

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

SENATE COMMITTEE ON HOUSING AND SENATE COMMITTEE ON EDUCATION

Tuesday, January 29, 2019
1:15 PM - Room 225, Hawaii State Capitol

In consideration of
SB 891
RELATING TO HOUSING DEVELOPMENT

Honorable Chair Chang, Honorable Chair Kidani, and Members of the Senate Committee on Housing and Senate Committee on Education, thank you for the opportunity to provide testimony concerning Senate Bill (SB) 891, relating to rental assistance.

The Hawaii Public Housing Authority (HPHA) **supports** the enactment of SB 891, which exempts affordable housing units, additions to existing dwelling units, accessory dwelling units, ohana dwelling units, and affordable housing projects developed by the Hawaii Public Housing Authority from school impact fee requirements.

The HPHA's mission is to promote adequate and affordable housing in perpetuity, economic opportunity and a suitable living environment free from discrimination through its public housing and rental assistance programs. The HPHA serves the State's most vulnerable populations, including those earning less than thirty percent of the Area Median Income (AMI), the disabled, and the elderly.

With over 8,800 of the most vulnerable people of our State on our wait list, the only way to be able to help is to increase our current inventory through P3 ventures. As such the HPHA identified 14 projects along the rail line totaling over 10,000 units thereby increasing our unit count by over 9,000 units. The HPHA is currently in the middle of executing this plan with 3,300 units under an MDA or PDA. As an example, for two out of three of these redevelopments that are already in the works, the school impact fees would be approximately \$26.3M. As all HPHA's

redevelopments include affordable projects, they do create a gap and the school impact fees will exacerbate this gap. The funding of this gap will be requested from the Legislature, and therefore, would be reallocating State funds between two State entities. In addition, these impact fees will increase the total cost of the redevelopment which in turn increases the Developer Fee.

The HPHA appreciates the opportunity to provide the Committees with the HPHA's testimony regarding SB 891. We thank you very much for your dedicated support.

LATE

DAVID Y. IGE
GOVERNOR



DR. CHRISTINA M. KISHIMOTO
SUPERINTENDENT

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

Date: 01/29/2019
Time: 01:15 PM
Location: 225
Committee: Senate Housing
Senate Education

Department: Education

Person Testifying: Dr. Christina M. Kishimoto, Superintendent of Education

Title of Bill: SB 0891 RELATING TO HOUSING DEVELOPMENT.

Purpose of Bill: Exempts affordable housing units, additions to existing dwelling units, accessory dwelling units, ohana dwelling units, and affordable housing projects developed by the Hawaii Public Housing Authority from school impact fee requirements.

Department's Position:

The Hawaii State Department of Education (Department) understands the concerns that have generated the introduction of this bill, but takes no position on SB 891. The Department will continue to need to build new schools and appreciates the opportunity to use impact fees. The Department's focus is on public education, therefore, we defer to the legislature to determine how best to fund future school needs.

The Hawaii State Department of Education seeks to advance the goals of the Strategic Plan which is focused on student success, staff success, and successful systems of support. This is achieved through targeted work around three impact strategies: school design, student voice, and teacher collaboration. Detailed information is available at www.hawaiipublicschools.org.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, School Impact Fee Exemptions

BILL NUMBER: SB 891

INTRODUCED BY: KANUHA, S. Chang, Dela Cruz, K. Kahele, Shimabukuro

EXECUTIVE SUMMARY: Exempts affordable housing units, additions to existing dwelling units, accessory dwelling units, ohana dwelling units, and affordable housing projects developed by the Hawaii Public Housing Authority from school impact fee requirements. Some of the exemptions sought to be added are not consistent with the philosophy of the tax.

SYNOPSIS: Amends HRS section 302A-1603 to add exemptions for affordable housing, alterations to or expansions of existing dwelling units, accessory dwelling units, or ohana dwelling units.

Defines "accessory dwelling unit" as a second dwelling unit, including separate kitchen, bedroom, and bathroom facilities, attached or detached from the primary dwelling unit on the same lot.

Defines "ohana dwelling unit" as a second dwelling unit, including separate kitchen, bedroom, and bathroom facilities, attached or detached from the primary dwelling unit on the same lot, which is occupied by persons who are related by blood, marriage, or adoption to the persons residing in the first dwelling unit; provided that an ohana dwelling unit for which a building permit was obtained before September 10, 1992, may be occupied by persons who are not related by blood, marriage, or adoption to the persons residing in the first dwelling unit.

EFFECTIVE DATE: July 1, 2019.

