BILL003(24)
Testimony

MISC. COMM. 306

COUNCIL

COUNCIL Meeting

Meeting Date: Jul 10, 2024 @ 10:00 AM

Support: 12

Oppose: 0

I wish to comment: 0

Name:	Email:	Zip:
Tyler Yamashita	makakilohawaii@gmail.com	96707
Representing:	Position:	Submitted:
Self	Support	Jul 8, 2024 @ 09:10 AM
Name:	Email:	Zip:
Stephanie Park	spark@iccihi.com	96821
Representing:	Position:	Submitted:
Self	Support	Jul 8, 2024 @ 09:12 AM
Name:	Email:	Zip:
Christopher Delaunay	cdelaunay@prp-hawaii.com	96813
Representing:	Position:	Submitted:
Pacific Resource Partnership	Support	Jul 8, 2024 @ 10:18 AM
Name:	Email:	Zip:
Ryan Tanaka	rtanaka@kaihawaii.com	96813
Representing:	Position:	Submitted:
KAI Hawaii, Inc.	Support	Jul 8, 2024 @ 10:22 AM
Name:	Email:	Zip:
Jake Fergus	jake@fergushawaii.com	96813
Representing:	Position:	Submitted:
Self	Support	Jul 8, 2024 @ 11:50 AM
Name:	Email:	Zip:
Linda Austin	wlmtaustin@gmail.com	96821
Representing:	Position:	Submitted:
Self	Support	Jul 8, 2024 @ 09:17 PM
Name:	Email:	Zip:
Vitaliy Bublik	vb@modernflooringhawaii.com	96734
Representing:	Position:	Submitted:
PVH Construction LLC	Support	Jul 9, 2024 @ 10:27 AM
Name:	Email:	Zip:
Sterling Higa	sterling@hawaiisfuture.org	96813
Representing:	Position:	Submitted:
Housing Hawaii's Future	Support	Jul 9, 2024 @ 10:36 AM

Name:	Email:	Zip:
Kevin Kaneko	kaneko9@mac.com	96814
Representing:	Position:	Submitted:
Self	Support	Jul 9, 2024 @ 01:40 PM
Name:	Email:	Zip:
Geena Thielen	geena@ccs-hawaii.com	96734
Representing:	Position:	Submitted:
Self	Support	Jul 9, 2024 @ 04:42 PM
Name:	Email:	Zip:
Derek Lock	dlock@hnldev.com	96816
Representing:	Position:	Submitted:
Self	Support	Jul 9, 2024 @ 10:12 PM
Name:	Email:	Zip:
Stefanie Sakamoto	ssakamoto@imanaka-asato.com	96789
Representing:	Position:	Submitted:
BIA Hawaii	Support	Jul 9, 2024 @ 10:18 PM

HONOLULU CITY COUNCIL COMMITTEE ON ZONING
Honolulu Hale
10:00 AM

July 10, 2024

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

Chair Waters, Vice Chair Kia'aina, and Members of the Council:

Mahalo to the members of the Zoning Committee for bringing Bill 3 before City Council for a final public hearing. I have been following Bill 3 since it was introduced by Zoning Vice Chair Dos Santos Tam back in January and am excited to finally see it get passed. I am in favor of Bill 3 CD2 relating to the post construction grant for affordable rental housing.

My name is Tyler Yamashita, and my family is developing an affordable rental housing project under the provisions of Bill 7 on our Young Street parcel of land. The 37-unit project with parking and studio and 1BR units greater than 300 SF will be in the heart of Honolulu within walking distance to UH Manoa, the Kaʻaumoku Business District and Waikiki.

Through this process, I have learned that Bill 7 projects are difficult to make feasible or even possible. We are currently under construction and have gone through several change orders due to increases in construction material and labor costs. The small increase in post construction grant money will help our project and comes as a great relief during a stressful time.

Thank you again for your consideration and opportunity to provide testimony in support of Bill 3 CD2.

