

# Infrastructure and Public Facilities Needs Assessment

Planning Department  
County of Hawai`i



Helber Hastert & Fee  
PLANNERS

**duncan**  
associates

# Key Personnel



## **Scott H. Ezer**

- Principal, Helber Hastert & Fee
- 28 Years Planning and Urban Design Experience
- Co-Author, Honolulu Land Use & Urban Design Ordinances
- Master of Urban and Regional Planning, University of Hawaii



## **James B. Duncan, FAICP**

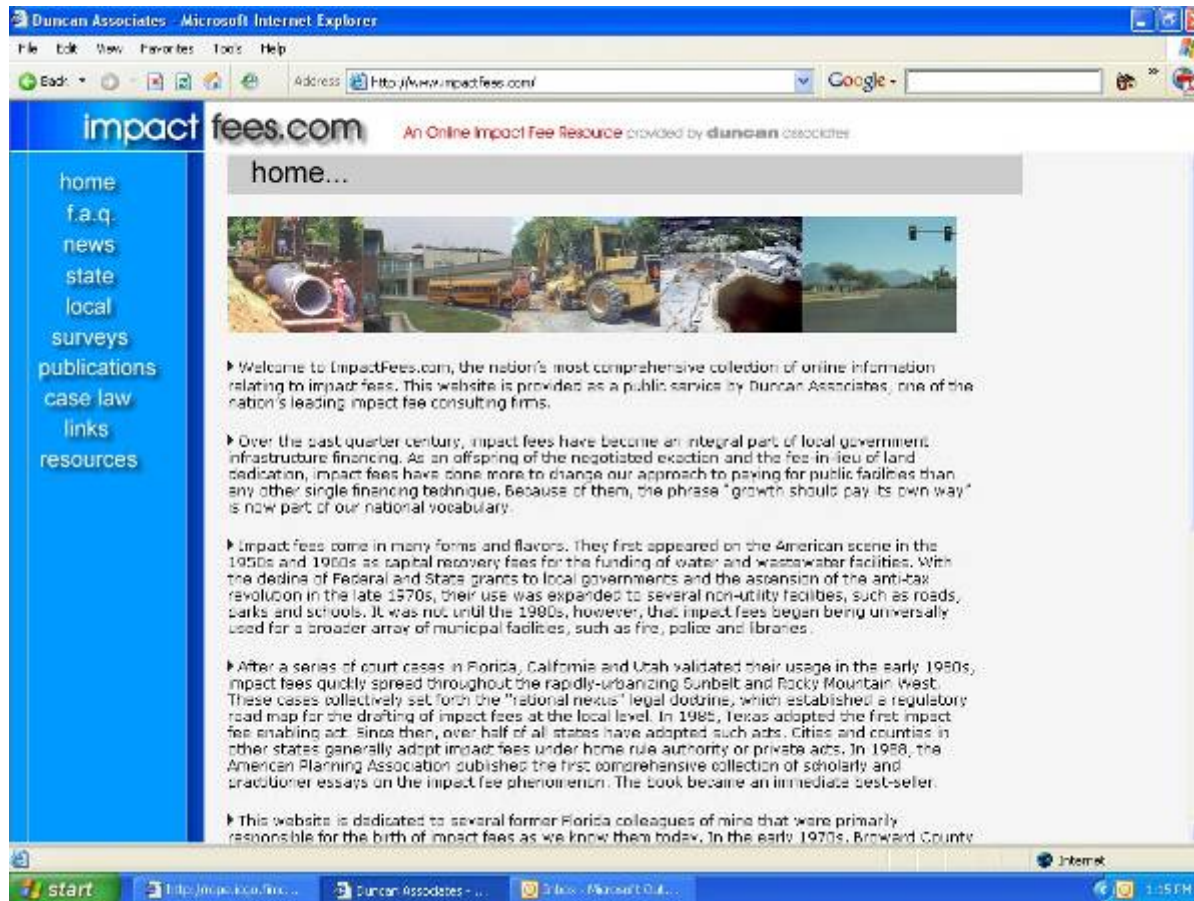
- 43 Years Planning and Impact Fee Experience
- Manager, Nation's First Multi-Facility Impact Fee System
- Co-Author, Nation's First Impact Fee Enabling Act
- Master of Urban Planning, University of Oklahoma