STAFF COMMENTS: The Hawaii Revised Statutes contains twelve sections relating to "school impact fees," starting with section 302A-1601. The law states, in part, "New residential developments within identified school impact districts create additional demand for public school facilities. As such, once school impact districts are identified, new residential developments shall be required to contribute toward the construction of new or expansion of existing public school facilities."

Builders of large projects within school impact districts are required to provide land for school facilities depending on the numbers of students expected in their projects and the amount of available classroom space in existing area schools. Smaller developers and individual home owner-builders are required to pay a fee instead of land, when their project is too small to entertain a school site. All home builders or buyers must pay a construction cost fee.

Once an impact fee district is established, the DOE is authorized to collect 10% of estimated school construction costs and 100% of estimated land acquisition costs from each residential development planned within the district.

The Board of Education (BOE) used this authority to establish impact fee districts in Central Maui and West Maui in 2010, and in Leeward Oahu in 2012. It approved another district in West Hawaii in 2009, but apparently the Big Island county government didn't want to cooperate and that district remains an open issue.

The theory behind this law is that high growth will mean more children, and more schools are required to educate them. The formulas in sections 302A-1606 and -1607 for calculating the fee come up with a land value and dollar value for each new single-family unit and each multi-family unit. It makes sense to exempt construction where no new unit is being created, for it would be rational to presume that no additional living unit means that there would not be additional children to educate. By the same token, exempting additional living units because they are affordable, ohana, or ADUs does not seem to be in line with the philosophy of the tax and will, at a minimum, cause others to pay for the schools needed for the additional children in such units.

Digested 1/27/2019



200 North Vineyard Boulevard, B140
Honolulu, HI 96817
Ph: 808-587-7886
Toll Free: 1-866-400-1116
www.hawaiiancommunity.net

January 28, 2019

Senate Committees on Education and Housing
Tuesday, January 29, 2019
Conference Room 225

SB891 – Relating to Housing Development – SUPPORT WITH AMENDMENTS

Aloha Committee Chairs, Vice-Chairs, and Members:

I am submitting testimony in my capacity as Executive Director of Hawaiian Community Assets (HCA), the State's largest HUD-approved housing counseling agency, and Board President of Hawaii Habitat for Humanity to **SUPPORT SB891 WITH AMENDMENTS**.

While the bill would reduce the cost burden of school impact fees on certain types of affordable housing development, in its current form, the bill does NOT exempt a key type of housing units that are most prevalent among our low-income households here Hawaii: single- and multi-family homeownership units developed by self-help housing nonprofits.

Our self-help housing nonprofits have been responsible for a significant number of single- and multi-family homeownership units that are affordable for low-income households earning at or below 80% the HUD area median income. These self-help housing nonprofits include Habitat for Humanity, Self-Help Housing Corporation of Hawaii, and Hawaii Island Community Development Corporation and make up the most robust portion of our nonprofit affordable housing industry in Hawaii. These self-help housing nonprofits often work outside of the state's 201-H program and therefore would not receive an exemption from school impact fees. The results of this would be an increased cost burden on our self-help housing nonprofits initially and resulting in increased costs of permanent homeownership units on our local workers and working families who need them most.

To remedy the situation, our organization recommends to amend the bill as follows under 302A-1603 Applicability and exemptions subsection (b):

(10) Single- and multi-family homeownership units developed by self-help housing nonprofit organizations for low-income households earning at or below 80% the Department of Housing and Urban Development's area median income for the County in which the household resides.

This amendment would ensure that self-help housing nonprofits will continue to build affordable homeownership units for low-income Hawaii families without adding cost burdens that would ultimately make the units less affordable for our local families in need.

Mahalo for your time, leadership and consideration. Please contact me directly at 808.587.7653 or jeff@hawaiiancommunity.net should you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Gilbreath". The signature is written in a cursive, flowing style.

Jeff Gilbreath
Executive Director



O`ahu County Committee on Legislative Priorities (OCCLP)

COMMITTEE ON HOUSING
Senator Stanley Chang, Chair
Senator Dru Mamo Kanuha, Vice Chair

COMMITTEE ON EDUCATION
Senator Michelle N. Kidani, Chair
Senator Donna Mercado Kim, Vice Chair

DATE: Tuesday, January 29, 2019

TIME: 1:15 p.m.

