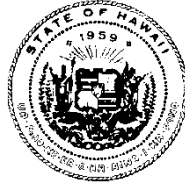


JOSH GREEN, M.D.  
GOVERNOR  
KE KIA'ĀINA



HAKIM OUANSAFI  
EXECUTIVE DIRECTOR

BARBARA E. ARASHIRO  
EXECUTIVE ASSISTANT

STATE OF HAWAII  
KA MOKU'ĀINA O HAWAI'I  
**HAWAII PUBLIC HOUSING AUTHORITY**  
1002 NORTH SCHOOL STREET  
POST OFFICE BOX 17907  
HONOLULU, HAWAII 96817

IN REPLY PLEASE REFER TO:

25:OED

Statement of  
**Hakim Ouansafi, Executive Director**  
**Hawaii Public Housing Authority**

Before the  
**HOUSE COMMITTEE ON FINANCE**

**Monday, February 24, 2025**  
**10:00 AM – Room 308, Hawaii State Capitol**

In consideration of  
**HB 422, HD1**  
**RELATING TO SCHOOL IMPACT FEES**

Honorable Chair Yamashita, Vice Chair Takenouchi and members of the House Committee on Finance, thank you for the opportunity to provide testimony in **support** of House Bill (HB) 422, HD1, which would repeal school impact fees and transfers unencumbered balances of the school impact fee subaccounts to the School Facilities Special Fund.

Given the extensive waiting lists for public housing, the Hawaii Public Housing Authority (HPHA) recognizes the urgent need to expand affordable housing options statewide. All of HPHA's planned redevelopment projects incorporate affordable rental units, which rely on gap financing from the Legislature to move forward.

While we recognize the importance of school impact fees, we are concerned that school impact fees increase the cost of developing State-owned affordable housing projects. These additional costs directly impact project feasibility by raising development expenses, which in turn can lead to higher developer fees. Moreover, many of these projects require gap financing that will ultimately be sought from the Legislature, creating a situation where State funds must be reallocated between two State agencies rather than being deployed efficiently for housing development.

By repealing school impact fees, HB 422, HD1 would help reduce barriers to affordable housing production, making critical projects more financially viable and accelerating the State's efforts to address the housing crisis.



HPHA appreciates the opportunity to provide testimony in support of this measure and thanks the Committee for its commitment to expanding affordable housing opportunities for Hawaii's residents.

Mahalo for your time and consideration.



STATE OF HAWAII  
DEPARTMENT OF EDUCATION  
KA 'OIHANA HO'ONA'AUAO  
P.O. BOX 2360  
HONOLULU, HAWAII 96804

**Date:** 02/24/2025

**Time:** 10:00 AM

**Location:** 308 VIA VIDEOCONFERENCE

**Committee:** House Finance

**Department:** Education

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

**Bill Title:** HB 0422, HD1 RELATING TO SCHOOL IMPACT FEES.

**Purpose of Bill:** Repeals school impact fees. Abolishes and transfers unencumbered balances of the school impact fee subaccounts and certain fair share contribution accounts to School Facilities Special Fund. Effective 7/1/3000. (HD1)

**Department's Position:**

The Hawaii State Department of Education (Department) appreciates the opportunity to offer comments and concerns on HB 422, HD 1.

This bill proposes to abolish and transfer unencumbered balances of the school impact fee sub-accounts and certain fair share contribution accounts to School Facilities Special Fund.

Hawaii's school impact fee law, Sections 302A-1601 to 302A-1612, Hawaii Revised Statutes, plays a vital role in the development of new school facilities in designated areas where the construction of new housing increases and impacts student enrollment. Under this statute, residential developers of designated high growth areas are required to dedicate land for purposes of public schools as a requirement of their land use entitlements and/or pay school impact fees. This practice is consistent with state and county land use requirements for purposes of essential public facilities such as public parks, fire and police stations that are required to be able to support the master planning of additional residential communities.

Satisfaction of school impact requirements is made up of two components: cash contribution for school construction that increases student capacity and land dedication. The land dedication component is a land-use mechanism that the Department cannot afford to lose. It has been a long-standing practice of the State Land Use Commission (LUC) and County Planning Departments to require the dedication of land for schools and for other types of public facilities such as parks, fire and police stations, community centers, and bus stops provided by developers of residential

developments as a condition of the land entitlements during their master planning development and approvals. This practice is documented in decision and orders issued by the LUC and unilateral agreements issued by all counties within the State of Hawaii.

While we understand the current urgency for affordable housing, the waivers imposed by the Governor's Emergency Proclamation related to Affordable Housing, already provide for certain relief.

On a final note, when the School Facilities Authority was created by Act 72 (2020), it only transferred management and day to day responsibilities of the School Impact Fee Program. The School Fair Share Program is operated under a separate set of rules and under different circumstances. Any attempt to abolish the fair share and school impact fee program could put the State of Hawaii at risk of not only losing construction fees already collected and lands committed, but also risks losing the future commitments on the dedication of lands which is a vital mechanism in the development of new schools in new or growing communities.

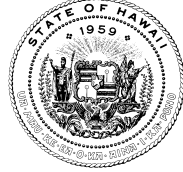
This will leave large residential developments such as Koa Ridge and Hoopili on Oahu, and Central and West Maui without dedicated lands to construct any new public schools to support the proposed communities that homeowners are likely to consider when deciding on investing into the area.

Thank you for this opportunity to provide comments on HB 422, HD 1.



JOSH GREEN, M.D.  
GOVERNOR  
STATE OF HAWAII  
*Ke Kia'āina o ka Moku'āina 'o  
Hawai'i*

SYLVIA J. LUKE  
LT. GOVERNOR  
STATE OF HAWAII  
*Ka Hope Kia'āina o ka Moku'āina  
'o Hawai'i*



KALI WATSON  
CHAIRPERSON, HHC  
*Ka Luna Ho'okele*

KATIE L. LAMBERT  
DEPUTY TO THE CHAIR  
*Ka Hope Luna Ho'okele*

STATE OF HAWAII  
DEPARTMENT OF HAWAIIAN HOME LANDS  
*Ka 'Oihana 'Āina Ho'opulapula Hawai'i*

P. O. BOX 1879  
HONOLULU, HAWAII 96805

TESTIMONY OF KALI WATSON, CHAIR  
HAWAIIAN HOMES COMMISSION  
BEFORE THE HOUSE COMMITTEE ON FINANCE  
HEARING ON FEBRUARY 24, 2025 AT 10:00AM IN CR 308

**HB 422, HD 1, RELATING TO SCHOOL IMPACT FEES**

February 23, 2025

Aloha Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee:

The Department of Hawaiian Home Lands (DHHL) **supports** this bill which 1) repeals school impact fees and 2) abolishes and transfers unencumbered balances of the school impact fee subaccounts and certain fair share contribution accounts to School Facilities Special Fund.

DHHL understands that school impact fees add to the cost of residential housing development, potentially adding thousands of dollars to each new unit of housing constructed in affected districts.

DHHL currently benefits from Governor's 11th Emergency Proclamation relating to Affordable Housing. Specifically, the exemption from School Impact Fees for DHHL noted on page 8 of the attachment, citing Sections 302A-1601 to 1612, HRS.

Lastly, DHHL currently leases educational facilities for public schools, public charter schools, early learning facilities, and other similar facilities at minimal to no cost as reflected in the table below. The exemption of housing developed by DHHL from school impact fees allows for more homes to be developed for beneficiaries.

