

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 WAYS AND MEANS

Tuesday, February 25, 2020
12:40 PM - Room 211, Hawaii State Capitol

In consideration of
SB 2616, SD1
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) 2616, SD1, relating to housing development.

The Hawaii Public Housing Authority (HPHA) **supports** SB 2616, SD1, 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 fifty per cent of 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 thousands of the most vulnerable people of our State on our public housing wait list, the only way to be able to help is to increase our current inventory through P3 ventures. As such the HPHA identified 10 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 Master Development Agreements. 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. For

these reasons, the HPHA is in full support of this measure and humbly requests to be fully exempted from school impact fees.

The HPHA appreciates the opportunity to provide the Committee with the HPHA's testimony regarding SB 2616, SD1. We thank you very much for your dedicated support.

DAVID Y. IGE
GOVERNOR



DR. CHRISTINA M. KISHIMOTO
SUPERINTENDENT

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

Date: 02/25/2020
Time: 12:40 PM
Location: 211
Committee: Senate Ways and Means

Department: Education

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

Title of Bill: SB 2616, SD1 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 fifty per cent of school impact fee requirements. (SD1)

Department's Position:

The Department of Education (Department) offers comments on SB 2616, SD1.

The primary focus of the Department is to provide equal access to quality public education for our students. The school impact fees law, HRS §1601- §1612, plays a vital role in the development of new schools in designated areas where the construction of new housing increases student enrollment.

The Department understands the need to address the shortage of affordable housing in Hawaii, but would ask legislators to carefully weigh the effect of these two priorities. Inadequate classroom capacity, in area school facilities, simply creates a hardship of a different kind.

We acknowledge and appreciate the legislature's continued commitment to improving State public school facilities and thank you for this opportunity to provide testimony on SB 2616, SD1.

The Hawai'i State Department of Education is committed to delivering on our promises to students, providing an equitable, excellent, and innovative learning environment in every school to engage and elevate our communities. 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.

SB2616 SD1
RELATING TO HOUSING DEVELOPMENT
Ke Kōmike 'Aha Kenekoa o ke Ki'ina Hana a me nā Kumuwaiwai

Pepeluali 25, 2019

12:40 p.m.

Lumi 211

The Office of Hawaiian Affairs (OHA) offers the following **COMMENTS** on SB2616 SD1, which seeks to further incentivize affordable housing production by exempting a range of housing projects, including government housing projects and projects that qualify for tax exemptions and other incentives under Hawai'i Revised Statutes (HRS) Chapter 6E, from paying half of their otherwise-required school impact fees. **While OHA appreciates this measure's intent to provide affordable housing relief, OHA respectfully recommends that any new exemptions or fee waivers for private developers be conditioned on a more substantial affordable housing contribution than currently required.**

As home prices, rental prices, and homelessness continue to increase, and as Hawai'i anticipates additional population growth and an associated demand for more housing over the next decade,¹ mechanisms that provide valuable exemptions from governmental regulations and fees should maximize the production of affordable housing. Currently, the HRS Chapter 201H program already allows private developers of "affordable housing" projects to seek broad exemptions from "all statutes, ordinances, charter provisions, and rules of any government agency relating to planning, zoning, construction standards for subdivisions, development and improvement of land, and the construction of dwelling units."² To qualify for such exemptions, 50% of a privately-developed project must be set aside as affordable to those earning 140% of the Area Median Income (AMI).³ Despite some statutory definitions describing units set aside for those earning 140% AMI as "affordable," this income level is currently equivalent to a **single individual making \$118,160 per year;**⁴ in other words, a developer could charge rents as high as **\$2,954/month for a studio, or \$3,797/month for a two bedroom apartment,**⁵ in their project's "affordable housing" component, and still qualify for 201H

¹ See SMS, 2019 HAWAII HOUSING PLANNING STUDY (2019), available at

https://dbedt.hawaii.gov/hhfdc/files/2020/01/FINAL-State_Hawaii-Housing-Planning-Study.pdf.

² HAW. REV. STAT. §201H-38 available at https://www.capitol.hawaii.gov/hrscurrent/Vol04_Ch0201-0257/HRS0201H/HRS_0201H-0038.htm.

