



**CITY COUNCIL**  
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February 22, 2022

**MEMORANDUM**

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

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

**RE:** Request for Information regarding City Financial Assistance Solutions relating to  
**Ordinances 19-4 and 21-3** (Fire safety upgrade requirements)

As a follow-up to the February 15, 2022 questions submitted to your department, we would appreciate your department's written responses to the following questions by Monday, February 28, 2022.

Your department's responses will assist the Public Infrastructure and Technology (PIT) Committee in developing amendments to **Ordinances 19-4, 21-3** and pending **Bill 37, CD1**, based on Administration plans for financial assistance and related approaches to assist condominium or co-operative owners comply with the fire safety ordinances:

1. **Bill 44**, Relating to Fire Safety Improvements, was introduced in November 2021 to initiate discussions regarding the establishment of a financial assistance and grants program to help unit owners/condo associations comply with the fire safety ordinances.

It was based on the January 29, 2018 testimony of the Mayor's Office (*Mayor's Message 12, copy attached*) submitted in response to three Council proposals for (a) tax credits, (b) waivers of building permit and related fees for installation of fire sprinklers/fire safety upgrades and (c) loan funds for safety improvements for low-income property owners.

- Does Department of Budget and Fiscal Services and the Administration support the establishment of a financial assistance and grants program to achieve the purposes stated in the January 29, 2018 testimony?
- Does Department of Budget and Fiscal Services and the Administration support any of the following types of financial incentives discussed in my February 7, 2022 memo to Director Kawano?

**COUNCIL COM. 56**

**PIT**

"... Certain U.S. municipalities have provided financial incentives for the installation of automated sprinkler systems in existing commercial and residential buildings. While most are not targeted towards residential high-rise buildings, they provide some guidance as to the manner in which financial incentives for fire safety upgrades have been approached in smaller jurisdictions:

- ✓ The City of Enid, Oklahoma, established the Downtown Sprinkler Tap and Riser Grant Program, whereby the City of Enid will pay qualifying owners of buildings in Downtown Enid up to \$25,000 for the installation of fire suppression systems.
  - ✓ The Municipality of Skagway, Alaska, established a grant program that funds up to 30 percent of the cost of the maintenance of an existing fire sprinkler system or installation of a new sprinkler fire extinguishing system.
  - ✓ The City of Lockport, Illinois, implemented a Fire Sprinkler and Fire Alarm System Installation Assistance Program for eligible commercially zoned buildings constructed prior to April 1, 2003, at which time the City of Lockport amended its building code to mandate fire sprinklers in all buildings over 5,000 square feet in area. Program participants are eligible to receive reimbursement of up to 50 percent of approved costs.
  - ✓ The City of Annapolis, Maryland, established a Sprinkler Assistance Revolving Fund for the purpose of encouraging the installation of sprinklers in older buildings so as to increase the safety of residents and minimize damage resulting from fire and to allow greater utilization of currently vacant or underutilized space. The Sprinkler Assistance Revolving Fund operates by making low cost loans to developers or property owners of older buildings that do not currently have sprinkler systems installed at the time of application."
2. Budget Committee Chair Say also submitted questions to the Administration during 2021 seeking information relating to the use of CDBG funds for grants for sprinkler installations:

Committee on Budget – Departmental Briefing Follow-up Questions (*Council Communications 129, March 22, 2021 – page 10 of 37 pages, General Topic: Loan Programs, Question: "...New Initiatives include loans to cover the construction of Accessory Dwelling Units permitted by a 2015 ordinance; and assistance to eligible families to pay for fire sprinkler retrofits in high rise structures. Status updates on these programs, how many residents use this program? What are some bottlenecks faced by this program and how is the City addressing these bottlenecks?"*

- What was your department's response to the March 20, 2021 question regarding status updates on assistance to eligible families to pay for fire sprinkler retrofits in high rise structures?
3. The Council's Stakeholder Advisory Group Recommendations for the use of CARES Act monies also endorsed the use of CARES Act funds or other means of financial assistance for sprinklers (*Council Communications 21-289 – page 55 out of 69 pages:*

*"Assist apartment owner associations in an effort to bring aging condominiums to current fire protection, electrical and plumbing codes (ORS Action No. 11): "Again, the City might consider incentivizing these necessary conversions with property tax credits, or assist residents by adding the cost to their property tax bill and then allowing them to amortize it over a 20-year period."*

- Does Department of Budget and Fiscal Services and the Administration support the establishment of financial incentives that could include property tax credits with amortization over a 20-year period?

