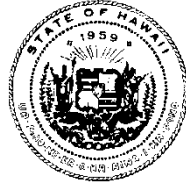


DAVID Y. IGE
GOVERNOR



HAKIM OUANSAFI
EXECUTIVE DIRECTOR

BARBARA E. ARASHIRO
EXECUTIVE ASSISTANT

STATE OF HAWAII
HAWAII PUBLIC HOUSING AUTHORITY
1002 NORTH SCHOOL STREET
POST OFFICE BOX 17907
HONOLULU, HAWAII 96817

Statement of
Hakim Ouansafi
Hawaii Public Housing Authority
Before the

HOUSE COMMITTEE ON EDUCATION

Wednesday, March 22, 2017
2:00 PM
Room 309, Hawaii State Capitol

In consideration of
SB1146, SD2, HD1
RELATING TO SCHOOL IMPACT FEES

Honorable Chair Woodson and Members of the House Committee on Education, thank you for the opportunity to provide testimony concerning Senate Bill 1146, SD2, HD1, relating to school impact fees.

The Hawaii Public Housing Authority (HPHA) supports SB 1146, SD2, HD1, which exempts from school impact fees: housing developments reserved for persons or families with incomes up to eighty per cent of the area median income located in a county having a population greater than 500,000; state or federal public housing projects; state low-income housing projects; housing projects certified or approved for a general excise tax exemption under 201H-36, HRS; and government housing projects and projects processed pursuant to section 46-15.1 and 201H-38, HRS.

The HPHA appreciates the exemption from school impact fees. School impact fees can significantly raise the cost of new housing development projects. Providing an exemption for housing developments for person or families with incomes up to eighty percent of the Average Median Income (AMI), will help to promote the development of affordable housing.

The HPHA appreciates the opportunity to provide the House Committee on Education with the HPHA's comments regarding SB 1146, SD2, HD1. We thank you very much for your dedicated support.



HAWAII COMMUNITY
DEVELOPMENT AUTHORITY



David Y. Ige
Governor

John Whalen
Chairperson

Jesse K. Souki
Executive Director

547 Queen Street
Honolulu, Hawaii
96813

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E-Mail
contact@hcdaweb.org

Website
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STATEMENT OF

JESSE K. SOUKI, EXECUTIVE DIRECTOR
HAWAII COMMUNITY DEVELOPMENT AUTHORITY

BEFORE THE
HOUSE COMMITTEE ON EDUCATION

Wednesday, March 22, 2017
2:00 P.M.

State Capitol, Conference Room 309

in consideration, of

SB 1146, SD2 HD1 – RELATING TO SCHOOL IMPACT FEES

Chair Woodson, Vice Chair Har and members of the committee.

The Hawaii Community Development Authority (HCDA) offers the following **comments** on SB 1146, SD2 HD1.

This bill exempts the following from school impact fees: housing developments reserved for persons or families with incomes up to 80 percent of the area median income (AMI) located in a county having a population greater than 500,000; state or federal housing projects; low income housing projects; housing projects certified and approved for a general excise tax exemption; and government housing projects.

Given the Department of Education's (DOE) proposed school impact fee of \$9,374 per new unit, this bill may help projects developed for low income residential projects at 80 percent and below AMI. Notwithstanding, we expect that public monies and/or land will still need to be part of the overall development strategy of developments in this low affordability range.

The legislature might consider expanding this bill to include projects developed for moderate income residential projects at 140 percent and below AMI. This would be consistent with existing programs under HCDA and the Hawaii Housing and Finance Development Corporation.¹ Examples of jobs that would qualify for housing developed for residential projects between 80 and 140 percent AMI are shown below:

¹ HCDA is considering amendments to its housing rules that will reduce affordability to 120 percent AMI on average of all reserved units. See *Notice of Public Hearing, Proposed Amendments Relating to HAR Chapter 15-218, "Kakaako Reserved Housing Rules,"* available at <https://dbedt.hawaii.gov/hcda/files/2013/05/20170226-Public-Hearing-Notice-Kakaako-Reserved-Housing-Rules-Amendment.pdf>.

Who can qualify for Reserved, Workforce or Low Income Housing?

The below are the mean income for selected jobs in Honolulu. The statistics are courtesy of the U.S. Bureau of Labor Statistics. The AMI percentages are for a single person living alone.

