

BILL003(24)
Testimony

MISC. COMM. 33

COUNCIL

COUNCIL Meeting

Meeting Date: Jan 24, 2024 @ 10:00 AM

Support: 17

Oppose: 5

I wish to comment: 0

Name: Vernelle Oku	Email: vernellehnl@gmail.com	Zip: 96822
Representing: Self	Position: Oppose	Submitted: Jan 22, 2024 @ 11:47 PM
<p>Testimony:</p> <p>I strongly oppose this bill.</p> <p>Affordable housing is already being funded by taxpayers through HHFDC, even when hundreds of testimonies have been submitted against the "affordable housing" proposals. Why would you provide even more taxpayer funded incentives to go against the community wishes?</p> <p>Please reconsider your thoughts on "affordable housing" which in fact since implemented has resulted in more homeless people on the streets than ever before.</p> <p>Kind Regards, Vernelle Oku</p>		
Name: Mary Jane A. Nakamoto	Email: hooch119@icloud.com	Zip: 96826
Representing: Self	Position: Oppose	Submitted: Jan 23, 2024 @ 09:17 AM
<p>Testimony:</p> <p>I oppose the construction of Pahoa Ridge. This construction Project will be detrimental to local traffic, personal property and public health safety in the already well populated neighborhood. The location of the property is in a dangerous "Blind Spot" in a fast moving congested populated neighborhood area. The continuous traffic flow to Moiliili via South King Street and as an entrance to H1 Freeway. Not to mention the additional traffic from University of Hawaii entrance and exit from the Lower Campus.</p> <p>Mahalo nui loa for your attention to and consideration to preserve the integrity of our neighborhood in the lower Manoa and upper Moiliili neighborhood.</p> <p>Sincerely, Mary Jane Nakamoto</p>		
Name: Seth Kamemoto	Email: skamemoto@gmail.com	Zip: 96822
Representing: Self	Position: Oppose	Submitted: Jan 23, 2024 @ 10:56 AM
<p>Testimony:</p> <p>Please limit the incentives for affordable rental housing to only below 60% (the "B" clauses in the current bill). At 100%AMI, the rent caps will exceed Fair Market Rent (FMR) for many areas on the island; it doesn't make sense to give more incentives to build essentially market-priced units, when we desperately need truly affordable rental housing at the <60%AMI level.</p>		
Name: Gregory Thielen	Email: greg@ccs-hawaii.com	Zip: 96734
Representing: Self	Position: Support	Submitted: Jan 23, 2024 @ 11:34 AM
Name: Dunkin Walker	Email: dewmanoa@mac.com	Zip: 96822
Representing: Self	Position: Oppose	Submitted: Jan 23, 2024 @ 11:50 AM
<p>Testimony:</p> <p>Please limit the incentives for affordable rental housing to only below 60% (the "B" clauses in the current bill). At 100%AMI, the rent caps will exceed Fair Market Rent (FMR) for many areas on the island; it doesn't make sense to give more incentives to build essentially market-priced units, when we desperately need truly affordable rental housing at the <60%AMI level.</p>		