Sincerely,

Tyler Yamashita

July 10, 2024

Council Chair Tommy Waters
City and County of Honolulu
530 South King St.
Honolulu, HI 96813

Dear Chair Waters, Vice Chair Esther Kia'aina,

RE: Bill 3 (2024) – Relating to Affordable Housing Incentives

Thank you for the opportunity to provide written testimony in support of Bill 3 (CD2). My name is Stephanie Park, and my family owns a property one block away from Kapiolani Hospital. We are currently in the design phase to build 25 affordable rental housing units under Bill 7. Our plan is to build workforce housing above 300 square feet for the hospital's nurses, technicians and other workers in need of housing near their workplace.

Today's construction costs and borrowing rates make building a multifamily apartment building challenging. Bill 3's proposed per unit calculation of $12,000 per unit is a good one given Oahu's current economic climate.

Bill 7 has become a vehicle for change, to help my family create new affordable rental housing inventory for Oahu's aging neighborhoods. Bill 3 (CD2) is thoughtful legislation that will help the feasibility of Bill 7 projects and will help make my family's project a reality.

Thank you again for this opportunity to provide testimony in support.

Mahalo,

Stephanie Park

Stephanie Park

Testimony of
Pacific Resource Partnership

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

Bill 31 (2024) and Bill 3 (2024)—Relating To Incentives For The Construction Of Affordable Rental Housing and Relating to Pre-Construction Financing For Affordable Rental Housing
Wednesday, July 10, 2024

Aloha Chair Waters, Vice Chair Kia'aina, and Members of the Council:

Pacific Resource Partnership (PRP) is a nonprofit organization that represents the Hawai'i Regional Council of Carpenters, the largest construction union in the state with approximately 6,000 members, in addition to more than 250 diverse contractors ranging from mom-and-pop owned businesses to national companies.

PRP supports Bill 31 (2024) with Councilmember Weyer's Proposed FD1, which allows owners to receive the pre-construction subsidies totaling $25,000 per affordable housing unit for the construction of units 250 square feet or more in size.

The City and County of Honolulu desperately needs more affordable rental housing projects for Oahu's residents. The current economic climate, including high interest rates, has made it difficult for developers to build more affordable housing projects. Councilmember Weyer's Proposed FD1 provides a reasonable compromise to the square footage requirement issue and will help owners finance the construction of much needed affordable housing units for Oahu's residents.

PRP also supports Bill 3 (2024) <u>without</u> an amendment that would require a dwelling unit to have a minimum size of 300 square feet to receive the full post-construction grant. PRP believes that Councilmember Tulba or Weyer's Proposed FD1 amendments will improve Bill 3 (2024).

Thank you for this opportunity to submit written testimony.

Honolulu City Council
City Council Chamber
Wednesday May 10, 2024
10 A.M.

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

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

My name is Ryan Tanaka and I support the passage of Bill 3. My group is currently in the permitting phase of two affordable rental housing projects under ROH Chapter 32 (Bill 7) totaling 57 units. Both projects will have rents under 80% of area median income.

High interest rates, rising construction and material costs and tight profit margins are the realities of Bill 7 today. This paired with a longer than expected permitting process has made development extremely challenging. Despite the challenges, we are fully committed to building both projects. Bill 3 will assist in making ends meet.

I commend Zoning Chair Calvin Say and Vice Chair Dos Santos-Tam and the Zoning Committee for bringing Bill 3 before City Council for a final decision-making hearing. Bill 3 is a very necessary measure that will support the construction of badly needed affordable rental housing on Oahu.

Sincerely,

Ryan Tanaka

Fergus & Company
A LIMITED LIABILITY COMPANY

125 MERCHANT STREET, SUITE 200
HONOLULU, HAWAII 96813
TELEPHONE (808) 545-1700
FAX (808) 545-1788

July 8, 2024

RE: Testimony in Favor of Proposed CD2 to Bill 3 (2024)

Dear Chair Waters, Vice Chair Kia'āina and Members of the Committee,

My name is Jake Fergus and I am writing in support of Bill 3 CD2. Our community is in dire need of more affordable housing as many of our friends and family cannot afford Hawaii's high cost of living and are leaving to the mainland.

High interest rates and inflation have caused construction costs to skyrocket the last few years. These cost pressures have limited the number of new affordable workforce rental housing projects being built on Oahu. Bill 3 would help to alleviate some of these cost pressures and incentivize the construction of more workforce rentals for the hardworking local folks in our community.