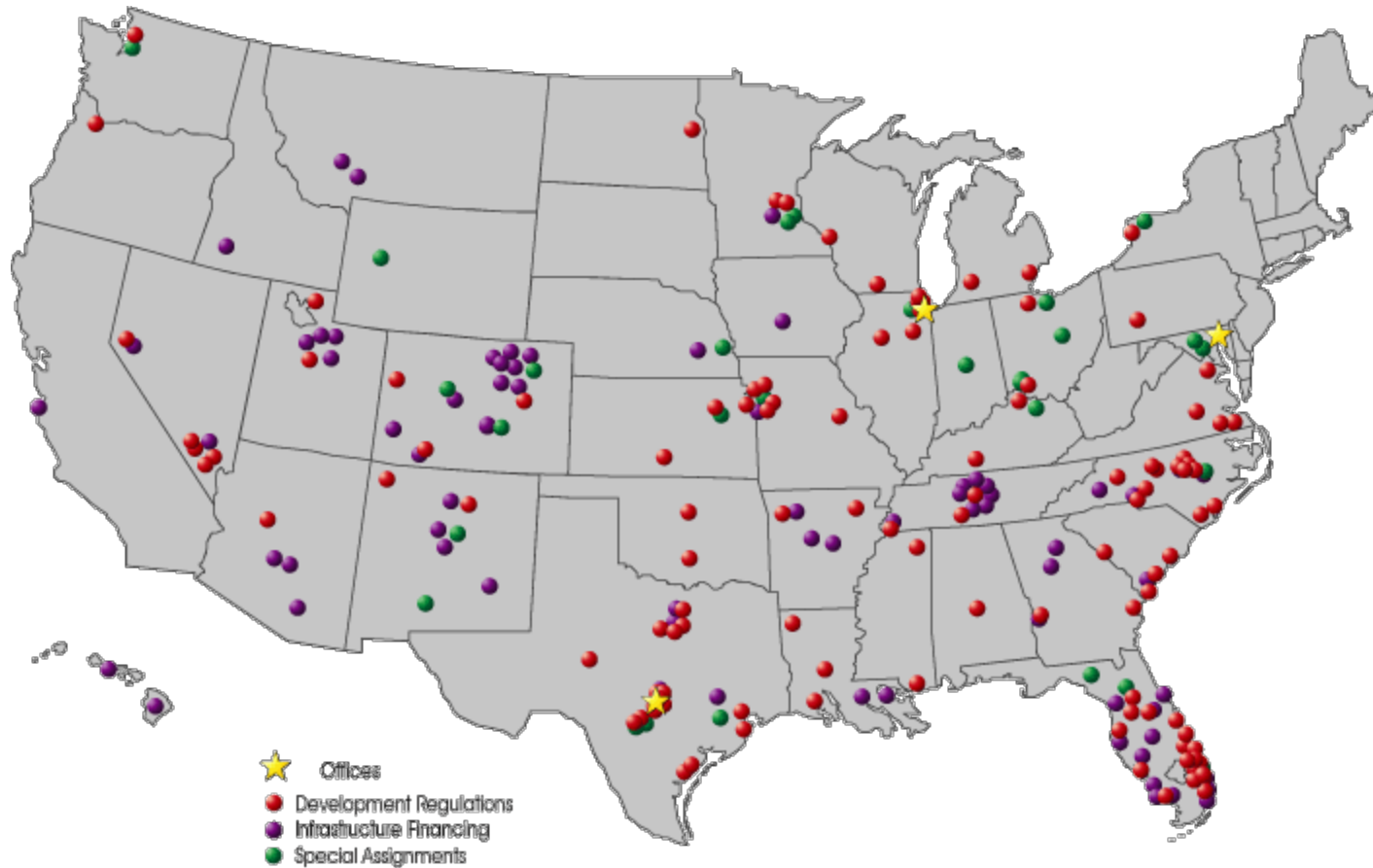
## **Clancy J. Mullen, AICP**

- 18 Years Planning and Impact Fee Experience
- Impact Fee Specialist, Duncan Associates
- Author of Over 200 Impact Fee Studies
- Master of Urban Planning, University of Texas

