

BILL031(24)
Testimony

MISC. COMM. 224

COUNCIL

COUNCIL Meeting

Meeting Date: May 15, 2024 @ 10:00 AM

Support: 2

Oppose: 0

I wish to comment: 0

Name: Geena Thielen	Email: geena@ccs-hawaii.com	Zip: 96734-5802
Representing: Self	Position: Support	Submitted: May 14, 2024 @ 03:36 PM
Name: Stefanie Sakamoto	Email: ssakamoto@imanaka-asato.com	Zip: 96789
Representing: BIA Hawaii	Position: Support	Submitted: May 14, 2024 @ 11:27 PM



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Honolulu City Council
City Council Chamber
Wednesday May 15, 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 WITH COMMENTS** of Bill 31. 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. Increasing grant funding to these projects is critical to the success of this program. That being said there are two important conditions to this support –

1. Bill 31 Section 32-5.2(c)(2) contains a provision limiting this to projects renting at the 60% AMI or below. While Bill 7 (Ordinance 19-8) allows for a range of possible AMI compliance paths, the path favored by all existing Bill 7 Developers uses 80% AMI and below. If Bill 31 changes this to 60% it will not be used and the bill serves no purpose.
2. This same section also includes a requirement of a minimum unit size of 300 square feet. This requirement should be eliminated. The reason for eliminating this requirement are:
1) This requirement is detrimental to smaller lots with smaller unit counts and the three story walk-ups we have successfully constructed. 2) Smaller units are serving the most housing disadvantaged in our community. We need a variety of unit types, not a one size fits all solution. Please see my testimony on Bill 3 for more detail.

I would like to thank the City Council and it’s Committee on Zoning for considering these important issues in helping Bill 7 be an important part of our affordable housing solution.

Sincerely,

Geena Thielen
President/RME



**HONOLULU CITY COUNCIL
Honolulu Hale
10:00 AM**

May 15, 2024

RE: Bill 31 - Relating to Pre-Construction Financing for Affordable Rental 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 the intent of Bill 31, Relating to Pre-Construction Financing for Affordable Rental Housing. This bill would address financing issues for affordable rental housing projects which are currently facing uncertain financial status due to the economy and high construction costs.

While we are in full support of the intent of this bill, we have comments. The bill, as currently written, would require projects to rent to 60% AMI or below. Current Bill 7 (2019) projects allow for a range of compliance paths with respect to the AMI. If the requirement is changed to 60% AMI only, it will likely no longer be used.

Additionally, we would propose that the bill be amended to remove the minimum square foot requirement. As the Council may recall, Bill 7 (2019) was intended to address the need to create more affordable housing units within the urban core. It was envisioned to create more of the "Makiki walk-ups" that were built in the 1970's. Incentives were created and certain construction requirements were modified to lower construction costs to increase the supply of affordable rental housing units on Oahu. There was no minimum/maximum unit size, as the unit size and mix were left to the developer and the market to determine.

As the Council is aware, we are in a dire housing crisis. The cost of housing in Hawaii is extremely high, with Oahu's median price of homes being currently over \$1 million. Approximately 140,436 U.S. households are priced out of buying a home for every \$1000 increase in price, according to the National Association of Home Builders (NAHB). We are in support of legislation such as Bill 3, that would help facilitate the building of much-needed housing.

Thank you for the opportunity to testify.