



STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
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Date: 02/26/2016

Time: 09:25 AM

Location: 211

Committee: Senate Ways and Means

Department: Education

Person Testifying: Kathryn S. Matayoshi, Superintendent of Education

Title of Bill: SB 2731, SD1 Proposed RELATING TO SCHOOLS.

Purpose of Bill: Establishes a task force to review the school impact fees law and recommend any necessary amendments. Appropriates funds for the administrative and operating expenses of the task force.

Department's Position:

The Department of Education (DOE) appreciates the Legislature's focus on the collection of school impact fees. Part I, of SB2731 SD1, would create a two-and-a-half year, 11 member task force to review the school impact fee statute and make recommendations to the 2019 Legislature. Part II, amends Chapter 201H-38, Hawaii Revised Statutes (HRS), to make clear that housing projects seeking exemptions from statutes and rules pertaining to planning, zoning and other project entitlements, cannot be exempted from school impact fees.

Part I establishes a task force to analyze the costs of urban schools, design standards for urban schools, minimum floor area for urban programs, strategies to develop schools in urban areas, and the effect of rail on the need for school capacity. The DOE is actively defining these aspects of urban school design and planning, as they relate to the delivery of education, and believes such topics are well within its purview to directly and effectively manage.

In addition, the DOE has completed an urban impact fee analysis, with current cost and the enrollment effects of projected residential development on schools located in the path of the rail. This study is currently ready for Board of Education and public review for an impact fee district from Kalihi to Ala Moana, to include Kakaako. The review of this analysis is set to begin in the next month. If approved it will allow the State to have an impact fee district in place before the end of this year. The task force created by SB2731 is anticipated to require years to report its findings and propose changes to the school impact fee law. SB2731 further requires the DOE to provide administrative support to the task force. This would present a hardship on the DOE, which currently collects statewide fees with just one full-time DOE staff member. The DOE would also question the need for the involvement of each of the four counties. The planning, funding, and provision of school facilities is a state function. One representative from the

counties would seem sufficient for the limited role the counties play in setting standards for future urban schools.

Should the Legislature still consider it is necessary to establish a task force, the DOE would recommend that the issues to be consider be limited to a further analysis of the current Impact Fee Law (Chapter 302A Section 1601, HRS), as it relates to fee in lieu of land. In an earlier bill this session, (i.e. HB 2538), consideration was asked to be given to provide flexibility in the spending of fees in lieu of land, collected in the proposed Kalihi to Ala Moana district, to include the leasing of land, or the leasing of sq. footage in an existing or new urban building, or the construction of additional school facilities on existing school sites or in conjunction with other State properties or interest, etc. This would allow the DOE to effectively adapt to the condition of urban density along the Transit corridor.

Finally, should this task force proceed, the Department requests consideration of funding to support the administration of the task force for each year of its existence.

Part II of this bill makes it clear that housing projects seeking approvals under Chapter 201H, HRS, must pay school impact fees. The DOE supports the construction of affordable housing but believes that new affordable housing generates additional students in the same way all other new housing development drives up enrollment. School impact fees are a direct link between new housing units and the new or expanded school facilities required to address the enrollment growth caused by the new units.

When the Legislature authorized school impact fees in 2007, specific language was added to Chapter 302A-1603, HRS, which states that all residential development in a designated school impact district that require government approval must pay impact fees "including all government housing projects". Currently within the three school impact districts in the State, private and government sponsored housing projects have all paid school impact fees. Only one 201H project in Central Maui received an exemption from school impact fees from the County, however, there are indications that exemptions for other projects may be similarly pursued in the future.

DOE supports projects developed under Chapter 201H and points to Chapter 201H-12 (3) HRS, which encourages 201H developers to work with DOE to "plan necessary educational facilities and related infrastructure as a necessary and integral part of its housing projects." Payment of school impact fees in designated impact fee districts is a necessary and integral part of all 201H projects.

DOE strongly supports Part 2 of this measure, which is in line with the legislative intent of the school impact fee program.

Thank you for the opportunity to present testimony.



STATE OF HAWAII

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IN REPLY REFER TO:

Statement of
Craig K. Hirai
Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON WAYS AND MEANS

February 26, 2016 at 9:25 a.m.
State Capitol, Room 211

In consideration of
S.B. 2731, PROPOSED S.D. 1
RELATING TO SCHOOLS.

HHFDC *offers the following comments* on S.B. 2731, Proposed S.D. 1. We believe the Proposed S.D. 1 is not needed for the following reasons.

Section 302A-1603, HRS, mandates developers of new housing projects, including government housing projects, within a designated school impact district to fulfill the Department of Education's (DOE) school impact fee requirement. HHFDC **does not exempt** housing projects assisted through the Chapter 201H expedited processing from school impact fees.

Part II of S.B. 2731, Proposed S.D. 1, amends section 201H-38(a), HRS, by adding language stating that 201H projects shall not be "exempted from [the] school impact fee requirement under section 46-142.5." However, section 46-142.5, HRS, **already** prohibits the counties from issuing a residential building permit until the DOE provides written confirmation that the school impact fee requirement has been fulfilled.

If it is the Committee's intent to move this measure forward, HHFDC respectfully suggests that the proposed School Impact Fee Task Force established in Part I of S.B. 2731, Proposed Senate Draft 1, review and recommend appropriate measures to enforce compliance with the school impact fee requirement. The following proposed amendment to section 302A-1603(a), HRS, could be considered.

"(a) Except as provided in subsection (b), any person who seeks to develop a new residential development within a designated school impact district requiring:

- (1) A county subdivision approval;
- (2) A county building permit; or
- (3) A condominium property regime approval for the project,

shall be required to fulfill the land component impact fee or fee in lieu requirement and construction cost component impact fee requirement of the department, including all government housing projects[-], and projects processed pursuant to sections 46-15.1 and 201H-38, Hawaii Revised Statutes."

Thank you for the opportunity to testify.