

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 HOUSING**

March 12, 2019 at 9:30 a.m.  
State Capitol, Room 423

In consideration of  
**S.B. 891, S.D. 1**  
**RELATING TO HOUSING DEVELOPMENT.**

The HHFDC **offers the following comments** on S.B. 891, S.D. 1. This measure exempts any housing project certified or approved for a general excise tax exemption by HHFDC under §201H-36 or by the counties under §46-15.1, HRS, from school impact fees. This measure would reduce the cost of affordable housing development.

Thank you for the opportunity to testify.

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 HOUSING**

**Tuesday, March 12, 2019**  
**9:30 AM - Room 423, Hawaii State Capitol**

In consideration of  
**SB 891, SD1**  
**RELATING TO HOUSING DEVELOPMENT**

Honorable Chair Brower, and Members of the House Committee on Housing, thank you for the opportunity to provide testimony concerning Senate Bill (SB) 891, SD1, relating to housing development.

The Hawaii Public Housing Authority (HPHA) supports, with amendments, the enactment of SB 891, 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 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 humbly requests an amendment to replace the contents located on page 4, lines 1-3 to be:

(9) Any housing project or property developed by the  
Hawaii public housing authority.

The HPHA appreciates the opportunity to provide the Committee with the HPHA's testimony regarding SB 891, SD1. We thank you very much for your dedicated support.



**LATE**

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

**Date:** 03/12/2019  
**Time:** 09:30 AM  
**Location:** 423  
**Committee:** House Housing

**Department:** Education

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

**Title of Bill:** SB 0891, 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 school impact fee requirements. Effective 7/1/2050. (SD1)

**Department's Position:**

The Department of Education (Department) understands the concerns that have generated the introduction of this bill and takes no position on SB 891, SD1. We also offer the following comments.

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 provide testimony on this measure.

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](http://www.hawaiipublicschools.org).



**LATE**

**TESTIMONY TO THE HOUSE COMMITTEE ON HOUSING  
State Capitol, Conference Room 423  
415 South Beretania Street  
9:35 AM**

March 12, 2019

RE: SENATE BILL NO. 891 SD 1, RELATING TO HOUSING DEVELOPMENT

Chair Brower, Vice Chair Matayoshi, 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. Our members build the communities we all call home.

BIA-Hawaii is **opposed** to S.B. 891 SD 1, 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 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, 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. 891 SD 1, and appreciate the opportunity to express our views on this matter.

# 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, SD-1

INTRODUCED BY: Senate Committee on Ways & Means

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, 2050.

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 3/11/2019



# Chamber of Commerce HAWAII

*The Voice of Business*

**Testimony to the House Committee on Housing  
Tuesday, March 12, 2019 at 9:30 A.M.  
Conference Room 423, State Capitol**

**RE: SB 891 SD1, RELATING TO HOUSING DEVELOPMENT**

Chair Brower, Vice Chair Matayoshi, and Members of the Committee:

The Chamber of Commerce Hawaii (“The Chamber”) **opposes** SB 891 SD1, 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 end up having 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.



**SB-891-SD-1**

Submitted on: 3/11/2019 9:16:01 AM

Testimony for HSG on 3/12/2019 9:30:00 AM

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

Comments: