

DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
DIRECTOR

GLORIA CHANG  
DEPUTY DIRECTOR

**STATE OF HAWAII**  
**DEPARTMENT OF BUDGET AND FINANCE**  
P.O. BOX 150  
HONOLULU, HAWAII 96810-0150

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**WRITTEN ONLY**  
TESTIMONY BY CRAIG K. HIRAI  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON WATER & LAND  
ON  
SENATE BILL NO. 2922, S.D. 2, H.D. 1

**March 22, 2022**  
**9:30 a.m.**  
**Room 430 and Videoconference**

RELATING TO RURAL DISTRICTS

The Department of Budget and Finance (B&F) offers comments on this bill.

Senate Bill No. 2922, S.D. 2, H.D. 1, authorizes the counties to adopt ordinances that allow up to one dwelling house per quarter-acre in rural districts; requires the Office of Planning and Sustainable Development (OPSD) to perform a study to refine rural district policies and make recommendations to facilitate the reclassification of lands from the agricultural district to the rural district; requires reports to the Legislature; and appropriates an unspecified amount of general funds for FY 23 for OPSD to complete the study.

B&F notes that, with respect to the general fund appropriation in this bill, the federal Coronavirus Response and Relief Supplemental Appropriations Act requires that states receiving Elementary and Secondary School Emergency Relief (ESSER) II funds and Governor's Emergency Education Relief II funds must maintain state support for:

- Elementary and secondary education in FY 22 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and

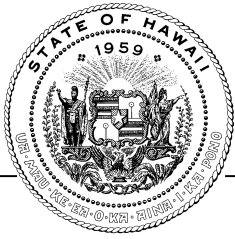
- Higher education in FY 22 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

Further, the federal American Rescue Plan (ARP) Act requires that states receiving ARP ESSER funds must maintain state support for:

- Elementary and secondary education in FY 22 and FY 23 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 and FY 23 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

The U.S. Department of Education has issued rules governing how these maintenance of effort (MOE) requirements are to be administered. B&F will be working with the money committees of the Legislature to ensure that the State of Hawai'i complies with these ESSER MOE requirements.

Thank you for your consideration of our comments.



**STATE OF HAWAII  
OFFICE OF PLANNING  
& SUSTAINABLE DEVELOPMENT**

**DAVID Y. IGE**  
GOVERNOR

**MARY ALICE EVANS**  
DIRECTOR

235 South Beretania Street, 6th Floor, Honolulu, Hawaii 96813  
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

Telephone: (808) 587-2846  
Fax: (808) 587-2824  
Web: <https://planning.hawaii.gov/>

Statement of  
**MARY ALICE EVANS**  
Director, Office of Planning and Sustainable Development  
before the  
**HOUSE COMMITTEE ON WATER AND LAND**  
Tuesday, March 22, 2022  
9:30 AM  
State Capitol, Conference Room 430

in consideration of  
**SB 2922 SD2 HD1**  
**RELATING TO RURAL DISTRICTS.**

Chair Tarnas, Vice Chair Branco, and Members of the House Committee on Water and Land.

The Office of Planning and Sustainable Development (OPSD) **supports** SB 2922 SD2 HD1 which allows a minimum density of not more than one house per one-quarter acre provided that each house shall be consistent with the county general plan and community development plans and requires the OPSD to perform a study to refine Rural District policies and make recommendations to facilitate the reclassification of lands from the State Agricultural District to the Rural District.

While OPSD supports the development of housing, we note that doubling the allowable number of lots in the Rural District prior to a comprehensive study of the District's policies and standards may increase residential density. Accordingly, we recommend that Section 9 of the bill be amended to state that Sections 4 to 7 relating to the Rural District study shall take effect on July 1, 2022, and Sections 2 and 3 of the bill relating to the one-quarter acre provisions shall take effect on July 1, 2023. This will allow time for the Rural District study to get underway and for the interim report due prior to the 2023 legislative session to be considered before the one-quarter acre provision takes effect.

OPSD **strongly supports** a study to refine Rural District policies and recommend ways to facilitate the reclassification of lands from the Agricultural to the Rural District. The Act 278 Subdivision and CPR on Agricultural Lands stakeholders group which was authorized by the Legislature in 2019 concluded its meetings this past year. During the discussions, many members expressed the need to make better use of the State Rural District. Currently, there are only 10,454 acres in the Rural District, amounting to only 0.3 percent of all lands in the State, and there are no Rural District lands on Oahu. A subsequent meeting with the county planning departments confirmed this need.