Name: Derek Lock	Email: dlock@hnldev.com	Zip: 96816
Representing: Self	Position: Support	Submitted: Jan 23, 2024 @ 01:05 PM
<p>Testimony:</p> <p>Thank you for the opportunity to submit written testimony in support of Bill 3. My name is Derek Lock. I am a Principal of HNL Development LLC, the developer of the first completed project under Chapter 32 located in Liliha. Our development group is currently also under construction of three additional affordable rental housing projects under Chapter 32 in the Wahiawa and McCully neighborhoods. Bill 3 is positive legislation which will help to increase the supply of much needed affordable rental housing on Oahu.</p> <p>Mahalo,</p> <p>Derek Lock HNL Development LLC</p>		
Name: Hawaii LECET	Email: info@hawaiilecet.org	Zip: 96817
Representing: Hawaii Laborers & Employers Cooperation and Education Trust	Position: Support	Submitted: Jan 23, 2024 @ 08:41 PM
Name: Jeremy Shorenstein	Email: jeremy.shorenstein@gmail.com	Zip: 96816
Representing: Self	Position: Support	Submitted: Jan 23, 2024 @ 09:12 PM
<p>Testimony:</p> <p>Honorable Chair,</p> <p>I am providing testimony in support of Bill 3 (2024). This bill will unlock existing funds to further promulgate the creation of affordable rental units in perpetuity. Please support this bill.</p> <p>Mahalo, Jeremy Shorenstein</p>		
Name: Chloey Ishii	Email: chloeyishii@gmail.com	Zip: 96789
Representing: Self	Position: Support	Submitted: Jan 23, 2024 @ 10:45 PM
<p>Testimony:</p> <p>Building affordable housing is not an attractive or lucrative market the way luxury condos are. This bill can incentivize developers to pivot away from luxury condos in Hawaii and instead build much needed affordable housing that our residents can actually afford.</p> <p>Hawaii's housing crisis can be felt from all income levels whether it's difficulty locating safe, clean, and updated rentals or affording a down payment on a home. Like my friends and many others, I chose to make Hawaii my home because after being raised here, I can't imagine anywhere else I would want to start my own family. Hawaii's housing crisis needs to be addressed now before more hardworking families leave the state to afford the same if not better quality of life on the continent. This bill has the ability to grow our affordable housing inventory so more deserving residents can remain in the state.</p>		
Name: Ave Kwok	Email: avekwok@gmail.com	Zip: 96816
Representing: Self	Position: Support	Submitted: Jan 24, 2024 @ 03:20 AM

Testimony:

I wholeheartedly endorse Bill3, championed by Council Member Tyler Dos Santos-Tam.

As a key player in Honolulu's construction materials and general contracting industry, I own properties primarily in A2 and BMX3 zoning, ripe for transformation into affordable housing. However, the soaring material and labor costs in Honolulu pose a financial hurdle for property development, making it challenging to pursue multi-unit projects.

Despite our capability for property development, many owners, myself included, resort to traditional renting due to the prohibitive costs.

As the owner of Maunakea Marketplace, housing 38 units aimed at 40% AMI, I closely monitored the project's journey from initial build-out to completion, largely funded by government grants. Despite challenges during construction, the developer overcame rising costs, completing the project successfully. Being on-site post-construction, I experienced firsthand the benefits of affordable housing, collecting rent and reaping the rewards of a fruitful project.

From this experience, I recognize the pivotal role special grants play in fostering successful developments with long-term viability. I firmly believe that Bill3, with its special conditions and incentives, will motivate more developers to undertake projects, ultimately resulting in the construction of additional affordable housing units.

Name: Sterling Higa	Email: sterling@hawaiiisfuture.org	Zip: 96708
Representing: Housing Hawaii's Future	Position: Support	Submitted: Jan 24, 2024 @ 05:22 AM

Name: Spencer Lee	Email: spencer.lee@cpb.bank	Zip: 96816
Representing: Self	Position: Support	Submitted: Jan 24, 2024 @ 06:48 AM

Testimony:

Dear Council, as someone who works on the financing side of the housing industry, I'd like to state that most rental construction projects do not pencil out for developers. This is why more rental housing is not being built and so few Bill 7 projects exist. This proposed bill increases the incentives for developers to build more rental projects. It should allow them to put down less capital to build and/or borrow less money from banks to build. If we can get developers to build, then there will be more supply. And more supply would translate to a decrease in housing and rental costs. I appreciate CM Tyler Dos Santos-Tam for putting in the work to propose this bill, and I encourage the Council to approve it.