Type	Island	Location	Use	Name	Term	Dates	Acre	Annual Lease Rent
GL 251	Hawaii	Waimea	Education	Kamehameha Schools	65 yrs	12/28/2000 – 6/30/2065	2	\$0.00
GL 250	Maui	Paukukalo	Education	Kamehameha Schools	63.5 yrs	1/1/2002 – 6/30/2065	2	\$0.00
GL 249	Oahu	Waimanalo	Education	Kamehameha Schools	65 yrs	1/7/2000 – 12/31/2064	1.683	\$0.00
GL 296	Oahu	Maili	Education	Kamehameha Schools	65 yrs	7/1/2014 – 6/30/2079	40.00	\$73,720

Department of Hawaiian Home Lands  
February 23, 2025

GL 300	Oahu	Nanakuli	Education	Kamehameha Schools	65 yrs	12/1/2018 – 11/30/2083	2.651	\$41,600
LI 848	Hawaii	Waimea	Education	Aha Punana Leo	10 yrs	6/1/2021 – 5/30/2031	0.42	\$0.00
LI 849	Hawaii	Keaukaha	Education	Kamehameha Schools	5 yrs + 5	6/1/2021 – 6/30/2026	0.16	\$35,568
LI 833	Hawaii	Keaukaha	Education	Ke Ana La'ahana PCS	5 yrs	4/1/2018 – 3/31/2023 Pending Extension	0.024	\$1,200
LI 854	Kauai	Anahola	Education	Kanuikapono Charter Sch	30 yrs	4/23/2002- 4/22/2037	10.5	\$1,560
LI 554	Kauai	Anahola	Education	Anahola Ancient Culture Exch	25 yrs	2/1/2003 – 1/31/2028	9.222	\$600
LI 744	Molokai	Kamiloloa	Education	Ka Honua Momona Intl	35 yrs	6/30/2010 – 6/29/2045	56.99	\$0.00
LI 780	Molokai	Hoolehua	Education	Aha Punana Leo	10 yrs	2/28/2017 – 2/28/2027	0.071	\$10,560
LI 373	Oahu	Nanakuli	Education	Kamehameha Schools	65 yrs	5/25/1995 – 5/24/2060	1.217	\$0.00
LI 611	Oahu	Nanakuli	Education	Ka Waihona O Ka Naauao	35 yrs	9/1/2004 – 8/31/2039	0.342	\$0.00
LI 619	Oahu	Nanakuli	Education	Kamehameha Schools	35 yrs	10/1/2004 – 9/30/2039	0.586	\$27,552
LI 730	Oahu	Haiku Valley	Education	Kai Loa, Inc.	52 yrs	6/1/2009 – 8/31/2060	20.00	\$0.00
LI 795	Oahu	Nanakuli	Education	Aha Punana Leo	20 yrs	8/31/2024 – 8/31/2044	0.05	\$0.00
LI 808	Oahu	Nanakuli	Education	HCAP	20 yrs	8/31/2019 – 8/31/2044		\$0.00

Thank you for your consideration of our testimony.

OFFICE OF THE GOVERNOR

STATE OF HAWAII

**ELEVENTH PROCLAMATION RELATING TO AFFORDABLE HOUSING**

By the authority vested in me by the Constitution and laws of the State of Hawai'i, in order to provide relief for disaster damages, losses, and suffering, and to protect the health, safety, and welfare of the people, I, JOSH GREEN, M.D., Governor of the State of Hawai'i, hereby determine, designate, and proclaim as follows:

**WHEREAS**, pursuant to Chapter 127A, Hawaii Revised Statutes (HRS), emergency powers are conferred on the Governor of the State of Hawai'i to respond to disasters or emergencies, to maintain the strength, resources, and economic life of the community, and to protect the public health, safety, and welfare; and

**WHEREAS**, the need for an immediate and profound solution to Hawai'i's affordable housing shortage necessitates the advancement of affordable housing projects in a way that will ensure the production of affordable housing units immediately and going forward; and

**WHEREAS**, the increasing costs of construction material, labor, and regulatory compliance has significantly impacted the financial viability of affordable housing projects, compelling a reevaluation of funding strategies and resource allocation to ensure these projects continue to develop in the face of escalating expenses; and

**WHEREAS**, the Hawaii Housing Finance and Development Corporation ("HHFDC") is statutorily authorized to grant exemptions to 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 thereon; and

**WHEREAS**, due to the automatic adoption of the unamended state building codes pursuant to section 107-24 Hawaii Revised Statutes (HRS), the counties are now required to adopt unamended state building codes as interim building codes; and

**WHEREAS**, the counties may not be prepared to amend the unamended state building codes or to make necessary amendments to the unamended building codes prior to the deadline established in statute; and

**WHEREAS**, it is necessary for the counties to retain the authority to update their respective building codes and to provide them with sufficient time to amend their building codes to address local conditions; and

**WHEREAS**, it would slow down ongoing affordable housing projects if, in the middle of the projects, they have to conform to the unamended state building codes without prior notice and without amendments to the state building codes that reflect changes needed to adjust the codes to local conditions; and

**WHEREAS**, on July 17, 2023, I issued a Proclamation relating to housing that declared an emergency created by the lack of housing for the people of Hawai'i; and

**WHEREAS**, on September 15, 2023, I issued the Proclamation relating to affordable housing that clarified that the emergency related to the lack of affordable housing for the people of Hawai'i; and

**WHEREAS**, on October 24, 2023, I issued the Second Proclamation relating to affordable housing that clarified the terms of the Proclamation and that included Rules Relating to the Implementation of the Second Proclamation Relating to Affordable Housing; and

**WHEREAS**, on December 22, 2023, I issued the Third Proclamation relating to affordable housing that clarified the terms of the Proclamation and that included Rules Relating to the Implementation of the Third Proclamation Relating to Affordable Housing; and

**WHEREAS**, on January 18, 2024, I issued the Fourth Proclamation relating to affordable housing that clarified the terms of the Proclamation and that included Rules Relating to the Implementation of the Fourth Proclamation Relating to Affordable Housing; and

**WHEREAS**, on February 20, 2024, I issued the Fifth Proclamation relating to affordable housing that clarified the terms of the Proclamation and that included Rules Relating to the Implementation of the Fifth Proclamation Relating to Affordable Housing; and

**WHEREAS**, on April 19, 2024, I issued the Sixth Proclamation relating to affordable housing that clarified the terms of the Proclamation and that included Rules Relating to the Implementation of the Sixth Proclamation Relating to Affordable Housing; and

**WHEREAS**, on June 18, 2024, I issued the Seventh Proclamation relating to affordable housing that clarified the terms of the Proclamation and that included Rules Relating to the Implementation of the Seventh Proclamation Relating to Affordable Housing; and

**WHEREAS**, on August 15, 2024, I issued the Eighth Proclamation relating to affordable housing that clarified the terms of the Proclamation and that included Rules Relating to the Implementation of the Eighth Proclamation Relating to Affordable Housing; and

**WHEREAS**, on October 10, 2024, I issued the Ninth Proclamation relating to affordable housing that clarified the terms of the Proclamation and that included Rules Relating to the Implementation of the Ninth Proclamation Relating to Affordable Housing; and

**WHEREAS**, on December 6, 2024, I issued the Tenth Proclamation relating to affordable housing that clarified the terms of the Proclamation and that included Rules Relating to the Implementation of the Tenth Proclamation Relating to Affordable

Housing (“Emergency Rules”); and

**WHEREAS**, the current threat to the health, safety, and welfare of the people of the State of Hawai‘i caused by the lack of affordable housing continues to constitute an emergency under section 127A-14, HRS, and warrants preemptive and protective actions; and

**NOW, THEREFORE**, I, JOSH GREEN, M.D., Governor of the State of Hawai‘i, hereby determine and proclaim that an emergency or disaster contemplated by section 127A-14, HRS, has occurred in the State of Hawai‘i, and in order to promote and protect the public health, safety, and welfare of the people of the State of Hawai‘i, and to prepare for and maintain the flexibility to take proactive, preventative, and mitigative measures to minimize the adverse impact that the present emergency may cause on the State and to promote the speedy and safe construction of housing and infrastructure which will minimize the adverse impact that the present emergency may cause on the State, and to work cooperatively and in conjunction with federal and county agencies, do hereby invoke the following measures under the Hawaii Revised Statutes:

**I. Emergency Proclamation Execution**

Pursuant to sections 127A-12(b)(9) and 127A-12(b)(19), HRS, in order to provide emergency relief consistent with the intent of this Proclamation, I hereby direct HHFDC to take appropriate action to support and carry out the intent and purposes of this Proclamation. Without limiting the generality of the foregoing, they may coordinate with and convene stakeholders, including but not limited to applicable state and county agencies, legislators, non-profit and for-profit developers, non-profit housing advocates, the labor and trade industries, and community members, boards, and commissions in order to accelerate permitting processes; eliminate duplication; explore innovative approaches to increase the development of affordable housing, while maintaining health and safety; share best practices; create working groups to advise on the development of affordable housing; coordinate priority housing projects; encourage housing development; and encourage transit-oriented development, among other things.

This Proclamation shall not apply to the area affected by the Lahaina wildfire as shown in the attached map.