Under 30% AMI	30-60% AMI	60-80% AMI
<ul style="list-style-type: none"> •Childcare worker \$19,980 	<ul style="list-style-type: none"> •Restaurant Cooks \$28,030 •Security Guards \$28,310 •Maids and Housekeeping \$35,630 •Kindergarten Teachers \$45,610 	<ul style="list-style-type: none"> •Child, Family and School Social Workers \$52,560 •Administrative Assistants \$52,590 •Construction Laborers \$54,420
80-100% AMI	100-120% AMI	120-140% AMI
<ul style="list-style-type: none"> •High School Teachers \$56,730 •Food Service Managers \$58,890 •Firefighters \$59,240 	<ul style="list-style-type: none"> •Accountants \$60,440 •Carpenters \$69,150 •Insurance Sales Agents \$72,460 	<ul style="list-style-type: none"> •Crane Operators \$76,830 •Physican Therapists \$81,490 •Sales Managers \$83,680

Source: 2016 Hawaii Community Development Authority, Report to the Twenty-Ninth Legislature Regular Session of 2017, p. 12, Jan. 2017, available at <http://files.hawaii.gov/dbedt/annuals/2016/2016-hcda.pdf>.

Also, attached for your information and consideration is HCDA’s testimony on the DOE’s proposed school impact district from Kalihi to Ala Moana, dated November 1, 2016. As the legislature considers policies to ensure affordable housing is built while ensuring important infrastructure like schools are available, HCDA’s comments in the attached may be helpful.

Thank you for the opportunity to provide **comments** on this bill.

Attachment



HAWAII COMMUNITY
DEVELOPMENT AUTHORITY



David Y. Ige
Governor

John Whalen
Chairperson

Aedward Los Banos
Interim Executive Director

547 Queen Street
Honolulu, Hawaii
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E-Mail
contact@hcdaweb.org

Website
www.hcdaweb.org

November 1, 2016

Ms. Heidi Meeker
Department of Education
State of Hawaii
Honolulu, Hawaii 96804

Dear Ms. Meeker:

Re: Proposed School Impact District from Kalihi to Ala Moana

The Hawaii Community Development Authority ("HCDA") has reviewed the proposed "Draft Analysis of the Kalihi to Ala Moana School Impact District" and largely supports the proposal with some added suggestions.

The HCDA agrees that the proposed impact fees will allow for the provision of schools to accommodate the projected student population growth and offered the following comments:

1. The impact fees for new developments should be based on square feet and not unit count only. Studies have shown that impact fees that do not take into account unit size and are simply based on unit count are regressive. An impact fee based on units is a flat fee system and brings issues of equity. That is, with the currently proposed system, a small dwelling unit of 600 square feet will pay the same amount as a luxury unit of 8,000 square feet. Over the long-run the larger units will underpay and the smaller units will over pay.
2. The impact fees should also be varied based on unit types. The proposed analysis assumes that most of the upcoming residential developments to be built within the impact district will be multifamily dwellings; and therefore; it proposes that the multifamily fee amount applies whether a unit is a single family or a multifamily dwelling unit. Even though the assumption is correct as this impact district is in the urban core, there are some lots that will have single family dwellings. If unit types are taken into account when calculating the impact fees the fees tend to be more fair and proportional to the impacts.
3. The proposed impact district map should be reviewed. It seems that some of the parcels outside the boundary area are served by the same schools as those within the boundary.

Ms. Heidi Meeker
November 1, 2016
Page 2

4. There is much need to develop affordable housing within the urban core in Honolulu and any additional cost to development of affordable housing makes it that much more challenging. We suggest that the Department of Education consider a graduated impact fee scale for affordable housing projects that try to reach the lower levels of affordability.
5. We suggest that the land value be based on neighborhoods instead of averaging of land costs from Kalihi to Ala Moana as it will be more equitable and a fair representation of market conditions.

In general, in order to proportionally distribute the impact fees various variables (i.e., unit size, type, configuration, location) should be taken into account. An impact fee that takes into account different variables will have a rational nexus and it will not negatively impact the development of housing.

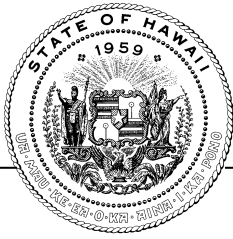
Should you have any questions, please contact Mr. Deepak Neupane, P.E., AIA, Director of Planning and Development, at 594-0300.

Sincerely,



Aedward Los Banos
Interim Executive Director

ALB/DN/SB:



**OFFICE OF PLANNING
STATE OF HAWAII**

235 South Beretania Street, 6th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

Telephone: (808) 587-2846
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DAVID Y. IGE
GOVERNOR

LEO R. ASUNCION
DIRECTOR
OFFICE OF PLANNING

Statement of
LEO R. ASUNCION
Director, Office of Planning
before the
HOUSE COMMITTEE ON EDUCATION
Wednesday, March 22, 2017
2:00 PM
State Capitol, Conference Room 309

in consideration of
SB 1146, SD2, HD1
RELATING TO SCHOOL IMPACT FEES.

Chair Woodson, Vice Chair Har, and Members of the House Committee on Education.