Name: Cheyenne Martinez-Boyette	Email: cheyenne.martinez-boyette@boh.com	Zip: 96817
Representing: Self	Position: Support	Submitted: Jan 24, 2024 @ 06:55 AM

Name: Evan Amakata	Email: evan.amakata@oceanshawaii.com	Zip: 96825
Representing: Oceans Real Estate	Position: Support	Submitted: Jan 24, 2024 @ 08:09 AM

Name: John Adversalo	Email: jskinau@gmail.com	Zip: 96821
Representing: Self	Position: Support	Submitted: Jan 24, 2024 @ 08:10 AM

Testimony:

I am a developer/owner/architect who is presently doing a Bill 7 project. My project is facing delays due to contractor's means and methods, the rise of interest rates to 3 to 4 times, and the pending balloon payments of several loan commitments which are due end of this year. To attract other future affordable housing developers and to reduce the financial burden, I am in support of Bill 3, especially for pre-construction grant.

Name: cathy camp	Email: cathysshopping@hotmail.com	Zip: 96734
Representing: Self	Position: Support	Submitted: Jan 24, 2024 @ 08:20 AM
Name: Paul LAM	Email: paullam77@gmail.com	Zip: 96816
Representing: Self	Position: Support	Submitted: Jan 24, 2024 @ 08:29 AM
Name: Laura Thielen	Email: laurat@partnersincareoahu.org	Zip: 96817
Representing: Partners In Care - Oahu Continuum of Care	Position: Support	Submitted: Jan 24, 2024 @ 08:59 AM
Name: Evan Oue	Email: eoue@imanaka-asato.com	Zip: 96813
Representing: NAIOP Hawaii	Position: Support	Submitted: Jan 24, 2024 @ 09:11 AM
Name: Donald Huang	Email: don@c7hawaii.com	Zip: 96814
Representing: Collaborative7 Architects, LLC	Position: Support	Submitted: Jan 24, 2024 @ 09:11 AM
Name: Margaret Murchie	Email: Margaret@margaretm.com	Zip: 96816
Representing: Self	Position: Oppose	Submitted: Jan 24, 2024 @ 09:16 AM
Testimony: This is a terribly congested, confusing area with scary accesses and egress to freeway. Most residents opposed to same and it is not truly affordable. What a waste of our tax credits and they are taking advantage of the Governor's fast tracking, lifting of the rules for current zoning, height and density and park dedication. It is not in a TOD designated area. I suspect that similar to Hale Kalai in Hawaii Kai they will end up selling, using our tax credits and it will be too late. Less than 1/2 acre. Governor should have been more specific and the developers should focus on building out west around rail stations.		
Name: Stefanie Sakamoto	Email: ssakamoto@imanaka-asato.com	Zip: 96789
Representing: BIA Hawaii	Position: Support	Submitted: Jan 24, 2024 @ 09:59 AM

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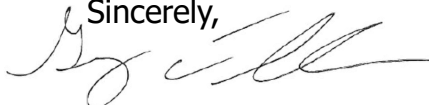
Honolulu City Council
City Council Chamber
Wednesday January 24, 2024
10:00 AM

RE: Bill 3 Relating to Incentives for the Construction of Affordable Rental Housing

Chair Waters, Vice Chair Kia'aina, and members of the Council,

I am writing in **STRONG SUPPORT** of Bill 3. The original Bill 7 (Ordinance 19-8) was created in a time where construction costs were projected to be \$250/SF and interest rates were below 4%. Neither of these assumptions are anywhere near accurate anymore. Our current Bill 7 project costs are around \$475/SF and interest rates are double what they were a year and a half ago. While Bill 7 is a great concept and opens the door to much needed affordable rental housing development, construction inflation and high interest rates are stopping projects from moving forward. For this reason I would ask that you support and move forward Bill 3 to assist us in building more of these units.

