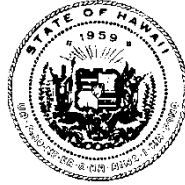


JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



DEAN MINAKAMI
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
HONOLULU, HAWAII 96813
FAX: (808) 587-0600

Statement of
DEAN MINAKAMI
Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON HOUSING

February 06, 2024 at 1:15 p.m.
State Capitol, Room 225

In consideration of
S.B. 3202
RELATING TO URBAN DEVELOPMENT.

HHFDC **supports** SB 3202, which would allow for the development of a minimum of four homes per lot in the State Urban Land Use District; restrict private covenants from limiting the number of residential units; allow for approval for subdivisions of parcels with a minimum lot size of 1,200 square feet in the Urban Land Use District; and amend the calculation impact fees for certain developments.

This measure promotes higher density, compact development, and efficient use of the state's limited lands that are suitable for residential development. Promoting higher density development in urban areas aids in addressing our shortfall of housing units and reduces pressure to convert agricultural and conservation lands to urban uses.

Thank you for the opportunity to testify on this bill.



LAND USE COMMISSION

Komikina Ho'ohana 'Āina

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
Ka 'Oihana Ho'omōhala Pā'oihana, 'Imi Wai wai a Ho'omāka'ika'i

JOSH GREEN, MD
GOVERNOR

DANIEL E. ORODENKER
EXECUTIVE OFFICER

235 S. Beretania Street, RM 406, Honolulu, Hawai'i 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawai'i 96804
Email Address: dbedt.luc.web@hawaii.gov

Telephone: (808) 587-3822
Fax: (808) 587-3827
Website: luc.hawaii.gov

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

Before the
Senate Committee on Housing

Tuesday February 6, 2024
1:15 PM
State Capitol, Room 225 and Video Conference

In consideration of
SB3202

RELATING TO URBAN DEVELOPMENT

Chair Chang; Vice Chair Hashimoto; and members of the Senate Committee on Housing:

The Land Use Commission ("LUC") is in strong support of this measure. Not only will it provide needed low-cost housing in already urbanized areas for residents, but it will significantly effectuate the constitutional requirement to protect agricultural lands by removing some of the development pressures on those areas.

Passage of this measure will bring Hawai'i into conformity with the zoning and planning principles of the leading jurisdictions throughout the country having success in building workforce housing.

Thank you for the opportunity to testify on this matter.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-SECOND LEGISLATURE, 2024**

ON THE FOLLOWING MEASURE:

S.B. NO. 3202, RELATING TO URBAN DEVELOPMENT.

BEFORE THE:

SENATE COMMITTEE ON HOUSING

DATE: Tuesday, February 6, 2024 **TIME:** 1:15 p.m.

LOCATION: State Capitol, Room 225 and Videoconference

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Alison S. Kato or Bryan C. Yee, Deputy Attorneys General

Chair Chang and Members of the Committee:

The Department of the Attorney General provides the following comments on this bill.

This bill: (1) requires the counties to allow the development of at least four homes per lot in the state urban land use district; (2) prohibits a private covenant for a residential lot within the urban district that limits the number of residential units below four or that restricts the long-term rental of residential units on that lot; and (3) requires an application for subdivision, consolidation, or resubdivision of parcels within the state urban land use district to receive final approval from the director of the applicable county agency responsible for land use, subject to certain provisos.

If the intent of this bill is to remove the county planning director's discretion on final approval or disapproval of a subdivision, consolidation, or resubdivision application, this could be stated more clearly by replacing the wording from page 12, line 17, through page 13, line 3, with the following:

(g) Notwithstanding any other law, county ordinance, or rule to the contrary, the director of the county agency responsible for land use shall give final approval for any application for subdivision, consolidation, or resubdivision of parcels within the state urban land use district; provided that: . . .

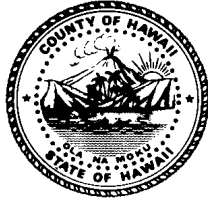
Separately, we have a technical comment. The bill adds new sections to chapters 46 and 205, HRS. The statutes in both chapters are grouped into parts. If the Committee decides to pass this bill, we recommend designating to which parts the new sections will be added. This can be done by revising line 5 on page 4 and line 7 on page 6 (shown in Ramseyer format for convenience): “by adding to part a new section to be appropriately designated.”

Thank you for the opportunity to offer comments.

Mitchell D. Roth
Mayor

Deanna S. Sako
Managing Director

West Hawai'i Office
74-5044 Ane Keohokālole Hwy
Kailua-Kona, Hawai'i 96740
Phone (808) 323-4770
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County of Hawai'i PLANNING DEPARTMENT

Zendo Kern
Director

Jeffrey W. Darrow
Deputy Director

East Hawai'i Office
101 Pauahi Street, Suite 3
Hilo, Hawai'i 96720
Phone (808) 961-8288
Fax (808) 961-8742

February 5, 2024

Testimony of
Zendo Kern
Director, County of Hawai'i, Department of Planning
before the
SENATE COMMITTEE ON HOUSING
Tuesday, February 6, 2024
1:15 p.m.
State Capitol, Conference Room 225
In consideration of
SENATE BILL NO. 3202
RELATING TO URBAN DEVELOPMENT

LATE

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

The County of Hawai'i Planning Department **strongly supports** SB 3202, which would prohibit county zoning ordinances from not allowing four or more residential units per residential lot within the State urban district, provides that a parcel zoned for residential use that is in the state urban land use district shall not be prohibited from being subdivided, consolidated, or resubdivided under certain conditions, and requires the counties to consider the square footage of a development when determining the development's proportionate share of public facility capital improvement costs.

The goals of SB 3202 seek to enhance the zoning entitlement process which is often seen as a major obstacle in the development of housing. While Hawai'i County continues to actively implement zoning reform through guidance in conjunction with our Hawai'i County Code, General Plan and Community Development Plans, there are still regulatory barriers that we encounter on the day to day basis. SB 3202 aims to provide the entire State with land-use entitlements that would be a useful and creative to approach to reducing such regulatory barriers.

We commend the Legislature for considering new ways to help address the state housing crisis and the County of Hawai'i Planning Department urges the committee to support the intent of SB 3202.

Thank you for the opportunity to testify on this measure.

February 6, 2024

TO: Chair Chang and members of the Hawai'i State Senate Housing Committee
RE: SB 3202 RELATING TO URBAN DEVELOPMENT

Dear Chair and Committee Members,

My name is Sterling Higa, and I serve as executive director of Housing Hawai'i's Future, a nonprofit creating opportunities for Hawai'i's next generation by ending the workforce housing shortage.

We support SB 3202, the "Missing Middle Housing" Bill.

We seek to minimize greenfield development. Rather, we prefer smart growth principles (rezoning, upzoning, infill development, and adaptive reuse) to fully utilize existing building stock and infrastructure.

SB 3202 helps correct our broken zoning codes which make "missing middle housing" illegal.

Missing Middle Housing (duplexes, triplexes, quadplexes) are affordable by design. And medium density starter homes are contextually appropriate for our island neighborhoods.

This bill would also allow for small homes on small lots, which are also affordable by design. Small homes are also more appropriate for today's smaller household sizes.

Attached below, please find our policy brief on minimum lot sizes, coauthored with Hawai'i Zoning Atlas.

Please vote yes to Missing Middle Housing.

If you have any questions or would like to learn more about our research, let's make time to talk story.



Thank you,



Sterling Higa
Executive Director
Housing Hawai'i's Future
sterling@hawaiisfuture.org
+1 (808) 782-7868

MINIMUM LOT SIZE

Research by Devon Chodzin
Edited by Trey Gordner and Sterling Higa

EXECUTIVE SUMMARY

Minimum lot size is a zoning regulation that sets the minimum amount of land required for new development. These requirements vary by county and type of land use in Hawaii. They were invented in the late 1910s to maintain racial segregation in North America. Today, they harm housing affordability, social equality, and environmental sustainability in Hawai'i.