PLACE: Conference Room 225 State Capitol

RE: SB 891 Relating to Housing Development

Aloha mai kakou Members of the Senate Committees on Housing and Education:

The O`ahu County Committee on Legislative Priorities (OCCLP) of the Democratic Party of Hawai`i (DPH) hereby submits its testimony in **SUPPORT of SB 891 relating to Housing Development.**

SB 891 exempts affordable housing units, additions to existing dwelling units, accessory dwelling units, ohana dwelling units, and affordable housing projects developed by the Hawaii Public Housing Authority from school impact fee requirements.

DPH believes that housing is a basic human right. DPH believes that adequate, accessible, affordable, and safe housing should be available to all residents of Hawai`i. Affordable housing that is fair in proportion to individual income is the basis of prosperity for our citizens and stability in our economy. Recent and past real estate bubbles have fueled disproportionate rent increases, a key contributor to homelessness. Therefore, we support efforts to promote truly affordable housing for all citizens who rent. The citizens of Hawai`i also need economically affordable housing and encourage increased support to this end including preservation of existing housing stock. To this end, DPH supports policies which re-think the current formula to determine "affordability" as this formula puts both rentals and sales out of the reach of most

working families in Hawai`i. DPH strongly urges that the definition of “affordable” be amended to 20%-25% of monthly income for all income brackets.

DPH supports the statutory “Senior Circuit Breaker Refundable Tax Credit” or other relief to ensure that senior citizens are not taxed out of their homes. DPH insists on a substantial increase in the statutory exemptions from attachment or execution of personal residences.

DPH believes in the concept of “Housing First” to develop affordable, stable housing and support services to break the cycle of homelessness for people with the fewest housing options.

DPH supports dedicated social services and housing opportunities for Hawai`i’s homeless population to get them off the streets and reintegrated into society with specific devoted services for disenfranchised groups including, but not limited to, Native Hawaiian, Asian and Filipino American, Pacific Islander, aged-out foster kids, youth, returning veterans, the aged, and Lesbian, Gay, Bisexual, Transgender, Queer, Questioning, Intersexual and Asexual (LGBTQIA) homeless youth population. We believe in the concept of “Housing First” and in developing affordable housing policies and programs like “Law Enforcement Assisted Diversion (LEAD).” *Democratic Party of Hawai`i Platform (2018), p. 13, ln. 48-53, p.14, ln. 1-18.*

Given that this measure exempts affordable housing units, additions to existing dwelling units, accessory dwelling units, ohana dwelling units, and affordable housing projects developed by the Hawaii Public Housing Authority from school impact fee requirements, it is in alignment with the DPH Platform plank in favor of increasing the stock of affordable housing in the State of Hawai`i.

For these reasons, the OCCLP supports and urges the passage of SB 891 out of the Committee on Housing and the Committee on Education.

Mahalo nui loa
Me ka `oia`i`o

/s/ Melodie Aduja

Melodie Aduja

Chair, O`ahu County Committee on Legislative Priorities of the Democratic Party of Hawai`i

Ph. (808) 258-8889

Email: legislativepriorities@gmail.com



January 28, 2019

LATE

To: **Sen. Stanley Chang, Chair**
Sen. Dru Mamo Kanuha, Vice Chair & Members of the
Committee on Housing

Sen. Michelle Kidani, Chair
Sen. Donna Kim, Vice Chair & Members of the
Committee on Education

From: **Kali Watson**
Executive Director
Hawaiian Community Development Board
Honolulu, Hawaii 96813

Re: **Hearing on SB 891 Relating to Affordable Housing Development**
January 29, 2019 at 1:15 pm
Conference Room 225, State Capitol

TESTIMONY IN SUPPORT

Dear Chairperson Chang & Vice Chair Kanuha of the Housing Committee, Chairperson Kidani & Vice Chair Kim of the Education Committee and Members:

Thank you for the opportunity to provide testimony in support to SB 891 relating to affordable housing development. This bill would reduce the cost burden of school impact fees on the type of developments that we specialize in. In particular, it exempts all 201H-38 housing projects. Typically, the 201H-38 approach involves lands with inadequate density and limited zoning. It takes significant time and money to obtain the necessary entitlement and then develop such projects. The 201H process shortens the process and makes these projects less costly and more financially viable. Any and all exemptions that reduce the costs of developments are welcomed, such as what is being proposed by SB 891. The end users, people needing affordable housing, are the true beneficiaries.

Hawaiian Community Development Board is a nonprofit developer focusing primarily on beneficiaries of the Hawaiian Homes Commission Act of 1921, but also works with non-beneficiaries.

I urge you to please pass this measure, SB 891.