**II. Affordable Housing Projects**

**A. Definitions**

1. “Housing,” for purposes of this Proclamation, shall include:
  - a. Conversion of existing residential units to affordable or subsidized units;
  - b. Development, redevelopment, or adaptive reuse that results in new residential units offered for sale as owner-occupied units;

- c. Development, redevelopment, or adaptive reuse that results in new residential units offered for rental to Hawai'i residents for which the unit will be the renter's principal residence;
  - d. Development, redevelopment, or adaptive reuse that results in new income restricted residential units;
  - e. Renovations, rehabilitation, or repair of existing affordable or subsidized units;
  - f. Renovations, rehabilitation, or repair of existing units that will be offered for sale as owner-occupied units;
  - g. Renovations, rehabilitation, or repair of existing units that will be offered for rental to Hawai'i residents for which the unit will be the renter's principal residence;
  - h. Housing projects may include mixed-use/mixed income projects; or
  - i. Infrastructure that will primarily provide services to housing.
2. "Owner-occupied" means a residential unit that, simultaneous to such ownership, serves as the owner's principal residence for a period of not less than five years; provided that the individual shall retain complete possessory control of the premises of the residential unit during this period unless the possessory control is broken as a result of (1) serious illness of any of the owner-occupants; (2) unforeseeable job or military transfer; (3) unforeseeable change in marital status, or change in parental status; or (4) any other unforeseeable occurrence. An individual shall not be deemed to have complete possessory control of the premises if the individual rents, leases, or assigns the premises for any period of time to any other person in whose name legal title is not held; except that an owner shall be deemed to have complete possessory control even when the owner conveys or transfers the unit into a trust for estate planning purposes and continues in the use of the premises as the owner's principal residence during this period.
3. "Principal residence" is used as defined by the State of Hawai'i Department of Taxation.
4. An "affordable housing project" is:
- a. A housing project that has entered into an agreement with HHFDC pursuant to chapter 201H, HRS;
  - b. A housing project that has executed a declaration of restrictive covenants under Revised Ordinances of Honolulu chapter 32 ("Bill 7 projects");

- c. A housing project that involves the county pursuant to section 46-15.1, HRS, or which is subject to any county ordinance or funding appropriation that has an income restriction requirement otherwise applicable by law; or
  - d. A housing project which desires to utilize the exemption from Section 46-4, HRS, County Zoning, and which intends to apply to HHFDC for Low Income Housing Tax Credits (LIHTC) and enters into an agreement with HHFDC under the LIHTC program at a later date. Certification under this Proclamation shall be subject to the receipt of a LIHTC award from HHFDC.
5. "Certified affordable housing project" is a housing project that HHFDC has certified is:
- a. An affordable housing project;
  - b. At least 60% of the total units will be offered for sale or rent to applicants who earn 0% to 140% of the area median income ("AMI") as determined by the United States Department of Housing and Urban Development; and
  - c. Has entered into an agreement to pay all mechanics and laborers employed on the project minimum prevailing wages for the corresponding work classifications as determined by the Director of the Department of Labor and Industrial Relations pursuant to Chapter 104, HRS, subject to the project labor agreement in place, or otherwise required to pay prevailing wages for the duration of the project until it is completed.
6. "State affordable housing project" or a "county affordable housing project" is an affordable housing project in which the land is owned by the state or county and either the project is subject to an affordability restriction whether through a development agreement or funding appropriation, or the housing units are owned or have the potential to be owned by right of first refusal by one of the following state housing agencies: Hawaii Public Housing Authority, Hawaii Housing Finance and Development Corporation, or Hawaii Community Development Authority, or any county or county agency.

B. Application of this Proclamation

- 1. State affordable housing projects or county affordable housing projects may proceed under this Proclamation.
- 2. State or county agencies with responsibility for the administration, regulation, production, or infrastructure to support housing may proceed under this Proclamation for purposes of recruitment of personnel and procurement.

3. All other affordable housing projects may apply for consideration to proceed under this Proclamation through certification by HHFDC.
4. Certification as an affordable housing project will be valid from the date of certification until the earlier of three years or substantial commencement of the project.

### **III. Path Forward**

Pursuant to sections 127A-12(b)(1) and (4), HRS, I call on the state and county agencies to cooperate and to forge paths forward to address the affordable housing crisis. The State and the counties should be engaging in discussions regarding mutual aid agreements and what assistance can be provided to speed up the processes that impede the creation of housing across the state.

Pursuant to sections 127A-12(b)(4), (9), (11), (16), and (19), HRS, I direct all state agencies to make the review, planning, approval, and processing of permits related to affordable housing a priority.

### **IV. Suspension of Laws**

Section 127A-13(a)(3), HRS, **Additional Powers in an Emergency Period**, to the extent necessary to expedite the construction, repair, renovation, and occupancy of affordable housing and infrastructure projects intended to provide emergency relief under this Proclamation, I hereby suspend the following statutes and regulations:

Section 26-35(a)(4), HRS, **Administrative supervision of boards and commissions**.

Section 37-41, HRS, **Appropriations to Revert to State Treasury; Exceptions**.

Section 37-74(d), HRS, **Program Execution**, except for sections 37-74(d)(2) and 37-74(d)(3), and any such transfers or changes considered to be authorized transfers or changes for purposes of section 34-74(d)(1) for legislative reporting requirements.

Section 40-66, HRS, **Appropriations Lapse**.

Section 46-1.5, HRS, **General Powers and Limitation of the Counties**, and related county code(s), as it applies to the authority to impose impact fees relating to wastewater connection and park dedication for certified affordable housing projects or state or county affordable housing projects, subject to the approval of the county planning director; to the authority to issue agreements, contracts, and leases related to state or county affordable housing projects; and, to the extent necessary to allow for the development of adaptive reuse projects without natural light or natural ventilation that are inconsistent with current building codes, subject to the approval of the county building official.



Section 46-4, HRS, **County Zoning**, and related county code(s), to the extent necessary to allow the construction of multi-family residential affordable housing units on any lot that is zoned for commercial or mixed commercial use, subject to the approval of the county planning director.

Section 46-142.5, HRS, **School Impact Districts; New Building Permit Requirements**, as it applies to certified affordable housing projects or state or county affordable housing projects.

Section 46-143, HRS, **Impact Fee Calculation**, as it applies to the imposition of impact fees relating to wastewater connection and park dedication for certified affordable housing projects or state or county affordable housing projects.

Section 46-146, HRS, **Time of Assessment and Collection of Impact Fees**, as it applies to impact fees relating to wastewater connection and park dedication for certified affordable housing projects or state or county affordable housing projects.

Chapter 76, HRS, **Civil Service Law**, to the extent necessary to allow for qualified personnel or contractors to be hired that would be directly involved in the construction, development, or redevelopment of housing, the filling of public housing vacancies, the processing of housing vouchers, or the processing of development related permits, licenses, or approvals, pursuant to the attached emergency rules.

Chapter 89, HRS, **Collective Bargaining in Public Employment**, to the extent necessary to allow for personnel or contractors to be hired that would be directly involved in the construction, development, or redevelopment of housing, the filling of public housing vacancies, the processing of housing vouchers, or the processing of development related permits, licenses, or approvals.

Chapter 89C, HRS, **Public Officers and Employees Excluded from Collective Bargaining**, to the extent necessary to allow for personnel or contractors to be hired that would be directly involved in the construction, development, or redevelopment of housing, the filling of public housing vacancies, the processing of housing vouchers, or the processing of development related permits, licenses, or approvals.

Section 103-2, HRS, **General Fund**.

Chapter 103D, HRS, **Hawaii Public Procurement Code**, to the extent that the department or agency has determined that it is not practicable or advantageous to procure the services required via traditional procurement methods and the procurement promotes the construction, development, redevelopment, repair, renovation, and occupancy of housing. The suspension is for the solicitation process only and is subject to the attached emergency rules.

Section 104-2(i)(3), HRS, **Applicability; wages, hours, and other requirements**.

Section 107-24(c), HRS, **Authority and duties of the council**, to the extent necessary to suspend the ability of the State Building Code Council to amend or update

the Hawai'i state building codes to allow for consistency and stability in the construction of housing. Counties may still update county building codes.

Section 107-27(a), HRS, **Design of state buildings**, to the extent necessary to suspend the requirement for state building designs to comply with the Hawai'i state building codes.

Section 107-28, HRS, **County authority to amend and adopt the Hawai'i state building codes without council approval**, to the extent necessary to suspend the two-year default deadline for counties to adopt state building codes: Counties may still update county building codes.

Section 107-31, HRS, **State building code; compliance.**

Section 127A-30, HRS, **Rental or sale of essential commodities during a state of emergency; prohibition against price increases**, because the automatic, statewide invocation of this provision is not needed for this emergency. The invocation and suspension of section 127A-30, HRS, contained in any other proclamation are not affected by this Proclamation.

Section 201H-36(a)(5)(A), HRS, **Exemption from general excise taxes.**

Section 201H-38(a)(3), HRS, **Housing development; Exemption from statutes, ordinances, charter provisions, and rules**, that require approval of the legislative body of the county in which the housing project is situated. This exemption shall be applicable to only state or county affordable housing projects that receive approval of HHFDC.

Chapter 237, HRS, **General Excise Tax Law**, for Department of Hawaiian Home Lands (DHHL) projects for newly constructed, or moderately or substantially rehabilitated, housing for beneficiaries.

Sections 302A-1601 to 1612, HRS, **School Impact Fees** for DHHL or its contracted developers on DHHL owned land and new affordable housing developments within a designated school impact district undertaken by certified affordable housing projects or state or county affordable housing projects.