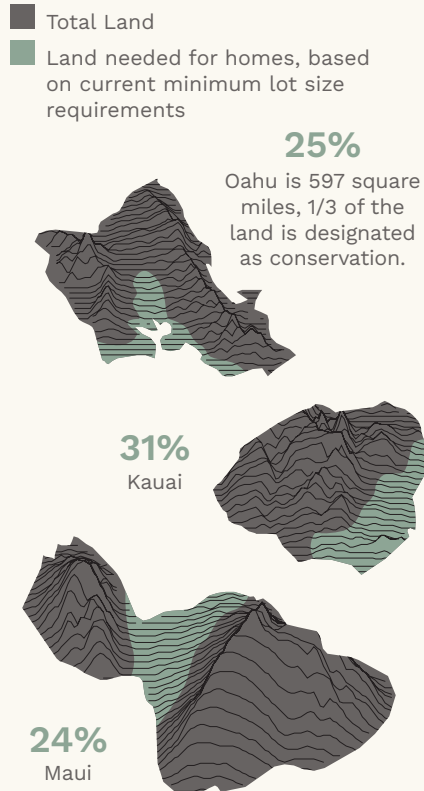
KEY ISSUES

- **Racial and Economic Segregation:** Minimum lot sizes maintain racial and economic inequality. Areas with larger lot sizes tend to be whiter and wealthier.
- **Affordability Crisis:** Minimum lot sizes add to housing prices because land costs money. Smaller, affordable homes are difficult to build when minimum lot sizes are large. This makes housing unaffordable for first-time buyers, low-income residents, and seniors.
- **Environmental Impact:** Large lot sizes promote greenfield development. They add to urban sprawl and increase dependence on cars.
- **Multigenerational Living and Seniors:** Large lot sizes prevent traditional, multigenerational living arrangements. This causes hardship for community elders (kūpuna) and contradicts Hawaiian culture.

PROPOSED SOLUTIONS

- **Reduce Minimum Lot Sizes:** Reduce minimum lot sizes (for example, to 1,500 square feet).
- **Legalize Starter Homes:** Allow by right construction of small homes on small lots, ideal for first-time buyers, retirees, and young families.

Land necessary to house Hawaii's population at different MLS



- **Expand ADU Eligibility:** Allow by right construction of more accessory dwelling units (ADUs).

CONCLUSION

Minimum lot size requirements are rooted in racial segregation. They're designed to entrench economic inequality. They're bad for the environment.

Reducing minimum lot sizes will create more affordable housing, improve social equity, and increase sustainability. ➡

RECOMMENDED SOURCES

- <https://homelessness.hawaii.gov/ohana-zones/kamaoku/>
- <https://governor.hawaii.gov/newsroom/office-of-the-governor-news-release-first-medical-respite-kauhale-units-arrive/>
- <https://www.youtube.com/watch?v=ny9WJ31mPi0>
- <https://www.brookings.edu/articles/gentle-density-can-save-our-neighborhoods/>
- <https://www.youtube.com/watch?v=EQGQU0T6NBc>

POLICY BRIEF

MINIMUM LOT SIZE

Research by Devon Chodzin

Edited by Trey Gordner and Sterling Higa

EXECUTIVE SUMMARY

Minimum lot size is a zoning regulation that sets the minimum amount of land required for new development. These requirements vary by county and type of land use in Hawaii. They were invented in the late 1910s to maintain racial segregation in North America. Today, they harm housing affordability, social equality, and environmental sustainability in Hawai'i.

KEY ISSUES

- **Racial and Economic Segregation:** Minimum lot sizes maintain racial and economic inequality. Areas with larger lot sizes tend to be whiter and wealthier.
- **Affordability Crisis:** Minimum lot sizes add to housing prices because land costs money. Smaller, affordable homes are difficult to build when minimum lot sizes are large. This makes housing unaffordable for first-time buyers, low-income residents, and seniors.
- **Environmental Impact:** Large lot sizes promote greenfield development. They add to urban sprawl and increase dependence on cars.
- **Multigenerational Living and Seniors:** Large lot sizes prevent traditional, multigenerational living arrangements. This causes hardship for community elders (kūpuna) and contradicts Hawaiian culture.

PROPOSED SOLUTIONS

- **Reduce Minimum Lot Sizes:** Reduce minimum lot sizes (for example, to 1,500 square feet).
- **Legalize Starter Homes:** Allow by right construction of small homes on small lots, ideal for first-time buyers, retirees, and young families.
- **Expand ADU Eligibility:** Allow by right construction of more accessory dwelling units (ADUs).

CONCLUSION

Minimum lot size requirements are rooted in racial segregation. They're designed to entrench economic inequality. They're bad for the environment.

Reducing minimum lot sizes will create more affordable housing, improve social equity, and increase sustainability.

WHAT ARE MINIMUM LOT SIZE REQUIREMENTS?

A minimum lot size requirement (sometimes called a minimum area requirement or simply "minimum lot") is a rule that sets the minimum amount of land required for new development. Each county (Honolulu, Hawai'i, Maui, Kaua'i) sets its own minimum lot sizes.

Minimum lot sizes differ by use (commercial, single-family residential, multiple-family residential, industrial) and zone. Some residential districts might require a 10,000 square foot lot, while others might require a 20,000 square foot lot.

Density: A 10,000 square foot minimum lot size allows four houses per acre. A 20,000 square foot minimum lot size per house allows two houses per acre. This is low density housing.

In 1917, the United States Supreme Court ruled that explicit racial zoning was unconstitutional. In the late 1910s, minimum lot size requirements emerged to maintain racial segregation. Many suburbs adopted minimum lot size zoning during the Second Great Migration of African Americans from 1940 to 1970.

Critics argue that requiring a large minimum lot inflates housing prices. Large minimum lot sizes cause traffic congestion, residential segregation, and environmental degradation. Minimum lot size requirements cause housing shortages by preventing urban redevelopment. Minimum lot sizes also prevent existing homeowners from subdividing their lots and selling the individual lots for redevelopment.

WHY ARE MINIMUM LOT SIZE REQUIREMENTS AN ISSUE?

- Minimum lot size requirements make homes bigger. To make up for the large initial cost of land, developers build larger, more expensive houses. These large, luxury homes cater to investors on the mainland and abroad.
- Large minimum lot size zoning is rooted in racial segregation. Large minimum lot sizes entrench economic inequality.
- Minimum lot sizes increase

land costs for developers. Developers pass these costs on to homebuyers. This adds to the price of all housing, especially small starter homes.

- Minimum lot sizes stop homeowners from subdividing their lots and selling portions to family. This restricts the supply of housing in urban centers and pushes development to the edge.
- Minimum lot size requirements encourage greenfield development on the fringes of cities. This causes development on agricultural land, ecological preserves, and land vital for Native Hawaiian cultural practices.
- Minimum lot sizes cause sprawl and force people to use cars. Less dense areas are less walkable and unlikely to be served by transit. Thus, commuters rely on private vehicles to get to work, shopping, or community services. This increases traffic.

MINIMUM LOT SIZES HAVE A RACIST PAST AND RACIST PRESENT

Zoning regulations began at the turn of the 20th century as a tool for separating “incompatible” land uses in crowded cities. For example, zoning separated factories and other pollution sources from residences, schools, and community facilities.

However, some early proponents of zoning wanted to separate white residential communities from minorities. They saw racial minorities and immigrants as nuisances to be regulated the same way they regulated indus-

trial or agricultural nuisances. Explicit racial zoning drew hard lines of where Black and white residents could live in cities across the United States in the first two decades of the 20th century, dividing them along lines that, too often, still persist.

Minority communities were often located near environmental hazards, exposing them to toxic surroundings. For example, districts zoned for white residents typically did not allow industrial development, but many districts zoned for minorities and immigrants permitted industrial development. This exposed residents to toxic fumes and runoff at much higher rates than white residents.

The Supreme Court struck down racial zoning in 1917, but segregation persisted through implicitly racist zoning policy. Land and single-family homes were expensive. Minorities and immigrants were poor. Separating single-family homes from apartments and requiring them to occupy wasteful amounts of land ensured that only the “right sort” could afford to live in the neighborhood. (APA)

During the Second Great Migration, Black households in the American South migrated to northern and western cities in search of greater opportunity. At the same time, U.S. policy subsidized “white flight” from urban centers into the suburbs. As those suburbs grew and attracted the middle class, local governments instituted minimum lot size regulations as the primary land control tool to limit Black migration into

LARGE MINIMUM LOT SIZES CONTINUE TO CREATE INVISIBLY GATED COMMUNITIES THAT EXCLUDE MINORITIES, IMMIGRANTS, AND NATIVE HAWAIIANS BY PRICING THEM OUT.

the suburbs. (Cui)

Today, the communities with some of the largest minimum lot sizes remain the whitest and most affluent, limiting wealth-building opportunities for people of color and excluding low- and middle-income households.