Sincerely,



Greg Thielen
President/RME



HAWAII LABORERS-EMPLOYERS COOPERATION AND EDUCATION TRUST

650 Iwilei Road, Suite 285 • Honolulu, HI 96817 • Phone: 808-845-3238 • Fax: 808-845-8300

January 24, 2024

To: **The Honorable Tommy Waters, Chair**
Honolulu City Council
City & County of Honolulu
530 South King Street
Honolulu, Hawaii 96813

Re: **TESTIMONY IN SUPPORT OF BILL 3 (2024), RELATING TO INCENTIVES FOR THE
CONSTRUCTION OF AFFORDABLE RENTAL HOUSING**

FOR HEARING ON WEDNESDAY, JANUARY 24, 2024 at 10:00 AM, COUNCIL CHAMBERS

Aloha Honorable Chair Waters, Vice Kia`aina, and Council Members,

The **Hawaii Laborers & Employers Cooperation and Education Trust** (Hawaii LECET) is a labor + management partnership established in 1992 between the 5,000 statewide members of the Hawaii Laborers Union and over 250 construction companies from the *General Contractors Association* and the *Building Industry Association*. The Laborers International is the largest construction trade union in North America, and Hawaii LECET is part of a network of 38 labor-management LECET Funds across the country.

Hawaii LECET strongly supports Bill 3 (2024), which provides pre-construction grants that will greatly help affordable housing projects to pencil out during the critical early stages.

With the current economic uncertainty and high interest rate environment, this measure will help deeply affordable developments to qualify for loans, and generate additional investments to jump start construction of rental projects that are especially difficult to produce, through substantial up-front direct financial grant assistance from the City.

Thank you for this opportunity to offer our strong support for Bill 3 (2024).

Mahalo,

**Hawai'i Laborers & Employers
Cooperation and Education Trust**

January 24, 2024

TO: Chair Waters and Members of the City and County of Honolulu
RE: BILL 003 (24)

Dear Chair and Councilmembers,

My name is Sterling Higa, and I serve as executive director of Housing Hawai'i's Future, a nonprofit creating opportunities for Hawai'i's next generation by ending the workforce housing shortage.

We support Bill 3.

Time is money. 🕒 💰

And with high interest rates, time is more expensive than ever. To keep housing affordable, developers need certainty and speed in the entitlement process. Bill 7 was intended to provide certainty and speed.

However, the post-construction grant program provides money to developers at the time they need it least. It would be more beneficial to offer developers assistance during the pre-construction phase of a project, to reduce their debt carry (and thereby reduce the capital costs of development).

As currently written, Bill 3 does that, and if developers don't deliver the housing in a timely manner, the county gets its money back.

It's a better way to spend the \$10,000,000 allocated for this purpose.

We're grateful that this council supports affordable housing development. Thank you for your vote in support of this policy.

Thank you,



Sterling Higa
Executive Director
Housing Hawai'i's Future
sterling@hawaiisfuture.org
+1 (808) 782-7868

1/24/2024

Re: Testimony in Support of Bill 3 (2024)

To:

City Council Members, City and County of Honolulu

Aloha,

I am writing you in **support** of Bill 3 (2024) and the proposal for pre-construction grants as it relates to projects governed by Ordinances 19-8, 20-13, and 21-12.

As attested to in previous testimonies of support for the aforementioned ordinances, I currently oversee the program meant to provide financing for projects made eligible by ordinance 19-8 (Bill 7-2019) at local bank. I worked with numerous developers, and would-be developers, over the last few years to explore the opportunity to develop affordable housing.

While the increased density allowances and multiple incentives are visionary and attractive, many developers are still grappling with high construction costs and ever increasing projected operating expenses. Labor and material costs remain volatile, and the return on investment just isn't enough for most to take on the challenge of developing.

The fact remains that, despite the incentives, the cost to build affordable housing at this scale, proves too risky & costly for even the most experienced developers. This can be evidenced by the relatively few projects have broken ground since the inception of the original ordinance.