³ HAW ADMIN R. § 15-307-26(a)(3)(C) available at <https://dbedt.hawaii.gov/hhfdc/files/2017/05/Ch.-15-307-HAR-Final-standard-2017.pdf>.

⁴ See HHFDC 2019 INCOME, SALES, AND RENT GUIDELINES, HONOLULU COUNTY INCOME SCHEDULE BY FAMILY SIZE available at <https://dbedt.hawaii.gov/hhfdc/files/2019/07/2019-Income-Sales-and-Rent-Guidelines.pdf>. At 140% AMI, a family of four would earn \$168,700 a year.

⁵ See HHFDC 2017 INCOME, SALES, AND RENT GUIDELINES, HONOLULU COUNTY AFFORDABLE RENT GUIDELINES available at <https://dbedt.hawaii.gov/hhfdc/files/2019/07/2019-Income-Sales-and-Rent-Guidelines.pdf>

incentives. In contrast, the projected state demand for 50,000 more housing units by 2025 includes 20% of such demand for units affordable for those earning 30% AMI or below, and over half of such demand for units affordable for those earning 80% AMI or below. **Accordingly, any new exemptions or incentives offered to private developments granted 201H relief – such as the contemplated 50% school impact fee exemption -- should ensure that qualifying projects include, at a minimum, lower AMI requirements and/or a larger affordable housing component than currently required, to more appropriately meet the state’s current demand.**

Accordingly, OHA respectfully suggests that the Committee consider requiring greater affordable housing contributions from private developers than currently required under HRS 201H, as a condition of receiving any further exemptions and fee waivers than those already authorized under existing law.

Mahalo nui for the opportunity to testify on this measure.



**SENATE COMMITTEE ON WAYS AND MEANS
State Capitol, Conference Room 211
415 South Beretania Street
12:40 PM**

February 25, 2020

RE: SENATE BILL NO. 2616, SD 1 RELATING TO PUBLIC LANDS

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

My name is Dwight Mitsunaga, 2020 President 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. Our members build the communities we all call home.

BIA-Hawaii is opposed to S.B. 2616, 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 50% of school impact fee requirements. Essentially, the bill proposes to provide a fifty percent (50%) reduction in public school impact fees for the following projects:

- 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.

Granting these types of exemptions would effectively shift a significant portion of the 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. 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.

We are opposed to S.B. 2616 SD 1 as presently drafted, and appreciate the opportunity to express our views on this matter.



LATE

**Testimony to the Senate Committees on Ways and Means
Tuesday, February 25, 2020 at 12:40 P.M.
Conference Room 211, State Capitol**

RE: SB 2616 SD1, RELATING TO HOUSING DEVELOPMENT

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **opposes** SB 2616 SDa1, which would 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 fifty (50) percent of school impact fee requirements.

The Chamber is Hawaii's leading statewide business advocacy organization, representing 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 provide a fifty percent (50%) reduction in public school impact fees for the following projects:

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.

Granting these types of exemptions would effectively shift a significant portion of the 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 have 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, instead of who the developer of the project is, or the price point of the units based on income.

Thank you for the opportunity to voice our concerns.

SB-2616-SD-1

Submitted on: 2/21/2020 10:42:03 AM

Testimony for WAM on 2/25/2020 12:40:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Kevin Carney	Testifying for EAH Housing	Support	No

Comments:

EAH Housing, a nonprofit developer and manager of low-income rental housing, generally supports any legislation that will help to reduce the cost of developing affordable rental units. SB 2616, SD1 proposes to reduce the DOE Impact Fee by 50% for our Low Income Housing Tax Credit financed properties serving those at 60% AMI and below, which helps.

However, we would like to point out that our primary source of gap funding, which would include project impact fees, is the State's Rental Housing Revolving Fund (RHRF). In effect then we serve as the middle man in transferring money from one arm of the state to another arm of the state. We would prefer not to be involved in this process at all and would therefore prefer a complete exemption to the DOE Impact Fee and other state fees thus reducing our dependence and reliance on the RHRF.

Thank you for the opportunity to express our opinion on this issue.

Kevin R. Carney (PB)

Vice President, Hawaii

EAH Housing