Hawai‘i imported zoning wholesale from the mainland without recognizing the underlying racist intent. As a result, we produced the same racist outcomes. Large minimum lot sizes continue to create invisibly gated communities that exclude minorities, immigrants, and Native Hawaiians by pricing them out.

MINIMUM LOT SIZES MAKE HOUSING MORE EXPENSIVE FOR THE BUILDER AND THE BUYER

The effects of minimum lot size regulations on home pricing are direct and indirect. One direct outcome of requiring a larger lot is that the cost of land for any new housing may prove larger than necessary. For example, if

a developer owns a 20-acre parcel, that developer may be able to build, at the absolute maximum, 200 houses with tenth-acre yards; quite roomy by Hawaiian standards. But if that developer is in a district with a half-acre minimum lot size, suddenly that developer can only build, at maximum, 40 houses. The larger lot size means a higher cost for the buyer, who must purchase more land than necessary on which to site a new house. (Gyourko and Molloy)

In Hawaii, housing development is naturally constrained by shoreline and high mountains. However, minimum lot sizes work with other regulations (exclusions of multifamily dwellings, height limits) to impose an even more restrictive cap on the amount of housing units that can be built. That creates scarcity that drives up the price of housing. (Gyourko and Molloy)

Minimum lot sizes also encourage the development of larger houses to make up for excess land

IF A DEVELOPER CAN ONLY BUILD A LIMITED NUMBER OF SINGLE-FAMILY DWELLINGS ON A PARCEL, THAT DEVELOPER WILL BUILD LARGER, MORE EXPENSIVE DWELLINGS TO MAXIMIZE RETURN ON INVESTMENT.

costs. If a developer can only build a limited number of single-family dwellings on a parcel, that developer will build larger, more expensive dwellings to maximize return on investment. These large homes do not meet local housing needs. Instead, they appeal to mainland or international investors either as new primary residents, vacationers, or landlords. (Zhao)

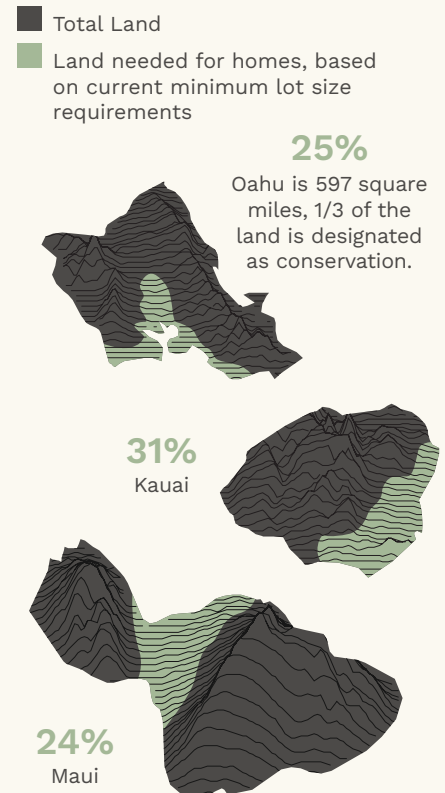
Indirectly, minimum lot size regulations are part of a suite of regulations that can make dense infill development in urban areas cost prohibitive. The uncertainty involved in submitting proposals, proposing variances, or otherwise subjecting a proposal to intense scrutiny increases project costs relative to large-lot single-family developments on the suburban edge. (Boudreaux)

MINIMUM LOT SIZES INCREASE SPRAWL, ENVIRONMENTAL DEGRADATION, AND INJUSTICE

Minimum lot sizes require more land per individual dwelling unit. To accommodate additional families, localities and homeowners cannot keep up with demand through subdivision and redevelopment, so developers convert rural and agricultural land on the urban fringe for greenfield development. This form of suburban sprawl invites more private vehicles, roads, and residences onto undeveloped land and eats away at habitat for Hawaii's diverse species.

Cities like Portland, OR and Fairfax, VA have seen suburbanization pushed to the fringe of their

Land necessary to house Hawaii's population at different MLS



metropolitan areas. Portland's celebrated urban growth boundary institutes a super-large minimum lot size outside of the city to preserve agricultural land. However, large suburban development hasn't stopped; it has moved over the border into Washington State.

In Fairfax, VA, a suburb of Washington, DC, large lot zoning on the city's western edge has pushed development over the border into Loudoun County. Housing in Loudoun County adjacent to Fairfax's large-lot western neighborhoods is built more densely. This is a prime example of pushing development to the urban fringes,

MINIMUM LOT SIZE REQUIREMENTS FORCE LOW- AND MODERATE-INCOME HAWAII RESIDENTS, WHO ARE DISPROPORTIONATELY NATIVE HAWAIIAN, TO SETTLE IN HIGH-RISK LOCATIONS WHERE HOUSING IS MORE AFFORDABLE.

further and further from job centers, eating up rural land.

While large-lot residential development does allow room for green space in the form of front- and rear yards, this patchwork use of land does not provide the same ecological services as undisturbed land. Residential lawns and landscaping are not good sources of habitat or carbon sequestration compared to the original meadows, wetlands, and forests. They also represent a massive drain on our water supply, which should be conserved as much as possible in light of climate change. The EPA estimates that one-third of all residential water is used for landscaping, and half of that is wasted through evaporation, wind, and run-off.

Minimum lot size requirements force low- and moderate-income Hawaii residents, who are disproportionately Native Hawaiian, to settle in high-risk locations where housing is more affordable. For example, on Hawai'i island, Puna is

an affordable area, but it has only road of entry, and some homes are in the path of an active volcano.

This is environmental injustice: an unequal distribution of burden is placed on low-income Hawaiians through increasing the environmental hazards they live near. Comparably affordable housing is found near landfills, polluted industrial sites, and land at greater risk from sea level rise, volcanic eruption, and wildfires.

PROPOSED SOLUTIONS

Many cities and counties have reduced minimum lot size requirements. They allow small-scale, affordable infill projects near existing infrastructure, schools, and job centers. This is a more affordable and sustainable pattern of development than suburban sprawl.

Small lot development is gradual and will not overwhelm infrastructure. Over time, property owners with excess land subdivide their properties to add housing. This puts money in their pocket and invites new neighbors into the community, especially family members and close friends.

The counties and state should consider a Starter Homes Bill, allowing small-home, small-lot development by right. Nowhere in Hawai'i is it legal to build a 1,000 square foot home on a 1,500-2,000 square foot lot due to minimum lot size requirements. However, these homes are ideal "starter homes" for local residents on a budget: first-time buyers, retirees, and young families. This is especially urgent

on Maui, where the minimum lot size in the densest residential district is 6,000 square feet.

Small homes on small lots are especially helpful for first-time buyers, seniors, and low-income families. They also create home ownership opportunities for Native Hawaiians harmed by exclusionary zoning policies. At a time of significant upheaval and rebuilding, reforming our broken zoning codes will ensure equitable, sustainable housing for all. ➤

RECOMMENDED RESOURCES

REFERENCES

- <https://homelessness.hawaii.gov/ohana-zones/kamaoku/>
- <https://governor.hawaii.gov/newsroom/office-of-the-governor-news-release-first-medical-respite-kauhale-units-arrive/>
- <https://www.youtube.com/watch?v=ny9WJ31mPi0>
- <https://www.brookings.edu/articles/gentle-density-can-save-our-neighborhoods/>
- <https://www.youtube.com/watch?v=EQGQU0T6NBc>



holomua

COLLABORATIVE

OUR MISSION

To support and advance public policies that make Hawai'i affordable for all working families.

OUR VISION

Collaborative, sustainable, and evidence-based public policies that create a diverse and sustainable Hawai'i economy, an abundance of quality job opportunities, and a future where all working families living in Hawai'i can thrive.