Sections 601-1.5, 708-817, 708-818, 708-820(1)(c), 708-830.5(1)(d), 708-840(1)(c) and (d), HRS, to the extent these sections contain provisions for the suspension, tolling, extension, or granting of relief from deadlines, time schedules, or filing requirements in civil, criminal, or administrative matters before the courts of the state or to the extent that these sections contain provisions for criminal penalties that are automatically heightened by reasons of any declared disaster or emergency.

Pursuant to section 127A-25, HRS, I hereby adopt the Rules Implementing the Eleventh Proclamation Relating to Affordable Housing attached hereto. These rules shall have the force and effect of law.

**V. State Cooperation**

Pursuant to section 127A-12(b), HRS, I hereby direct all state agencies and officers to cooperate with and extend services, materials, and facilities as may be required to assist in all efforts to address the objectives of this Proclamation.

**VI. Severability**

If any provision of this Proclamation is rendered or declared illegal for any reason, or shall be invalid or unenforceable, such provision shall be modified or deleted, and the remainder of this Proclamation and the application of such provision to other persons or circumstances shall not be affected thereby but shall be enforced to the greatest extent permitted by applicable law.


**VII. Enforcement**

No provision of this Proclamation, or any rule or regulation hereunder, shall be construed as authorizing any private right of action to enforce any requirement of this Proclamation, or of any rule or regulation. Unless the Governor, Director of Emergency Management, or their designee issues an express order to a non-judicial public officer, no provision of this Proclamation, or any rule or regulation hereunder, shall be construed as imposing any ministerial duty upon any non-judicial public officer and shall not bind the officer to any specific course of action or planning in response to the emergency or interfere with the officer's authority to utilize his or her discretion.

**I FURTHER DECLARE** that this Proclamation is not intended to create, and does not create, any rights or benefits, whether substantive or procedural, or enforceable at law or in equity, against the State of Hawai'i, the counties of this State, or any State or County agencies, departments, entities, officers, employees, or any other person.

**I FURTHER DECLARE** that the disaster emergency relief period shall commence immediately and continue through April 5, 2025, unless terminated or superseded by a separate proclamation, whichever shall occur first.

Done at the State Capitol, this 4th day of  
February, 2025



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Josh Green, M.D.  
Governor of Hawai'i

APPROVED:

*Anne E. Lopez*

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Anne E. Lopez  
Attorney General  
State of Hawai'i



**Map of the Area Affected by the Lahaina Wildfire Excluded Under the Eleventh Proclamation Relating to Affordable Housing**



**Rules Relating to the Implementation of the  
Eleventh Proclamation Relating to Affordable Housing**

§ 1 Purpose and Authority

§ 2 Definitions

§ 3 Applicability of Proclamation and

§ 4 Rules Application of Suspended Laws

A. Chapter 76, HRS, Officers and Employees

B. Chapter 103D, HRS, Hawaii Public Procurement Code

C. Section 201H-38(a)(3), HRS, Housing development; exemption from statutes, ordinances, charter provisions, and rules.

§ 1 Purpose and Authority

These rules are intended to expedite the construction, development, and redevelopment of affordable housing under the Eleventh Proclamation Relating to Affordable Housing (“Proclamation”).

These rules are adopted pursuant to sections 127A-11, 12, 13, and 25, Hawaii Revised Statutes (HRS), to respond to the affordable housing emergency declared by the Governor and have the force and effect of law.

§ 2 Definitions

“Agency” means any department, office, board, or commission of the state or county government that is part of the executive branch of that government.

§ 3 Applicability of Proclamation and Rules

Certified affordable housing projects not subject to the state or county regulations suspended under the Proclamation shall still meet minimum requirements for health and safety, including applicable floodplain management powers and duties necessary for National Flood Insurance Program participation.

§ 4 Application of Suspended Laws

A. Chapter 76, HRS, Officers and Employees

1. Recruitment and hiring of employees under the Proclamation shall follow, to the extent possible, the principles set forth in section 76-1, HRS.



No person shall be discriminated against in examination, appointment, reinstatement, reemployment, promotion, transfer, demotion, or removal, with respect to any position when the work may be efficiently performed by the person without hazard or danger to the health and safety of the person or others;

2. All positions established under the Proclamation may be exempt from civil service and may be converted to civil service positions at the discretion of the appointing authority. Exempt positions and appointments converted to civil service shall comply with Department of Human Resources Development Policy and Procedure 1000.002 except that all employees converted shall be treated as if they had occupied the position for a minimum of one (1) year. It is the appointing authority's discretion to use an existing established civil service or exempt position or to establish a new position to hire under the Proclamation.
3. Prior to hiring any employee under the Proclamation, the appointing agency shall determine that:
  - a. The employee would be directly involved in the construction, development, or redevelopment of housing, the filling of public housing vacancies, the processing of housing vouchers, or in the processing of development-related permits, licenses, or approvals; and
  - b. It would be impractical or untimely to hire the employee under the civil service system under chapter 76, HRS.
4. The appointing agency shall ensure that all employees hired under the Proclamation meet the following:
  - a. Persons seeking employment meet the requirements necessary for the safe and efficient performance of the duties of the position for which they are being hired;
  - b. Each employee is able to perform their duties satisfactorily; and
  - c. Each employee is qualified to perform the duties and functions of the position that they are being hired into.

B. Chapter 103D, HRS, Hawaii Public Procurement Code

Prior to utilizing the suspension of chapter 103D, HRS, the department has determined that it is not practicable or advantageous to procure the services required via traditional procurement methods. This suspension is for the solicitation process only. Pursuant to section 103D-310(c), HRS, and section 3-122-112, Hawaii

Administrative Rules, the procuring officer shall verify compliance (i.e., vendor is required to provide proof of compliance and may use the Hawaii Compliance Express) for all contracts awarded. Copies of the compliance and the award posting are required to be documented in the procurement/contract file.

The award is required to be posted on the Hawaii Awards and Notices Data System (HANDS) pursuant to Procurement Circular PC2019-05 within seven days after award.

- C. Section 201H-38(a)(3), HRS, Housing development; exemption from statutes, ordinances, charter provisions, and rules.

Section 201H-38(a)(3), HRS, is suspended to allow the county in which a state affordable housing project or county affordable housing project is to be situated to approve the project, with or without modifications, without requiring the county council to approve, approve with modification, or disapprove the project by resolution. Instead, the county may approve, approve with modification, or disapprove the project through action of the county planning director within forty-five days of the receipt of HHFDC approval. If on the forty-sixth day a project is not disapproved, it shall be deemed approved by the county planning director.

JOSH GREEN, M.D.  
GOVERNOR



RIKI FUJITANI  
EXECUTIVE DIRECTOR

STATE OF HAWAII  
SCHOOL FACILITIES AUTHORITY  
2759 S. KING STREET, ROOM H201  
HONOLULU, HAWAII 96826

### House Committee on Finance

Monday, February 24, 2025  
10:00 a.m.  
Hawaii State Capitol, Room 308

### House Bill 422, House Draft 1, Relating to School Impact Fees

Dear Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee:

The School Facilities Authority (SFA) offers **comments** on House Bill 422, House Draft 1, which would repeal school impact fees and abolish certain fair share contribution accounts and lapse the unencumbered balances to the School Facilities Special Fund.

The SFA acknowledges the findings within Auditor Report No. 19-13 referenced in the measure's preamble. Since the SFA has taken over management of the school impact fee program, we have recognized areas in need of improvement and have witnessed instances in which school impact fees have impeded the creation of much needed housing.

The SFA also recognizes, however, that the school impact fee program provides an important mechanism to receive land to be dedicated for future school sites in a fair and predictable manner. Should the committee find that the costs for housing outweigh the benefits for education with respect to the school impact fee program, we recommend ensuring some other mechanism is in place that allows the public education system to obtain the land it needs.

Thank you for this opportunity to testify.