Thank you for this opportunity to testify.

FERGUS & COMPANY
A Limited Liability Company



Jacob R. Fergus
Manager

Testimony by Linda Austin, Member for Olive Avenue 216 LLC In Support of Bill 3 CD2, Relating to Incentives for the Constructions of Affordable Rental Housing

CITY COUNCIL
Tommy Waters, Chair
Ester Kia'aina, Vice Chair

City Council Chamber Wednesday, July 10, 2024 10:00 AM

Dear Chair Say, Vice Chair Dos Santos Tam and Members of the Zoning Committee,

My name is Linda Austin, and I am developing 36 affordable rental housing units on approximately 17,000 square feet in Wahiawa. Construction on the building is now complete and we are currently waiting on HECO to energize the building and then we will apply for the certificate of occupancy from the City and County of Honolulu. **I am told we may be able to begin renting the units to tenants sometime this summer.**

The land that we are building on was purchased by my father, Wilbert Toda in the early 1980's. The five homes on the land were extremely old and rundown. My father is now 97 years old, and it has always been his dream to build an apartment building there. Bill 7 gave us a great opportunity to fulfill his dream.

Bill 3's increase in post construction grant money will help our project tremendously. All parties on my development team including my contractor are working so hard for me and my family. They are trying their best to stay within budget to make our project work out however, project feasibility has become increasingly difficult with rising construction costs and various delays due to the pandemic, supply chain issues and extraordinary long government inspection processes.

I am in full support of Bill 3 CD2 and thank you for your support and ideas. Bill 7 and Bill 3 allow us to transform a once dilapidated property with five single family homes on it into 36 brand new affordable rental apartments for Wahiawa's community. **Please pass Bill 3 CD2 as soon as possible!**

Mahalo Nui Loa,

Linda Austin

Linda Austin for Olive Avenue 216 LLC

Wilbert Toda

Wilbert Toda

TO: HONOLULU CITY COUNCIL

SUBJECT: TESTIMONY IN SUPPORT OF Bill 3 CD2 RELATING TO INCENTIVES FOR THE CONSTRUCTION OF AFFORDABLE RENTAL HOUSING.

Council Hearing
DATE: Wednesday, July 10, 2024
TIME: 10:00am

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

My name is Vitaliy Bublik and I am the owner/developer of two Bill 7 projects totaling 66 affordable housing units in Honolulu of which one project is currently under construction in the Kapahulu area. All of my units are over 300 sf. I am in strong support of Bill 3 CD2 which provides post-construction grants to badly needed affordable rental housing projects around Oahu.

Rising construction loan interest rates as well as increases in construction and material costs have made these affordable rental housing projects less viable. We need Bill 7 projects for the locals as Bill 7 projects provide brand new affordable rental housing stock to Oahu's aging apartment zoned neighborhoods. The immediate passage of Bill 3, CD2 will help to support Bill 7 projects.

Thank you for the opportunity to testify.

Vitaliy Bublik
PVH Construction LLC



Housing Hawai‘i’s Future
PO Box 3043
Honolulu, HI 96802-3043

July 10, 2024

TO: Chair Waters Members of the Honolulu City Council
RE: Bill 3

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 with suggested amendments.

There are three options for building the housing we need: out, up, or in. Out means developing suburbs on the fringe of the city. Up means increasing density. And in means developing infill.

Bill 3 is part of a suite of policies designed to promote infill development.

We support CM Tulba’s proposed amendment, FD1:

- A flat $12,000 per unit is an improvement over CD2, as the flat rate does not adversely penalize smaller units.
- Smaller units have a higher cost per square foot than larger units. A flat rate subsidy will make more projects pencil out and result in increased affordable housing development.
- Hawai‘i’s household sizes have shrunk since statehood. More people live independently, and we need to increase our housing supply accordingly.
    - Consider: if household size decreases from 4 to 3, then you need to increase your total number of housing units by 33% even with a static population.

We appreciate your consideration of this issue and careful attention to policy.

