his projects. Confirming Mr. Hung's commitment to building "Affordable/Workforce Housing," are projects I worked on dating from 1995 (1450 Young St.) to 2017 (801 So. Street). The units were sold immediately—testifying to the pressing need they achieved.

I have long been a concerned citizen. As proof of my concern for the lack of affordable housing, I spent 3 years testifying for affordable housing at the Hawaii State Legislature. In distinguishing the times we live in, I have said: I made sacrifices to buy a home for my family; sacrifice can no longer buy homes for families. My children are part of the latter group, heightening my concern.

What I did learn in the years I advocated for affordable housing at the Legislature was the lack of understanding in differentiating the personal from basic cost issues. As an example—a legislator expressed his dismay over gentrification in building affordably priced apartments—separately—instead of incorporating affordable units into a luxury priced apartment building. The difference is: Affordable units have window AC units that can be turned off when the apartment is vacated; vs Luxury buildings that, at that time, assessed a maintenance fee that started at \$400.00 for central air-conditioning that runs continuously. This is but one of many, many reasons only someone with the comprehensive background of Mr. Hung can resolve.

In addition to providing design services for his projects, I also served on an education foundation created by him and his wife Yuko to encourage innovation among public elementary schools. Marshall Hung has done more than provide housing for the middle class that makes up the largest group in our community; he has sought to help create an informed class of citizens.

I want to conclude with a concern and a solution:

1. My concern is that the housing problem continues to drive away promising individuals from fulfilling their potential here in Hawai'i because opportunities are far more rewarding and where housing is more affordable; and

2. Mr. Hung has the credibility and expertise to provide the necessary guidance and solutions to the housing dilemma, along with Newton Chung and Mel Kaneshige who have accumulated the experiences that magnify their credentials.

Respectfully,
Momi Cazimero

March 27, 2019

Via email to info@honoluluudpp.org

Councilmember Kymberly Marcos Pine
Chair, Zoning and Housing Committee
City & County of Honolulu
530 South King Street
Honolulu, Hawaii 96813

Re: Bill 7 (2019) Relating to Affordable Rental Housing
Proposed CD 1 to Bill 7 (2019)

Chair Pine and Members of the Zoning and Housing Committee,

My name is Mel Kaneshige. I am a retired Honolulu resident who is concerned about Hawaii's housing crisis.

I am submitting additional testimony regarding the proposed CD1 to Bill 7 that was posted in the Agenda Addendum by your committee today.

My specific comments to the changes proposed by CD1 are below, using the same lettering system as shown in the Agenda Addendum, Item 8. If a lettered change is not referred to, I have no comment on the change.

B. Clarifies the definitions of . . . "declaration of restrictive covenants".

Comment: The requirement of a declaration of restrictive covenant is unnecessary for enforcement. Indeed, the very next section (5) calls for a certification to be filed by the landowner affirming compliance with the Bill's requirements. This is a case of "belt and suspenders" and can scare owners off from starting these badly needed projects. Remember that these are not sophisticated developers but owners who have not done anything with their underdeveloped properties for years. We need to encourage them to do this not to scare them off with unnecessary paperwork.

Councilmember Kymberly Marcos Pine

March 27, 2019

Page 2

- D. In renumbered Section ___-1.3, limits the prohibition on CPRs to affordable rental housing projects located in TOD special districts.

Comment: I am opposed to this since CPRs should be permitted in all districts in which affordable rental housing is allowed. CPRs are a legal tool to separate title of a lot among different owners and can be particularly helpful when a family wants to develop an affordable rental housing project on family lands and wants to divide up the ownership among the family members. This can also be helpful to allow family members to separately obtain loans for each family member because of the differing needs of each family member. For example, one family member may need to borrow to send a child to college or to help with medical emergencies. Having separate legal title through a CPR would enable family members to accomplish this. Remember that, notwithstanding a CPR, the units must be rented to 100% AMI or less tenants.

- E. Adds a new Section ___-1.4, to require the recordation of a declaration of restrictive covenants.

Comment: This is not necessary; a simple certification is all that is necessary. When a property owner wants a homeowner exemption for real property taxes, he files a simple certification, not a declaration of restrictive covenants. This requirement is overkill.

- G. In renumbered Section ___-1.6, clarifies that the penalty provisions under that section apply to violations under Articles 2 and 3, and combines the penalty provisions in subsection (d) with the violation provisions in subsection (a).