BOARD MEMBERS

Jason Fujimoto
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Micah Kāne
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Josh Feldman
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Alicia Moy
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Page 1 of 1

Committee: Senate Committee on Housing
Bill Number: SB 3202, Relating to Urban Development
Hearing Date and Time: February 6, 2024 at 1:15pm (Room 225)
Re: Testimony of Holomua Collaborative in support

Aloha Chair Chang, Vice Chair Hashimoto, and Committee Members:

We write in support of SB 3202, Relating to Urban Development. The purpose of the bill – put simply – is to remove some of the barriers, which make it difficult under current zoning regulations to build smaller, more affordable homes for local families who are trying to make ends meet in Hawai'i.

We know that land is most of the cost of single-family housing in Hawai'i. Exacerbating that is the fact that in most of Hawai'i, you must have at least 5,000 square feet of land to be allowed to build a single-family home. This immediately increases the cost of building a home. It also incentivizes the creation of much larger homes. This means, in turn, that only wealthier families can afford these homes. Which is part of the reason so many longtime local families have been forced to move away.

SB 3202 would address this challenge in three basic steps: (1) by focusing on areas within the urban state land use district; (2) in those areas, reducing the minimum lot size requirements for housing; and (3) allowing more than one home to then be built on those smaller lots, in those designated urban state land use areas.

This approach has multiple benefits, including:

- Allowing individual homeowners in urban areas to build more than one small home on their existing lots would help keep local working families in Hawai'i by reducing their home costs;
- By encouraging housing for more people in the urban stand land use district it will help protect open and agricultural spaces; and
- By allowing for these “starter homes” in the urban state land use district, we will create a new option for local families that is more consistent with neighborhood character and is an antidote to “monster homes.”

It is worth noting that even with the changes proposed by this bill, no new building could occur unless sufficient infrastructure (water, sewer, etc.) is present to support it.

As an organization that is devoted to finding ways to keep all local working families in Hawai'i by making sure they can afford to stay here, we support this bill as an innovative approach to address urgent cost-of-living challenges.

Sincerely,

Josh Wisch
President & Executive Director

February 6, 2024

The Honorable Stanley Chang, Chair

Senate Committee on Housing
State Capitol, Conference Room 225 & Videoconference

RE: Senate Bill 3202, Relating to Urban Development

HEARING: Tuesday, February 6, 2024, at 1:15 p.m.

Aloha Chair Chang, Vice Chair Hashimoto, and Members of the Committee:

My name is Lyndsey Garcia, Director of Advocacy, testifying on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawaii and its over 11,000 members. HAR provides **comments** on Senate Bill 3202, which Part II: Prohibits county zoning ordinances from not allowing four or more residential units per residential lot within an urban district. Requires the counties to allow for attached and detached additional units or accessory dwelling units but authorizes the counties to impose certain restrictions. Part III: Provides that a parcel zoned for residential use that is in the state urban land use district shall not be prohibited from being subdivided, consolidated, or resubdivided under certain conditions. Part IV: Requires the counties to consider the square footage of a development when determining the development's proportionate share of public facility capital improvement costs. Permits the appropriate board of water supply to calculate impact fees based on total number of fixtures when the public facility impacted is a water or sewage facility. Effective 1/1/2026.

According to the Department of Business Economic Development and Tourism's 2019 report on Housing Demand in Hawaii, the state needs up to 45,497, housing units to meet demand in Hawai'i by 2030.¹ Ultimately, we have a housing supply problem, and creative approaches are needed to meet our state's housing challenges.

As such, Hawaii REALTORS® supports the intent of this measure to increase the supply of housing. We look forward to continuing the conversation on this important issue, working with all stakeholders to address concerns, and finding creative solutions to address our housing supply needs.

Mahalo for the opportunity to testify on this measure.

¹ Department of Business, Economic Development & Tourism. (2019). *Hawaii Housing Demand 2020-2030*. <https://files.hawaii.gov/dbedt/economic/reports/housing-demand-2019.pdf>



335 Hahani Street #342132 * Kailua, HI 96734 * Phone/Fax (808) 262-0682 E-Mail: htf3000@gmail.com

February 6, 2024

COMMITTEE ON HOUSING
Senator Stanley, Chang, Chair
Senator Troy N. Hashimoto, Vice Chair

SB 3202
RELATING TO URBAN DEVELOPMENT

Hawaii's Thousand Friends, a statewide non-profit water and land use planning organization dedicated to protecting the environment, human health, and cultural and natural resources opposes SB 3202 which requires counties to allow 4 or more residential units per residential lot within the urban district.

Through legislation the state has granted the counties the *power to enact ordinances deemed necessary to protect health, life, and property and to preserve the order and security of the county and its inhabitants....*

SB 3202 takes that power away by dictating that each county **must** allow development of no less than four homes per lot.

SB 3202 dictates that no less than four homes **must** be allowed on a minimum 1,200 square foot (30x40) lot.

According to the engineering tool book the average person needs about 100-400 square feet of space to feel comfortable in an apartment.

SB 3202 must be held because it ties the hands of county planners, county decision makers and residents to ensure that all development has adequate infrastructure, ensures the health and well-being of residents, and provides a good quality of life.



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of the Hawai'i Appleseed Center for Law and Economic Justice
Support for S.B. 3202 – Relating to Urban Development
Senate Committee on Housing
Tuesday, February 6, 2024, at 1:15 PM, Conf. Rm. 225 and via Videoconference

Dear Chair Chang, Vice Chair Hashimoto, and fellow committee members:

Thank you for the opportunity to express our strong **SUPPORT for S.B. 3202**, which would allow for four-plex by right development and reduce barriers to achieving missing middle housing options by reducing exclusionary zoning rules.

“Missing middle” housing is sorely missed in Hawaii’s current development landscape largely due to our restrictive county zoning rules. These types of housing forms fall between single-family and high-rise apartments and can take the form of duplexes, triplexes, and other smaller forms of family sized housing units. Current zoning rules only allow for the development of tall apartments and condos or expensive single family homes on large lots. S.B. 3202 would create the opportunity to purchase housing options that are essential to creating affordable, scalable solutions to Hawaii’s working families.

Lack of diverse housing options drive up prices and push many locals out of Hawai’i. Current practices across the counties make creating smaller homes on smaller lots almost impossible. With the cost of land so high in Hawai’i, introducing a missing middle housing option can create an alternative from high priced small condos or overly expensive large lot single family homes. By providing more options in our housing market Hawai’i can relieve price pressure on the private market and prevent the displacement of long-standing residents and ensure that Hawai’i remains accessible to the diverse range of housing prices and forms needed.

Increasing our housing supply through the integration of missing middle housing is not only about increasing supply; it’s about creating housing forms within already existing neighborhoods to allow for families to continue living near relatives and communities. Whether it’s families looking for modest sized and priced housing, kupuna seeking to downsize their home within their existing community, or young professionals looking to purchase their first home, S.B. 3202 would facilitate the creation of more housing options.

By embracing the concept of missing middle housing, we can create a more diverse, affordable, and sustainable community. The current one-size fits all approach to single-family zoning does not reflect the needs of Hawaii’s people. Housing needs change over time, and our zoning rules should accommodate those changes. S.B 3202 would allow for a wider and more diverse array of housing options and give greater opportunities for residents to stay in Hawaii and within their communities. This third option of growing internally allows us to meet a wider range of housing needs and eliminate barriers that have exasperated our housing crisis.

Mahalo for the opportunity to testify.



February 5, 2024

Senator Stanley Chang, Chair
Senator Troy Hashimoto, Vice Chair
Committee on Housing

RE: **SB 3202– RELATING TO URBAN DEVELOPMENT**
Hearing date – February 6, 2024 at 1:15 PM

Aloha Chair Chang, Vice Chair Hashimoto, and members of the committee,

Thank you for allowing NAIOP Hawaii to submit testimony in **SUPPORT OF SB 3202– RELATING TO URBAN DEVELOPMENT**. NAIOP Hawaii is the Hawaii chapter of the nation’s leading organization for office, industrial, retail, residential and mixed-use real estate. NAIOP Hawaii has over 200 members in the State including local developers, owners, investors, asset managers, lenders, and other professionals. NAIOP Hawaii is generally supportive of efforts to incentivize sustainability and promote the development of more affordable housing.