Most individuals and developers don't have the funds to finance the entire cost of construction themselves, which is several million for any one project, and rely on financing. Prior to the current interest rate environment, projected operating costs in relation to the cost to build already required substantial, upfront equity requirements from developers. Now with rates more than double what they were when Ordinance 19-8 passed, and dramatic increases in operating expenses such as insurance, this greatly diminishes cash flow after the mortgage payments. This translates into smaller loan amounts and more upfront equity from developers; as much as to nearly 50% of the total project cost. And equity requirements need to be met prior to drawing down on a construction loan. For example, on a \$6 million project, that would mean upwards of \$3 million would need to be spent prior to any proceeds from a construction loan could be tapped into. A substantial amount of capital by any means, but especially for projects of the size and scope that Ordinance 19-8 governs (small – midscale development). This prevents most developers from even entertaining the prospect of building these types of projects, and those that would develop, are forced to scale back the number of projects.

Lenders are unable to factor into equity calculations the upon-completion grants under Ordinance 21-12 as: (i) any equity requirements need to be met **prior** to drawing down on a construction loan and (ii) the funds are not guaranteed. The proposed Ordinance would assist in remedying that hurdle as a lender would be able to take into consideration pre-construction grant monies into equity requirement calculations, so long as there is a formal way to track, confirm, and guarantee receipt.

The pre-construction grant dollar amounts proposed in Bill 3 are in no way insubstantial; however, this does not mean that developers are shifting the risk or financial burden of developing to taxpayers, or

the City & County. Based on the \$6 million dollar example project referenced earlier, and assuming the developer was looking to build a 25-unit apartment building with the units to be rented to households earning more than 60% AMI (\$25,000 grant for each unit), that means they would qualify for a total of \$625,000 in pre-construction grant monies. This would reduce their \$3 million equity requirement down to \$2,375,000; still a substantial amount of capital, however, it would greatly assist in easing the financial constraint for developers, and incentivize the building of more affordable units.

Sincerely,



Cheyenne Martinez-Boyette

Vice President, Income Property Lending

Bank of Hawai'i

808.457.0325



3480 Waialae Ave. #1
Honolulu, HI 96816

Honolulu City Council
City Council Chamber
Wednesday January 24, 2024
10:00 AM

RE: Bill 3 Relating to Incentives for the Construction of Affordable Rental Housing

Chair Waters, Vice Chair Kia'aina, and members of the Council,

I am writing in **STRONG SUPPORT** of Bill 3. As a property manager, I see the urgent need for affordable rental housing firsthand. Out of all the rental units we manage, the vacancy rate is practically zero. When a vacancy comes up, I usually get a flood of showing requests followed by multiple applications in a matter of days. The trend is more pronounced for the lower segment of rentals, which are under \$2000 per month. Unfortunately, this has not changed four years after the original Bill 7 (Ordinance 19-8) was enacted in 2019. I understand that less than 2% of the \$10,000,000 set aside as part of the Bill 1 fund was utilized. I strongly believe that Bill 3 will speed up the construction of more affordable housing. For this reason, I would like to ask that you support and move forward with Bill 3 to assist us in providing more of these affordable rentals.

Sincerely,

A handwritten signature in black ink, appearing to read "Evan Amakata", is written over a horizontal line.

Evan Amakata, Owner
Oceans Real Estate

1/24/2024

Date

**Catherine Camp
360 Lanipo Drive
Kailua, HI 96734**

January 24, 2024

Tommy Waters
Chair and Presiding Officer
And Memberts
Honolulu City Council
530 South King Street, Room 202
Honolulu, HI 96831

Dear Chair Waters and Councilmembers:

SUBJECT: Strong Support for Bill 3 (2024) – Relating to Incentives for the Construction of
Affordable Rental Housing

Aloha,

I strongly support this bill as now more than ever our community needs affordable housing. This bill will help facilitate the development of more units. In today's high interest rate environment, high construction costs, supply chain issues, and over all high barrier to entry, we need to find ways to support and incentivize the creation of more affordable units.