Comment: I'm not sure that the penalty assessed here is meant to be "10 times the amount of the real property tax assessed". If it is, it is draconian and is inconsistent with what the City proposes for real property taxes in Section 8-10.__(i)(3) on page 24 of CD1 which is the difference in the real

property taxes otherwise owed plus interest at 10% per annum. I believe the latter is what the City really means to impose as a penalty.

- H. In Section __-2.2, deletes the prohibition against affordable rental housing projects in TOD special districts

Comment: I agree with the deletion of the prohibition against affordable rental housing projects in TOD special districts. However, this section should be amended to permit affordable rental housing to be built in business zoning districts as well as all other zoning districts in which public elementary, middle, and high schools are permitted. E-commerce is changing the retail landscape and owners with business zoned lands that cannot find retail tenants should be permitted to build affordable rental housing instead. Public schools are having a difficult time recruiting and retaining teachers in large part because of their inability to find affordable housing. Permitting the DOE to use their underutilized school lands for affordable rentals is a big boost for public education. The State DOE has submitted testimony in favor of this provision.

- I. In development standard table in Section __-2.3, under minimum front yard, provides for a 10-foot minimum front yard except in TOD special districts if no front yard is required and at least two-thirds of the total length of the building along the street frontage is dedicated to residential or commercial use.

Comment: This same table contains a requirement for a minimum of one off-street loading space to accommodate garbage pickup and garbage bin storage. I believe this should be up to the owner to decide in the same way that the owner will decide on the number of parking stalls, if any, to provide. The owner needs to gauge the market and his ability to rent (or not) his apartments with or without parking and loading spaces.

Councilmember Kymberly Marcos Pine

March 27, 2019

Page 4

- N. In Section ___-3.2(f)(3), provides that buildings that are less than three stories in height with 35 or fewer units may have one fire exit stairwell that is a minimum of 36 inches (instead of 48 inches) wide. Also requires that the stairwell exit to both the ground floor and the roof; and requires with a standard-sized door at the rooftop exit, and a railed-off waiting area on the rooftop.

Comment: Please delete height restriction. This should apply to building with 35 or fewer units.

- P. In SECTION 3 (waiver of wastewater facility charges), SECTION 4 (waiver of plan review and building permit fees), and SECTION 5 (waiver of park dedication requirements) of the Bill, clarifies that the incentives apply to affordable rental housing units that are rented to households earning 100 percent or below of the AMI at prices affordable to such households.

Comment: Please delete language re “at prices affordable to such households pursuant to Chapter B.” The owners should determine what rents to charge to tenants. The size limits as well as the limited AMI restriction will necessarily keep the rents down.

- Q. In renumbered SECTIONS 6 (real property tax exemption) and 7 (real property tax holiday) of the Bill, amends existing ROH sections (instead of creating new sections to specifically regulate affordable rental housing projects).

Comment: Please delete the references to a declaration of restrictive covenants for the reasons stated in paragraphs B and E above. Please also delete references to “at prices affordable to such households pursuant to Chapter B” for the reasons stated in paragraph P above.

Thank you for this opportunity to testify. I am happy to answer any questions.

Mel Kaneshige



March 28, 2019

Via Fax – (808) 768-3826

Councilmember Kymberly Marcos Pine
Chair, Committee on Zoning and Housing
City Council
City & County of Honolulu
530 South King Street
Honolulu, Hawaii 96813-3077

Re: Bill 7 (2019), Relating to Affordable Housing

Dear Chair Pine and Members of the Committee on Zoning and Housing,

There is clearly a shortage of residential rental properties in Honolulu, and I am in support of Bill 7, as amended by the "M&M" version from the Planning Commission.

Bill 7 as amended will provide necessary incentives for landowners and developers to build needed affordable rental units on properties that are already zoned for multi-family dwellings.

Bill 7 as amended will also help create new rental units on properties that may not otherwise be improved. The proposed residential buildings are an efficient use of the land, and the units will be rented by families that are making 100% of the Honolulu AMI or less.

I have over 34 years of experience in real estate, and I am an active member of national real estate associations including ULI and NAIOP. I have worked on a large number of urban renewal projects in Hawaii and on the Mainland, and I sincerely appreciate the opportunity to provide this testimony.

With Aloha,

FIRST HAWAIIAN BANK

A handwritten signature in black ink, appearing to read "Daniel A. Nishikawa", with a horizontal line extending to the right.

Daniel A. Nishikawa
Executive Vice President & Division Manager
Commercial Real Estate Division