

**Questions Posed During Infrastructure and Public Facilities Needs
Assessment Workshops
Hilo (August 15, 2006) and Captain Cook (August 16, 2006)**

HILO

1. **Question:** Regarding Section 36-14(c) of the Draft Impact Fee Ordinance; on what basis shall the impact fee administrator assign priorities for allocating funds collected? There should be some reference to adopted Community Development Plans or General Plan priorities here to guide the allocation of funds toward clearly identified priorities adopted by the Council. It might be a good idea to suggest a process here whereby competing projects are ranked and presented as a package to the Council for final approval.

Response: It is probable that determining priority for expending impact fees collected will be a collective effort of the County Council, the administration -including input from the departments, and the public. It would seem that the annual budgetary process already attempts to prioritize public improvement projects, and that adherence to CDP and General Plan recommendations are integral to that process.

2. **Question:** In your discussion related to the phase-in period of the impact fee ordinance, you mentioned in the presentation that you would like to avoid a disruptive effect on the real estate market. What kind of effect is possible?

Response: The desire is to proceed with the adoption of an impact fee that is well-publicized, and provides builders and other residents with as much lead time as possible about the impact fee system. This will avoid confusion and surprise when building permits are submitted after the expiration of a grace period. The phase-in period would also provide administration with sufficient time to plan and implement the program by acquiring and developing the necessary tools and staff needed to ensure program operates efficiently.

3. **Question:** Why is there no impact fee proposed for solid waste infrastructure associated with commercial (and industrial development)?

Response: Commercial entities wind up paying a tipping fee when they dispose of solid waste. This is collected when the business (or entity) either dumps solid waste themselves, or hires a third party to collect and dispose of solid waste. The tipping fee is a "pay as you go" system.

4. **Question:** Can a wastewater impact fee be effective for homes that are on a catchment system?

Response: A wastewater impact fee will only be assessed for new development that is within the service area of existing municipal wastewater treatment plants.

5. **Question:** How were the maximum allowable impact fee values determined?

Response: They were calculated as the net cost to maintain the existing level of service, after taking into consideration other taxes and fees that would be generated by new development and available to fund capacity-expanding improvements.

6. **Question:** How will the expenditure of impact fees be prioritized?

Response: The prioritization of spending impact fees could be a collective decision made by the Council and the Administration, with input by the public. As projects are approved for funding during the budgetary approval process, decisions could be made about which projects should receive how much money from impact fee sources. With community development planning efforts being initiated island-wide, it is hoped that some prioritization of projects will be voiced through these meetings.

7. **Question:** I own a buildable lot right now; if I apply for a building permit in one year will I have to spend \$12,000 extra to cover impact fees?

Response: If an application is made for a building permit prior to the effective date of the impact fee ordinance, then no impact fee will be required. Applications submitted subsequent to the effective date of the ordinance will be required to pay the impact fees. Also, keep in mind, that \$12,000 represents the maximum amount that the administration can apply; and a decision can be made to apply a percentage of the maximum amount.

8. **Question:** I disagree that a one year phase-in period would limit or eliminate any disruption to the real estate market of projects that are “in the pipeline.” This is primarily because projects in Hawaii can be “in the pipeline” for three years before ground is broken, especially if State/Federal financing and/or tax credits are involved (which is usually the case for affordable housing projects). Taking that timeline into consideration, as well as the need for supply, why can’t an exemption for affordable housing be created for impact fees? Isn’t the application of “fair-share”/disproportionate share a policy call?

Response: An overarching requirement for any impact fee system is that everyone pays their proportionate share. No one can be exempted. It may be possible to have other sources pay for the impact fees that qualified affordable housing units would incur, but the fees must be paid. In regard to projects that “are in the pipeline,” they will not be penalized for their “review” status. If an application is made prior to the effective date of the impact fee ordinance, no impact fee will be required.

9. **Question:** If the County pays the impact fee for affordable housing, where does that money come from, and what would the net effect of that policy be?

Response: The source of the money to pay affordable housing impact fees must be identified by the Administration and approved by the County Council. It could come from the general fund (real property taxes), grants, or other sources. It cannot be paid from the collection of impact fees, however.

10. **Question:** Can road fees for homes built on private roads be covered by impact fees?

Response: No, impact fees cannot be used on private infrastructure systems of any kind.