# Introducing ImpactFees.com

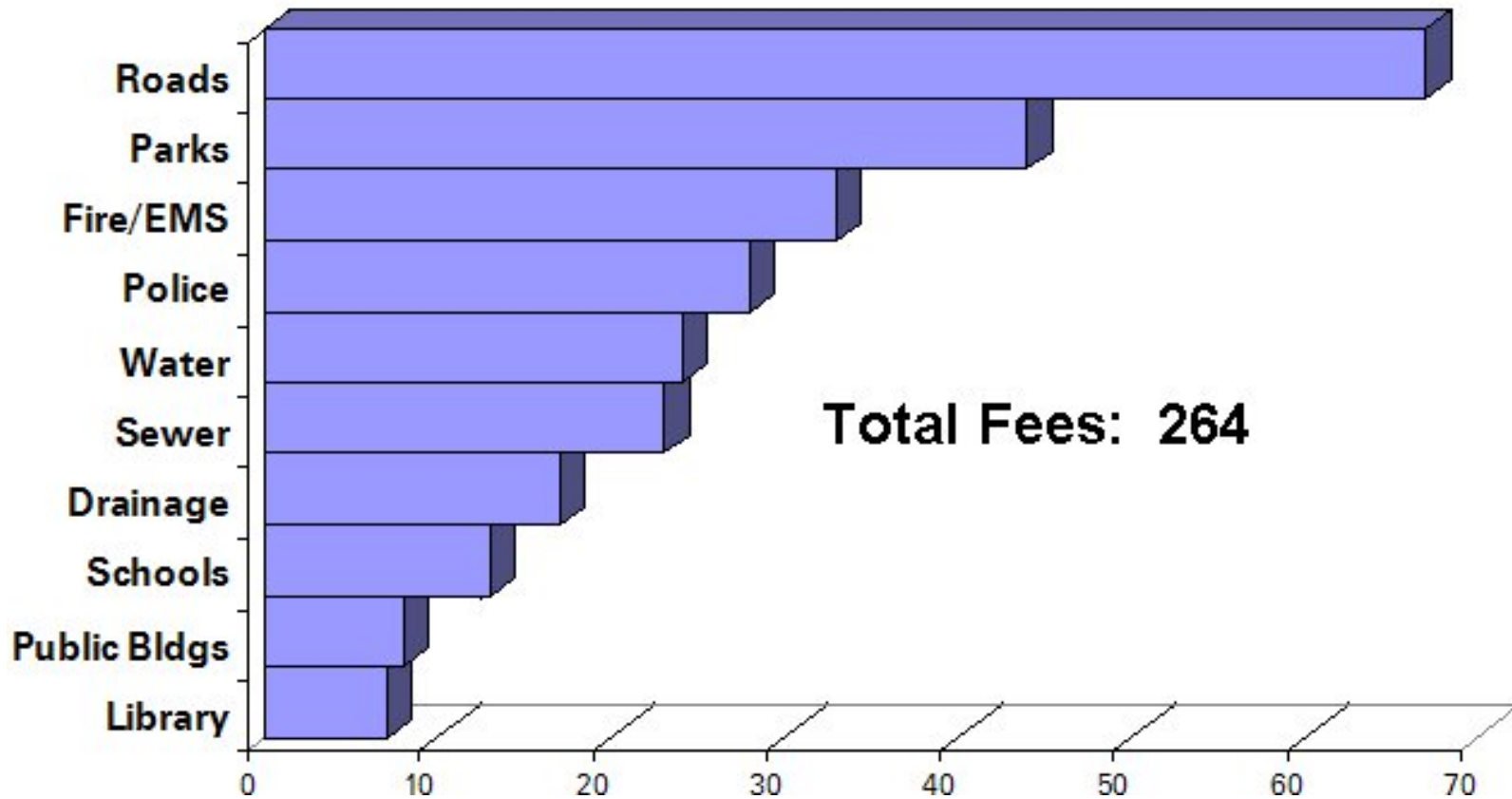


# Our National Experience





# Fee Experience By Facility



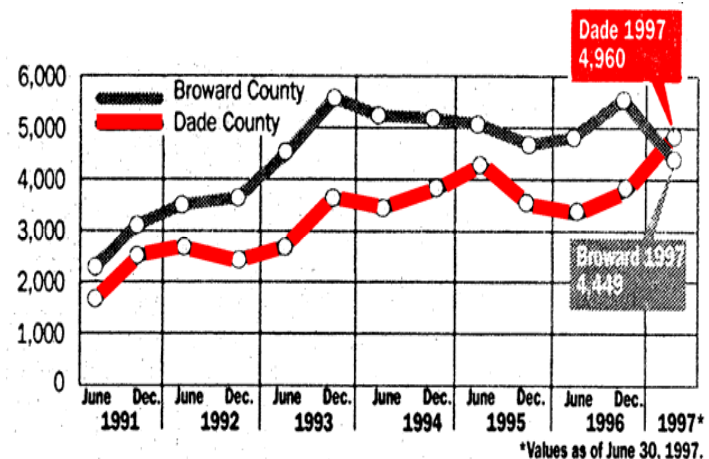
# What Is An Impact Fee?