Thank you,



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

HONOLULU CITY COUNCIL COMMITTEE ON ZONING

July 7, 2024

RE: Bill 3 - Relating Affordable Rental Housing Incentives

Dear Chair Tommy Waters and members of City Council:

Thank you for this opportunity to provide testimony in favor of Bill 3 CD2. I am currently in permit for two developments under Chapter 32 (Bill 7). My projects are located at 838 Lokahi St (18 Units) and 742 McCully St (25 Units). Both projects have been in permitting for roughly four years. While the economics of construction cost and interest rates have risen dramatically since my wife and I first started design work on the properties, we are still fully committed to building both projects. We are told that our permits are close to being approved and the passage of Bill 3 would provide good timing for us.

Again, I strongly support Bill 3 CD2. Thank you for acknowledging that the development of privately financed affordable housing is extremely difficult in this economic environment.

Mahalo,



Kevin Kaneko for Alena House LLC

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Lic# BC-23115

Honolulu City Council
City Council Chamber
Wednesday July 10, 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 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. Increasing grant funding to these projects is critical to the success of this program. Currently there are 3 versions of this bill before the Council and my position on each is as follows –

Bill 003(24) CD2, Proposed FD1 – ATUL1 – This is the version we are here in full support of.
Bill 003(24) CD2, Proposed FD1 – MW1 – We see this as a potentially acceptable compromise version, but would prefer the minimum at 230 SF instead of 250.
Bill 003(24) CD2 – This version is flawed and I would urge the Council not to pass it.

At the heart of the reasons for these positions is the issue of a restriction of funds allocated to those units below a certain size. There are many reasons why this concept doesn't make sense. First and foremost unit size is set by a complex set of criteria each Developer must consider. At the heart of that calculation is the concept of balancing cost with market demand. Punishing Developers that are meeting a portion of this demand and the community they serve is inequitable. Many of the people accessing these units are the most housing insecure members of our community.

Thank you for your time and consideration.

Sincerely,

Geena Thielen
President/RME

HNL Development LLC
PO Box 11142, Honolulu HI 96828

July 8, 2024

Councilmember Tommy Waters
Chair, Honolulu City Council
City Council
City and County of Honolulu
530 South King Street
Honolulu, HI 96813

Dear Chair Waters, Vice Chair Kia'aina and Members of the Honolulu City Council,

Thank you for allowing me the opportunity to provide written testimony IN SUPPORT of Bill 3 CD2. My name is Derek Lock, and I am a Partner with HNL Development LLC. HNL Development LLC is the Developer and Development Consultant of seven affordable rental housing projects either completed, under construction or in design under Chapter 32 (better known as "Bill 7"). The seven projects total 216 affordable rental housing units all targeted to those who earn less than 80% AMI and at rents of less than 80% AMI.

Our first Bill 7 project, 311 Puuhue Place (25 1BR/1BA units), in Liliha was the first project to receive Bill 1 grant money in the amount of $145,170.00 or $5,806.80 per unit. 311 Puuhue Place was designed and permitted in 2019 and completed in August 2022. Today's economic environment has changed dramatically from just a few years ago. Construction loan interest rates have doubled, and labor and material costs are also much higher than before.

Bill 7 remains a great opportunity to develop affordable multi-family rental housing on Oahu's many underutilized infill lots. There are several projects that have been delayed for years in permitting. These projects were underwritten under very different circumstances and would benefit greatly from Bill 3.

We support the new post-construction grant requirements of Bill 3 CD2. Thank you for updating the amount from a GSF calculation of up to $9,000 per unit to a per unit calculation of $12,000 per unit. This increase would go a long way to assist Bill 7 landowners and developers to make their projects a reality and help to address Oahu's affordable housing crisis.

Mahalo,

Derek Lock
HNL Development LLC

HONOLULU CITY COUNCIL
Honolulu Hale
9:00 AM

July 10, 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 with amendments to Bill 3, Relating to Incentives for the Construction of Affordable Housing, This bill addresses housing development on Oahu by amending certain financial incentives for affordable rental housing projects. We understand that Bill 3 was introduced to address the rise in interest rates which required more upfront capital investment in these Bill 7 (2019) -type affordable housing projects.

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.

This version of the bill also eliminated the pre-construction grants that would greatly help affordable rental housing projects during the especially critical early development stages. We understand that Bill 31 was recently introduced to address this. The pre-construction grants part is extremely important to the viability of these types of projects.

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.