SB 3202 proposed several creative solutions to provide additional housing in Hawaii which include:

1. Allowing for the development of at least four homes per lot in the state urban land use district (with the counties able to provide a higher maximum number of homes per lot);
2. Allowing for approval for subdivisions of parcels with a minimum lot size of one thousand two hundred square feet in the state urban land use district; and
3. Amend the calculation of impact fees for certain developments.

NAIOP Hawaii supports of creative housing solutions to address Hawaii’s housing shortage. Hawaii is currently facing housing crisis with the need for more affordable homes for residents reaching an all-time high. This measure seeks to allow for the development of additional units through permitting greater density in the urban districts and by allowing subdivision of lots with a minimum square footage.

Ultimately, Hawaii residents need housing units to be produced to allow our local families to continue to thrive here. NAIOP Hawaii is supportive of policies which encourage the production of much needed housing stock for our local residents.

Senator Stanley Chang, Chair
Senator Troy Hashimoto, Vice Chair
Committee on Housing
February 5, 2024
Page 2

Accordingly, NAIOP Hawaii supports SB 3202 which will expedite the production of homes for our residents. Thank you for the opportunity to testify on this measure.

Mahalo for your consideration,

A handwritten signature in black ink, appearing to read 'Reyn Tanaka', with a long horizontal flourish extending to the right.

Reyn Tanaka, President
NAIOP Hawaii



**Testimony to
Senate Committee on Housing
February 6, 2024
1:15 PM
Conference Room 225 & VIA videoconference
Hawaii State Capitol
SB 3202**

Aloha Chair Chang, Vice Chair Hashimoto, and members of the Committee,

We write in support of SB 3202. This bill will simplify the process of building smaller, affordable homes in urban areas, providing advantages for local working families in Hawai'i.

Established in 1904, Hawaii Gas serves over 70,000 customers on all islands through its utility pipeline infrastructure and propane business, all of whom depend on the company for sustainable, reliable, and affordable gas for water heating, cooking, drying, and other commercial and industrial applications. The company employs some 350 professionals, over 75% of whom are members of the Teamsters Union.

Because we employ so many people in a variety of different roles statewide, we understand that a critical challenge many in our company face is finding housing. This challenge has only grown over the years as the price of existing homes in Hawaii has, adjusted for inflation, increased by 155% since 1984. A crucial aspect of the challenge stems from the existing zoning requirements that promote the construction of large homes on expansive lots. Over the years, this trend has led to an increasing number of individuals starting their careers being priced out of the local housing market.

SB 3202 takes an innovative approach by reducing the minimum lot size and permitting the construction of smaller homes in urban areas. This strategy aims to alleviate housing costs by introducing more and smaller homes in the urban state land use district, simultaneously decreasing housing expenses, expanding supply, and preserving open and agricultural spaces.

We know there must be multiple solutions to address the lack of housing for local working families and we are happy to support SB 3202 as a key part of the solution.

Thank you for the opportunity to testify.



**Church
of the
Crossroads**
United Church of Christ



TESTIMONY IN SUPPORT OF BILL SB 3202

Senate Committee on Housing
February 6, 2024 at 1:00 p.m.
Conference Room 225 & Video

Chair Chang, Vice Chair Hashimoto, Members,

Church of the Crossroads, Hawaii's first deliberately interracial congregation now over 100 years old, remains committed to supporting Hawaii's richly diverse population. We ask you to **please pass SB 3202** which allows, but does not require, four or more residential units to be built per residential lot within urban districts while permitting counties to impose certain restrictions. SB 3202 limits subdivision lot size to a minimum of 1,200 square feet. The proposed change, based upon existing actions used to generate more housing in Minneapolis, Seattle, and Oregon urban areas, is most needed in land-limited Hawaii.

Hawaii has the highest housing costs in the nation. Adjusted for inflation, the price of existing homes in Hawaii has increased by more than 150% since 1984. Meanwhile, Hawaii's median household income, adjusted for inflation, has risen only 24% over that time. No surprise that Hawaii has the highest percentage of homeowners paying more than 30% of income on their mortgage, the recognized maximum for home payments. No surprise this leads to household stress and drives our people to the mainland. The State's population has declined for seven consecutive years. The people leaving include our young and others most needed for our future. It's a tragedy that more Native Hawaiians now live outside Hawaii than in Hawaii.

Our islands need to help Hawaii's "priced out" children, relatives, and friends find homes here. We don't like having the world's wealthy overwhelm this small local market with their often-vacant vacation homes.

SB 3202 carries out the intention of Hawaii's historic land use law, which states that urban growth should be encouraged primarily in existing urban areas where adequate public facilities are already available or can be provided with reasonable public expenditures, not in areas where other benefits are present, such as protection of important agricultural and conservation land [1961 Act 187].

Mahalo for your attention to the Church's testimony in support of SB 3202.

Aloha,

Galen Fox, Past Moderator (President)
Church of the Crossroads

Feb. 6, 2024, 1:15 p.m.
Hawaii State Capitol
Conference Room 225 and Videoconference

To: Senate Committee on Housing
Sen. Stanley Chang, Chair
Sen. Troy N. Hashimoto, Vice-Chair

From: Grassroot Institute of Hawaii
Ted Kefalas, Director of Strategic Campaigns

RE: TESTIMONY IN SUPPORT OF SB3202 — RELATING TO URBAN DEVELOPMENT

Aloha Chair Chang, Vice-Chair Hashimoto and Committee Members,

The Grassroot Institute of Hawaii would like to offer its strong support for [SB3202](#), a far-reaching bill that seeks to grow housing by removing many of the barriers to the construction of smaller and more economical units.

The aim of this bill is to boost the construction of smaller, more affordable “starter homes” across the state, thereby incentivizing homebuilders to build smaller houses and bring down the cost of housing statewide.

Every element of this bill reflects the growing consensus among housing experts that zoning reform is essential to increasing housing supply.

In a recent Grassroot Institute report, “How to facilitate more homebuilding in Hawaii,” policy researcher Jonathan Helton specifically addressed many of the provisions found in this bill.¹

Specifically, SB3202 would permit the construction of more than one home per residential lot in urban districts; remove barriers to accessory dwelling units; provide for the subdivision of lots; and reform impact fees to prevent them from being a barrier to development.

¹ Jonathan Helton, [“How to facilitate more homebuilding in Hawaii.”](#) Grassroot Institute of Hawaii, December 2023, p. 6.

One of the most significant elements of SB3202 is its embrace of smaller lots as a way to promote the construction of smaller, more affordable homes, or “starter homes.”

Currently, minimum lot sizes for homes in Hawaii range from 3,500 square feet for a single family-home to 10,000 square feet for a duplex or multi-family unit. These large lot requirements are intended to guarantee a certain amount of yard space. However, they inadvertently incentivize the creation of larger, more expensive homes.

“Faced with having to provide a certain amount of land for each home, it makes logical sense that many homebuilders would build the largest houses allowable to maximize their profitability,” wrote Helton in the Grassroot report.. “If smaller lots were allowed, thus reducing project costs, homebuilders would find it financially feasible to build smaller, less expensive homes”²

In order to be feasible, subdivision of lots must be accompanied by adjustments to rules regarding setbacks and floor area ratios, which this bill includes.

It must be noted that the bill allows for subdivision to lots of 1,200 square feet, but it does not require it, thereby allowing lot size to be determined by the project and available space.³

Finally, SB3202 takes a sensible approach to impact fees in light of the goals of the bill. Impact fees are just one more element that can add to the cost of construction.

By changing the way that impact fees are calculated so as to minimize additional fees on the conversion of an existing structure and base water/sewage fees on the number of fixtures rather than square footage, this bill would help reduce the cost of homebuilding in our state.

In short, SB3202 has the potential to increase Hawaii’s housing supply and bring down the cost to rent or buy a home in Hawaii. That alone makes it one of the most important pieces of legislation you will consider this year.

We strongly urge you to pass SB3202.

Thank you for the opportunity to testify.