Pupuka I Holomua,

Kali Watson
Executive Director

President
Richard Soo

Secretary
Jackie Burke

Treasurer
Helen O'Connor

Board Members
Linda Ahue
Puni Kekauoha
Alfred "Bobby" Willing
Iolani Hamakua
Duane Hew Len

Executive Director
Kali Watson

Senior VP
Patti Barbee



**Testimony to the Senate Committees on Housing & Education
Tuesday, January 29, 2019 at 1:15 P.M.
Conference Room 225, State Capitol**

RE: SENATE BILL 891 RELATING TO HOUSING DEVELOPMENT

Chairs Chang & Kidani, Vice Chairs Kanuha & Mercado Kim, and Members of the Committees:

The Chamber of Commerce Hawaii ("The Chamber") opposes SB 891, which proposes to exempt affordable housing units, additions to existing dwelling units, accessory dwelling units, ohana dwelling units, and affordable housing projects developed by the Hawaii Public Housing Authority from school impact fee requirements.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

The bill proposes to essentially exempt all:

- 1) Affordable housing units (public or private);
- 2) Additions to existing dwelling units (public or private);
- 3) Accessory dwelling units (private);
- 4) Ohana dwelling units (private); and,
- 5) Public housing projects from public school impact fees.

Granting these types of exemptions would effectively shifting the entire burden of the school impact fees onto new private or public housing developments priced above whatever is defined as "affordable" which is usually anything priced at 140% AMI and below.

School impact fees are used to mitigate the impact of a proposed project on existing schools in the area. If families in these exempt units do not have any children, there would be some justification for some type of exemption. However, if the families in the units listed do generate children, there would be an impact on the public school system in the area.

Exemptions from impact fees should be based on whether or not the project will impact the public infrastructure and/or facilities, not on who the developer of the project is, or the price point of the units based on income.

Thank you for the opportunity to testify.

LATE



Hawaii
Habitat
for Humanity®
Association

January 28, 2019

*Building
strength
and
stability
through
shelter*

Senate Committees on Education and Housing
Tuesday, January 29, 2019
Conference Room 225

**SB891 – Relating to Housing Development – SUPPORT WITH
AMENDMENTS**

Aloha Committee Chairs, Vice-Chairs, and Members:

I am submitting testimony in my capacity as Executive Director of Hawaii Habitat for Humanity to **SUPPORT SB891 WITH AMENDMENTS**.

While the bill would reduce the cost burden of school impact fees on certain types of affordable housing development, in its current form, the bill does NOT exempt a key type of housing units that are most prevalent among our low-income households here Hawaii: single- and multi-family homeownership units developed by self-help housing nonprofits.

Our self-help housing nonprofits have been responsible for a significant number of single- and multi-family homeownership units that are affordable for low-income households earning at or below 80% the HUD area median income. These self-help housing nonprofits include Habitat for Humanity, Self-Help Housing Corporation of Hawaii, and Hawaii Island Community Development Corporation and make up the most robust portion of our nonprofit affordable housing industry in Hawaii. These self-help housing nonprofits often work outside of the state's 201-H program and therefore would not receive an exemption from school impact fees. The results of this would be an increased cost burden on our self-help housing nonprofits initially and resulting in increased costs of permanent homeownership units on our local workers and working families who need them most.

To remedy the situation, our organization recommends to amend the bill as follows under 302A-1603 Applicability and exemptions subsection (b):

(10) Single- and multi-family homeownership units developed by self-help housing nonprofit organizations for low-income households earning at or below 80% the Department of Housing and Urban Development's area median income for the County in which the household resides.

2051 Young St. #82
Honolulu, HI 96826
808-847-7676
www.hawaiihabitat.org

This amendment would ensure that self-help housing nonprofits will continue to build affordable homeownership units for low-income Hawaii families without adding cost burdens that would ultimately make the units less affordable for our local families in need.

Mahalo for your time, leadership and consideration. Please contact me directly at 808.847.76786 or jean@hawaiihabitat.org should you have any questions or need additional information.

Sincerely,

Jean Lilley
Executive Director

LATE



Date: January 28, 2019
To: Senate Committee on Housing & Senate Committee on Education
Re: Hearing, SB-891 Tuesday, January 29, 2019
Time: 1:15 p.m.
Place: State Capitol, Conference Room 225

Testimony in Support

Chair Chang, and Chair Kidani and members of the committees. My name is George Massengale and I am here today on behalf Hawaii Habitat for Humanity Association to testify in support of this measure. This bill if passed would exempt Accessory dwelling units, O'hana dwelling units, and additions to existing housing units from school impact fees.