The Office of Planning (OP) supports the intent of SB1146, SD2, HD1 which proposes to provide an exemption from school impact fees for new housing units that are reserved for persons or families with incomes up to eighty percent of the area median income (AMI) in a county having a population greater than 500,000 from school impact fee requirements.

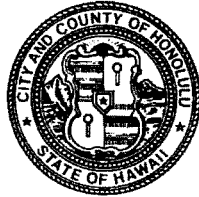
OP agrees that while the school impact fees are necessary to offset the impact of new homes and families on local schools, it can be detrimental to efforts that provide housing to individuals or families – specifically those that fall within the zero to one hundred forty percent AMI. Allowing housing development projects in which the units for families earning up to eighty percent of the AMI to be exempt from school impact fees, will encourage developers to provide more low-income housing, increasing the overall affordable housing supply for Hawaii residents. We note however, that including eighty to one hundred forty percent AMI, will provide additional affordable housing supply across the range of unit affordability.

Thank you for the opportunity to testify on this matter.

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813
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DEPT. WEB SITE: www.honolulu.dpp.org • CITY WEB SITE: www.honolulu.gov

KIRK CALDWELL
MAYOR



KATHY K. SOKUGAWA
ACTING DIRECTOR

TIMOTHY F. T. HIU
ACTING DEPUTY DIRECTOR

March 22, 2017

The Honorable Justin H. Woodson, Chair
and Members of the Committee on Education
Hawaii House of Representatives
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Woodson and Committee Members:

Subject: Senate Bill No. 1146, SD 2, HD 1
Relating to School Impact Fees

The Department of Planning and Permitting (DPP) **supports, with a recommended amendment**, Senate Bill No. 1146, SD 2, HD 1, which would exempt housing units reserved for persons or families with incomes up to 80 percent of the area median income (AMI) in a county with a population greater than 500,000 from paying school impact fees. This Bill also would exempt certain housing projects certified or approved for a GET exemption, and any State or Federal public housing project from paying school impact fees.

The City's Islandwide Affordable Housing Strategy includes waivers of City fees to help make affordable housing projects at up to 120 percent of the AMI more financially feasible. By charging a school impact fee on these same types of projects, the reduced fees accomplished through the City waivers would be offset by the school impact fees, inhibiting the ability to facilitate affordable housing projects. This result would be counterproductive to both City and State objectives of producing more affordable housing.

In addition to our support of this Bill, the DPP recommends an amendment to exempt, or provide fee reductions for, all types of affordable housing projects serving persons or families with incomes up to 120 percent of the AMI.

The Honorable Justin H. Woodson, Chair
and Members of the Committee on Education
Hawaii House of Representatives
Senate Bill No. 1146, SD 2, HD 1
March 22, 2017
Page 2

Thank you for the opportunity to testify.

Very truly yours,

A handwritten signature in black ink, appearing to read "Kathy Sokugawa". The signature is fluid and cursive, with a long, sweeping tail on the final letter.

Kathy Sokugawa
Acting Director

HAWAII RENTAL HOUSING COALITION

March 20, 2017

The Honorable Justin H. Woodson, Chair
The Honorable Sharon E. Har, Vice Chair
and members
House Committee on Education
415 South Beretania Street
Honolulu, Hawai'i 96813

RE: Support SB1146 (Exemption from School Impact Fees) with suggested amendments

Dear Chair Woodson, Vice-Chair Har and Members:

The Hawaii Rental Housing Coalition (HRHC) is a non-profit citizens group comprised of landowners and developers, real estate industry professionals, Union representatives, segments of the non-profit community, and members of the banking industry who are committed to stimulating and supporting the private sector development of rental housing in the State of Hawaii. The HRHC's goal is to make it possible for the private sector to build rental housing for the workforce members of the community who earn less than 140% of the average median income (AMI) for their area.

It has long been recognized that affordable housing, and particularly rental housing in Hawaii, has become economically unfeasible for the private sector to develop. As such only subsidized projects utilizing government funding have been constructed.

A recent study by the Hawaii Housing Finance and Development Corporation (HHFDC) shows that by 2020 approximately 64,000+ rental units will be needed State-wide and more than 31,000 will be needed on Oahu. Government alone cannot address that need.

It is this need that the Hawaii Rental Housing Coalition is seeking to address. In order to do that the fundamental economics of building rental housing in Hawaii must be altered. We seek to do that not only in a collaborative manner with key players in the private sector, and the construction industry, *but also in concert with the public sector's help*. The Hawaii Rental Housing Coalition seeks ways in which to reduce the baseline costs of building and operating rental housing to encourage the private sector to build to the rental housing needs of Hawaii's workforce. Any additional costs to building such housing, including school impact fees, thwarts the central thrust of the Coalition's efforts. We strongly support this measure to exempt affordable housing projects from the imposition of any school impact fees; however, the Hawaii Rental Housing Coalition supports the measure to expand the exemptions to include all affordable housing projects.