One-time fee payment ...  
... by new development ...  
... for off-site capital facilities ...  
...needed by new development.



# What An Impact Fee Is Not?

- Barrier for affordable housing
- Impediment for move-up buyers
- Local funding panacea
- Difficult to administer
- No-growth tool





# Why Impact Fees are Popular

- Replace vanishing traditional funding
- Deter declining levels of service
- Create level playing field for developers
- Add certainty to development process
- Soften anti-growth public sentiment
- Offset increasing taxes and rates

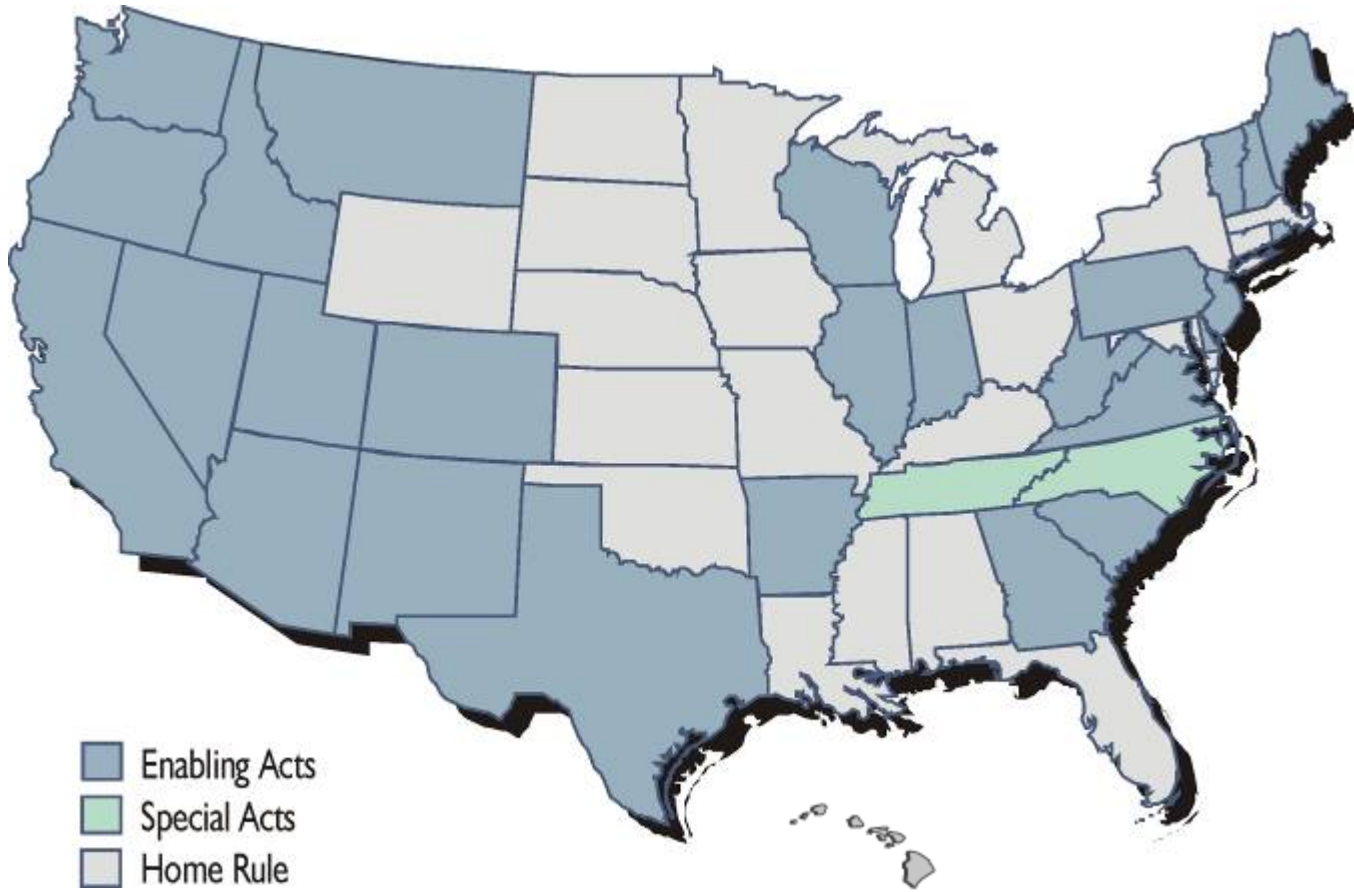


# What Is The Legal Basis For Fees?

- Must create **need** for new facilities
- Must receive **benefit** from new facilities