Sincerely,

Riki Fujitani  
Executive Director



**OFFICE OF HOUSING  
KE KE'ENA HO'OLĀLĀ KŪKULA HALE  
CITY AND COUNTY OF HONOLULU**

530 SOUTH KING STREET, ROOM 306 • HONOLULU, HAWAII 96813  
PHONE: (808) 768-4675 • FAX: (808) 768-4242 • WEBSITE: [www.honolulu.gov/housing](http://www.honolulu.gov/housing)

RICK BLANGIARDI  
MAYOR  
MEIA



KEVIN AUGER  
EXECUTIVE DIRECTOR  
PO'O HO'OKO

February 21, 2025

2025-HOU-026

The Honorable Kyle T. Yamashita, Chair  
The Honorable Jenna Takenouchi, Vice Chair  
and Members of the House Committee on Finance  
Hawaii State Capitol  
415 South Beretania Street  
Honolulu, Hawaii 96813

Dear Chair Yamashita, Vice Chair Takenouchi, and Committee Members:

SUBJECT: Testimony in Support of HB422, HD1 on School Impact Fees  
Hearing: Mon., Feb. 24, 2025, 10 a.m. at the State Capitol, Rm. 308

The Office of Housing **supports** HB422, HD1, that would repeal school impact fees. School impact fees add thousands of dollars to the cost of developing residential housing units. These fees are ultimately passed on to renters and buyers of these units, which in turn lead to higher rents, sales prices, and in some cases, can render affordable housing projects financially infeasible. As these fees adversely affect the delivery of urgently needed affordable housing for our community, we urge your committee to pass HB422, HD1.

Thank you for the opportunity to testify.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin D. Auger".

Kevin D. Auger  
Executive Director

APPROVED:

A handwritten signature in black ink, appearing to read "Michael D. Formby".

Michael D. Formby, Managing Director Designate  
Office of the Managing Director



**Hawai'i YIMBY**  
Honolulu, HI 96814  
hawaiiyimby.org  
info@hawaiiyimby.org

February 24, 2025

House Committee on Finance  
Hawai'i State Capitol  
Honolulu, HI 96813

**RE: SUPPORT for HB 422 HD1 - RELATING TO SCHOOL IMPACT FEES**

Aloha Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee,

On behalf of Hawai'i YIMBY, we are writing in **support of HB 422 HD1** which would repeal school impact fees assessed for new residential construction. Poorly targeted impact fees can unequally cost burden certain residents and be ineffective at addressing the intended impact on the community. The current system of school impact fee assessment is both, because it raises the cost of housing construction and does not raise enough funds to address a growing school population.

We believe in fixing incentives, which includes fixing well-intended fees that are ineffective or contribute to the rising cost of housing construction. It is very important that the impacts of a growing school population on existing public school infrastructure be planned for and funded. However, the current structure of the school impact fee program both raises insufficient funds to build a new school and increases the cost of new housing construction. Placing the requirement of a school impact fee solely on new residential construction puts an unfair burden on new residents because these fees often must get passed from homebuilders to the new residents. Fees are self-imposed barriers that we have placed on ourselves and that have contributed to the housing crisis.

Funding our public school infrastructure for future growth is still very important. We ask that the legislature consider a different way to continue to fund public school infrastructure that (1) raises adequate funds to build new schools for anticipated growth



**Hawai'i YIMBY**  
Honolulu, HI 96814  
hawaiiyimby.org  
info@hawaiiyimby.org

and (2) is equitable in application and not solely derived from the building of new homes. Students of our public schools and their families do not only live in new residential construction.

Hawai'i YIMBY (*Yes In My Backyard*) is a volunteer-led grassroots advocacy organization dedicated to supporting bold and effective solutions for Hawai'i's devastating housing crisis. Our members are deeply concerned about Hawai'i's chronic and worsening housing shortage, which has caused home prices to rise much faster than incomes and pushes thousands of kama'āina out to the mainland or into homelessness every single year.

We ask your support for this bill. Thank you for the opportunity to testify.

Sincerely,  
Damien Waikoloa  
Chapter Lead, Hawai'i YIMBY

Edgardo Díaz Vega  
Chapter Lead, Hawai'i YIMBY



# TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS; Repeals School Impact Fees and Fair Share Contribution Accounts; School Facilities Special Fund

BILL NUMBER: HB 422 HD 1

INTRODUCED BY: House Committee on Housing

EXECUTIVE SUMMARY: Repeals school impact fees. Abolishes and transfers unencumbered balances of the school impact fee subaccounts and certain fair share contribution accounts to School Facilities Special Fund.

SYNOPSIS: Repeals part VI-B of Chapter 302A, HRS, that provides for the imposition of school impact fees.

Makes conforming amendments to section 302A-1706, HRS, and repeals section 46-142.5, HRS.

Abolishes the subaccount into which impact fees used to be deposited. Lapses the school impact fees collected to the school facilities special fund, provided that the funds shall be:

- (1) Used within the school impact district for which it was collected; or
- (2) Refunded to the developer if collected as a fee in lieu or a construction cost component impact fee after twenty years of the date of collection.

Repeals section 46-142.5, HRS, which required counties to withhold building permits until the school impact fee requirements have been satisfied.

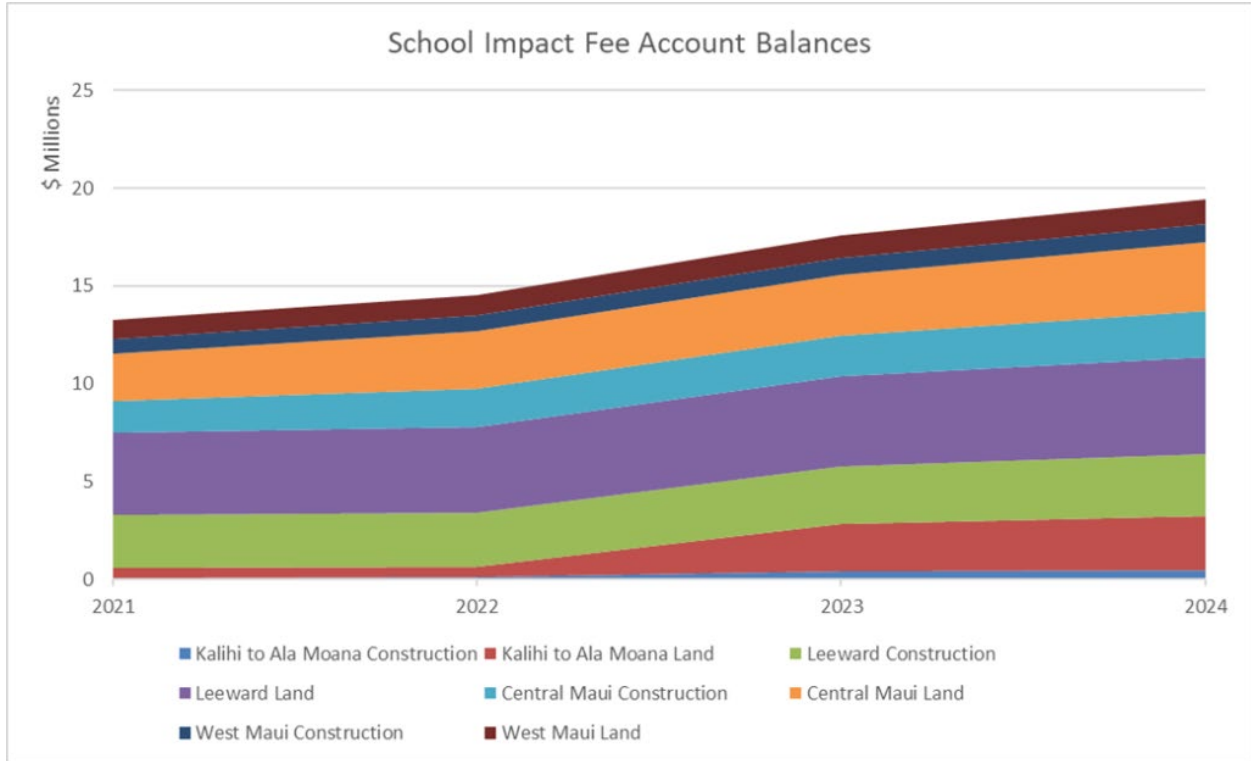
Makes additional conforming amendments to section 302A-1706, HRS.

Abolishes fair share contribution accounts and lapses any unencumbered balances to the school facilities special fund, provided that the lapsed contributions shall only be used within the same complex in which the contributions were originally collected.

EFFECTIVE DATE: July 1, 3000.

STAFF COMMENTS: In a recent publication, we also complained that school impact fees and fair share contributions were collected but were not being used.

