

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

DAVID Y. IGE
GOVERNOR

MARY ALICE EVANS
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Statement of
MARY ALICE EVANS
Director, Office of Planning and Sustainable Development
before the
HOUSE COMMITTEE ON HOUSING
Thursday, March 17, 2022
9:00 AM
State Capitol, Conference Room 423

in consideration of
SB 2922 SD2
RELATING TO RURAL DISTRICTS.

Chair Nakamura, Vice Chair Hashimoto, and Members of the House Committee on Housing.

The Office of Planning and Sustainable Development (OPSD) **supports** SB 2922 SD2 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.

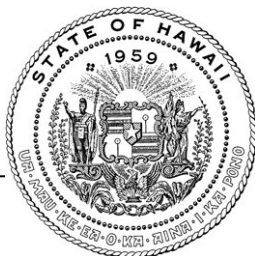
While OPSD supports the development of housing, we are concerned that doubling the allowable population density in the Rural District prior to a comprehensive study of the District's policies and standards may exacerbate unintended residential sprawl. Accordingly, we recommend that Section 9 of the bill 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



LAND USE COMMISSION

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
OFFICE OF PLANNING & SUSTAINABLE DEVELOPMENT

DANIEL ORODENKER
EXECUTIVE OFFICER

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March 15, 2022

Statement of
Daniel E. Orodener
Executive Officer
State Land Use Commission

Before the
**House Committee on
Housing**

Thursday March 17, 2022
9:00 AM
State Capitol, Room 423 & Virtual Video Conference

In consideration of
SB 2922 SD2
RELATING TO RURAL DISTRICTS

Chair Nakamura; Vice Chair Hashimoto; and members of the House Committee on Housing:

The Land Use Commission ("LUC") opposes SB 2922 SD2 and provides the following comments.

First, the State Rural District makes up a small fraction of lands statewide. Far more land has already been districted within the State Urban district that is currently undeveloped or underdeveloped.

Second, the Legislature has already provided a mechanism for the counties to increase the density of development on Rural District lots in HRS 46-4(c) allowing counties to approve the construction of two dwelling units on any lot where a residential unit is permitted. This already applies to the State Rural District; effectively allowing counties to double the developable density.

Third, both the House and Senate are considering bills this session to direct the Office of Planning and Sustainable Development ("OPSD") to conduct a comprehensive study of the State Rural and

State Agricultural Districts to determine the best methods for reclassifying additional lands where appropriate in order to provide lands for housing, renewable energy, and agriculture.

For those reasons, the Commission does not support efforts to further increase density allowances in the State Rural District which should instead serve as a buffer and transition land use between urban development and agricultural uses. The LUC believes that this measure will not have the intended result and will in fact cause significant harm to other equally important State initiatives.

Thank you for the opportunity to testify on this matter.

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)

LATE

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON HOUSING
ON
SENATE BILL NO. 2922, S.D. 2

March 17, 2022
9:00 a.m.
Room 423 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, authorizes the counties to adopt ordinances that allow up to one dwelling 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.

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
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LATE

TESTIMONY OF PHYLLIS SHIMABUKURO-GEISER
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE HOUSE COMMITTEE ON HOUSING

THURSDAY, MARCH 17, 2022
9:00 A.M.
VIA VIDEOCONFERENCE

SENATE BILL NO. 2922, SD2
RELATING TO RURAL DISTRICTS

Chairperson Nakamura and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 2922, SD2 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 are consistent with the county general and community development plans. Further, the Office of Planning and Sustainable Development is required 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 Department of Agriculture ("Department") has concerns about increasing the allowable housing density prior to the completion and legislative consideration of the Office of Planning and Sustainable Development's ("OP/SD") study and their recommendations to facilitate reclassification of Agricultural District lands into the Rural District. The Department strongly supports the OP/SD Rural District study.

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 is concerned whether doubling the allowable housing on one-half acre Rural District lots would change the fundamental character of the District. Further, the Department is concerned that the proposed amendment may lead to an increase in petitions to reclassify Agricultural District lands to the Rural District. In turn, this may increase land values for agricultural properties that anticipate reclassification and make more costly the acquisition of agricultural lands by bona fide farmers for agricultural production. The Department believes that the proposed OP/SD study and reports will consider and address our concerns.

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

LATE

SB-2922-SD-2

Submitted on: 3/16/2022 2:28:03 PM

Testimony for HSG on 3/17/2022 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Morris Atta	Hawaii Department of Agriculture	Comments	Remotely Via Zoom

Comments:

I am available to answer questions on behalf of the Department.

Mitchell D. Roth
Mayor

Lee E. Lord
Managing Director

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County of Hawai'i
PLANNING DEPARTMENT

Zendo Kern
Director

Jeffrey W. Darrow
Deputy Director

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March 16, 2022

Testimony by
ZENDO KERN
Director, County of Hawai'i Planning Department
before the
Committee on Housing
Thursday, March 17, 2022, 9:00 A.M.
State Capitol, Conference Room 423

In consideration of
SB 2922 SD2
Relating to Rural Districts

Honorable Chair Nakamura, Vice Chair Hashimoto and Members of the Committee on Housing.

Thank you for the opportunity to submit testimony in **SUPPORT** of Senate Bill 2922 relating to the Rural District. The County of Hawai'i is in support of allowing a dwelling on each quarter-acre within the State Land Use Rural District, which will increase housing opportunities within our County. This is with the understanding that this allowance is consistent with our General Plan and community development plans.

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 – RELATING TO RURAL DISTRICTS.
Committee on Housing 3/17/2022 @ 9am

OPPOSE

We, Kūpuna for the Mo'opuna, oppose SB 2922, SD2 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 17, 2022

The Honorable Nadine A. Nakamura, Chair

House Committee on Housing

Via Videoconference

RE: Senate Bill 2922, SD1, Relating to Rural Districts

HEARING: Thursday, March 17, 2022, at 9:00 a.m.

Aloha Chair Nakamura, Vice Chair Hashimoto, 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 10,800 members. HAR **supports** Senate Bill 2922, SD2, 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.



March 17, 2022

9 a.m.

Conference Room 423 and Videoconference

To: House Committee on Housing

Rep. Nadine K. Nakamura, Chair

Rep Troy N. Hashimoto, Vice Chair

From: Grassroot Institute of Hawaii

Joe Kent, Executive Vice President

RE: SB2922 SD2 — 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](#), 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



LATE

LATE

March 17, 2022

Representative Nadine K. Nakamura, Chair
Representative Troy N. Hashimoto, Vice Chair
House Committee on Housing

Comments in Support Amendments to SB 2922, SD2, RELATING TO RURAL DISTRICTS (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. Appropriates moneys. Effective 7/1/2050. [SD2])

**Wednesday, March 17, 2022, 9:00 AM
VIA VIDEOCONFERENCE & Conference Room 423**

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers, and utility companies. LURF's mission is to advocate for reasonable, rational, and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources, and public health and safety.

LURF appreciates the opportunity to express its **comments in support of SB 2922, SD2 and a proposed amendment to establish a rural lands advisory group.**

SB 2922, SD2. This measure 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 (OPSD) 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; and appropriates funds for OPSD to complete the study.

LURF's Position. LURF supports SB 2922, SD2, **with a proposed amendment to establish a rural lands advisory group.**

While SB 2922, SD2 already requires OPSD to engage community stakeholders, we respectfully recommend the **following amendment** to formalize and broaden this group to include relevant stakeholders:

SECTION 5. In performing the study required by this Act, the office of planning and sustainable development shall coordinate its efforts with the land use commission, department of agriculture, and county planning departments. The office of planning and sustainable development shall establish and engage an advisory group, which may consist of relevant state, county and federal agencies, and community stakeholders, including farming, ranching, and agricultural interests, agricultural landowners, business, environmental organizations, native Hawaiian organizations, planning organizations, and community groups [~~and interested members of the general public~~], in the development of study recommendations.

Background. LURF members include agricultural property owners, farming, ranching, and agricultural operators who own, maintain, and engage in agricultural enterprises, and who consider efforts to protect and support agriculture significant to the continued conduct of their operations and to help sustain and preserve farming and ranching businesses into the future. In 2005, the Hawaii Farm Bureau and LURF were the principal proponents of the Important Agricultural Lands (IAL) law, which allowed the identification and designation of IAL to support the viability of agricultural uses on good agricultural lands as a long-term way to ensure that those lands remain in agricultural use. The objective of IAL is to identify and plan for the maintenance of a strategic agricultural land resource base that can support a diversity of agricultural activities and opportunities that expand agricultural income, job opportunities, and increase agricultural self-sufficiency for current and future generations.

Also in 2005, recognizing that some lands currently in the State agricultural district are not suitable for agricultural production, the Farm Bureau and LURF also supported Act 205 (SLH 2005), which facilitated the redefining, expansion, and enhancement of uses in the rural district by allowing the counties to work with the Land Use Commission to recommend rural district amendments; and to form an advisory group to review the processes for redefining rural districts and creating appropriate rural standards for boundary reviews.

LURF **supports SB 2922, SD2** this measure because it will promote better land use management by allowing rural dwellings, family and subsistence farming, and rural communities on lands that are not IAL, and are not suitable for commercial agricultural production; and respectfully urges your favorable consideration of the **proposed amendment to establish a rural lands advisory group**.

Thank you for the opportunity to provide comments in support of this measure.