Founded in 1996, Hawaii Habitat for Humanity Association is the resource development and support organization that strengthens and accelerates the work of our five Habitat for Humanity "affiliates" in Hawaii. Currently our Habitat affiliates are developing self-help housing opportunities in all of our state's four counties.

All of our Habitats are enthusiastic supporters of Accessory Dwelling Units (ADU's). Two years ago, in March 2017, with the assistance of Gundaker Works, Hawaii Habitat for Humanity constructed an ADU on the grounds of the Capitol. During the two weeks in which the unit was on display, it attracted over 3,000 visitors including many members of the Legislature.



We undertook this build to demonstrate how ADUs are one of the many viable solutions that could be consider in tackling Hawaii's housing shortage.

With respect to school impact fees, on October 1, 2018 the cost of building an O'hana unit or ADU along the rail corridor from Kalihi to Ala Moana increased by \$3,864. The DOE claims that these fees are necessary because the anticipated increase of student who will be enrolled in schools along the corridor. However, to apply these fees to ADU's and O'hana units is counterintuitive as these units will, in most cases, be occupied by elderly parents as in the case of O'hana units or empty nesters who will be constructing an ADU for themselves while letting their adult children live in their home.

Currently some city officials and Council members have expressed the concern that the new impact fees could hinder development. Kathy Sokugawa who heads the City's Department of Planning and Permitting was quoted as saying "This is gonna dampen the development potential." Hawaii Habitat concurs with these concerns.

We respectfully request that SB891, be passed for further consideration by the Committee on Ways and Means.

Thank you for the opportunity to testify here today.

Respectfully,

A handwritten signature in black ink, appearing to read "G. Massengale", written in a cursive style.

George S. Massengale
Director, Community Engagement

LATE



TESTIMONY TO THE SENATE COMMITTEES ON HOUSING AND EDUCATION
Tuesday, January 29, 2019
1:15 PM
State Capitol, Conference Room 225

Re: SB 891, RELATING TO HOUSING DEVELOPMENT

Chairs Chang and Kidani, Vice Chairs Kanuha and Mercado Kim, and members of the committees:

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 opposed to S.B. 891, which proposes to exempt affordable housing units, additions to existing dwelling units, accessory dwelling units, ohana dwelling units, and affordable housing projects developed by the Hawaii Public Housing Authority from school impact fee requirements.

The bill proposes to essentially exempt all:

- 1) Affordable housing units (public or private);
- 2) Additions to existing dwelling units (public or private);
- 3) Accessory dwelling units (private);
- 4) Ohana dwelling units (private); and,
- 5) Public housing projects from public school impact fees.

Granting these types of exemptions would effectively shift the entire burden of the school impact fees onto new private or public housing developments priced above whatever is defined as "affordable", which is usually anything priced at 140% AMI and below.

School impact fees are used to mitigate the impact of a proposed project on existing schools in the area. If families in these exempt units do not have any children, there would be some justification for some type of exemption. However, if the families in the units listed include children, there could be an impact on the public school system in the area.

Exemptions from impact fees should be based on whether or not the project will impact the public infrastructure and/or facilities, not on who the developer of the project is, or on the price point of the units based on income.

We are opposed to S.B. 891 as presently drafted, and appreciate the opportunity to express our views on this matter.

SB-891

Submitted on: 1/25/2019 3:10:25 PM

Testimony for HOU on 1/29/2019 1:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Karin Nomura	Individual	Oppose	No

Comments:

To me this sounds like an exemption for "Monster Homes" and condo/apartment expansion near schools which usually already have a large amount of housing around. Which we already have quite a bit as the boom for purchasing 'large' lots and then subdividing them to sell off, didn't already cause quite a number of expansions already. With while homes are supposed to be built at least 6 feet from the property line; we have laws regarding the number of people who can live within a home/unit; etc. can't seem to enforce it. I have homes built upwards, to the boundary line, seen illegal "rental" units created, etc. and to keep doing so, and giving tax exemptions for seems ludicrous till what's going on is fixed first. It's just lumping an overly taxed department that's lagging to take on more.

SB-891

Submitted on: 1/25/2019 3:55:23 PM

Testimony for HOU on 1/29/2019 1:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Support	No

Comments:

SB-891

Submitted on: 1/28/2019 6:35:32 AM

Testimony for HOU on 1/29/2019 1:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Michael Watanabe	Testifying for JW, Inc.	Oppose	No

Comments:

I am a member of the BIA Hawaii and I agree with their testimony on SB 891.