

SB2749

Measure Title:	RELATING TO SCHOOL IMPACT FEES.
Report Title:	School Impact Fees; Exemption; Housing Developments
Description:	Provides an exemption from school impact fees for housing developments constructed by nonprofit housing organizations in which the units are rented or sold to persons or families earning up to eighty per cent of the area median income.
Companion:	
Package:	None
Current Referral:	HOU/EDU, WAM
Introducer(s):	HARIMOTO, CHUN OAKLAND, GALUTERIA, GREEN, RUDERMAN, Ihara, Slom, Taniguchi, L. Thielen, Wakai



STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: February 16, 2016
Time: 2:45 PM
Location: Room 225
Committee: Housing and Education

Department: Education

Person Testifying: Kathryn S. Matayoshi, Superintendent of Education

Title of Bill: SB 2749 RELATING TO SCHOOL IMPACT FEES.

Purpose of Bill: Provides an exemption from school impact fees for housing developments constructed by nonprofit housing organizations in which the units are rented or sold to persons or families earning up to eighty per cent of the area median income.

Department's Position:

The Department of Education (DOE) finds that SB 2749 will limit its ability to collect the full measure of school impact fees. The Legislature authorized school impacts fees as the only method for the DOE to collect any mitigation from the developers of residences that will house DOE students. The Legislature chose impact fees, not some other method of collecting future school land or school construction funds. Impact fees are supported by the Constitutional authority only if they apply to every entity creating an impact within a defined district, and the fees are used to off-set those impacts.

Hawaii's school impact fee law specifically states in Chapter 302A-1603, Hawaii Revised Statutes, that fees do apply to "all government housing projects". The current law provides exceptions for housing that excludes school-age children (senior residences) or pays transient accommodation tax (timeshare and vacation rentals).

Low income housing usually generates more DOE students per unit than market prices units, but the fees are the same for all units built in the impact district.

DOE supports the provision of housing for low income families but the Legislature has specified that DOE carry out a fee program that includes all government housing projects. DOE also notes that not all affordable housing efforts remain affordable after they are sold to the original qualified buyers. School impact fees are only collected one time, at construction, but the fees cover all student impacts in the lifetime of the housing

unit.

DOE has collected impact fees from nonprofit housing organizations that fully acknowledge that school fees are part of the cost of development . They tell us their projects will generate additional students in DOE schools that will benefit from the fees collected.

Thank you for the opportunity to present our comments .

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
Honolulu, Hawaii 96813
FAX: (808) 587-0600

IN REPLY REFER TO:

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

**SENATE COMMITTEE ON HOUSING
SENATE COMMITTEE ON EDUCATION**

February 16, 2016 at 2:45 p.m.
State Capitol, Room 225

In consideration of
S.B. 2749
RELATING TO SCHOOL IMPACT FEES.

HHFDC *supports the intent* of S.B. 2749, but defers to the Department of Education on any fiscal impact the measure may have. S.B. 2749 would exempt housing developments constructed by nonprofit housing organizations serving persons or families at or below 80 percent of the area median income from school impact fees.

We believe that this would reduce the cost to build affordable family housing projects serving low-income families. For example, family housing developments in Leeward Oahu are currently subject to a school impact fee ranging from \$4,334 per unit for multifamily units to \$5,504 per unit for single family units. In Lahaina, Maui, school impact fees range from \$2,055 per unit for multifamily units to \$5,778 per unit for single family units.

Thank you for the opportunity to testify.



February 12, 2016

To: **Senate Committee on Housing**
Senator Breene Hairmoto, Chair
Senator Brickwood Galuteria, Vice Chair

Senate Committee on Education
Senator Michelle N. Kidani, Chair
Senator Breene Hairmoto, Vice Chair

Subject: **Hearing, Tuesday February 16, 2016, 2:24 PM, Room 225 – SB2749**

Testimony in Strong Support

Chair, Senator Hairmoto, Chair, Senator Kidani, and members of the Committees on Housing, and Education. I am here today on behalf of all seven of Habitat for Humanity affiliates in Hawaii, to offer this testimony in support of SB2749. This bill if passed would provide an exemption from school impact fees for housing developments constructed by nonprofit housing organizations in which the units are rented or sold to persons or families earning up to eighty per cent of the area median income.

Let me begin by thanking Senator Hairmoto for introducing this bill. The mission of all seven Habitat affiliates in Hawaii is to build decent housing and to renovate substandard housing in partnership with community volunteers and potential homeowners so that homelessness and substandard housing in our state is eliminated. All our affiliates believe in the power of homeownership, to affirm dignity, encourage hope, and most important of all, *transform lives by breaking the cycle of poverty and homelessness.*

With the exception of our affiliate in Maui, each affiliate, within the school impact zones, have averaged 2 new houses per year. Using our Leeward Habitat as example, they had 2 builds in 2014, and just 1 in 2015, and paid \$16,512.00 in school impact fees. Contrast this with D.R. Horton's Ho'opili development which will have 6,392 single-family homes and 5,358 multi-family dwellings, and should generate just under \$58.5 million in school impact fees.

Although a single family housing fee of \$5,504.00 may not sound like much, for a low income family it may mean the difference of being able to include an extra bathroom, carport, storage area, or fenced in back yard for their children to play in.

I would now like to quickly comment on Maui. Last year our Maui Habitat, completed it's very first 16 unit condominium. Their impact fee was \$37,936.00. As I've already mentioned, not a substantial amount for D.R. Horton, Stanford Carr, Waikola Development, or Castle and Cooke. But a substantial amount for our Maui Habitat that could have used these dollars to additional construction upgrades.

Finally, I would like to mention that we support public education and understand that the DOE must raise money to build or expand schools. However, we believe that this is a regressive fee that takes money directly away form lower income families. Unlink conventional mortgages, Habitat mortgages are at actual cost for construction. Thus the fee is added onto the family's mortgage payment. Needless to say this places an unnecessary burden on a family striving to achieve the "American Dream."

Mahalo, for giving me the opportunity to testify before you today.

Most warmly,



George S. Massengale
Community Outreach Manager



February 14, 2016

To: Senate Committee on Housing and Senate Committee on Education

Subject: Hearing, Tuesday, February 16, 2016, 2:24pm, Rm 225-SB2749

TESTIMONY IN SUPPORT OF SB 2749

Chair, Senator Harimoto, and Chair Senator Kidani and Committee Members. Thank you for the opportunity to testify in Support of SB2749. My name is Rene Berthiaume, Vice President of the Board of Directors of Housing Hawaii. Housing Hawaii is a non-profit organization that supports and advocates for affordable housing in Hawaii. We feel exempting non-profits from school impact fees will help add to the very low inventory of affordable rentals and home ownership. While it is valid to access these fees for larger housing development projects that would certainly impact the existing DOE schools near the development, and new school development would be appropriate and necessary. Non-profit developers, including self-help often only develop a few homes at a time where the burden of these impact fees just add to the cost of the home, while it is unlikely that any new school would be burdened as a result.

I support and ask you to pass SB2749.

Mahalo,

Rene Berthiaume
Vice President, Board of Directors, Housing Hawaii
808-221-4137