HAWAII RENTAL HOUSING COALITION

To ensure that the types of projects which the Hawai'i Rental Housing Coalition intends to build are exempt from school impact fees, we would suggest that your committee consider amending the bill to include the language that is found in HB884 HD1, Page 1 Lines 13-15 and Page 2, Lines 13-17, specifically, that "Any housing project that has been certified or approved for a general excise tax exemption under section 201H-36 and all government housing projects and projects processed pursuant to sections 46-15.1 and 201H-38;" be exempted from school impact fees as well.

Respectfully submitted,

/s/ Christine Nakashima-Heise

Christine Nakashima-Heise
Project Coordinator
cnheise@gmail.com

Hawai'i Construction Alliance

P.O. Box 179441
Honolulu, HI 96817
(808) 348-8885

March 21, 2017

The Honorable Justin H. Woodson, Chair
The Honorable Sharon E. Har, Vice Chair
and members
House Committee on Education
415 South Beretania Street
Honolulu, Hawai'i 96813

RE: Strong Support for SB1146 SD2 HD1, Relating to School Impact Fees

Dear Chair Woodson, Vice Chair Har, and members:

The Hawai'i Construction Alliance is comprised of the Hawai'i Regional Council of Carpenters; the Laborers' International Union of North America, Local 368; the Operative Plasterers' and Cement Masons' Union, Local 630; International Union of Bricklayers & Allied Craftworkers, Local 1; and the Operating Engineers, Local Union No. 3. Together, the member unions of the Hawai'i Construction Alliance represent 15,000 working men and women in the basic crafts of Hawai'i's construction industry.

The Hawai'i Construction Alliance is extremely concerned about the chronic deficiency of rental apartment housing across the state. Simply put: the shortage of units for working moderate- and lower-income households is at a crisis level. Said shortage is negatively affecting families throughout the entire community, including our membership.

We strongly support SB1146 SD2 HD1, which would exempt housing developments reserved for persons or families with incomes up to 80 percent of the area median income located in a county having a population greater than 500,000; state or federal public housing projects; state low-income housing projects; housing projects certified or approved for a general excise tax exemption under section 201H-36, Hawaii Revised Statutes (HRS); and government housing projects and projects processed pursuant to sections 46-15.1 and 201H-38, HRS from school impact fee requirements.

The Hawai'i Construction Alliance and our partners in the banking, development, landowning, contracting, architecture, and engineering communities – collectively the Hawai'i Rental Housing Coalition (“HRHC”) - have identified a series of measures which can be taken to improve the economics of construction, developing, and financing rental housing projects wherein at least twenty percent of available units are for households whose incomes are at or below 80%AMI, and wherein all remaining units are households whose incomes are at or below 140%AMI.

One such measure that has been identified is relief from school impact fees as is proposed on Page 2 of SB1146 SD2 HD1, Lines 15-19. We believe that such relief would immediately improve the economics of constructing, developing, and financing these types of rental housing projects to the point that they may become economically feasible to pursue.

The Hawai'i Construction Alliance is excited to take a leadership role in encouraging the production of rental housing across our state. We humbly request your committee also take favorable action on SB1146 SD2 HD1 to help us to improve the economics of producing rental housing in Hawai'i.

Mahalo,

A handwritten signature in black ink that reads "Tyler Dos Santos-Tam". The signature is written in a cursive, flowing style.

Tyler Dos Santos-Tam
Executive Director
Hawai'i Construction Alliance
execdir@hawaiiconstructionalliance.org

841 Bishop St., Suite 301
Honolulu, Hawaii 96813



Telephone: 808 926-1530
Contact@HEECoalition.org

Committee on Education
Representative Justin Woodson, Chair
Representative Sharon Har, Vice Chair

Aloha Chair Woodson, Vice Chair Har and Members of the Committee,

We are providing testimony in support for SB1146 SD2 HD1 relating to school impact fees.

Hui for Excellence in Education, or “HE’E,” is a statewide coalition of diverse stakeholders committed to working collaboratively to identify opportunities to improve public education in Hawai‘i. HE’E seeks to be the focal point for community and parent engagement while serving as a public resource for educational policy.

The Coalition supported the action to designate the Kalihi to Ala Moana School Impact Fee District when it was presented to the Board of Education (BOE) in November 2016. Potentially up to 39,000 multi-family units and approximately 10,000 public school students would be impacted in the district due to residential development associated with Honolulu’s Rapid Transit, which translates to 6 elementary schools and 1.5 middle and high schools.¹ State General Funds are insufficient to accommodate even repair and maintenance of our schools (2016 backlog of roughly \$300 million) let alone the building of new schools. The Hawaii State Legislature passed Act 237 in 2016 which allows the school impact fees to be used to purchase completed construction, construct new school facilities, improve or renovate existing structures for school use, or lease land or facilities for school use. Our aging schools are not able to accommodate well the educational needs of our students, and so we believe that additional revenue streams are needed to support schools.