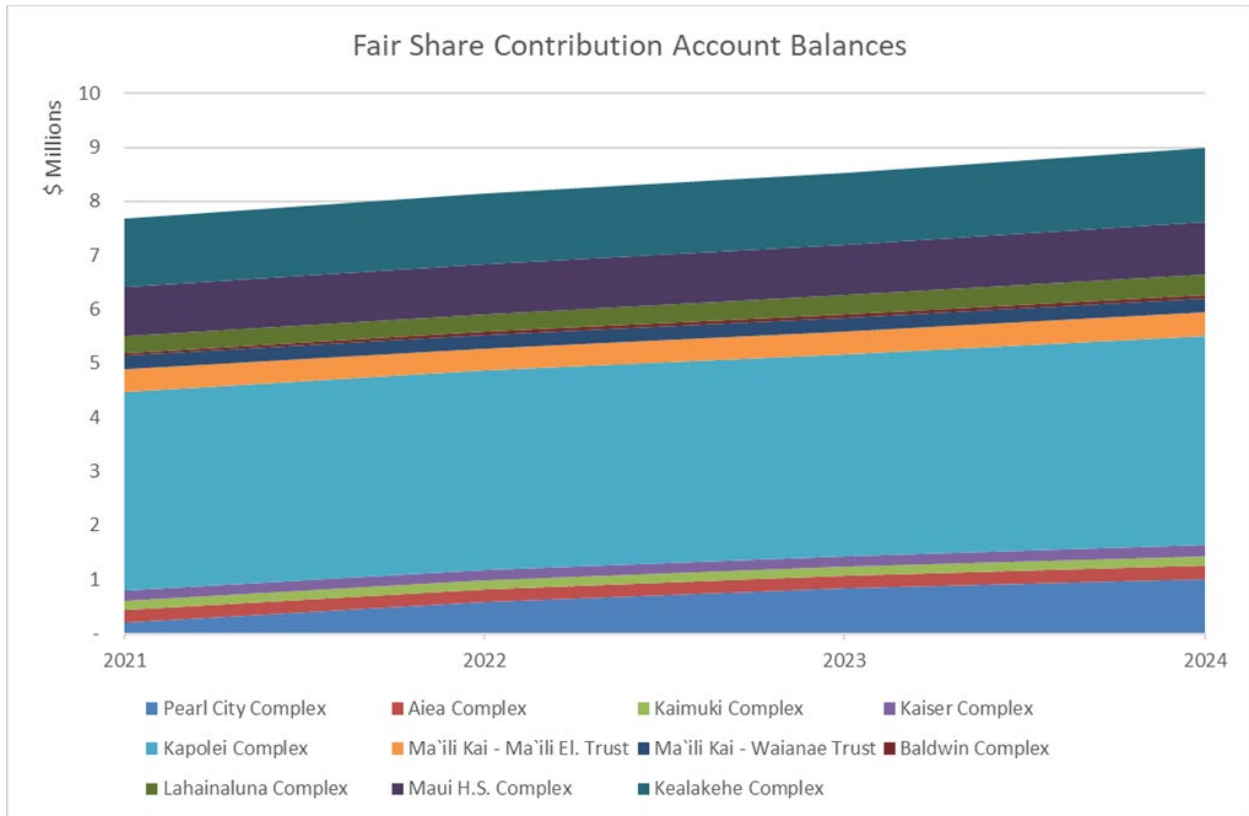
We tracked the balance of the DOE accounts holding these fees, and we complained that the fees were being taken but not used. The balances in the accounts just keep going up, as shown in this chart (updated with figures from the entire fiscal year 2024):



Source: Department of Education

As the chart shows, we now have a cumulative balance of a little less than \$20 million in the impact fee accounts.

Before the 2007 law created school impact fees, the DOE was able to shake down developers for fair share contributions, which were intended to serve much the same purpose as impact fees do today. It turns out that these accounts also have positive balances that have been steadily increasing over the past few years:



Source: Department of Education

The total of all these fair share accounts is close to \$9 million. This money, also, has been sitting around doing nothing. And most of it has been sitting around for *at least 17 years* because, as we mentioned, the fair share program was replaced by the impact fee program in 2007.

So, when is somebody at the DOE going to get off their duff and spend this money? The DOE tells us every single year that the schools desperately need money. We would prefer that the school system use this money up before they ask taxpayers to dig even deeper into their wallets.

This bill appears to be a step in the right direction.

Digested: 2/22/2025



# HAWAII APPLESEED

## CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of the Hawai'i Appleseed Center for Law and Economic Justice  
**Comment on HB422 HD1 - Relating to School Impact Fees**  
House Committee on Finance  
Monday, February 24, 2025 at 10:00AM Conf. Rm. 308 and via Videoconference

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Aloha Chair Yamashita, Vice Chair Takenouchi, and members of the committee

Mahalo for the opportunity to testify in **strong support of HB422 HD1**, which would fully repeal school impact fees to reduce housing development costs.

While intended to fund new school construction in high-growth areas, these fees have instead accumulated in a special fund, failing to serve their purpose while adding to Hawai'i's already high housing costs<sup>1</sup>. In today's economic climate—marked by rising interest rates and tighter loan conditions—every additional cost makes homeownership less attainable for working families and first-time buyers. Eliminating school impact fees would remove an unnecessary financial barrier, making housing more accessible and reducing risks for local residents.

With some of the highest development costs in the nation,<sup>2</sup> Hawai'i must focus on policies that lower, not increase, the cost of building homes. We urge the committee to pass HB422 and repeal these ineffective fees, which only add to the financial strain on homebuyers without meaningfully addressing school capacity needs.

Mahalo for the opportunity to testify

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<sup>1</sup> <https://files.hawaii.gov/auditor/Reports/2019/19-13.pdf>

<sup>2</sup> [https://uhero.hawaii.edu/wp-content/uploads/2024/02/WhyAreCondominiumsSoExpensiveInHawaii\\_Report.pdf](https://uhero.hawaii.edu/wp-content/uploads/2024/02/WhyAreCondominiumsSoExpensiveInHawaii_Report.pdf)

Feb. 24, 2025, 10 a.m.  
Hawaii State Capitol  
Conference Room 308 and Videoconference

**To: House Committee on Finance**  
**Rep. Kyle T. Yamashita, Chair**  
**Rep. Jenna Takenouchi, Vice-Chair**

**From: Grassroot Institute of Hawaii**  
**Ted Kefalas, Director of Strategic Campaigns**

RE: HB422 HD1 — RELATING TO SCHOOL IMPACT FEES

Aloha Chair Yamashita, Vice-Chair Takenouchi and other members of the Committee,

The Grassroot Institute of Hawaii **supports** [HB422 HD1](#), which would abolish school impact fees and transfer all unencumbered monies the state has collected from these fees to the School Facilities Special Fund.

Grassroot believes school impact fees increase housing costs and likely are unconstitutional. In addition, the money generated by the fees has never been spent, so why have the fees at all?

Regarding housing prices, the fact is that homebuilders quite naturally are going to incorporate the cost of their various fees into their sales prices, which means higher home prices and higher rents.

It is no coincidence that school impact fee waivers were included in Gov. Josh Green's 2023 emergency order relating to housing. In fact, the first action taken, in 2024, by the Beyond Barriers Working Group established by the emergency order was to waive the school impact fee for a 52-unit rental project in downtown Honolulu.

The school impact fee for projects in the downtown area is \$3,864 per unit, which would have added \$200,928 to the project's overall construction costs.<sup>1</sup>

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<sup>1</sup> Andrew Gomes, "[Housing panel makes first development decision](#)," Honolulu Star-Advertiser, Jan. 3, 2024.



A couple of years before that, in 2022, Howard Hughes Holdings had to pay the DOE \$3,864 per unit in school impact fees to build its 565-unit Ward Village condo on Oahu — for a total of \$2.18 million. To recoup its costs, the company passed the fees along to its buyers in the form of closing costs.<sup>2</sup>

Regarding constitutional concerns, the Hawaii Office of the Auditor warned in a 2019 report that the DOE’s school impact fees might violate the constitutional requirement that there be a “nexus” between proposed new units and the need for more classroom capacity.<sup>3</sup>

Meanwhile, the negative effect of school impact fees on housing growth has not been offset by a commensurate benefit to local schools. The state auditor’s 2019 report noted that between 2007, when the fees were established, and 2018, the state Department of Education had collected \$5.34 million in impact fees,<sup>4</sup> yet had not spent any of that amount on anything.

In December, Tax Foundation of Hawaii President Tom Yamachika wrote that “we now have a cumulative balance of a little less than \$20 million in the [school] impact fee accounts, [and] we continue to ask when this money is going to be used to do something at these schools.”<sup>5</sup>

So ultimately, Hawaii’s school impact fees are contributing to Hawaii’s high housing costs, are likely unconstitutional, and are not being used in any way to benefit the schools they are intended to benefit.

Thank you for the opportunity to testify.

Ted Kefalas  
Director of Strategic Campaigns  
Grassroot Institute of Hawaii

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<sup>2</sup> Andrew Gomes, [“Ward Village Builder Charges Buyers Separate Fee to Cover School Impact Assessment,”](#) Honolulu Star-Advertiser, Oct. 2, 2022.

<sup>3</sup> [“Audit of the Department of Education’s Administration of School Impact Fees: A Report to the Governor and the Legislature of the State of Hawai‘i,”](#) Office of the Auditor, State of Hawaii, September 2019, p. 11.

<sup>4</sup> [“Audit of the Department of Education’s Administration of School Impact Fees,”](#) p. 6.

