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A BILL FOR AN ACT

RELATING TO LAND USE.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that the State and  
2 counties have not made effective use of the state rural land use  
3 district, one of four districts established by the state land  
4 use law in chapter 205, Hawaii Revised Statutes. Currently,  
5 there are 10,454 acres in the rural district, which amount to  
6 0.3 per cent of all lands in the State, and there are no rural  
7 district lands on Oahu. Marginal agricultural lands in the  
8 agricultural land use district are being used for rural  
9 lifestyle farms and residences with no farm activity, which  
10 increases the cost of land in the agricultural district for bona  
11 fide farming operations.

12           The legislature further finds that there is potential for  
13 greater use of the rural district to differentiate rural  
14 communities and lifestyle farms from working or commercial  
15 agricultural lands and to enable better protection of productive  
16 agricultural lands and the open space character of Hawaii's  
17 rural areas. Redefinition and expansion of the rural district  
18 would enable better land use management of existing rural

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1 settlements and rural centers and residential dwellings engaged  
2 in subsistence or lifestyle agriculture, which are not  
3 explicitly permitted in the agricultural district.

4 The office of planning and sustainable development  
5 completed a state land use review of districts pursuant to  
6 section 205-18, Hawaii Revised Statutes, in January 2022. The  
7 review found that the potential for preserving much of Hawaii's  
8 open space, rural communities, and working lands may be realized  
9 by redefining the policy framework for the rural district and  
10 facilitating the reclassification of lands from the agricultural  
11 to the rural district to accommodate existing settlements where  
12 lifestyle and subsistence farms predominate.

13 Accordingly, the purpose of this Act is to require the  
14 office of planning and sustainable development to perform a  
15 study to refine rural district policies, identify strategies for  
16 expansion of the rural district, and appropriate funds for the  
17 study.

18 SECTION 2. The office of planning and sustainable  
19 development shall perform a study that includes but is not  
20 limited to:

21 (1) An analysis of the rural district policies and  
22 standards within the land use law to redefine and

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- 1           increase the effectiveness of the rural district in  
2           protecting agricultural working lands;
- 3           (2) Research of best practices for rural land use policy  
4           and land use regulation in other jurisdictions for  
5           consideration in the redefinition of the rural  
6           district;
- 7           (3) Development of options and identification of areas for  
8           expansion of the rural district through the  
9           reclassification of areas in the agricultural district  
10          to the rural district; and
- 11          (4) Development of recommendations for legislation to:
- 12               (A) Redefine the rural district policies and  
13               standards; and
- 14               (B) Facilitate the reclassification of areas in the  
15               agricultural district to the rural district.

16          SECTION 3. In performing the study required by this Act,  
17          the office of planning and sustainable development shall  
18          coordinate its efforts with the land use commission, the  
19          department of agriculture, and the county planning  
20          departments. The office of planning and sustainable development  
21          shall engage community stakeholders, including farming interests

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1 and interested members of the general public, in the development  
2 of study recommendations.

3 SECTION 4. The office of planning and sustainable  
4 development shall submit:

5 (1) An interim report of its findings and recommendations,  
6 including any proposed legislation, to the legislature  
7 no later than twenty days prior to the convening  
8 of the regular session of 2025; and

9 (2) A final report of its findings and recommendations,  
10 including any proposed legislation, to the legislature  
11 no later than twenty days prior to the convening of  
12 the regular session of 2026.

13 SECTION 5. There is appropriated out of the general  
14 revenues of the State of Hawaii the sum of \$300,000 or so much  
15 thereof as may be necessary for fiscal year 2023-2024 for the  
16 office of planning and sustainable development to perform the  
17 study and complete all required reports pursuant to this Act.

18 The sum appropriated shall be expended by the department  
19 of business, economic development, and tourism for the purposes  
20 of this Act.

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1 SECTION 6. This Act, upon its approval, shall take effect  
2 on July 1, 2023.

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INTRODUCED BY:



5

BY REQUEST

JAN 23 2023

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**Report Title:**

Office of Planning and Sustainable Development; Land Use; Rural District Study; Appropriation

**Description:**

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. Requires reports to the Legislature. Appropriates funds.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

JUSTIFICATION SHEET

H.B. No. 974

DEPARTMENT: Business, Economic Development, and Tourism

TITLE: A BILL FOR AN ACT RELATING TO LAND USE.

PURPOSE: To require the Office of Planning and Sustainable Development (OPSD) to perform a study to refine rural district policies, develop options and identify areas for expansion of the rural district, and make recommendations to facilitate the reclassification of lands from the agricultural district to the rural district and to submit reports to the Legislature.

MEANS: Enact session law to require the study and appropriate general fund revenues in the sum of \$300,000 for fiscal year 2023-2024 for conduct of the study.

JUSTIFICATION: The Stakeholder group formed in accordance with Act 278, Session Laws of Hawaii (SLH) 2019, Subdivision and Condominium Property regime (CPR) on Agricultural Land, had concerns on the need to deal with unpermitted residential use in the State Agricultural District through better use of the Rural District to distinguish rural communities and provide for subsistence or family farming. The rural district makes up less than one percent of lands in the State. The State Agricultural district is used for non-farm residential use, which increases the price of agricultural land and reduces agriculture viability.

Impact on the public: Create an option to direct non-farm residential uses away from agricultural lands and to safeguard productive agricultural land from competing non-farm uses.

Impact on the department and other agencies: Provides a framework for more efficient land management for county planning departments

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and the Land Use Commission and supports the mission of the Department of Agriculture.

GENERAL FUND: \$300,000.

OTHER FUNDS: None.

PPBS PROGRAM  
DESIGNATION: BED-144.

OTHER AFFECTED  
AGENCIES: County Planning Departments, Land Use Commission, and Department of Agriculture.

EFFECTIVE DATE: July 1, 2023.