Ted Kefalas
Director of Strategic Campaigns
Grassroot Institute of Hawaii

² [Ibid](#), p. 6.

³ [Ibid](#), p. 16.



Testimony in Support of SB 3202, Relating to Urban Development

Aloha Chair Chang, Vice Chair Hashimoto, and members of the Committee,

We write in strong support of SB 3202. This bill will make it easier to build smaller, more affordable homes in urban areas for local working families in Hawaii.

aio is a locally owned company with holdings across a broad range of industries. Our companies are purpose-driven and firmly rooted in local values. At aio, Hawaii is at our core, and through our products and services, we work hard to make Hawaii a better place for future generations.

To do that, we need to make sure that future generations in Hawaii have a place to live. Hawaii has the highest housing costs in the country. Less than one third of households in Hawaii can afford a median-priced single-family home and less than one half can afford a median-priced condominium. The price of existing homes in Hawaii has increased by 155% since 1984, when adjusted for inflation. We need to do something different.

Loosening zoning requirements in urban areas to allow people to build smaller, less expensive single-family homes that can be built with multiple homes on a typical lot is an innovative approach to our housing challenge. Allowing this in urban areas would lower housing costs and help keep local working families in Hawaii.

Mahalo for the opportunity to submit testimony in support,

A handwritten signature in black ink that reads "Brandon Kurisu".

Brandon Kurisu
aio Family of Companies





February 6, 2024

Committee: Senate Committee on Housing
Bill Number: SB 3202, Relating to Urban Development
Hearing Date and Time: February 6, 2024, 1:15pm
Re: Testimony of HPM Building Supply in Support

Aloha Chair Chang, Vice Chair Hashimoto, and members of the Committee,

We write in strong support of SB 3202. This bill will remove barriers that make it difficult under current zoning regulations to build smaller, more affordable homes for local families who are trying to afford to keep living in Hawaii.

HPM Building Supply is a 100% employee-owned company serving Hawaii's home improvement market and building industry for over 100 years since 1921. With 18 locations across Hawaii and Washington State, HPM offers various services and products, including retail stores, building supply and lumber yards, home design centers, drafting and design services, and manufacturing facilities. HPM is dedicated to enhancing homes, improving lives, and transforming communities one home at a time.

As a building supply company with longtime local roots, we understand the challenges of building housing in Hawaii. Adjusted for inflation, the price of existing homes in Hawaii has increased by 155% since 1984. And no matter what happens to the price of building supplies, the biggest cost of building a home in Hawaii remains the cost of the land. That is why reducing the minimum lot size requirement for a single-family home would make such a difference in the purchase price of a home. Across much of the state, you must have a minimum lot size of at least 5,000 square feet to build a single-family home. This generally encourages building larger homes. Reducing that minimum lot size – and allowing for the construction of more, smaller homes by individual homeowners – would help reduce home prices for local families. This would benefit everyone from young professionals looking to get started in a smaller home to kupuna looking to downsize as their children have moved out.

Since SB 3202 would only allow for this change to the zoning regulations in the urban state land use district this bill also helps to preserve open and agricultural spaces across Hawaii.

This bill also aligns with HPM's values of Heart, Character, and Growth. By supporting ways to build "starter homes" that local families can more likely afford, we're helping to keep all local working families in Hawaii. Our company's value of Heart is caring for one another as a community.

Mahalo for the opportunity to submit testimony in support of SB 3202. I strongly encourage your support and passage of this measure.

Sincerely,

Dennis Lin
Community Relations Administrator





TITLE GUARANTY
HAWAII

February 6, 2024

Testimony in support of SB 3202, Relating to Urban Development

Aloha Chair Chang, Vice Chair Hashimoto, and members of the Committee,

We write in strong support of SB 3202. This bill will make it easier to build smaller, more affordable homes in urban areas for local working families in Hawai'i.

Title Guaranty of Hawai'i is the oldest and largest title company in the state. We have been owned and operated by a kama'aina family since 1896 and we are proud to employ over 250 residents who work in our branches across the state. As an organization that has worked for over a century to help connect local families with housing, we know how dire the housing cost situation in Hawai'i has become for local families.

A critical part of the challenge is that under current zoning requirements, we specifically incentivize building large homes on large lots. As we have seen over the decades, this has increasingly resulted in people at lower income levels – and people just starting out in their careers – in getting priced out of the local housing market. The approach of SB 3202 to reduce the minimum lot size and allow for the construction of smaller homes on these lots, in urban areas, is an innovative way to help reduce some housing costs. By allowing for more and smaller homes in the urban state land use district we can simultaneously bring down housing costs, increase housing supply, and continue to protect open and agricultural spaces.

We urge you to support SB 3202 to help keep local working families in Hawai'i.

Sincerely,

Mike B. Pietsch
President and Chief Operating Officer
Title Guaranty of Hawai'i



TORI RICHARD

February 5, 2024

Aloha Chair Chang, Vice Chair Hashimoto, and members of the Committee,

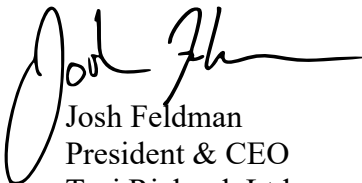
We write in support SB 3202, as it aims to streamline the construction of smaller, cost-effective homes in urban areas, benefitting local working families in Hawai'i.

Tori Richard has manufactured in Honolulu for over 60 years, and we continue to proudly do so today. As a long-time medium-sized Hawaii employer, we recognize the challenge high housing costs pose to everyone working to make ends meet in Hawaii. This issue has intensified over the years, with the cost of existing homes in Hawaii rising by 155% since 1984, when adjusted for inflation.

SB 3202 aims to tackle this challenge through three fundamental steps. First, it concentrates on areas within the urban state land use district. Second, in those specified areas, it reduces the minimum lot size requirements for housing. Third, it permits the construction of more than one home on those smaller lots within the designated urban state land use areas.

This approach has multiple benefits. Allowing individual homeowners in urban areas to build more than one small home on their existing lots helps local working families stay in Hawai'i by reducing their home costs. Encouraging housing for a greater number of people in the urban state land use district aids in the protection of open and agricultural spaces. Additionally, by allowing for these "starter homes" in the urban state land use district, a new option for local families is created, aligning with neighborhood character and acting as a countermeasure to "monster homes."

Sincerely,



Josh Feldman
President & CEO
Tori Richard, Ltd.

1891 NORTH KING STREET
HONOLULU, HAWAII 96819



1001 Bishop Street | Suite 625 | Honolulu, HI 96813-2830
1-866-295-7282 | Fax: 808-536-2882
aarp.org/hi | aarphi@aarp.org | twitter.com/AARPHawaii
facebook.com/AARPHawaii

**The State Legislature
Senate Committee on Housing
Tuesday, February 6, 2024
Conference Room 225, 1:15 p.m.**

TO: The Honorable Stanley Chang, Chair
FROM: Keali'i Lopez, State Director, AARP Hawaii
RE: Strong Support for S.B. 3202 -Relating to Urban Development

Aloha Chair Chang, and Members of the Committee:

My name is Keali'i Lopez, and I am the State Director for AARP Hawai'i. AARP is a nonpartisan, social impact organization that advocates for individuals age 50 and older. We have a membership of nearly 38 million nationwide and nearly 140,000 in Hawaii. We advocate at the state and federal level for the issues that matter most to older adults and their families.

AARP strongly supports S.B 3202 which requires the counties to allow for attached and detached additional units or accessory dwelling units (ADU) but authorizes the counties to impose certain restrictions.

S.B. 3202 allows for expanding zoning by allowing more units, up to 4, in a residential lot, including ADUs. The measure also lifts barriers to building accessory dwelling units and is a common-sense, cost-effective approach that will make good use of existing property throughout the state while easing the housing crisis. AARP is keenly concerned about Hawaii's kupuna on fixed income and their risk of becoming homeless without sufficient affordable options. According to AARP/Statista analysis, close to 970 older adults (age 55+) are expected to be evicted in 2024 and more than 1500 older (55+) may experience homelessness in Hawaii this year. S.B. 3202 would help in easing the housing supply and assist in lowering the eviction and homelessness rate by providing affordable housing to the residents of Hawaii.

