



CITY COUNCIL
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February 18, 2022

MEMORANDUM

TO: Mr. Andrew Kawano, Director
Department of Budget and Fiscal Services

FROM: Councilmember Carol Fukunaga *mf*
Chair
Committee on Public Infrastructure and Technology (PIT)

RE: Request for Update on Applications for Real Property Tax Credits for Automatic
Sprinkler Systems (Ordinance 18-9) – Special PIT Committee Meeting –
February 24, 2022

On February 24, 2022, the Council's Public Infrastructure and Technology (PIT) Committee will be discussing present-day conditions and the corresponding challenges associated with the Council's adoption of fire sprinkler/fire safety upgrade requirements for older high-rise condominium or co-operative properties (**Ordinances 19-4, 21-3**, and pending **Bill 37, CD1**).

A Permitted-Interaction Group (PIG) meeting on Council Communication 402 was held on February 16, 2022, and a Special PIT Committee meeting was held on February 17, 2022 to accept the Draft Permitted Interaction Group report posted with the agenda for the February 16, 2022 meeting.

During discussions of fire sprinkler/fire safety upgrades for older high-rise condominium or co-op properties, management companies for these properties and condo advocacy groups have pointed to a lack of meaningful state and county financial assistance in complying with the fire safety requirements.

I am therefore requesting your department's assistance in responding to the following questions at our February 24, 2022 meeting:

1. **Ordinance 18-9, *Relating to Real Property Taxation***, was adopted in February 2018 and became law on March 15, 2018. Please provide an update on the number of applications for the automatic sprinkler system tax credits that have been submitted to the City Department of Budget and Fiscal Services during 2018-2022, and the number of tax credits granted for the same time period.

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2. If no tax credits have been granted for this period, please explain whether rules to implement **Ordinance 18-9** have been adopted, or are in the process of being developed. What is the timetable for completion of rule-making, and where does your department stand in this process?
3. The City Council has adopted several modifications and extensions of time in **Ordinances 19-4** and **21-3** during the 2-1/2 years of COVID-19-related disruptions to normal operations for condo/co-op associations, their property owners and scheduled repair/maintenance programs under Chapter 514B, Hawaii Revised Statutes.

Is your department and the current administration willing to work with the City Council to modify **Ordinance 18-9** to increase the real property tax credit of \$2,000 per unit owner to a level that more closely aligns with the financial impacts of **Ordinance 19-4**?

Such changes could partially address cost estimates in the \$25,000-30,000 range for unit owners whose high-rise buildings are pursuing fire safety upgrades to comply with **Ordinance 19-4**'s upcoming "opt-out" deadline of May 3, 2022.

4. Please specify the amount of time your department would need for a review and potential modification of **Ordinance 18-9** in order to propose modifications to the compliance deadlines in the Ordinance 19-4 fire safety requirements.

Thank you for your assistance in assisting the PIT Committee in its review of the best means of implementing residential high-rise fire safety improvements. Please contact Senior Advisor Kimberly Ribellia at kribellia-collins@honolulu.gov or at (808) 768-5045 if you have additional questions.