The action was deferred by the BOE to allow the DOE to meet and work with stakeholders on establishment of the district and the amount of fees. There was substantial opposition from developers and supporters of affordable housing. We understand the concerns of these stakeholders and commend the legislature for proposing this option, which would exempt new housing units that are reserved for persons or families with incomes up to eighty percent of the area medium income located in a county having a population greater than 500,000 from school impact fee requirements.

Thank you for the opportunity to testify. Our support represents a 75% consensus or more of our voting membership.

Sincerely,

Cheri Nakamura
HE’E Coalition Director

¹http://boe.hawaii.gov/Meetings/Notices/Meeting%20Material%20Library/FIC_20161115_Committee%20Action%20to%20Designate%20Kalihi-Ala%20Moana%20School%20Impact%20Fee%20District.pdf

HE'E Member List

Academy 21
After-School All-Stars Hawaii
Alliance for Place Based Learning
*Castle Complex Community Council
*Castle-Kahuku Principal and CAS
Coalition for Children with Special Needs
*Faith Action for Community Equity
Fresh Leadership LLC
Girl Scouts Hawaii
Harold K.L. Castle Foundation
*Hawai'i Afterschool Alliance
*Hawai'i Appleseed Center for Law and Economic Justice
*Hawai'i Association of School Psychologists
Hawai'i Athletic League of Scholars
*Hawai'i Charter School Network
*Hawai'i Children's Action Network
Hawai'i Nutrition and Physical Activity Coalition
* Hawai'i State PTSA
Hawai'i State Student Council
Hawai'i State Teachers Association
Hawai'i P-20
Hawai'i 3Rs
Head Start Collaboration Office
It's All About Kids
*INPEACE
Joint Venture Education Forum
Junior Achievement of Hawaii
Kamehameha Schools
Kanu Hawai'i
*Kaua'i Ho'okele Council
Keiki to Career Kaua'i
Kupu A'e
*Leaders for the Next Generation

Learning First

McREL's Pacific Center for Changing the Odds

*Native Hawaiian Education Council

Our Public School

*Pacific Resources for Education and Learning

*Parents and Children Together

*Parents for Public Schools Hawai'i

Punahou School PUEO Program

*Teach for America

The Learning Coalition

US PACOM

University of Hawai'i College of Education

YMCA of Honolulu

Voting Members () Voting member organizations vote on action items while individual and non-voting participants may collaborate on all efforts within the coalition.*

Testimony of
Christopher Delaunay, Government Relations Manager
Pacific Resource Partnership

HOUSE OF REPRESENTATIVES
THE TWENTY-NINTH LEGISLATURE
REGULAR SESSION OF 2017

COMMITTEE ON EDUCATION
Representative Justin H. Woodson, Chair
Representative Sharon E. Har, Vice Chair

NOTICE OF HEARING

DATE: Wednesday, March 22, 2017
TIME: 2:00 pm
PLACE: Conference Room 309

Aloha Chair Woodson, Vice Chair Har, and Members of the Committee:

PRP **supports** SB 1146, SD2, HD1, relating to School Impact Fees, which exempts the following from school impact fee requirements: housing developments reserved for persons or families with incomes up to 80 percent of the area median income (AMI) located in a county having a population greater than 500,000; state or federal public housing projects; state low-income housing projects; housing projects certified or approved for a general excise tax exemption under section 201H-36, Hawaii Revised Statutes (HRS); and government housing projects and projects processed pursuant to sections 46-15.1 and 201H-38, HRS.

The shortage of affordable housing units for working moderate-and lower-income households is at a crisis level negatively affecting families throughout the State. To address this housing crisis, we need to incentivize developers to build more affordable housing, including housing for families in the 80%-140% AMI range. Exempting affordable housing units from school impact fees is a step in the right direction.

Thank you for this opportunity to testify and we respectfully request your support on SB 1146, SD2, HD1.



(Continued From Page 1)

About PRP

Pacific Resource Partnership (PRP) is a not-for-profit organization that represents the Hawaii Regional Council of Carpenters, the largest construction union in the state, and more than 240 of Hawaii's top contractors. Through this unique partnership, PRP has become an influential voice for responsible construction and an advocate for creating a stronger, more sustainable Hawaii in a way that promotes a vibrant economy, creates jobs and enhances the quality of life for all residents.

EDNtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 20, 2017 10:17 PM
To: EDNtestimony
Cc: begoniabarry@gmail.com
Subject: *Submitted testimony for SB1146 on Mar 22, 2017 14:00PM*

SB1146

Submitted on: 3/20/2017

Testimony for EDN on Mar 22, 2017 14:00PM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Barbara Barry	Individual	Oppose	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

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

HOUSE COMMITTEE ON EDUCATION

March 22, 2017 at 2:00 p.m.
State Capitol, Room 309

In consideration of
S.B. 1146, S.D. 2, H.D. 1
RELATING TO SCHOOL IMPACT FEES.

The HHFDC *supports the intent* of S.B. 1146, S.D. 2, H.D. 1, but defers to the Department of Education on any fiscal impact the measure may have. S.B. 1146, S.D. 2, H.D.1, would exempt the following housing projects from school impact fees:

1. Housing reserved for households at or below 80 percent of the area median income located in a county with a population greater than 500,000;
2. Housing projects certified for a General Excise Tax exemption under §201H-36, HRS; and
3. Government housing projects and projects processed per §45-15.1, HRS, and §201H-38, HRS.

We believe that this would reduce the cost to build affordable family housing projects serving low-income families.

Thank you for the opportunity to testify.

PRESIDENT
EVAN FUJIMOTO
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94-487 AKOKI STREET
WAIPAHU, HAWAII 96797

Testimony to the House Committee on Education
Wednesday, March 22, 2017
2:00 p.m.
Conference Room 309

RE: HB 1146 SD2 HD1 – Relating to School Impact Fees

Chair Woodson, Vice-Chair Har, 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 SB 1146 SD2 HD1, which would exempt housing developments reserved for persons or families with incomes up to eighty per cent of the area median income located near the Honolulu rail transit line 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 families at the 80% and below AMI. 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 above the 80% AMI, including those units identified as affordable and workforce housing (i.e. 140% and below 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.

We stand in opposition. Thank you for the opportunity to express our views on this matter.



46-063 Emepela Pl. #U101 Kaneohe, HI 96744 · (808) 679-7454 · Kris Coffield · Co-founder/Executive Director

**TESTIMONY FOR SENATE BILL 1146, SENATE DRAFT 2, HOUSE DRAFT 1,
RELATING TO SCHOOL IMPACT FEES**

**House Committee on Education
Hon. Justin H. Woodson, Chair
Hon. Sharon E. Har, Vice Chair**

**Wednesday, March 22, 2017, 2:00 PM
State Capitol, Conference Room 309**

Honorable Chair Woodson and committee members:

I am Kris Coffield, representing IMU Alliance, a nonpartisan political advocacy organization that currently boasts over 350 members. On behalf of our members, we offer this testimony in opposition to Senate Bill 1146, SD 2, HD 1, relating to school impact fees.

We strongly support the development of affordable housing in Hawai'i. As a state, we must find a balance between the rampant real estate speculation driving up our housing and rental costs and meeting the needs of economically disadvantaged residents. Just as our homeless population has soared in recent years, so, too, has our state's cost of housing. The median price of condominiums on O'ahu increased 8.3 percent in 2016 to \$390,000, while the median price for single-family homes increased by 6.5 percent to \$735,000, according to the Honolulu Board of Realtors. Average rent for a 900-square foot apartment in Honolulu now exceeds \$2,200, with the cost of a four-bedroom home in urban Honolulu now exceeding \$1.1 million.

That said, this proposal may be unconstitutional, per two U.S. Supreme Court cases on exactions and takings, *Nollan v. California Coastal Commission* and *Dolan v. City of Tigard*. These cases require exactions—including impact fees—to bear an “essential nexus” to the reason for imposition and be “roughly proportional” to the impact of the developments on which the exaction is levied. Exempting low-income and affordable housing residents from school impact fees may, unfortunately, violate the Court's decisions, since families living in affordable housing units send children to public schools, often at a greater proportional ratio than families living outside of affordable housing, significantly increasing student capacity and facilities demand.

Additionally, we note that lawmakers, last year, passed Act 130 and Act 237, which expanded the permissible uses of school impact fees in transit oriented development zones along the urban core to include renovating existing school structures, with “urban core” defined as the

Kalihi to Ala Moana school impact fee district. Hawai'i Community Development Authority officials have plans to approve up to 35,000 additional residential units within a half-mile radius of the nine transit stations from Middle Street to Ala Moana. Moreover, the Hawaii Public Housing Authority is currently redeveloping four housing projects in areas close to the rail line, netting 4,000 new units. Approximately 10,000 students would be generated from the 39,000 multi-family unit build out. HIDOE leaders have said that "after filling excess classroom capacity in existing schools, there would still be a need to establish facility space for slightly more than 8,500 elementary, middle school and high school students," translating into six new elementary schools, one-and-a-half middle schools, and one-and-a-half high schools.