Thank you for your assistance to 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](mailto:kribellia-collins@honolulu.gov) or at (808) 768-5045 if you have additional questions.

Attachment: Mayor's Message 12 (January 29, 2018)

**OFFICE OF THE MAYOR  
CITY AND COUNTY OF HONOLULU**

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KIRK CALDWELL  
MAYOR

ROY K. AMEMIYA, JR.  
MANAGING DIRECTOR  
  
GEORGETTE T. DEEMER  
DEPUTY MANAGING DIRECTOR

January 29, 2018

The Honorable Ron Menor  
Chair and Presiding Officer  
and Members  
Honolulu City Council  
530 South King Street, Room 202  
Honolulu, Hawaii 96813

Dear Chair Menor and Councilmembers:

SUBJECT: Bills 101 (2017), 102 (2017) & 103 (2017)  
Relating to Financial Incentives

Thank you for the opportunity to testify at your Committee on Budget. I would like to take this opportunity to share comments, concerns and recommendations we shared at your committee meeting regarding Bills 101 (2017), 102 (2017) and 103 (2017).

Bill 101 (2017)

The Administration believes that retrofitting existing high-rise residential buildings with fire sprinkler systems is critical to making these buildings safe for their occupants. To help owners of units in these buildings afford the cost of sprinkler systems, the Administration supports a limited property tax credit for sprinkler installations. However, since the City needs to ensure that the revenue foregone through a property tax credit does not hinder the delivery of basic services and cause undue constraints on future operating budgets, the Administration recommends the following changes to Bill 101 (2017):

1. The property tax credit should only be made available for sprinkler systems installed in existing high-rise residential buildings with floors used for human occupancy located more than 75 feet above the highest grade and built prior to 1993.
2. The property tax credit be limited to \$2,000 per unit.
3. The property tax credit only be available to owners of units with home exemptions.
4. The property tax credit be able to be claimed over multiple years since many owners will pay less than \$2,000 a year in property taxes.
5. The property tax credit application be filed by the unit owner no later than 24 months after the installation of the sprinkler system.

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The Honorable Ron Menor  
Chair and Presiding Officer  
and Members  
January 29, 2018  
Page 2

The Administration estimates that there are 6,454 units that may qualify for a property tax credit under these guidelines. If all units receive the credit, the foregone property tax revenue will be \$12.9 million, spread over a number of years as the sprinkler systems are installed.

Bill 102 (2017)

The Administration supports Bill 102 (2017). The waiver of the plan review fee and building permit fees for the installation of sprinkler systems in existing high-rise residential buildings will help reduce the cost of these projects. For example, on a \$1 million fire sprinkler project, the City would otherwise charge a plan review fee of \$1,483 and a building permit fee of \$7,415.

Bill 103 (2017)

The Administration appreciates and supports the intent of Bill 103 (2017) which proposes a loan fund for fire safety improvements for low-income property owners. However, the Administration believes that the establishment of this fund is unnecessary since the City already has a Rehabilitation Loan Program that can be used for this purpose. Through the Rehabilitation Loan Program, low-income homeowners can receive 0% loans for sprinkler installations.

Additionally, the Administration intends to propose to City Council a program to provide grants for sprinkler installations to low-income owner-occupants of existing high-rise buildings. This grant program will be part of the City's Community Development Block Grant Action Plan in a future year as existing high-rise buildings begin to install sprinkler systems.

Thank you for this opportunity to submit testimony on behalf of the Administration. We look forward to continuing to work with City Council on fire safety initiatives. Please feel free to call me at 768-6608.

Sincerely,



Peter M. Biggs  
Executive Assistant

APPROVED:



Roy K. Amemiya, Jr.  
Managing Director