Please consider passage of this bill as the margins are too thin for this product type to be developed organically.

Mahalo,



Cathy Camp



LAM CAPITAL LLC
AFFORDABLE HOUSING HAWAII

Honolulu City Council City Council Chamber
Wednesday January 24, 2024 10:00 AM
Re: Bill 3 Relating to Incentives for the Construction of Affordable Rental Housing

Chair Waters, Vice Chair Kia'aina, and members of the Council,

I am writing in support of Bill 3.

Honolulu faces a significant rental housing crisis. The median rent in Honolulu is currently \$2,700 – and the data indicates that things are only getting worse.

The City and County of Honolulu created Chapter 32, also known as the “Bill 7” program which expedited low-rise affordable rental housing. It also set aside \$10,000,000 in “completion bonuses” for these projects. Unfortunately, nearly three years later, only \$140,000 has been spent - just 1.4%. Bill 3 provides a pathway for the \$10,000,000 that was set aside is actually used and would bring hundreds of new units to the Honolulu community.

Developers face high construction costs, record interest rates and ever increasing projected operating expenses. The return on investment just isn't enough for most developers to take on the challenge of development of affordable housing. The pre and post construction grants in Bill 3 will help significantly in this regard.

Sincerely,

Paul Lam

922 KEALAOLU AVE. HONOLULU, HAWAII 96816 U.S.A

PHONE: (808) 479-3414 FAX: (808) 737-7588 EMAIL: PAULLAM77@GMAIL.COM

PARTNERS IN CARE

Oahu's Continuum of Care

Our mission is to eliminate homelessness through open and inclusive participation and the coordination of integrated responses.

TESTIMONY IN SUPPORT OF Bill 3 (2024): RELATING TO INCENTIVES FOR THE CONSTRUCTION OF AFFORDABLE RENTAL HOUSING

TO: Honolulu Council Members
FROM: Partners In Care
Hearing: **Wednesday, January 24, 2024, 10am;**

Chair Waters and Members of the City Council:

Thank you for the opportunity to provide testimony **IN SUPPORT OF BILL 3(2024), Relating to Incentives for the Construction of Affordable Rental Housing**, Partners In Care (PIC), is a coalition of more than 60 non-profit homelessness providers and concerned organizations.

Yesterday was our annual Point In Time Count for the island of O'ahu. I was fortunate to work with and survey several families during the count and heard over and over again about losing housing due to high rents and loss of income. Hawai'i is approaching a new height in its housing crisis. It needs to develop thousands of units of affordable rental housing. 60% of Hawaii's families pay more than one-third of their income on rent. Hit hard by the pandemic, many remain in financial jeopardy. Population loss and homelessness are real concerns. Building affordable rentals builds resiliency for the future, as well as bringing hope to Hawaii's families.

Housing is healthcare—and can prevent much more expensive options to combat homelessness as well as prevent premature institutionalization of Hawai'i kupuna. Partners In Care urges your strong support for the creation of more affordable rentals. While we appreciate small property owners who have one or two units, the reality is that we need thousands of units that are truly affordable for our neighbors.

Partners In Care urges your support of Bill 3 (2024) that will help in the development of thousands of units of additional housing.

Mahalo.



Laura E. Thielen
Executive Director
Partners In Care



January 24, 2024

Councilmember Tommy Waters, Chair
Councilmember Esther Kia'aina, Vice Chair
Honolulu City Council

RE: **Bill 3 – RELATING TO INCENTIVES FOR THE CONSTRUCTION OF AFFORDABLE RENTAL HOUSING**

Aloha Chair Waters, Vice Chair Dos Santos-Tam and Members of the Committee,

Mahalo for the opportunity to voice NAIOP Hawaii's **SUPPORT** on Bill 3. NAIOP Hawaii is the local chapter of the nation's leading organization for office, industrial, retail, residential and mixed-use real estate. NAIOP Hawaii has over 200 members in the State including local developers, owners, investors, asset managers, lenders and other professionals.