Currently, DOE officials estimate that revenue generated from the additional 39,000 units in the Kalihi to Ala Moana district to be \$22,736,872 in \$584-per-unit construction cost component impact fees and the equivalent of 63.5 acres of land, with a fee-in-lieu impact fee amount of \$8,790 per unit. Thus, the total all-cash fee would be \$9,374 per new unit or a total of \$365,586,000, once the district is established by the Hawai'i State Board of Education (a reduced fee of \$5,858 has also been proposed to the BOE, which would generate roughly \$228,000,000). At public hearings on the impact fee, affordable housing advocates stated a possible need for an additional \$800,000 in rental housing revolving funds to complete already-approved affordable housing projects, if the fee is implemented. Given the clear distinction between the hundreds of millions of dollars potentially generated by the impact fees, especially in the urban core, and the publicly stated requests from affordable housing developers, we urge your committee to partner with developers in receiving additional revolving funds, rather than exempting low-income and affordable housing from impact fees altogether, which may be unconstitutional and would increase the cost of the fee for units priced just beyond low-income or affordable housing guidelines, such as workforce housing and developments aimed at individuals and families making 80 to 140 percent of area median income. We also note that both low-income and affordable housing developments sometimes contain more expensive units that serve the "moderate-income" market to increase the financial viability of the projects, and not solely units reserved for low-income and affordable housing. Exempting low-income or affordable housing developments *en masse*, then, would exempt those units within low-income or affordable housing developments that are priced beyond lower AMI levels. Finally, if the proposed exemptions are enacted, the DOE estimates a revenue drop of nearly \$73 million in collected fees under the higher impact fee, or \$46 million less under the reduced impact fee. With facilities along the urban core expected to cost \$750 million as families move in, this revenue gap will require additional state expenditures.

Mahalo for the opportunity to testify in opposition to this bill.

Sincerely,
Kris Coffield
Executive Director
IMUAlliance

SB1146, SD2
Opposition Statement by Michelle Foyt
Education Committee Hearing
Wednesday, 3/22/2017, 3 pm, Rm 309

Thanks to the Chair, Vice Chair and other committee members for this opportunity to testify.

I oppose SB1146. I believe that the key to getting everyone involved in furthering our children's education is by having everyone financially support that education. Hawaii's children are our state's future. Hawaii's residential and commercial population should all support Hawaii schools because education is a necessity for Hawaii's future sustainability -- economically and strategically. To be able to meet the needs of our future society, children must receive a good education. The children who will benefit most from good public education are the less advantaged, like those in families living in affordable housing, etc. Like everyone else, parents need to buy into their children's future. That way, they are not passive recipients, but instead can have a strong and needed voice in the building of their children's education -- its funding, quality and content. If families have less income, they should pay less for education. At the other end of the scale, the rich will benefit from a revitalized economy and way of life.

The poor quality of Hawaii public education is the direct result of inadequate funding. U.S. education statistics show Hawaii at the bottom of state comparison charts. If funding doesn't come from property tax, it must come from some other broad based, consistent source. It should be applied as a necessity to the future of our State and Country, not like some sort of luxury tax. It's also important to realize that Hawaii can never ever hope to move beyond a service based economy without better educating our students.

Please help keep Hawaii and our Country free and strong by supporting the educational needs of our students -- good teachers, learning practices and conditions. Please make the support of education a broad-based mandate where people pay according to their means. Please oppose SB1146.

Michelle Foyt, a retired public services librarian
Ala Moana -- Kakaako Neighborhood Board Member, Treasurer
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STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 03/22/2017
Time: 02:00 PM
Location: 309
Committee: House Education

Department: Education

Person Testifying: Kathryn S. Matayoshi, Superintendent of Education

Title of Bill: SB 1146, SD2, HD1 RELATING TO SCHOOL IMPACT FEES.

Purpose of Bill: Exempts the following from school impact fee requirements: housing developments reserved for persons or families with incomes up to 80 percent of the area median income located in a county having a population greater than 500,000; state or federal public housing projects; state low-income housing projects; housing projects certified or approved for a general excise tax exemption under section 201H-36, Hawaii Revised Statutes (HRS); and government housing projects and projects processed pursuant to sections 46-15.1 and 201H-38, HRS. (SB1146 HD1)

Department's Position:

The Department of Education (DOE) is opposed to SB 1146, SD2, HD1, which exempts an increasing number of residential units from having to pay school impact fees. Passage of this bill will reduce impact fee revenue for school land and construction, which will then have to be made up by State revenue.

The DOE thinks the bill as currently written will present some difficulty in administering and may have unintended consequences. The HD1 version adds other types of housing to exemption list, including market price housing to be developed within public housing projects.