AARP respectfully recommend that the legislature consider including some affordable housing requirements such as requiring one of the 4 units to be affordable or keeping them affordable for a number of years.

Thank you for the opportunity to strongly support S.B. 3202.

Sen. Stanley Chang, Chair
Senate Housing Committee

SB3202

2/6/2024, 1:15pm

Conference Room 225

In Support

The Hawai'i Zoning Atlas is part of a nationwide research collective revealing how zoning laws have been used to restrict housing supply and reduce housing affordability. On behalf of our dedicated team of volunteers and student researchers, **we urge the Chair to advance SB3202**, which would permit small, naturally affordable single-family homes on small lots wherever luxury homes on large lots are currently allowed. Modeling land and construction costs in Hawai'i, we estimate that Starter Homes could pencil for \$480,000 or less. Starter homes are wise urban planning, the preferred option for housing growth, and an appropriate case for state action.

1 - The starter homes concept is wise urban planning

The American Planning Association, the national professional organization of urban planners has endorsed the ideas this bill enacts. Their [Equity in Zoning Guide](#) affirms that large lot, single-family zoning with higher parking requirements in cities contribute to inequity and displacement. To increase equity and affordability, the APA suggests allowing more housing types by right (p.17) and enabling the development of densely developed small homes and accessory dwellings that can be sold or rented (pp. 19-20). As trained urban planners ourselves, we wish to highlight that planners who challenge these ideas are out of step with the latest and best recommendations of their own profession.

Planners and policy experts also advocate for an impact fee regime that more accurately represents the [true impact](#) of development that is tailored to the project. Linking impact charges to floor area, as the bill proposes, better accomplishes this goal. Studies have linked overly onerous impact fees to housing cost increases in states like [California](#), and to a preference for developing large, single-family mansions with [limited red tape](#) compared to more modest housing types.

2 - Starter homes are the preferred option for housing growth

If we wish to make room for future generations, there are only 3 options: build out, build up, or build in. Building out—suburban sprawl—is wholly inappropriate to an island environment, threatening our natural and cultural resources. Building up—multi-story apartments and condominiums—has become increasingly contentious, with organized opposition repeatedly delaying, downscaling, or discontinuing new projects in residential areas. This bill provides for the only remaining alternative—infill development, which also has several advantages.

Starter homes are small, single-family homes entirely consistent with the existing character of single-family neighborhoods. They conserve land by containing development within the existing urban boundary and maximize the value of our existing infrastructure investments—adding new

property tax revenues for maintenance well beyond added costs. This was the case in [Portland, OR](#), for example, where relaxing ADU restrictions led to a 30% uptick in ADU construction in 2015 compared to 2000-2009, helping to expand housing options throughout the city and maintain its urban growth boundary for longer.

Moreover, on a human level, this proposal would allow local families to own homes much sooner and more affordably, giving them all the wealth and stability of homeownership. Allowing increased small-unit development can also help Hawai'i residents [pursue comfortable intergenerational living](#), keeping families close together and allowing them to share costs without overcrowding. Modeling land and construction costs in Hawai'i, we estimate that a small-lot starter home could pencil for \$480,000 or less. The primary factor is the use of less land per home; the typical value of residential land in Honolulu is \$137 per square foot, or \$863,100 for the typical 6,300 square-foot lot. (When headlines tout \$1 million median home prices, remember that four-fifths of that is the cost of land, not buildings.)

3 - State action in this case is appropriate and necessary

Recent scholarship has shown that the governing structure of land use decisions—discretionary permits for individual projects—locks local governments into a perpetual cycle of undersupply.

These processes amplify the voices of older, affluent homeowners with a vested interest in the status quo and mute broad-based public support for new housing (not to mention the opinions of future occupants). When researchers compare the opinions expressed in zoning and planning hearings with representative surveys and ballot measures, they find that hearings are far more negative than objective measures of public sentiment, and yield far less housing than the public would support. In short, our current land use policy results from an unrepresentative and inequitable process that, unsurprisingly, yields unrepresentative and inequitable outcomes.

Because the State delegates zoning authority to the Counties specifically to further the public interest, it must guard against that power being co-opted for other interests. The State bears ultimate responsibility for land use decisions and the process by which they are reached. In this sense, SB3202 merely clarifies that providing more housing in existing residential areas is consistent with the public interest and ensures that interest is upheld.

Thank you and please support the bill.

Trey Gordner and Devon Chodzin, Hawai'i Zoning Atlas



Hawai'i YIMBY
Honolulu, HI 96814

hawaiiyimby.com
admin@hawaiiyimby.com

Tuesday, February 6, 2024

Senate Committee on Housing
Hawai'i State Capitol
Honolulu, HI 96813

RE: SUPPORT for SB 3202 - RELATING TO URBAN DEVELOPMENT

Aloha Chair Chang, Vice Chair Hashimoto, and Members of the Committee,

On behalf of Hawai'i YIMBY, I'm writing to support SB 3202, which would legalize missing middle housing in the urban zone and reduce minimum lot sizes, with protections for infrastructure capacity and long-term rentals.

Solving our housing crisis demands a multifaceted approach. We need to build a lot of high density housing along the rail line, but we also need to make missing middle housing legal and feasible across low-density areas of the urban zone. SB 3202 is a powerful solution that will legalize gentle density, potentially unlocking tens of thousands of new housing units for working families, while concentrating new development in the urban zone and ensuring counties retain the ability to ensure adequate infrastructure capacity.

Hawai'i YIMBY (*Yes In My Backyard*) is a volunteer-led grassroots advocacy organization dedicated to supporting bold and effective solutions for Hawai'i's housing crisis. We urge your support for this bill, and thank you for the opportunity to testify.

Sincerely,

Matt Popovich

Co-Lead, Hawai'i YIMBY





Hawai'i Housing Affordability Coalition

Testimony of the Hawai'i Housing Affordability Coalition
Support for S.B. 3202 – Relating to Urban Development
Senate Committee on Housing
Tuesday, February 6, 2024, at 1:15PM, Conf. Rm. 225 and via Videoconference

Dear Chair Chang, Vice Chair Hashimoto, and members of the Committees on Housing:

HiHAC is submitting testimony in STRONG SUPPORT for S.B. 3202, which would allow for fourplex by right development and reduce barriers to achieving missing middle housing options by reducing exclusionary zoning rules.

Under current zoning regulations, our minimum lot sizes effectively limit development to high-rise apartments and condos or large-scale homes on large lots. These restrictions exclude the possibility of smaller, more affordable housing options – otherwise known as missing middle housing. S.B. 3202 will allow for the by right development of such housing.

Missing middle housing fills a crucial gap between single-family homes and high-rise apartments, offering options like duplexes, triplexes, fourplexes, and townhouses. Enabling the construction of these housing options can help increase our housing supply and increase affordability in our housing market. Missing middle housing maximizes the use of available land within existing urban areas, reducing associated land costs which is the most significant cost in development. Additionally, allowing by right development of these units reduces costs associated with our lengthy discretionary approval process.

Providing more housing stock within already existing neighborhoods also allows for residents to remain near relatives and within their existing communities. Whether its families looking for modest sized and priced housing, kupuna seeking to downsize their home, or young professionals looking to purchase their first home, S.B. 3202 would facilitate the creation of more housing options.

Please **PASS S.B.3202** and embrace more inclusive zoning policies that allow for our communities to have access to a diverse array of affordable housing options across various income brackets.

Mahalo for the opportunity to testify,

HiHAC
Hawai'i Housing Affordability Coalition

Affordable Housing Connections LLC

dba AHC Hawaii RB-23812

735 Pahumele Place

Kailua, Hawaii 96734

February 5, 2024
Hawaii State Senate
Attn: Committee on Housing

LATE

Subject: **S.B. 3202 – Relating to Urban Development, Testimony in Support**
Tuesday, February 6, 2024, at 1:15PM, Conf. Rm. 225

Dear Chair Chang, Vice Chair Hashimoto, and members of the Committees on Housing:


I am submitting testimony in **STRONG SUPPORT** for **S.B. 3202**, which allows for four-plex by right development and reduced barriers to achieving missing middle housing options by reducing exclusionary zoning rules.

