

Caldwell's bill offers tax breaks to build accessory dwelling units

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Oahu homeowners who want to build accessory dwelling units would get annual tax breaks of about \$200 under a bill proposed by Mayor Kirk Caldwell.

Bill 64 would make homeowners who receive ADU building permits eligible for an annual exemption of \$60,000 per tax year for up to five years. At the current residential homeowner rate of \$3.50 per \$1,000 of property value, the break would amount to \$210 annually.

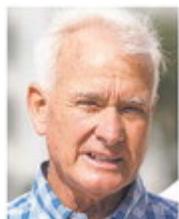
Caldwell has said for years that he thinks ADUs could help ease the island's affordable- housing crunch, and this bill offers homeowners an incentive to construct them.

An ADU is a second dwelling on a residential lot, either attached to or detached from the main building, designed to be rented out. It must have its own kitchen, bedroom and bathroom, and meet other building and land use laws.

An ADU can be a maximum of 400 square feet on lots between 3,500 and 4,999 square feet, and 800 square feet for lots 5,000 square feet or greater.

An ADU must be rented for no less than six months to the same party, an effort to stop people from using their new additions as vacation rentals. An ADU also must have at least one parking space onsite.

ADU, A12 Kirk Caldwell



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A1 In 2016 the Council passed a separate bill giving those applying for ADU permits as much as \$11,000 in incentives by waiving all building permits, grading permits, inspection fees, wastewater facility charges and park dedication fees. The Honolulu City Council additionally passed a bill requiring that ADU permit applications be processed within 60 days.

About 170 units have been built since the ADU bill became law in 2015, and 444 ADU permits issued in all. More than 700 applications have come in, but a number of those have been rejected by the Department of Planning and Permitting due to the lack of sewer capacity in certain areas.

However, city officials announced the recently completed Kaneohe-Kailua Wastewater Conveyance and Treatment Facilities project, which features a gravity-fed underground sewage tunnel, will allow for more

sewage capacity in the Kaneohe region, thereby clearing the way for more ADUs to be developed there.

After hearing the concerns of one Kailua family denied an ADU permit, Council Chairman Ernie Martin had pushed through a resolution urging Caldwell's administration to speed up expansion of the sewer system to accommodate more ADUs. At the time, Environmental Services Director Lori Kahikina said her agency's priority was to complete \$5 billion in wastewater system improvements required by consent decrees.

The Kaneohe-Kailua sewer tunnel project, which is tied to the consent decrees, provides upgrades to the sewage system that will allow approximately 4,000 more residential properties in Kaneohe to be eligible for ADUs.

DPP, working with Councilman Ikaika Anderson, who represents the Windward district, recently sent out more than 160 letters to those who were denied ADU permits due to lack of sewer capacity, informing them that they may now be able to get them.