SB1146, SD2 HD1 exempts units, not projects, reserved for families with incomes up to 80% of area median income (AMI). The DOE understands that most units in that category are not for sale, they are rental units. Individuals would not be paying the impact fees on rentals, developers would pay the fee as part of their construction costs. In a project with units at various income levels, the DOE would collect fees from the developers for some, but not all, of their units.

The DOE would be unable to collect on the few for-sale at 80% of AMI units are resold to families with earnings higher than 80%.

Currently school impact fees are only collected in leeward Oahu in the areas served by Campbell, Kapolei, Waipahu and Aiea high schools. While the bill is worded to exempt 80% of

AMI units across Oahu, at present, it would only exempt units in the Leeward Oahu school impact fee district.

The 2007 school impact fee law, Section 302A-1601 to 1612, Hawaii Revised Statutes (HRS), requires the DOE to establish impact fees when new residential development creates additional demand for public school facilities. It is unclear how much the exemption provided in this bill would reduce DOE revenue, but any loss would have to be made up by additional State revenue.

Thank you for the opportunity to present DOE testimony on SB 1146, SD2, HD1.

▪ March 21, 2017

Representative Justin H. Woodson, Chair
Representative Sharon E. Har, Vice Chair
State House of Representatives
Committee on Education
415 South Beretania Street
Honolulu, Hawai'i 96813

RE: S.B. No. 1146, SD2, HD1 (HSCR1096), Relating to School Impact Fees

Honorable Chair Woodson, Vice Chair Har, and members of the Committee:

Stanford Carr Development, LLC submits this testimony in **strong support** of S.B. No. 1146 and commends the legislature in their efforts to facilitate the development of additional affordable housing units for the families of Hawaii. SCD firmly advocates exempting from the school impact fee requirements those housing developments reserved for persons or families with income up to 80 percent of the area medium income (AMI); state or federal public housing projects; state low-income housing projects; housing projects certified or approved for a general excise tax exemption under section 201H-36 HRS; and government housing projects and projects processed pursuant to sections 46-15.1 and 201H-38 HRS.

The Department of Education (DOE) prepared an analysis of the anticipated growth along a four mile stretch of the Honolulu Area Rapid Transit (HART) rail line from the Kalihi Middle Street Station to the Ala Moana terminus station at the Ala Moana Shopping Center based on the transit-oriented development (TOD) plans of the City and County of Honolulu (City) and the State's Hawaii Community Development Authority (HCDA). The Draft Analysis concluded that if all residential development currently allowed by the City as well as HCDA were built over the next thirty years, the DOE would need to provide school facilities to approximately 8,500 additional students. To pay for such facilities, the DOE would require the developer of each new unit to pay an impact fee of approximately \$9,374. Moreover, this proposed impact fee would be uniformly applied to all residential development including affordable housing. Levying such an impact fee on affordable housing would be a mistake and stand to impede rather than encourage and incentivize its development.

As a private developer of workforce rental housing targeting families earning 60 percent AMI and below, I can attest firsthand to the difficulties of building affordable units, the biggest being cost. To be economically feasible, affordable housing requires free land and government subsidies. Developers such as ourselves employ the use of the Hawaii Housing Finance and Development Corporation's (HHFDC) 4 percent non-competitive low income housing tax credits (LIHTC) and tax-exempt private activity bonds, and competitive Rental Housing Revolving Fund (RHRF) to build affordable rental units. There is no ceiling or limit on the amount of 4 percent tax credits using tax-exempt bonds available to developers. However, the money secured through these sources falls short of the total dollars required to cover a project's development cost. Each rental unit requires between \$100-125K in additional subsidies from HHFDC to be financially feasible. To help complete the capital stack, HHFDC provides "gap financing" through the RHRF which is grossly underfunded and therefore limited.

For example, we are currently developing Hale Kewalo, a workforce rental housing project on the corner of Kona and Piikoi Streets along the rail guideway and next to the Ala Moana transit station. The project will provide 128 affordable rental apartments consisting of one, two and three-bedroom units to families earning between 30 and 60 percent AMI. In addition to free land, Hale Kewalo

utilizes both federal and state low-income housing tax credits, tax-exempt bonds, and \$10.6 million from the state's highly competitive RHRF. The proposed impact fee would require an additional \$1.28 million in capital that the project sorely lacks. In short, Hale Kewalo could not be developed unless additional RHRF were secured. As such, the proposed impact fee stands to jeopardize the development of affordable rental housing by increasing the cost of projects already fully leveraged with federal and state subsidies.

In closing, I hope that you take my comments into consideration and pass this bill to exempt certain affordable housing developments from paying school district impact fees. It makes no sense to exact impact fees from the very developments the City and State are working so tirelessly to build.

Respectfully submitted,
STANFORD CARR DEVELOPMENT, LLC

A handwritten signature in black ink, appearing to read 'Stanford Carr', with a stylized flourish at the end.

Stanford S. Carr