

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 SENATE COMMITTEES ON WAYS & MEANS

RE: HB 2345 HD1 SD1 - RELATING TO LAND

THURSDAY, APRIL 7, 2022

OSA TUI, JR., PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Chair Dela Cruz, and Members of the Committee:

The Hawaii State Teachers Association **supports HB 2345 HD1, SD1 with suggested amendments**, relating to land. 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.

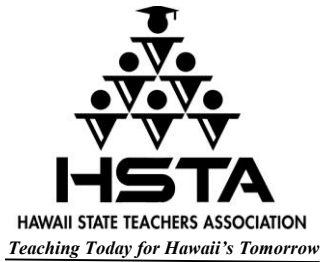
Hawai'i continues to suffer from a severe shortage of licensed teachers. Financial incentives and affordable options for teacher housing can be an important strategy for the recruitment and retention of teachers, particularly given that teachers' salaries in Hawai'i continue to trail the nation when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

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

(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 in 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.



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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 and facilitating the development of affordable housing with a priority given at that location to department of education classroom teachers ~~in the beginning of their careers~~ to help recruit and retain teachers in Hawaii.

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.**

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

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

GLORIA CHANG
DEPUTY DIRECTOR

**STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE**

P.O. BOX 150
HONOLULU, HAWAII 96810-0150

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

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 SENATE COMMITTEE ON WAYS AND MEANS
ON
HOUSE BILL NO. 2345, H.D. 1, S.D. 1

April 7, 2022

10:20 a.m.

Room 211 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, S.D. 1, authorizes the acquisition of real property located in Ewa Beach on the island of O'ahu; appropriates an unspecified amount of general funds for FY 23 to the Hawaii Housing Finance and Development Corporation (HHFDC) to purchase the fee simple interest or acquire an interest in the real property located in Ewa Beach on the island of O'ahu to develop affordable housing, with priority given to Department of Education (DOE) classroom teachers in the beginning of their career; requires DOE to conduct an elementary school needs assessment before development may begin; appropriates an unspecified amount of general funds for FY 23 for HHFDC to obtain a fair market appraisal report; and appropriates an unspecified amount of general funds for FY 23 for HHFDC to maintain landscaping and public safety on the Ewa Beach property until a developer is selected.

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 appropriations 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

SENATE COMMITTEE ON WAYS & MEANS

April 7, 2022 at 10:20 a.m.
State Capitol, Room 211

In consideration of
H.B. 2345 HD1 SD1
RELATING TO LAND.

HHFDC *offers comments* on H.B. 2345 HD1 SD1, which relates to the possible acquisition of real property located in Ewa Beach, Oahu primarily for the purpose of providing housing opportunities for Department of Education 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. HHFDC recommends that the appropriation in the SD1 to procure a fair market appraisal report to properly value the property and take into account the increased site development costs be in the amount of \$25,000.

If HHFDC is able to acquire the subject property, the provision of funds added to the SD1 is necessary to preserve 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.

DAVID Y. IGE
GOVERNOR



LATE

KEITH T. HAYASHI
INTERIM SUPERINTENDENT

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

Date: 04/07/2022

Time: 10:20 AM

Location: CR 211 & Videoconference

Committee: Senate Ways and Means

Department: Education

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

Title of Bill: HB 2345, HD1, SD1 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. Requires the Department of Education to conduct an elementary school needs assessment before development may begin. Appropriates funds for the Hawaii Housing Finance and Development Corporation to obtain a fair market appraisal report. Appropriates funds for the Hawaii Housing Finance and Development Corporation to maintain landscaping and public safety on the Ewa Beach property until a developer is selected. Effective 7/1/2050. (SD1)

Department's Position:

The Hawaii State Department of Education (Department) supports the intent of HB 2345, HD1, SD1 and its purpose to develop affordable housing opportunities for teachers and appreciates the opportunity to provide comments. 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 testify on this measure.