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LATE**Testimony to the Senate Committee on Ways & Means****Wednesday, April 5, 2017****9:30 am****Conference Room 211****RE: HB 884 HD1 SD1 – Relating to School Impact Fees**

Chair Tokuda, Vice-Chair Dela Cruz, and members of the committee:

My name is Gladys Quinto Marrone, CEO 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.

BIA-Hawaii is in opposition to the exemptions proposed in H.B. 884 HD1 SD1. The bill proposes to exempt affordable housing units, additions to existing dwelling units, accessory dwelling units, and ohana dwelling units from school impact fee requirements.

In 2007, the legislature passed Act 245, which created the public school impact fee law. The original Act reflected a general methodology and approach for identifying need areas and calculating appropriate school impact fees for new residential developments. At that time, the only exemptions allowed under the law were:

1. Any form of housing permanently excluding school-aged children, with the necessary covenants or declarations of restrictions recorded on the property;
2. Any form of housing that is or will be paying the transient accommodations tax under chapter 237D;
3. All nonresidential development; and,
4. Any development with an executed education contribution agreement or other like document with the department for the contribution of school sites or payment of fees for school land or school construction.

Our understanding is that impact fees are assessed on new developments, and are intended to minimize the impact on the existing level of service that government provides. For example, if a project generates more traffic on surrounding roads, the theory is the impact fee imposed would provide roadway improvements such that the new project would have no impact on the current level of service provided by the existing roadways (i.e. traffic flow).

The school impact fee law was intended to address the need to increase capacity at an existing school or build a new school based on the new students being generated by the new development. Thus, the current exemptions in the law were for projects that did not generate any new students.

With our current housing crisis, it is understandable that legislation is being considered to reduce the cost housing, for affordable housing units, additions to existing dwelling units, accessory dwelling units, and ohana dwelling. However, in doing so, the unintended consequences of such actions will unfairly shift the financial burden imposed by the impact fee on all other housing type (i.e. Houses priced at 140% and higher AMI).

In 2014, the National Association of Home Builders (NAHB) prepared a state by state analysis of the number of home buyers impacted for every \$1,000 increases in price. In 2014, 594 households in Hawaii were priced out of the market by a \$1,000 increase in price.

Our concern is that Hawaii's needs to build its way out of our current housing crisis by increasing the supply of housing at all price points. A healthy housing market allows people to purchase housing at price ranges they can afford and as their income improves, provides them with the opportunity to "move up" the housing ladder. Shifting the school impact fee to only apply to buyers at the 80% or more AMI will just add more costs to these units and negatively impact housing affordability in the State.

The housing market has changed dramatically since the impact fee law was passed in 2007. Most of the developments were "greenfield" projects and there was no rail rapid transit project in Honolulu. Now the focus is on urban infill with more compact units and more rental units on government lands in the urban core. Perhaps it's time to rethink the notion of school impact fees and find other ways to get new public schools built along the transit corridor

We stand in opposition to H.B. 884 HD1 SD1 and respectfully request that the bill be held. Thank you for the opportunity to express our views on this matter.

Chair Jill Tokuda
Vice-Chair Donovan Dela Cruz
Senate Committee on Ways and Means

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April 5, 2017
Testimony in Support of HB 884, HD1, SD1

Dear Chair Tokuda, Vice-Chair Dela Cruz and Members of the Committee:

My name is Kathy Jaycox and I am writing to express my support for HB 884, HD1, SD1.

I am a member of the Housing Now! Coalition and I strongly support HB 884 because waiver of the school impact fee for affordable housing will help the state move forward with creation of more affordable housing units. While I strongly support public education, at this time I feel that the need for creation of affordable housing is so severe that it overrides the need for the impact fees.

Thank you for this opportunity to provide testimony.

Kathy Jaycox
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Kailua, HI 96734