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Statement of
Hakim Ouansafi
Hawaii Public Housing Authority
Before the

SENATE COMMITTEE ON WAYS AND MEANS

Tuesday, February 12, 2019
10:00 AM - Room 211, Hawaii State Capitol

In consideration of
SB 891
RELATING TO HOUSING DEVELOPMENT

Honorable Chair Dela Cruz, and Members of the Senate Committee on Ways and Means, thank you for the opportunity to provide testimony concerning Senate Bill (SB) 891, relating to housing development.

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 Committee with the HPHA's testimony regarding SB 891. We thank you very much for your dedicated support.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

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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

LATE

SB-891

Submitted on: 2/12/2019 6:30:01 AM

Testimony for WAM on 2/12/2019 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Testifying for O`ahu County Committee on Legislative Priorities of the Democratic Party of Hawai`i	Support	No

Comments:

DAVID Y. IGE
GOVERNOR



LATE

DR. CHRISTINA M. KISHIMOTO
SUPERINTENDENT

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

Date: 02/12/2019
Time: 10:00 AM
Location: 211
Committee: Senate Ways and Means

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. Thank you for the opportunity to submit testimony on this bill.

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.