



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

Date: 02/25/2022

Time: 11:00 AM

Location: 308 Via Videoconference

Committee: House Finance

Department: Education

Person Testifying: Keith T. Hayashi, Interim Superintendent of Education

Title of Bill: HB 2345, HD1 RELATING TO LAND.

Purpose of Bill: Authorizes the acquisition of real property located in Ewa Beach on the island of Oahu. Appropriates funds to the Hawaii housing finance and development corporation to purchase the fee simple interest or acquire an interest in the real property located in Ewa Beach on the island of Oahu to develop affordable housing, with priority given to department of education classroom teachers in the beginning of their career. Effective 7/1/2050. (HD1)

Department's Position:

The Hawaii State Department of Education (Department) supports the intent of HB 2345, HD1 and its purpose to develop affordable housing opportunities for teachers.

Teacher recruitment and retention is a long-standing issue and has become a serious area of concern during the ongoing COVID-19 pandemic. The Department has initiated a collaborative effort with the Hawaii Housing Finance and Development Corporation in hopes of drawing from their experience in developing affordable housing.

School impact fees were established in 2007 to mitigate the capacity impacts of specific schools within a district associated with the construction of new residential developments. Statutory restrictions limit the use of school impact fees and their credits to increase school capacity by constructing additional classrooms and making improvements to other support facilities.

Thank you for the opportunity to provide comments on HB 2345, HD1.

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

GLORIA CHANG
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 2345, H.D. 1

February 25, 2022
11:00 a.m.
Room 308 and Videoconference

RELATING TO LAND

The Department of Budget and Finance (B&F) offers comments on this bill.

House Bill No. 2345, H.D. 1, appropriates an unspecified amount of general funds for FY 23 to the Hawai'i Housing Finance and Development Corporation (HHFDC) to purchase the fee simple interest or acquire an interest in real property located in Ewa Beach on the island of O'ahu to develop affordable housing, with priority given to Department of Education classroom teachers in the beginning of their career.

B&F notes that the acquisition of land is generally funded via capital improvement project appropriations using general obligation bonds and not general funds. B&F also notes that HHFDC may have constraints in developing affordable housing projects with preferential prioritization of teachers because of federal Fair Housing laws and regulations.

Finally, B&F notes that, with respect to the general fund appropriation in this bill, the federal Coronavirus Response and Relief Supplemental Appropriations Act requires

that states receiving Elementary and Secondary School Emergency Relief (ESSER) II funds and Governor's Emergency Education Relief II funds must maintain state support for:

- Elementary and secondary education in FY 22 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

Further, the federal American Rescue Plan (ARP) Act requires that states receiving ARP ESSER funds must maintain state support for:

- Elementary and secondary education in FY 22 and FY 23 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 and FY 23 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

The U.S. Department of Education has issued rules governing how these maintenance of effort (MOE) requirements are to be administered. B&F will be working with the money committees of the Legislature to ensure that the State of Hawai'i complies with these ESSER MOE requirements.

Thank you for your consideration of our comments.

DAVID Y. IGE
GOVERNOR



DENISE ISERI-MATSUBARA
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
DENISE ISERI-MATSUBARA
Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON FINANCE

February 25, 2022 at 11:00 a.m.
State Capitol, Room 308

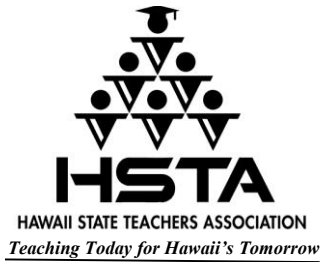
In consideration of
H.B. 2345 HD1
RELATING TO LAND.

HHFDC **offers comments** on H.B. 2345 HD1, which appropriates monies to HHFDC to purchase the fee simple interest or acquire an interest in certain real property located in Ewa Beach on the island of Oahu for the purpose of: 1) developing affordable housing; or 2) facilitating the development of affordable housing with a priority given at that location to Department of Education (DOE) classroom teachers in the beginning of their careers.

It appears that a substantial portion of the subject property is currently a detention basin that would need to be filled in order to be developed. This would require a significant sum and therefore increase the cost of construction. A fair market appraisal report is required to properly value the property and take into account the increased site development costs. HHFDC requests an appropriation of up to \$25,000 to procure such a report.

If HHFDC is able to acquire the subject property, additional funds will be needed to maintain the landscape, and maintain public safety until a developer is selected. An annual appropriation of approximately \$50,000 will be needed to cover the cost of various third-party services until a developer takes site control.

Thank you for the opportunity to testify.