<sup>5</sup> Tom Yamachika, [“Hoarding More School Impact Fees,”](#) Tax Foundation of Hawaii, Dec. 30, 2024.



As staunch advocates for individual freedoms and free markets, The Libertarian Party of Hawaii stands in firm **support** of House Bill No. 422 (H.D. 1) in Hawaii. This bill's focus on eliminating school impact fees is a good step towards reducing government intervention in the housing market and allowing individuals to make their own economic decisions.

By cutting these excessive fees that artificially inflate housing costs, we can have a more competitive and efficient housing market driven by consumer needs rather than government mandates. This bill aims to uphold property rights and promote a more level playing field for all Hawaii homebuyers.

I urge our lawmakers to **pass this bill swiftly**. Reducing government imposed barriers like school impact fees will benefit aspiring homeowners and renters. Let us embrace this opportunity to enhance economic freedom and housing choices for all residents of Hawaii.

Abbra Green

Secretary, Hawaii Libertarian Party



February 24, 2025

**OPPOSE HB422**

Dear Representatives:

**HI Good Neighbor opposes HB422, which would repeal school impact fees.**

Developers of 201H projects are usually exempt from school impact fees. So why should we also exempt developers for market rate and luxury projects? It's a small cost compared to realtor commission fees. If the intent is to truly help lower costs for home buyers, why not first reduce realtor commissions.

If developers aren't required to contribute to school facilities, who becomes burdened with the entire cost...taxpayers?

Please vote no on HB422.

Mahalo,

Christine Otto Zaa  
HI Good Neighbor



## Comments for HB422

Aloha e Representatives, Chair, Vice Chair:

We are testifying on behalf of Locals In My Backyard (LIMBY) Hawai'i. LIMBY Hawai'i is a hui of concerned kama'āina and kānaka working to help develop solutions to our state's housing crisis.

We are concerned that NIMBYism has driven up costs and driven our friends and families out by opposing all development. We are equally concerned that the apparent answer to this, YIMBYism, insists that anything resembling true affordability is impossible so instead they promote building housing that gets bought by overseas investors. ***We know we won't solve our housing woes without building more, but we won't solve them by simply building more.***

The true solution is to create a housing market for locals: one that houses locals first, is tied to local wages, and is managed in trust. We detail real solutions to our housing woes on our website and through our newsletter.

The future for kama'āina and kānaka will be LIMBY or Las Vegas.

This bill purports to address that crisis by eliminating school impact fees. This is unlikely to happen and speaks to a misunderstanding of how such fees are factored in. Despite the legislature's finding to the contrary, there is scant empirical evidence on how impact fees affect housing prices. What little research there is finds that they do not impact housing costs, see for instance Murray (2018).

In that paper, Murray studies the impact of Queensland, Australia's decision to cap impact fees. This resulted in some municipalities above the cap lowering them, and those that were below the cap raising them. No impact could be found on home prices.

The operative reason for this is that developers treat land prices as a residual, offering only to pay so much for the land as ensures project profitability. Impact fees essentially reduce the value of land because they add a cost to development.

For a more straightforward example, the members might consider how they themselves behaved back in their halcyon days when they purchased a used car. When you did so you—one hopes—took into consideration the flaws in each vehicle.

You might have been willing to pay \$5,000 for a used Honda Civic if it seemed like a good deal. However if major repairs were needed to make the car safe, or you were caught in that catch-22 of having an expired safety and back-registration, you would have factored that into what you offered for the vehicle. Knowing that the car needed repairs, you would have offered considerably less for the car.

Developers are no fools and do the same. If they know that developing a property requires them to pay impact fees, they account for that in their offer for the property. They are not caught unawares.

But if you remove these fees, you are not giving the developer a screaming deal which they can then pass on to consumers. No, in this case the seller, well aware that his property is a good deal, charges a good price for it.

So, in all probability, this bill will do nothing except line the pockets of current property owners. All the state is doing in this case is “fixing” a defect in their property for free, thus enabling them to sell it for a higher price.

Makana Hicks-Goo,  
Organizer on behalf of LIMBY Hawaii



February 24, 2025

Representative Kyle T. Yamashita, Chair  
Representative Jenna Takenouchi, Vice Chair  
House Committee on Finance

**Support of HB 422, HD 1 RELATING TO SCHOOL IMPACT FEES (Repeals school impact fees. Abolishes and transfers unencumbered balances of the school impact fee subaccounts and certain fair share contribution accounts to School Facilities Special Fund. Effective 7/1/3000. [HD1]**

**Monday, February 24, 2025, at 10:00 a.m.  
Conference Room 308 and Via Videoconference**

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers, and utility companies. LURF's mission is to advocate for reasonable, rational, and equitable land use planning, legislation and regulations that encourage well-planned economic growth, housing, and renewable energy, while safeguarding Hawaii's significant natural, cultural, and agricultural resources, and public health and safety.

LURF appreciates the opportunity to express its **support for HB 422, HD1.**

**HB 422, HD1.** The purpose of this measure is to reduce the cost of housing by:

- (1) Eliminating school impact fees; and
- (2) Abolishing certain fair share contribution accounts and lapsing the unencumbered balances to the school facilities special fund.

**LURF's Position.** LURF is very familiar with the School Impact Fee law (Sections 302A-1601 – 1611, Hawaii Revised Statutes), because we worked closely with the State Department of Education (DOE) and former legislators to draft and pass the school impact fee laws.

In the early 2000's, the DOE would negotiate on an ad-hoc basis "fair share contributions," which were exactions on proposed new master-planned residential developments – sometimes requiring the donation of land for a school sites, sometimes

requiring a payment, and sometimes requiring both. At the time, DOE did not have any written criteria or formula to calculate the exactions and that led to inconsistent and sometimes arbitrary requirements requested by the DOE, which then became conditions for entitlements imposed by the state and county in return for approvals to build master-planned residential communities. This made the costs of homebuilding unpredictable.

Originally, LURF, DOE and the Legislature believed that codifying criteria and a financial formula for school impact fees would address the need for new school facilities based on the potential increase of students in that community due to new residential development.

However, LURF understands that the school impact fee law has not served its purpose, because no new schools or expansions have been built using the collected fair share contributions (before 2007) and school impact fees (after 2007). The DOE is believed to be holding approximately \$28 million in unused fees paid by housing developers and homeowners, according to information and data from the Tax Foundation of Hawaii and the State Auditor Report No. 19-13.

Instead of being used to build more public school capacity, it appears that the imposition of DOE fair share contributions and school impact fees have only added additional costs to housing developments, which has increased the costs of a home by thousands of dollars.

Under the circumstances, LURF believes that the State should eliminate school impact fees and find another way to address the need for additional school facilities that are necessitated by the building of more homes.

Eliminating school impact fees will reduce the cost of housing and will have a positive impact on the development of more housing, making homes more affordable, and addressing Hawaii's housing crisis.

LURF is willing to collaborate with DOE and the School Facilities Authority to explore other alternatives relating to the need for more classrooms based on new residential homebuilding.

For the reasons stated above, LURF is in **support of HB 422, HD1**, and respectfully urges your favorable consideration of this measure.

Thank you for the opportunity to present testimony regarding this matter.

**HB-422-HD-1**

Submitted on: 2/23/2025 8:06:20 PM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Nicholas Zehr	Individual	Support	Written Testimony Only

Comments:

Honorable Chair, Vice Chair, and Members of the Committee:

I strongly support HB422, which seeks to eliminate school impact fees, reduce housing costs, and promote a more efficient housing market in Hawaii. This bill reduces unnecessary government intervention while addressing the state's housing affordability crisis.

**School impact fees increase housing costs and contribute to higher rent and sale prices,** often making projects financially unfeasible. Eliminating these fees will foster a freer market where developers and consumers can make decisions without unnecessary government interference.

School impact fees place a financial burden on property developers, limiting their ability to freely develop housing. **By removing these fees, HB422 restores property rights and reduces government overreach, allowing developers to create more housing.**

The auditor's report reveals that school impact fees are inconsistently applied and **often not used for their intended purpose**, such as funding new schools. HB422 addresses this inefficiency by eliminating the fees and encouraging more direct and transparent infrastructure funding.

While eliminating fees, it's important to ensure new developments still contribute to infrastructure needs, like schools. The bill allows for **alternative solutions, such as public-private partnerships**, to ensure that infrastructure keeps pace with growth without relying on inefficient fees.

School impact fees are not the only factor in Hawaii's housing crisis. Zoning, land-use restrictions, and labor shortages also contribute to high costs. Broader regulatory reform, such as simplifying zoning laws and streamlining approval processes, is needed alongside this bill to address the housing shortage.

