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County infrastructure plans

Hawaii officials may install impact fee that would mean higher costs to build

by Jason Armstrong
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Saddled with an ineffective system for financing infrastructure, Hawaii County is pursuing an impact fee law that could mean higher costs to build homes, apartments and stores.

The process was unveiled Monday when the county's planning director and a team of private consultants briefed the County Council on the new approach to addressing the islandwide infrastructure shortage.

"The purpose of this project is to get us to a proven impact fee ordinance in Hawaii County," Planning Director Chris Yuen told members of the council's Planning Committee.

The county in 1990 commissioned a study to examine the cost of building new roads, parks and other public facilities. The study proposed a one-time impact fee to be charged when land is rezoned for residential or resort use.

The fee, however, was never adopted as law. Instead, the county has charged a "fair-share contribution" to pay for parks, police, fire, roads and solid waste facilities and services. Adjusted for inflation, the per-lot figure is now $9,671.

But while the county has assessed $74 million in fees since the early 1990s, it has collected just $3.6 million, according to the Planning Department's figures. Developers also paid $15.2 million by donating parks, installing traffic lights or doing other voluntary improvements, the costs of which were credited to their impact fee debts.

The $55.2 million balance has not been collected because the rezoned land has sat idle. The fees are not due until the affected landowners receives final subdivision approval or plan approval, which occurs just before building permits are sought, Yuen said.

Also, the county collected no money from the tens of thousands of house lots created decades before it started charging for infrastructure impacts.

The solution, Yuen said, is enacting an impact fee law -- state law requires one for Hawaii County --and then levying the tax when a landowner obtains a building permit.

But the first step is doing an infrastructure and public facilities needs assessment study to identify the cost of improvements and how much the impact fee should be to pay for them.

Armed with $100,000, the county has hired the Honolulu planning firm of Helber, Hastert & Fee, which has subcontracted Duncan Associates of Texas, a specialist in impact fees.

"We have a really outstanding group of people working on this," Yuen told council members as he introduced the consultants.

Some 26 states now charge impact fees, which is a one-time fee to offset tax hikes, deter deteriorating levels of service, and provide predictable expenses for developers, said James Duncan, president of the company that bears his name.

The average impact fee nationwide is $4,676 is per dwelling, while California's is $10,205, he said.

The fees are not a barrier to affordable development -- they can be lowered but not waived -- and won't solve all the county's infrastructure problems, he said.

"Facilities are not free. We might as well accept that up front," said Duncan, a former government planner who has 43 years of planning experience.

Hawaii County, which receives about $2 million annually from its fair-share contributions, could collect an extra $10 million yearly buy charging fees on just half of the residential building permits it issues, according to Duncan. Another $12 million a year would come in by charging a road impact fee on noncommercial development.

Only landowners seeking residential or hotel zoning now pay the fair-share contribution.

The consultants also are recommending exempting one house per lot.

Lawmakers, already feeling the public's anger about overcrowded roads, embraced the effort to study impact fees and forthcoming legislation.

"That was a good presentation," Hamakua Councilman Fred Holschuh said. "I found it most interesting."

It was called "very enlightening" by South Kona Councilwoman Virginia Isbell, who asked for a deadline when an impact fee bill will be submitted for council consideration.

"I think this is just great," she added.

Ka'u Councilman Bob Jacobson said he feels the county needs to charge for commercial development, while Hilo Councilman James Arakaki said the consultants proposed "pretty good numbers."

"I think developers can live with that," he said.

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