- Must only pay **fair share** of new facilities



# Impact Fee Authority



# 1992 Hawaii Impact Fee Act

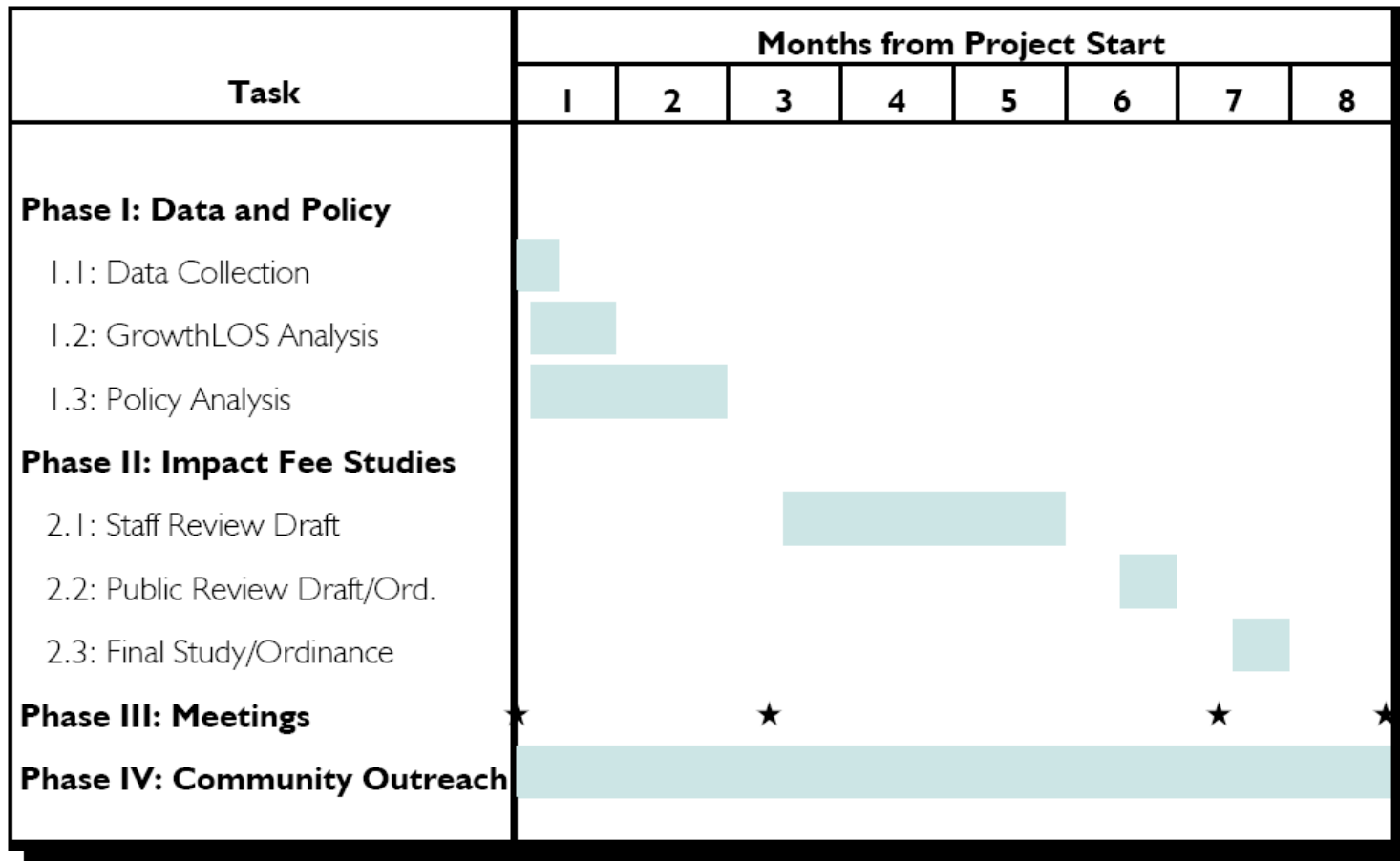
- Authorizes counties to adopt impact fees
- Based on established legal constitutional standards
- Eligible facilities are those specifically identified in comprehensive plan or facility needs assessment study.
- Specify service level standards for each facility
- Cannot charge for higher than existing LOS
- Funds and interest earned earmarked by facility
- Past property tax payments must be credited
- Spend on planning, design and construction
- Spend within 7 years or refund
- Collect fee prior to grading or building permit
- Other available funding options must be examined
- Only use: 2002 Honolulu road fee for EWA region