Our current residential minimum lot sizes effectively limit development to high-rise apartments and condos or large-scale homes on large lots. These restrictions exclude the possibility of smaller, more affordable housing options – otherwise known as missing middle housing. S.B. 3202 will allow for the “by right development” of such housing.

Missing middle housing fills a crucial gap between single-family homes and high-rise apartments, offering options like duplexes, triplexes, fourplexes, and townhomes. Enabling the construction of these housing options can help increase our housing supply and increase affordability in our housing market.

I think we all realize we need more creativity to make a dent in our housing crisis. S.B.3202 is a small but important step in providing more options for contractors, developers and home and property owners to serve a wider portion of our State and Local Communities. Please give this bill your committee’s full support. Mahalo!

Sincerely yours,



Kevin R. Carney, (PB) NAHP-E
President, Affordable Housing Connections LLC
808-221-0205
Kevin.Carney23@outlook.com

Statement of
Meli James
Cofounder
Mana Up

LATE

SB 3202, Relating to Urban Development

Aloha,

We write in strong support of SB 3202. In essence, the bill aims to eliminate obstacles created by existing zoning regulations that make it challenging to build smaller, cost-effective homes for local families struggling to meet expenses in Hawai'i.

Mana Up is a statewide initiative that supports entrepreneurs in Hawai'i, providing them with resources and tools to scale globally. As these entrepreneurs continue to grow, they also help contribute to our expanding our local economy. As part of our mission, we aim to sustain the local economy through economic diversification, local job creation, community giveback, investment, and a regenerative culture of entrepreneurship – providing a better future for generations to come here in Hawai'i. A key part of this is helping to create high-quality jobs for locals so they can stay in Hawai'i and support the high cost of living here in the Islands.

Current regulations generally demand a minimum of 5,000 square feet of land for a single-family home, driving up costs and favoring wealthier families or families who have owned their home for a long time. SB 3202 aims to provide “starter homes” – just the type of housing a young entrepreneur needs - by focusing on urban state land, reducing lot size requirements, and permitting multiple homes on smaller lots. The benefits include cost reduction for working families, preservation of open spaces, and the creation of modest homes aligned with neighborhood character.

This bill is a good opportunity to help keep local working families in Hawai'i by building more and smaller homes that they can afford, and Mana Up is happy to support it.

Sincerely,

Meli James
 Cofounder, Mana Up

SB-3202

Submitted on: 2/5/2024 7:15:09 AM

Testimony for HOU on 2/6/2024 1:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Ellen Godbey Carson	Individual	Support	Written Testimony Only

Comments:

Please support SB3202 as it has important measures to help address our housing crisis.

Allowing lands in our state urban land use district to be more easily subdivided or consolidated assists in increasing density within the areas best served by mass transit, to create the type of housing patterns we need for our local ohana and future generations.

Prohibiting county zoning ordinances from not allowing greater density within the urban district is also important to allowing us to build density in the urban district, while keeping country country.

Thank you for consideration of my testimony.

Ellen Godbey Carson, Honolulu, Hawaii.

SB-3202

Submitted on: 2/4/2024 7:37:39 PM

Testimony for HOU on 2/6/2024 1:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Ola Popovich	Individual	Support	Written Testimony Only

Comments:

Aloha,

My name is Ola Popovich and I'm writing in support of SB3202.

As a young mother I find it incredibly difficult to find housing that is affordable and suitable for a family on Oahu. Legalizing missing middle housing in our neighborhoods is an important way we can address our housing supply crisis, so more families can find housing they can afford and achieve the dream of homeownership.

Mahalo and thank you for your time.

SB-3202

Submitted on: 2/5/2024 9:19:32 AM

Testimony for HOU on 2/6/2024 1:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Maile Greenhill	Individual	Support	Written Testimony Only

Comments:

Hawaii desperately needs missing middle housing to address housing affordability. Smaller/subdivided lots are a great way to add density and increase revenue for the city while maintaining the character of the neighborhood. ADUs are perfect for Hawaii and its mixed multigenerational families. Large single family lots have their place, but they encourage sprawl; Hawaii simply doesn't have the space for sprawl and the difficulties it presents with regards to utility/road maintenance and other services. We need measures like this if I am to have a future living in Hawaii.

SB-3202

Submitted on: 2/2/2024 8:24:35 PM

Testimony for HOU on 2/6/2024 1:15:00 PM

Submitted By	Organization	Testifier Position	Testify
TJ Sao	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Chang and members of the committee,

I am testifying in support of SB 3202, which will prohibit county zoning ordinances from excluding and disallowing four or more residential units per residential lot within an urban district. This will also require counties to allow attached or detached additional units or accessory dwelling units, within certain restrictions of course.

As a youth in Hawai'i, I find our housing situation and overall economy to be terrifying right now and we need bills like this to be passed. We need more housing in Hawai'i and allowing more multi-family dwelling units like this in existing zoning ordinances will help to house Hawai'i's growing population and demands. I think this can work really promising if executed precisely.

I hope this in turn will give rise to bills allowing for mixed-use zoning as well. We need to utilize the limited land we have on our islands. Finally, I would like to add that I believe it's incredibly important that we incorporate nature and the natural environment in our urban areas rather than the car-dependent infrastructure that taints most of Hawai'i right now. The youth years for walkable communities >_<

Mahalo for our consideration,

TJ Sao, Pearl City, HI 96782

SB-3202

Submitted on: 2/5/2024 9:42:10 AM

Testimony for HOU on 2/6/2024 1:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Keaton S Woods	Individual	Support	Written Testimony Only

Comments:

We need more affordable housing, but not just multi-family properties. We need houses with yards so children can play outside and have pets. If families can live in 800-square-foot apartments, they don't need 3,000-square-foot houses.

SB-3202

Submitted on: 2/5/2024 9:42:10 AM

Testimony for HOU on 2/6/2024 1:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Keaton S Woods	Individual	Support	Written Testimony Only

Comments:

We need more affordable housing, but not just multi-family properties. We need houses with yards so children can play outside and have pets. If families can live in 800-square-foot apartments, they don't need 3,000-square-foot houses.

SB-3202

Submitted on: 2/5/2024 10:51:56 AM

Testimony for HOU on 2/6/2024 1:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Will Caron	Individual	Support	Written Testimony Only

Comments:

I support SB3202 to remove restrictive county zoning rules that prevent development of dense, affordable housing at the scale needed to meet our housing needs and, eventually, eliminate homelessness. These restrictive zoning regulations drive up the cost of housing and maintain the inequity in our current housing system, and our economic system more broadly. Mahalo.

LATE

SB-3202

Submitted on: 2/5/2024 8:30:51 PM

Testimony for HOU on 2/6/2024 1:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Tim Ohai	Individual	Support	Written Testimony Only

Comments:

After traveling all over the world, I am shocked that my own home of Hawai'i nei lacks this common sense solution. Allowing for multi-family dwellings will both encourage our children to stay in Hawai'i and allow us to take care of our kūpuna. My own kids have to live in California because they cannot afford to live here. And I cannot afford to buy multiple homes to provide a reasonable level of support for them. I strongly urge the legislature to support this bill.

LATE

**Michael Mohr
493 Portlock Road
Honolulu, Hawaii 96825**

February 5, 2024

Aloha Chair Chang, Vice Chair Hashimoto, and Committee Members,

I write in support of SB 3202, Relating to Urban Development. The purpose of the bill is to remove some of the barriers which make it difficult under current zoning regulations to build smaller, more affordable homes for local families who are trying to make ends meet in Hawai'i.

Land is precious here and very costly. By reducing the minimum lot size requirements for housing in urban state land use districts and allowing more than one home to be built on those smaller lots, a lot more housing can be built.

This would help keep local working families in Hawai'i by reducing their housing costs, indirectly help protect open and agricultural spaces; and create a new option for local families more consistent with neighborhood character.

It is worth noting that even with the changes proposed by this bill, no new building could occur unless sufficient infrastructure (water, sewer, etc.) is present to support it.

I'd like to make sure my kids and my grandchildren can afford to build lives here along with all local working families.

I commend your efforts to support this innovative approach to address urgent cost-of-living challenges.

Mahalo,

-Mike Mohr