Bill 3 is intended to promote the development of affordable housing in Honolulu. Specifically, the ordinance promotes utilization of Ordinance 19-8 (Bill 7) by providing financial incentives including pre and post construction grants with an aggregate limit of \$10 million. The measure sets forth grant requirements to expedite the development of housing and the successful utilization of City funding.

NAIOP Hawaii stands in support of Bill 3 which incentivizes the development of Bill 7 projects throughout Honolulu. Bill 7 projects provide an excellent option for the continued production of workforce and affordable housing units. Since the implementation of Bill 7, the program has begun to gather momentum allowing projects to be produced at a faster rate to create additional affordable units.

NAIOP Hawaii supports the pre and post construction grants proposed in Bill 3 which will serve as a further catalyst for Bill 7 projects. The grants provided in this measure will allow projects to become more economically viable and enable developers to overcome the growing cost increases associated with developing affordable housing. The access to additional capital will allow these projects to economically pencil and mitigate risks for developers.

Accordingly, NAIOP Hawaii supports this measure which will enable the further development of affordable housing in Honolulu.

Mahalo for your consideration,

A handwritten signature in black ink, appearing to read "Reyn Tanaka".

Reyn Tanaka, President
NAIOP Hawaii

January 24, 2024

Dear Members of the Honolulu City Council,

I am pleased to have the opportunity to submit my testimony in support of Bill 3. My company, Collaborative Seven has been in the development and design field for over 40 years in Honolulu; our projects span various types and sizes. If there was any time to develop a worthwhile project, our current 3 projects are under Ordinance 19-8 (Bill 7). My team of Investors, Engineers, and Contractors are developing 29 units, 33 units, and an escrow potential of 39 units, making it 103 units. Of Bill 7 targeted 500 units per year, we stand to provide almost 20% of that target amount. We are highly motivated to support Bill 3 and other efforts with the city. We will be completing our first Bill 7 project PenseMetro on Pensacola Street and starting construction on the second project CoolMetro project in Moiliili area. We are looking to develop our 3rd project in the University area called UB7Metro. Possibly starting construction UB7 project in the third or fourth quarter of this year and ready for occupancy early in the early 2nd quarter of 2025.

As with my other 30 Bill 7 developer colleges, we are in midst of a constant struggle to make the financing and construction cost adjustments as we have been facing some surprise cost increases due to the economic adjustments to post Covid 19 years and high interest rates issues. For us, the availability of red-iron steel has skyrocketed and is not even available; the normal window manufacture prices have increased 17%; shipping cost increases; engineering adjustments, etc. The State is making it harder for labor cost by mandating Union labor and Davis Bacon Wage criteria. The banks are now requiring 50% equity to obtain debt financing which has caused project cost increases that were not contemplated a year ago. As in most affordable housing formats, the development costs are already ultra-tight; constantly adjusting the cost makes it that difficult and some cases, not possible.

The City's work in the adopted Bill 60, Bill 1 and now proposed Bill 3 will help immensely and can't have come at a better time. I would like to express my highest support for passing Bill 3 and encourage you and the Administration to seek other ways to provide help to create the 500 units/year target. Thank you for this opportunity to testify and I am confident that my other 30+ developer colleges share the same sentiment of support.

Thank you and Aloha.

Don Huang
Principal
Collaborative Seven of Companies





HONOLULU CITY COUNCIL
Honolulu Hale
10:00 AM

January 24, 2024

RE: Bill 3 - Relating to Incentives for the Construction of Affordable Housing

Chair Waters, Vice Chair Kiaaina, and members of the Council:

My name is Max Lindsey, Government Relations Committee Chair 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 support of Bill 3. Relating to Incentives for the Construction of Affordable Housing.

Thank you for the opportunity to testify.