# What Is The Average Impact Fee?

## FAIR SHARE ASSESSMENTS PER SINGLE-FAMILY UNIT

| Facility    | Hawai'i Co. | CA Avg.  | Nat'l Avg. |
|-------------|-------------|----------|------------|
| Roads       | \$4,281     | \$3,922  | \$2,037    |
| Parks       | \$4,818     | \$4,856  | \$1,810    |
| Fire        | \$459       | \$584    | \$329      |
| Police      | \$232       | \$843    | \$302      |
| Solid Waste | \$201       | na       | \$179      |
| Total       | \$9,991     | \$10,205 | \$4,657    |

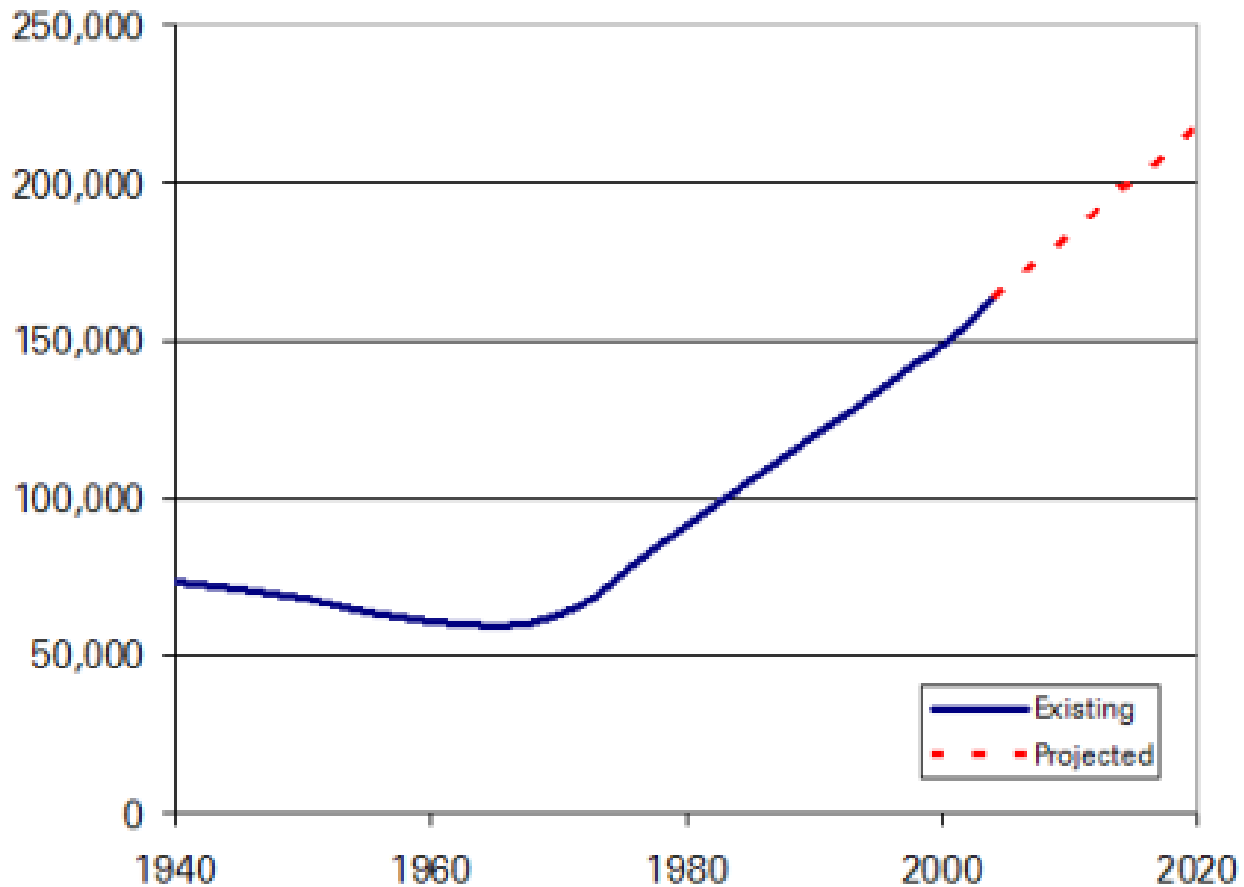
# Work Plan and Schedule



★ = meeting attended by out-of-state members of consultant team



# Growth Context





# Fair Share Assessments

- Imposed Since Early 1990s
- Apply to New Residential/Hotel Zoning
- Based on 1990 Study—Never Adopted
- Calculated Fees Indexed Annually for Inflation
- Substantial Fees: \$9,991 per Unit
  - Roads, Parks, Fire, Police, Solid Waste
- Little Revenue: \$74 million Assessed, but only \$3.6 million Collected + \$15.2 million Credits
  - Speculative Zoning
  - Existing Zoning Not Assessed (11,000 Units)
  - Existing Vacant Lots (64,000 Units)
  - Applies only to Residential/Hotel Development



# Drawback of Fair Share Assessments

- Major Capital Needs: \$439 million for County roads by 2020
- Fair Share Assessments: Only \$19 million since early 1990s in cash and construction
- Impact Fee at Building Permit: Would have brought in \$103 million since 2000



# Lots in Older Subdivisions

- In 1950s and 1960s, Subdivisions Allowed with Minimal Improvements
  - 40,000 Vacant Substandard Lots in Puna
  - 13,000 Vacant Substandard Lots in Kau
  - 37% of 1990s Growth in Older Subdivisions
- Concern about Imposing Impact Fees
  - Many Lots Owned by Long-Time Residents
  - Source of Affordable Housing

# Ownership of Vacant Resid. Lots

| <b>Ownership</b>                     | <b># of Lots</b> | <b>Percent</b> |
|--------------------------------------|------------------|----------------|
| Big Island-Single Owner              | 9,123            | 14.2%          |