11. **Question:** Has any consideration been given to people that also must pay SSPP ([Special Subdivision Project Provision](#)), which can range from \$800 to \$11,000?

Response: No, not at this time. Mainly because electricity is a private utility and the County is not responsible for the installation of electrical poles.

12. **Question:** Hawaii County has Community Development Plans (CDPs) emerging. How do the CDPs intersect with the “ideal” comprehensive infrastructure plan that is suggested for the County to determine? This seems to be a central need for Hawaii County to face!

Response: CDPs can be a valuable complement to infrastructure planning by allowing each community to assist with prioritizing infrastructure projects in their region. The CIP could take cues from the General Plan and the CDPs, during the budgetary review process. Further dialogue regarding impact fees at the CDP level can be very valuable.

13. **Question:** Are “impact fees” and “land tax” the same thing?

Response: No. Impact fees are not considered a tax. They are a one-time fee designed to partially off-set the initial costs of infrastructure construction and financing. A land tax is on-going exaction that is paid by landowners to government, and not only funds initial construction and financing costs, but also is used for operational funding and maintenance of existing infrastructure.

CAPTAIN COOK

1. **Question:** Under the current system, affordable housing is not exempt from fair share contributions. If an impact fee ordinance is adopted, and affordable housing is exempted, will that be retroactive?

Response: In the first place, affordable housing will not be exempted from the impact fee system. Although the affordable housing owner or builder may not be personally responsible for impact fee payment, the fee must be paid into the impact fee system from another source. Neither the impact fee nor the program for payment of affordable housing impact fees will be applied retroactively.

2. **Question:** Has the impact fee study anticipated the tax base that is projected?

Response: The Infrastructure and Public Facilities Needs Assessment Study establishes the maximum impact fee value that can be assessed for each of the various infrastructure elements. It will be up to the County Council to determine how much of that maximum is appropriate, should the County move forward with an impact fee ordinance. Certainly one of the considerations for the Council would be how much might be available from the collection of other taxes that the County receives, and how that relates to the overall budgetary requirements of the County, and the projects perceived to be necessary for funding during that budgetary cycle.

3. **Question:** Regarding the benefit principle: wouldn't there be better representation (pay-benefit) if there were more than 4 districts? How about the same number of districts as we currently have represented by the County Council?

Response: The number of benefit districts needs to be carefully considered. If there are too many benefit districts, it may take longer to build the fund and it might be difficult to spend all the money collected within that district within the 6-year statutory time limit. By aggregating

areas into larger areas, it is significantly easier to identify projects to spend collected impact fees. Ultimately, the number of benefit districts can be tailored to meet the needs of each government body and community population that adopts an impact fee ordinance.

4. **Question:** In other areas, who does the actual work for infrastructural improvements, the government or the developer? Which do you recommend?

Response: Circumstances often dictate who will actually construct infrastructure improvements. Frequently, developers will construct improvements when they have been required to do so as part of the entitlement process, and then dedicate the improvements to the County. If the project is being constructed as part of a County initiative to implement a CIP project, then the County must follow legal bidding requirements, and although a private sector company might be constructing the improvements, it is the government that actually funds the project and determines scheduling. Perhaps, we can also look forward to more collaborative efforts where government, private and community partnerships are developed to construct needed infrastructure improvements.

5. **Question:** Kaloko paid for its own roads, water, and power lines in the early 1970's. To what extent would Kaloko be fee-exempt today?

Response: Individuals who build new homes at Kaloko after an impact fee ordinance is adopted will be required to pay impact fees.

6. **Question:** How many houses have been built by anyone in Hawaii County in the last 10 years that are "affordable?"

Response: Presently, data is not available to answer this question. However, in the past, most developers paid in lieu fees to meet affordable housing requirements. About a year ago, the Hawaii County Code, Chapter 11, Affordable Housing, was amended to include affordable housing requirements which increased the per unit contributions required by developers. These new regulations should lead to the actual construction of affordable housing for residents.

7. **Question:** Can impact fees be applied to the following: Potable water systems (wells and distributions systems); youth centers/facilities; open space land (shoreline property for parks)?

Response: Impact fees can be used for youth centers/facilities and the purchase of open space to be used for parks. Impact fees cannot be applied to potable water systems, unless a water impact fee is adopted by

the County Board of Water Supply (as stated in HRS, Chapter 46). The Board of Water Supply has already adopted connection fees that function like impact fees.

