

BIA-HAWAII
BUILDING INDUSTRY ASSOCIATION

October 28, 2008

The Honorable Gary Okino, Chair and Members
Committee on Planning and Sustainability
City Council
City and County of Honolulu
Honolulu Hale
Honolulu, Hawaii 96813

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Dear Chair Okino and Members of the Committee:

Subject: Bill No. 87 (2007) Amending Chapter 16 of the Revised Ordinances of Honolulu 1990, Relating to the Building Code

I am Karen Nakamura, Chief Executive Officer 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.

BIA-HAWAII offers its strong opposition to Bill No. 87 (2007).

The purpose of the bill is to require all new building construction to meet LEED standards of environmentally sensitive design and construction. By adopting progressive LEED Standards, the City and County of Honolulu will require integrated whole building design practices, energy and water efficiency, and indoor environmental quality.

The bill would require new construction to meet the following LEED standards over the following four (4) year period:

Year 2010 LEED Silver
Year 2012 LEED Gold
Year 2014 LEED Platinum

Recently, the Seattle Times published a story on an intriguing new analysis done by Professor Theo Eicher, a University of Washington economics professor who found that home prices have, perhaps inadvertently, been driven up \$200,000 by good intentions. Between 1989 and 2006, the median inflation-adjusted price of a Seattle house rose from \$221,000 to \$447,800. Fully \$200,000 of that increase was the result of land-use regulations, says Theo Eicher — twice the financial impact that regulation has had on other major U.S. cities.

A key regulation is Washington State's Growth Management Act, enacted in 1990 in response to widespread public concern that sprawl could destroy the area's unique character. To preserve it, the act promoted restrictions on where housing can be built.

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The result is artificial density that has driven up home prices by limiting supply, Eicher says. Long building-permit approval times and municipal land-use restrictions upheld by courts also have played significant roles in increasing Seattle's housing costs, he adds.

A UW professor for 13 years, Eicher is also the founding director of the UW's Economic Policy Research Center. Its goal is to provide analysis that will inform regional policy debates.

In the final analysis, Eicher believes Seattle's regulatory climate exists because its residents want it. "My sense is land-use restrictions are imposed to generate socially desirable outcomes," he says. "We all love parks and green spaces. But we must also be informed about the costs. It's very easy to vote for a park if you think the cost is free."

The LEED rating system developed by the United States Green Building Council (USGBC) is a "voluntary" program. Projects or buildings are rated for their design, performance and materials used in construction. These criteria become more stringent as you go from a LEED "Certified" to LEED "Platinum" designation.

Once a project or building is constructed, any change of materials, equipment or design (internal/external) may impact the LEED rating. We are not aware of a USGBC program to mandate re-certification or decertification of a project or building after it has been constructed.

Our understanding is that the LEED program is working on a voluntary basis. Consumer awareness and preference is driving more and more projects toward LEED building practices.

Finally, there is an increase in cost for a LEED project or building. We understand that in Hawaii the increase in cost from the tradition building to a LEED building may range from 3% to 10% or higher depending on the rating system, product type, and location. As more and more LEED construction in Hawaii is completed, these cost differentials should become clearer.

We are **strongly opposed** to any effort to "mandate" LEED for all new construction. It is not a public health, welfare or safety issue and therefore should not be regulated by government. Omitted from the discussion of rating systems is that LEED is only one rating system. There are other rating systems such as Hawaii BuiltGreen which has met with much success with 1,000 homes being verified as "green" at various star levels.

At a time when we are struggling to increase the supply of affordable housing to all segments of the market, policy makers must be aware of how well intended government regulations will impact the cost of development and the overall quality of life to the residents of Honolulu.

We appreciate the opportunity to provide our comments on this matter.