| Big Island-Multiple Owners           | 175              | 0.3%           |
| Mixed Big Island/Other Owners        | 10,747           | 16.7%          |
| No Big Island Owners                 | 44,175           | 68.8%          |
| <b>Total Vacant Residential Lots</b> | <b>64,220</b>    | <b>100.0%</b>  |

Note: Lots with residential zoning, excluding lots over 20 acres or with more than \$10,000 in yard or outbuilding improvements





# Recommended Approach

- **Replace Fair Share with True Impact Fees**
  - Adopt as Ordinance
  - Comply with Requirements of State Act
- **Apply to All New Development**
  - Assess Nonresidential Development
  - Apply to Areas with Existing Zoning
- **County-Wide Fee Calculation**
  - Multiple Benefit Districts
- **Progressive Residential Rates**



# Options for Dealing with Existing Lots

- Allow one dwelling unit per existing lot of record with no fee charged
  - Would exempt most single-family development (about half of potential revenue)
- Allow grace period (e.g., 1-5 years) for single-family lots of record to be developed with no fee
  - Same effect on revenue in short-term
  - Negligible revenue impact in long-term



# Alternatives

- No Change from Fair Share Assessments at Zoning
- Expand Fair Share to Nonresidential Zoning
- Collect Impact Fees at Subdivision (i.e., exempt buildable lots)
- Collect Impact Fees at Building Permit
  - Allow One Dwelling Unit per Existing Lot of Record
  - Allow 1-5 Year Grace Period for Residential Lots of Record
  - No Exemptions or Grace Period

# Advantages of Impact Fees at Building Permit

- **Greater Revenue Potential**
  - County Only Getting About \$2 Million Annually Now
  - Nonresidential Road Impact Fees at Current Calculated Levels Would Bring in \$12 Million per Year
  - Residential Fees on Half of Building Permits Issued Would Bring in \$10 Million Annually
- **Greater Equity**
  - All Development Pays, Not Just Residential that Needs Zoning
  - Larger Homes Pay More Based on Greater Impact
- **More Legally Defensible**
  - Comply with State Impact Fee Act

Questions? . . .