Greater use of the Rural District would distinguish rural communities and subsistence farms from working or commercial agricultural lands and allow better protection of productive agricultural lands. Redefinition and expansion of the Rural District would promote better land use management of existing rural settlements and rural centers and residential dwellings engaged in subsistence or family agriculture, which are not explicitly permitted in the Agricultural District.

Thank you for the opportunity to testify on this measure.

**DAVID Y. IGE**  
Governor

**JOSH GREEN**  
Lt. Governor



**PHYLLIS SHIMABUKURO-GEISER**  
Chairperson, Board of Agriculture

**MORRIS M. ATTA**  
Deputy to the Chairperson

State of Hawaii  
**DEPARTMENT OF AGRICULTURE**  
1428 South King Street  
Honolulu, Hawaii 96814-2512  
Phone: (808) 973-9600 FAX: (808) 973-9613

**TESTIMONY OF PHYLLIS SHIMABUKURO-GEISER  
CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE HOUSE COMMITTEE ON WATER AND LAND**

**TUESDAY, MARCH 22, 2022  
9:30 A.M.  
VIA VIDEOCONFERENCE**

**SENATE BILL NO. 2922, SD2, HD1  
RELATING TO RURAL DISTRICTS**

Chairperson Tarnas and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 2922, SD2, HD1 that seeks to double the allowable housing density on the minimum one-half acre lot size in the Rural District provided that the counties adopt ordinances to do so and the increase in density is consistent with the county general and community development plans. The effective date of the sections that accomplish the foregoing will presumably be some time after the Office of Planning and Sustainable Development ("OP/SD") completes their study to refine Rural District policies and make recommendations to facilitate the reclassification of lands from the Agricultural District to the Rural District.

House Draft 1 addresses the Department of Agriculture's ("Department") concern about increasing the allowable housing density prior to the completion and legislative consideration of the OP/SD Rural District study. The Department strongly supports the OP/SD Rural District study. The Department strongly recommends the bill be amended to make sections 2 and 3 subject to the recommendations of the OP/SD Rural District and not just become effective at a later date.



Section 205-2(c) describes the State Rural District as "...areas where "city-like" concentration of people, structures, streets, and urban level of services are absent, and where small farms are intermixed with low density residential lots..." The Department has been concerned that doubling the allowable housing on one-half acre Rural District lots would change the fundamental character of the District and lead to an increase in petitions to reclassify Agricultural District lands to the Rural District, resulting in increased land values for agricultural properties that may be subject to reclassification, and ultimately making the acquisition of agricultural lands by bona fide farmers for agricultural production more costly. The Department believes that the proposed OP/SD study and reports will address our concerns and, pursuant to our recommendation above, allowing the counties to increase density in the Rural District or reclassify agricultural lands may be considered only after those matters have been fully vetted by the OP/SD study and its recommendations.

Thank you for the opportunity to provide our testimony on this measure.

DAVID Y. IGE  
Governor

JOSH GREEN  
Lt. Governor



PHYLLIS SHIMABUKURO-GEISER  
Chairperson, Board of Agriculture

MORRIS M. ATTA  
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**TESTIMONY OF PHYLLIS SHIMABUKURO-GEISER  
CHAIRPERSON, BOARD OF AGRICULTURE**

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Thank you for the opportunity to provide our testimony on this measure.



**Kūpuna for the Mo'opuna**  
*committed to the well-being of Hawai'i for the next generations to come*  
kupuna4moopuna@gmail.com



SB 2922, SD2, HD1 – RELATING TO RURAL DISTRICTS.  
WTL 3/22/2022 @9:30a

**OPPOSE**

We, Kūpuna for the Mo'opuna, oppose SB 2922, SD2, HD1 authorizing the counties to determine the propriety of allowing a dwelling house on each quarter-acre, rather than each half-acre, of land in rural districts ***consistent with the county general plan and community development plans.***

**Please do not pass this bill.**

The legislature needs to first ask each county to present their county general plan and their community development plans adopted by ordinance.

**There is NO revised and adopted Hawai'i County General Plan. Way overdue.**

**There is NO Hilo Community Development Plan (CDP) adopted by ordinance in the Hawai'i County Code. Of the 7 development boundary districts in Hawai'i County, Hilo is the only district without a CDP.**

Without a Hilo CDP in the Hawai'i County Code, SB 2922 will allow Hawai'i County to make land use decisions without the voices of those in the Hilo communities of Keaukaha and Pana'ewa targeted for aggressive development. We have tried unsuccessfully for years to get the county administration, planning department, and the sitting council member to fix this egregious failure of Hilo being the only district without a CDP in the county code.