To address concerns about funding schools, HB422 is part of a broader reform effort. Developers and communities can play a direct role in supporting infrastructure development, ensuring balanced growth for both housing and schools.



HB422 will reduce government intervention, lower housing costs, and support a more efficient housing market. It is an important step toward addressing Hawaii's housing crisis and ensuring that housing and infrastructure grow together in a balanced way.

I respectfully urge the committee to pass HB422.

Thank you for your time and consideration,

Nicholas Zehr

**HB-422-HD-1**

Submitted on: 2/23/2025 8:42:42 PM

Testimony for FIN on 2/24/2025 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Meredith Bechirian	Individual	Oppose	Written Testimony Only

Comments:

Dear Chair, Vice-Chair, and members of the Finance Committee,

I strongly oppose HB422. This bill, which abolishes school-impact fees, will hurt public school students and help developers. It will not improve housing affordability, contrary to unsubstantiated claims made by developers, land speculators, and others who will benefit from this bill.

Please prioritize the needs of public school students over the wants of people who do not want to pay their fair share for the impact their new developments will have on the public school population.

Mahalo!

Meredith Bechirian

**HB-422-HD-1**

Submitted on: 2/23/2025 8:49:08 PM

Testimony for FIN on 2/24/2025 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Rocco Bechirian	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose HB422. Please fix, rather than abolish, the fee system by allowing the DOE to use the funds to improve and expand school facilities.

Mahalo

Rocco Bechirian

**HB-422-HD-1**

Submitted on: 2/23/2025 8:51:12 PM

Testimony for FIN on 2/24/2025 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Kathleen Stevens	Individual	Oppose	Written Testimony Only

Comments:

Do not abolish school impact fees

**HB-422-HD-1**

Submitted on: 2/23/2025 10:41:30 PM

Testimony for FIN on 2/24/2025 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Billy Suzuki	Individual	Oppose	Written Testimony Only

Comments:

I am vehemently opposed to HB422! Instead of recklessly abolishing the fee system, take real action—fix it! Empower the DOE to use these funds where they matter most: enhancing and expanding our schools to give students the resources they deserve!

**HB-422-HD-1**

Submitted on: 2/24/2025 2:12:56 AM

Testimony for FIN on 2/24/2025 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Kelly Nishimura	Individual	Oppose	Written Testimony Only

Comments:

Dear Chair Yamashita, Vice-Chair Takenouchi, and members of the Finance Committee,

I strongly oppose HB422, HD1. This bill takes needed funds from public schools and puts the funds into the pockets of developers. There is no strong evidence to support claims that abolishing school-impact fees will make housing more affordable.

Developers should pay their fair share for the impact their developments will have on the public school population.

Please fix, rather than repeal, the school-impact-fee law. Abolish the red tape that has kept the DOE from using the existing funds, and enable the DOE to use existing and future school-impact funds to improve and expand school facilities.

Mahalo for the opportunity to testify.

**HB-422-HD-1**

Submitted on: 2/24/2025 8:12:55 AM

Testimony for FIN on 2/24/2025 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Sara	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose HB422. Do not abolish school-impact fees. When new developments increase the size of the public school population, developers--not taxpayers--should fund the expansion of schools. Please fix, rather than abolish, the fee system by allowing the DOE to use the funds to expand school facilities

**HB-422-HD-1**

Submitted on: 2/24/2025 8:54:20 AM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Alison Ka`ōlinokaimana Yasuoka	Individual	Oppose	Written Testimony Only

Comments:

Statement from: Alison Ka`ōlinokaimana Yasuoka, Educator

Before the HOUSE COMMITTEE ON FINANCE

Hawaii State Capitol, Room 308

Monday, February 24, 2025

In consideration of HB 422, HD1  
RELATING TO SCHOOL IMPACT FEES

Position: Strongly Oppose

Honorable Chair Yamashita, Vice Chair Takenouchi and members of the House Committee on Finance,

I appreciate this opportunity to provide testimony strongly opposing HB422.

Since 2000, I have worked at various schools both public and independent. (I also have 3 children who spent their entire educational lives within the Hawai`i public education system). The resource disparity between independent schools and public schools is great. Yet all students whether they attend independent or public schools deserve access to educational resources that will develop them in a holistic way—academically, social-emotionally, artistically/creatively, cognitively, and ethically is essential in growing and developing the leaders of tomorrow.

It is mind-boggling that this bill is even under consideration. For much of my life as an educator, my own children have wondered why I went into education. They have witnessed the countless after- work hours, and personal funds that I have poured into my classrooms and have often wished that I would leave teaching to go into a field where financial gain was prioritized. It was difficult for them to understand why I believed so strongly, and passionately about the field of education. The answer is simple: I believe in the children of Hawai`i and do understand the kuleana-the responsibility an educator has in nurturing, and growing students who are able to think critically, and think within all the dimensions of place from which the world functions, “the perceptual, the sociological, the ideological, the political, and the ecological (see Gruenwald, David A.). We are afterall, growing the future leaders and citizens of Hawai`i. I also



understand that not all families can send their children to independent schools, but also deserve to have access to a quality, holistic education. This is why I am adamantly opposed to HB422.

We must not sacrifice our Hawai`i public school students' education with funding cuts in the name of affordable housing (affordable housing that is not guaranteed to end up in the hands of Kanaka Maoli, or generational Hawai`i residents). As a mother, I do want my children to stay in Hawai`i, however, not by taking from an institution, the HiDOE where funding is always needed in the support of students. Please prioritize the needs of public school students over developers who do not want to pay their fair share for the impact their new developments will have on the public school population.

Please fix, rather than abolish, the fee system by allowing the HiDOE to use the funds to improve holistic student education, improve access to much needed resources, and expand school facilities.

Mahalo nui loa for your time and consideration,

Alison Ka`ōlinokaimana Yasuoka

**HB-422-HD-1**

Submitted on: 2/24/2025 8:58:10 AM

Testimony for FIN on 2/24/2025 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Kellee Hearther	Individual	Oppose	Written Testimony Only

Comments:

Dear Chair, Vice-Chair, and members of the Finance Committee,

I strongly oppose HB422. This bill takes needed funds from public schools and puts the funds into the pockets of developers. There is no strong evidence to support claims that abolishing school-impact fees will improve housing affordability.

Developers should pay their fair share for the impact their developments will have on the public school population.

Please fix, rather than abolish, the fee system by allowing the DOE to use the funds to improve and expand school facilities.

Mahalo!

Kellee Hearther

Resident of 'Aiea

**HB-422-HD-1**

Submitted on: 2/24/2025 8:59:07 AM

Testimony for FIN on 2/24/2025 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Meredith Mimms	Individual	Oppose	Written Testimony Only

Comments:

Dear Chair, Vice-Chair, and members of the Finance Committee,

I strongly oppose HB422. This bill, which abolishes school-impact fees, will hurt public school students and will help developers. It will not improve housing affordability, contrary to unsubstantiated claims made by developers, land speculators, and people who mistakenly think the minimal school-impact fee will be passed on to renters and home-buyers.

Please prioritize the needs of public school students over the wants of people who do not want to pay their fair share for the impact their new developments will have on the public school population.

Mahalo!

**HB-422-HD-1**

Submitted on: 2/24/2025 9:00:15 AM

Testimony for FIN on 2/24/2025 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Patrice Choy	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose HB422.

Instead of continuing to favor developers in every aspect of their businesses, please center and prioritize our children in the public school system and require developers to pay their fair share for impacting public school students. The fee system is needed to support the DOE in its efforts to improve and expand school facilities.

**HB-422-HD-1**

Submitted on: 2/24/2025 9:22:36 AM

Testimony for FIN on 2/24/2025 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Gordon B. Lindsey	Individual	Oppose	Written Testimony Only

Comments:

i oppose hb422

**HB-422-HD-1**

Submitted on: 2/24/2025 9:35:04 AM

Testimony for FIN on 2/24/2025 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Terri Yoshinaga	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose HB422. Do not abolish school-impact fees. When new developments increase the size of the public school population, developers--not taxpayers--should fund the expansion of schools. Please fix, rather than abolish, the fee system by allowing the DOE to use the funds to expand school facilities

**HB-422-HD-1**

Submitted on: 2/24/2025 9:50:25 AM

Testimony for FIN on 2/24/2025 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Kristin Lipman	Individual	Oppose	Written Testimony Only

Comments:

Dear Chair, Vice-Chair, and members of the Finance Committee,

I strongly oppose HB422. This bill takes needed funds from public schools and puts the funds into the pockets of developers. There is no strong evidence to support claims that abolishing school-impact fees will improve housing affordability.

Developers should pay their fair share for the impact their developments will have on the public school population.

Please fix, rather than abolish, the fee system by allowing the DOE to use the funds to improve and expand school facilities.

Mahalo