1200 Ala Kapuna Street ♦ Honolulu, Hawaii 96819
Tel: (808) 833-2711 ♦ Fax: (808) 839-7106 ♦ Web: www.hsta.org

Osa Tui, Jr.
President
Logan Okita.
Vice President
Lisa Morrison
Secretary-Treasurer
Wilbert Holck
Executive Director

TESTIMONY BEFORE THE HOUSE COMMITTEE ON FINANCE

RE: HB 2345, HD1 - RELATING TO LAND

FRIDAY, FEBRUARY 25, 2022

OSA TUI, JR., PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Chair Luke, and Members of the Committee:

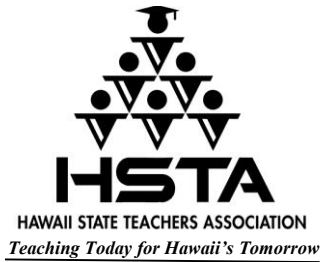
The Hawaii State Teachers Association **supports HB 2345, HD1** relating to land, **with suggested amendments.**

This bill will appropriate a yet-unspecified amount to the Hawai'i Housing Finance and Development Corporation to purchase real property in 'Ewa Beach to develop affordable housing prioritized for teachers at the beginning of their careers.

Hawai'i continues to suffer from a severe shortage of licensed teachers. Financial incentives and affordable options for teacher housing can be an important strategy for the recruitment and retention of teachers, particularly given that teachers' salaries in Hawai'i continue to trail the nation when adjusted for cost of living. Housing is a big portion of each teacher's paycheck.

If we concentrate on retaining our teachers, the HIDOE would not have to focus so much on the recruitment of teachers. To recruit and retain effective educators, policymakers must find ways to lessen the financial burden of being a public school teacher. In the islands, where new housing rarely becomes available, the percentage of renters who face cost burdens—financial handicaps incurred by people spending over 30 percent of their income on housing—is roughly 57 percent, according to the National Low Income Housing Coalition. Many of those cash-strapped renters are state educators, who are chronically underpaid. **To make ends meet, many teachers are forced to pick up second and third jobs, live in cramped studio apartments, and cut back on necessities like medical and dental care. Thus they cannot devote their full attention to their students and the preparation of lessons and grading that they usually complete after school once their students have left for the day.** Instead, they are rushing off to their second or even third jobs when they would much rather concentrate on their teaching duties and their students.

While HSTA supports this bill, we would ask that the following language be removed:



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(1) A reduction or waiver of school impact fees owed by the seller or lessor for any project of the developer;

As we work together to improve both public education and expand affordable housing in Hawai'i, we should not be moving supporting one while undermining the other. School impact fees are critical sources of revenue for school infrastructure and they seem to be regularly waived when considerations are given to affordable housing projects. We would urge the committee to find other financial reductions or waivers that don't impact public education.

We also would like to see this bill further amended to prioritize ALL our HIDOE teachers for this housing project, not just those “in the beginning of their careers.” Attracting new teachers to Hawai'i and providing incentives for them to stay is undoubtedly an important goal, but considerations for affordable housing is urgently needed for a large number of teachers already working in our schools.

SECTION 2. (a) The State may acquire the fee simple interest, a lease, or another form of interest in the parcel of real property identified as TMK (1) 9-1-102-027-0000, located in Ewa Beach on the island of Oahu, for the purpose of developing affordable housing or facilitating the development of affordable housing with a priority given at that location to department of education classroom teachers **to help recruit and retain teachers in Hawaii.**

To take care of the needs of our hardworking public school teachers in Hawai'i, the Hawaii State Teachers Association asks your committee to **support** this bill.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

The Thirty-First Legislature, State of Hawaii
House of Representatives
Committee on Finance

Testimony by
The Hawaii Government Employees Association

February 25, 2022

H.B. 2345, H.D. 1 — RELATING TO LAND

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO wishes to provide comments on H.B. 2345, H.D. 1, which proposes to appropriate moneys to the Hawaii Housing Finance and Development Corporation to purchase the fee simple interest or acquire an interest in real property located in Ewa Beach on the island of Oahu to develop affordable housing with priority given to department of education classroom teachers in the beginning of their career.

We represent thousands of employees who work for the department of education on all islands who make less than a starting Hawaii teacher's salary. Many of these employees work alongside teachers in the classroom, like our educational assistants, communicate aides, and special services personnel who service our most vulnerable children. They, too, should benefit from an affordable housing program developed by a state agency. If affordable rental housing will be made available with priority given to new teachers, then the legislature should consider providing "workforce housing" for all other government employees regardless of jurisdiction or years of service.

Thank you for the opportunity to provide comments on H.B. 2345, H.D. 1.

Respectfully submitted,

Randy Perreira
Executive Director

HB-2345-HD-1

Submitted on: 2/23/2022 7:04:13 PM

Testimony for FIN on 2/25/2022 11:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Michael Press	Individual	Support	No

Comments:

My name is Michael Press. I am a teacher at Ilima Intermediate in Ewa Beach on Oahu. Please support and pass this bill. Mahalo!