**Until there is a Hilo Community Development Plan adopted by ordinance in the Hawai'i County Code and included in the revised General Plan, please do not pass SB 2922 and similar land use measures.**

Mahalo,  
Kūpuna for the Mo'opuna, Pana'ewa, Hawai'i



March 22, 2022

9:30 a.m.

Conference Room 430 and Videoconference

**To: House Committee on Water & Land**

**Rep. David A. Tarnas, Chair**

**Rep. Patrick Pihana Branco, Vice Chair**

**From: Grassroot Institute of Hawaii**

**Joe Kent, Executive Vice President**

RE: SB2922 SD2 HD1 — RELATING TO RURAL DISTRICTS

***Comments Only***

Dear Chair and Committee Members:

The Grassroot Institute of Hawaii would like to offer its comments on [SB2922 SD2 HD1](#), which would authorize counties to adopt ordinances allowing up to one dwelling per quarter-acre in rural districts, provided that the ordinances are consistent with the county general plan and community development plan.

We commend the Legislature for considering new ways to help address the state housing crisis. It is easy to focus solely on new building projects and overlook how useful it would be to simply liberalize zoning and land-use restrictions in areas that have already been developed..

In this case, allowing for higher density by reducing the permitted acreage from one dwelling per one-half acre to one dwelling per one-quarter acre in rural districts would be a useful and creative approach to the state's housing woes.

Moreover, this bill should be praised for advancing the possibility of reclassifying agricultural lands to the rural district via a study from the Office of Planning and Sustainable Development. This would help make more land available for housing and address the housing shortage in our state.

We do, however, have one suggestion that will help this bill achieve its goals:

Instead of a mandate requiring that each dwelling house “*shall* be consistent with the county general plan and community development plan,” we suggest that the plans be used in an advisory way.

Thus, the word “*shall*” should be replaced and the section rewritten to say: “provided that each dwelling house is not clearly inconsistent with the county general plan and community development plan.”

Requiring that the proposed housing comply with both the general plan and community development plans, which do not necessarily have the force of law, could mire the growth of new housing in bureaucracy or make it vulnerable to “Not in my backyard” planning trends.

Too often, well-meaning land-use regulation and zoning laws frustrate efforts to increase the stock of available housing. The Grassroot Institute has issued several publications that analyze how zoning and other regulations throttle the growth of housing.

One was our policy report [“Reform the Hawaii LUC to encourage more housing,”](#) which advocates giving the counties more authority to make decisions, thus reducing the amount of bureaucracy and preventing the state Land Use Commission from becoming a de facto state zoning commission.

Another was [“Build up or build out? How to make housing more affordable,”](#) which recommends “increasing the area of urbanized land and building marketable densities outside of the existing urban footprint,” which currently is about only 5% of all land in the state. For example, an increase of only 1 or 2 percentage points in Hawaii’s urban-designated land would be equivalent to a 20% to 40% increase, respectively, in lands available for more housing.

In addition, the institute has made available a zoning-reform toolkit, [“How to Build Affordable, Thriving Neighborhoods,”](#) which explores different ways to increase housing supply and improve affordability by reforming state and local zoning restrictions.

We summarized many proposals from the toolkit in a commentary published in The Maui News, [“50 ways — at least — to update Maui’s zoning code.”](#)

By creating a statutory path to increase housing density in rural areas, as well as a study that could facilitate reclassification of lands from agricultural to the rural district, this bill would be a positive step toward addressing the state housing shortage.

Thank you for the opportunity to submit our comments.

Sincerely,

Joe Kent  
Executive Vice President  
Grassroot Institute of Hawaii



P.O. Box 253, Kunia, Hawai'i 96759  
Phone: (808) 848-2074; Fax: (808) 848-1921  
e-mail [info@hfbf.org](mailto:info@hfbf.org); [www.hfbf.org](http://www.hfbf.org)

March 22, 2022

HEARING BEFORE THE  
HOUSE COMMITTEE ON WATER AND LAND

**TESTIMONY ON SB 2922, SD2**  
**RELATING TO RURAL DISTRICTS**

Conference Room 430 & Videoconference  
9:30 AM

Aloha Chair Tarnas, Vice-Chair Branco, and Members of the Committee:

I am Brian Miyamoto, Executive Director of the Hawaii Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic, and educational interests of our diverse agricultural community.