8. **Question:** I was under the impression that impact fees can only be used to maintain level of service at the time of adoption and spent based on a capital improvement plan. How does this study ordinance address these?

Response: The Infrastructure and Public Facilities Needs Assessment Study determined an island-wide level of service for all infrastructural elements contained in the report. Costs for future CIP projects are included in the study analysis. Actual funding of specific projects will ultimately be the responsibility of the County Council as part of the budgetary process.

9. **Question:** How would these fees be balanced for areas with private water and/or wastewater systems (e.g., Waikoloa Village)?

Response: Impact fees cannot be collected for potable water facilities, and will not be imposed on areas that are not part of a municipal wastewater service area.

10. **Question:** Why is a solid waste fee not applied for uses other than single-family residential?

Response: Commercial entities wind up paying a tipping fee when they dispose of solid waste. This is collected when the business (or entity) either dumps solid waste themselves, or hires a third party to collect and dispose of solid waste. The tipping fee is a “pay as you go” system.

11. **Question:** There seems to be both State and County roads in the inventory. So, is the County collecting fees to improve State roads?

Response: The IPFNA study calculated maximum chargeable impact fees for County and State roadways, individually. This was in response to an initiative proposed and passed by the Legislature this year, and signed by the Governor, amending HRS Chapter 264, which gives all the Counties the ability to fund State roadway projects with monies collected by the assessment of impact fees. The value of the maximum fee that could be charged for State roadways is significantly higher than the fee for County roadways, and raises the overall value of impact fees to a very high number. It will be up to the County Council to decide if such a fee is warranted and how much of the maximum fee to charge.

12. **Question:** Would the consequences of non-payment of impact fees be the same as non-payment of taxes?

Response: If impact fees are not paid, then the building permit would not be issued for a specific development project. If taxes are not paid (assuming this reference is to property taxes), in a “worst-case” scenario the land in question can ultimately be seized by the County and sold to pay delinquent taxes.

13. **Question:** Who would be the impact fee administrator---the Planning Department, Department of Finance or someone else?

Response: At this time, no decision has been made regarding administrative responsibility for the impact fee program. It is anticipated that the various agencies that would be involved with impact fees would cooperatively determine how to administer the program. This would include the Planning Department, the Department of Public Works, and the Finance Department.

14. **Question:** What is the current 140% level for median income within Hawaii County?

Response: According to the most recent data found on Department of Housing and Urban Development’s website (http://www.huduser.org/Datasets/IL/IL06/hi_fy2006.pdf), the current (March 8, 2006) median income for Hawaii County is \$55,300. This would mean that \$77,420 is 140% of median.

15. **Question:** What is the payment schedule for fees?

Response: All impact fees calculated pertaining to any single development will be 100% due either at the time of issuance of building permit, approval of plan review, or final subdivision approval, depending upon when impact fees are required to be paid by the adopted impact fee ordinance.

16. **Question:** Where do collected impact fees get deposited, and who manages the money?

Separate funds must be created for each category of infrastructure for which an impact fee is assessed, and must be further subdivided by the benefit districts created by the impact fee ordinance. The funds would be managed by the County with the designation of an impact fee administrator from one of the county departments.

17. **Question:** Can the money earn interest?

Response: Yes, the money can earn interest.

18. **Question:** If roads automatically become property of the County, wouldn't that eliminate "roads in limbo"/gated communities? The impact fees should be matched with County funds (bonds), if needed.

Response: Roads do not automatically become property of the County. Before the County will accept private roadways, they must meet County roadway standards.

19. **Question:** Could impact fees provide funds for a new police or fire department?

Response: Yes, impact fees can be used to build new police or fire department buildings and to purchase needed equipment (fire trucks, police cars, etc.), but cannot be used to pay for salaries or maintenance of buildings or equipment.

20. **Question:** Why not assess fees on sale of homes (and put it in the impact fee fund)?

Response: Impact fees cannot be assessed against existing development, regardless of whether it changes ownership.

21. **Question:** The biggest bottleneck to the construction of new infrastructure projects is the lack of interest by the private sector—they are too busy making big money to do County projects.

Response: Throughout the course of this project, the consultant team has heard that there is a real problem within the County getting programmed infrastructure projects constructed. We have also heard a variety of reasons that contribute to this problem. Without assigning blame or responsibility, expediting infrastructure projects must be addressed by the entire community.