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News from the Big Island

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Council considers impact fees

ordinance could generate $20 million

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HILO -- A county impact fee ordinance could generate at least $20 million per year for public facility improvements.

Had residential fees been assessed on half of the building permits issued in the last five years, $10 million per year could have been collected, planning consultants with Duncan Associates and Helber Hastert & Fee told County Council members Monday.

If all developers were charged non residential road impact fees, the county would receive $12 million per year, consultants said. They proposed a county-wide fee calculation, but with an east-west collection system, "so the money collected on one side of the island is not spent on the other side of the island."

Honolulu-based Helber, Hastert & Fee is conducting a $100,000 infrastructure and public facilities needs assessment study for the county. It has subcontracted with Duncan Associates of Austin, Texas, which specializes in infrastructure financing and impact fees.

The study is expected to lead to an impact fee ordinance, which Planning Director Chris Yuen wants to forward to the County Council this spring.

The 1992 Hawaii Impact Fee Act required all counties to enact impact fee ordinances if they are to assess impact fees. The county began assessing fair share requirements shortly after the state law went into effect, but it never enacted the required ordinance for fee collections.

James Duncan and Clancy Mullen gave a presentation to the Planning Committee on the benefits of across-the-board impact fees versus fair share assessments on resort and residential developments alone. (Absent for the presentation were Council Chairman Stacy Higa, of Hilo, and Gary Safarik, of Puna.)

Hawaii County fair share requirements for resort and residential developers are, per unit, $4,144 for roads, $4,664 for parks, $444 for fire, $225 for police and $195 for solid waste.

Mullen said $9,761 per unit is "substantial" but, despite the fair share assessment and the growth that has occurred here over the years, the county has only collected $3.6 million of $74 million assessed.

He blamed the minimal collection on speculative zoning, existing substandard lots and the fact that fair share assessments only apply to residential and resort development.

Following California and Florida's lead, 26 states since the 1970s have adopted impact fees, and require the fees to be paid when building permits are issued, Duncan said.

He said, "If you are looking for a no-growth tool, impact fees are not the solution. If you don't have roads, you don't have parks, you don't have wastewater, you're not going to have growth. Impact fees provide the fiscal resources for those (public facilities)."

The consultants recommended the county comply with state law and adopt an impact fee ordinance to assess impact fees, saying it would lead to more revenue for off-site capital improvements and provide a "level playing field" for developers.

Duncan and Mullen also recommended that the impact fees extend beyond resort and residential developments to existing zoning. They said there are 11,000 units here that have zoning, but the county never received fair share assessments for any of those units.

The consultants also recommended the county address the existing 53,000 vacant substandard lots in Puna and Ka'u approved before the fair share assessments became a requirement in the early 1990s.

Duncan said, "An impact fee will not solve all your problems. It's one of many tools you'll need."

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