**The Hawaii Farm Bureau supports Parts 3 and 4 of SB 2766, SD1**, which requires the office of planning and sustainable development to perform a study to refine rural district policies and make recommendations to facilitate the reclassification of lands from the agricultural district to the rural district.

The rural land use classification district was developed to serve as the interface between agriculture and urban land uses. In rural, agriculture is a choice, not a requirement and those who live in the area are expected to accept the nuisance aspects of agriculture while having the advantages of lower taxes. In most areas of the country, rural classification also translates to reduced infrastructure e.g. sidewalks or street lights. After all, you are in a rural area ...not a residential city.

Hawaii's use of rural is limited across the state and frowned upon by some. This leads to difficulties as it forces agriculture to directly interface with the urban district resulting in conflicts. It also results in people creatively farming to ensure that they can retain their reduced property tax rates and counties needing to spend time inspecting properties to check if legitimate farming was being conducted.

The intent of this measure seeks to reduce the incidence of "fake farms". We should not forget agriculture was a default land use classification. It did not intentionally classify lands as agriculture that were suitable for production. Hence, wide expanses of lava lands or hilly and rocky lands are classified as agriculture. To address this problem, a

one-time reclassification of agricultural lands to rural seems reasonable. On these lands, agriculture is a choice, not a requirement. Lands can be dedicated to agricultural use for agricultural benefits. However, agriculture is not a requirement and residents can have larger lots without going through the effort of pretending to farm.

We do have concerns that increasing the dwelling housing allowed in Rural from half-acre to a quarter-acre may have unintended consequences of increasing the petitions to reclassify Agricultural lands to Rural.

Thank you for the opportunity to provide testimony on this measure.

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March 22, 2022

**The Honorable David A. Tarnas, Chair**

House Committee on Water & Land

Via Videoconference

**RE: Senate Bill 2922, SD2, HD1, Relating to Rural Districts**

**HEARING: Tuesday, March 22, 2022, at 9:30 a.m.**

Aloha Chair Tarnas, Vice Chair Branco, and Members of the Committee,

I am Ken Hiraki, Director of Government Affairs, testifying on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its over 11,000 members. HAR **supports** Senate Bill 2922, SD2, HD1, which authorizes the counties to adopt ordinances that allow up to one house per quarter-acre in rural districts. Requires the Office of Planning and Sustainable Development to conduct a study to refine rural district policies and make recommendations to facilitate the reclassification of lands from the agricultural district to the rural district. Requires reports to the Legislature.

According to the Department of Business Economic Development and Tourism's 2019 report on Housing Demand in Hawai'i, the State needs up to 46,000 housing units to meet demand in Hawai'i by 2030. Ultimately, we have a housing supply problem, and this measure is a creative approach to address those challenges, by providing counties the authority and flexibility to adopt ordinances to permit dwellings on a quarter-acre of rural lands instead of a half-acre.

Mahalo for the opportunity to testify.

**SB-2922-HD-1**

Submitted on: 3/19/2022 11:21:32 AM

Testimony for WAL on 3/22/2022 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Jennifer Azuma Chrupalyk	Individual	Oppose	Written Testimony Only

Comments:

When the State of Hawai'i finally realizes that *all* of the problems that affect our communities are related, the State of Hawai'i will finally see that this is a bad bill, based upon the fact that our rain system depends on the trees in the rural districts to create rain. In the last 5 or so year in Hana, trees have been cleared at alarming rates. Also, in the last 3 years, water reports indicate that there has been a gross lack of rainfall in Hana. The rural areas are being urbanized by bills just like this one, and I need to ask you how the *rainforest* <<<*key word: forest*, is supposed to make rain without the trees. Is the State of Hawai'i so blind that it does not see how a lack of trees affected Kaho'olawe? Is the State of Hawai'i unaware that the State creates the conditions that cause gentrification among our communities?

Rather than destroying what is left of these islands for the purpose of corporate money, the State of Hawai'i needs to think about the ability of the islands to sustain life, when all of the biodiversity that maintains and creates life, are dead.



**SB-2922-HD-1**

Submitted on: 3/19/2022 8:06:58 PM

Testimony for WAL on 3/22/2022 9:30:00 AM

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

Comments:

1 acer should not be cut in 1/2 this is how you start all kinds of trouble in farm areas.

Stop creatin problems and start working for the People or we will have no Chioce but to replace YOU!!