

BILL031(24)
Testimony

MISC. COMM. 308

COUNCIL

COUNCIL Meeting

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

Support: 4

Oppose: 0

I wish to comment: 0

Name: Christopher Delaunay	Email: cdelaunay@prp-hawaii.com	Zip: 96813
Representing: Pacific Resource Partnership	Position: Support	Submitted: Jul 8, 2024 @ 10:20 AM
Name: Ana Tuiasosopo	Email: atuiasosopo@oe3.org	Zip: 96707
Representing: Operating Engineers Local 3	Position: Support	Submitted: Jul 8, 2024 @ 10:57 AM
Name: Geena Thielen	Email: geena@ccs-hawaii.com	Zip: 96734
Representing: Self	Position: Support	Submitted: Jul 9, 2024 @ 04:40 PM
Name: Stefanie Sakamoto	Email: ssakamoto@imanaka-asato.com	Zip: 96789
Representing: BIA Hawaii	Position: Support	Submitted: Jul 9, 2024 @ 10:19 PM

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.

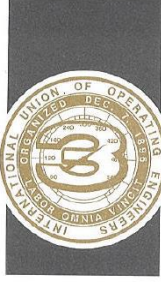
PRP supports Bill 31 (2024) with Councilmember Weyer's Proposed FD1, which allows owners to receive the pre-construction subsidies totaling \$25,000 per affordable housing unit for the construction of units 250 square feet or more in size.

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) without 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.





OPERATING ENGINEERS LOCAL UNION No. 3

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Jurisdiction: Northern California, Northern Nevada, Utah, Hawaii, and the Mid-Pacific Islands

July 8, 2024

Honorable, Tommy Waters, Honolulu City Council, Chair
Honorable, Esther Kia'āina, Honolulu City Council, Vice Chair
Honorable Members of the Honolulu City Council

RE: BILL 31 CD1, FD1 (2024) – RELATING TO PRE-CONSTRUCTION FINANCING FOR AFFORDABLE RENTAL HOUSING. (ADDRESSING AFFORDABLE RENTAL HOUSING IN THE CITY AND COUNTY OF HONOLULU.)

Chair Waters, Vice Kia'āina, and Members of the Honolulu City Council on Zoning,

My name is Ana Tuiasosopo. I am the District Representative and Trustee for Operating Engineers Local 3. We are the largest Construction Trades Local in the United States. I and the members of Operating Engineers Local 3 strongly support Bill 31 CD1, FD1 (2024).

Bill 31 establishes pre-construction financing to support the development of affordable rental housing units in Honolulu. In addition to addressing the housing crisis in Honolulu, this bill also promotes fair compensation practices by ensuring that prevailing wages are paid to workers.

Prevailing wage requirements help maintain fair labor practices and ensure that workers are compensated fairly, reflecting local standards and the high cost of living. By supporting prevailing wages, Bill 31 ensures that workers receive the pay they deserve for their efforts, which benefits the broader community by supporting economic stability and high-quality construction projects.

Sincerely,

Ana Tuiasosopo
Hawaii District Representative, Trustee
Hawaii Operating Engineers Local 3



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

RE: Bill 31 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 points of concern –

1. While the 250 SF requirement is more palatable than 300 SF, it would be better to remove SF requirements for equity reasons. If a SF minimum is included, we would prefer to see it at 230 SF.
2. Section 32-5.2(c)(3) states that this subsidy may only be used for paying prevailing wages to every laborer and mechanic performing work. To be 100% clear we support the prevailing wage requirement and conformance with HRS Chapter 104. Our concern is being able to track these funds to the level of individual company payrolls. We would suggest editing this language to be clearer on use of funds.

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
9:00 AM**

July 10, 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.