

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

**BEFORE THE HOUSE COMMITTEE ON FINANCE**

**WEDNESDAY, APRIL 6, 2022  
1:30 P.M.  
VIA VIDEOCONFERENCE**

**SENATE BILL NO. 2922, SD2, HD2  
RELATING TO RURAL DISTRICTS**

Chairperson Luke and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 2922, HD2 that seeks to double the allowable housing density on the minimum one-half acre lot size in the Rural District provided that the counties adopt ordinances to do so and the increase in density as defined in ordinance, is consistent with the county general and community development plans. The Office of Planning and Sustainable Development ("OP/SD") is 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.

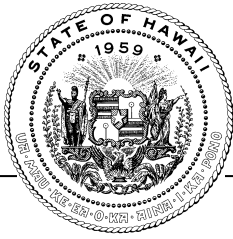
The Department strongly supports the OP/SD Rural District study. The Department also recommends the bill be amended to make Sections 2 and 3 that authorize the counties to develop and enact ordinances to allow increased housing density in the Rural District be subject to the recommendations of the OP/SD Rural District and not just become effective at a later date.

Section 205-2(c) describes the State Rural District as "...areas where "city-like" concentration of people, structures, streets, and urban level of services are absent, and



where small farms are intermixed with low density residential lots...” The Department has been concerned that doubling the allowable housing on one-half acre Rural District lots would change the fundamental character of the District and lead to an increase in petitions to reclassify Agricultural District lands to the Rural District, resulting in increased land values for agricultural properties that may be subject to reclassification, and ultimately making the acquisition of agricultural lands by bona fide farmers for agricultural production more costly.

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



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

**DAVID Y. IGE**  
GOVERNOR

**MARY ALICE EVANS**  
DIRECTOR

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Statement of  
**MARY ALICE EVANS**  
Director, Office of Planning and Sustainable Development  
before the  
**HOUSE COMMITTEE ON FINANCE**  
Wednesday, April 6, 2022  
1:30 PM  
State Capitol, Conference Room 308

in consideration of  
**SB 2922 SD2 HD2**  
**RELATING TO RURAL DISTRICTS.**

Chair Luke, Vice Chair Yamashita, and Members of the House Committee on Finance.

The Office of Planning and Sustainable Development (OPSD) **supports** SB 2922 SD2 HD2 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.

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 SLH 2019 Subdivision and CPR on Agricultural Lands stakeholders group 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.

Importantly, 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.

OPSD prefers SB 2766 SD1 which provides for the Rural District study but does not include the one-quarter acre provision. However, should this bill be the preferred vehicle, OPSD recommends that \$400,000 be appropriated to undertake the Rural District study, provided that the bill's passage does not replace or adversely impact priorities indicated in our Executive Budget. We envision this study to involve GIS analysis of potential Rural areas, Rural policy research and formulation including best practices from elsewhere, extensive stakeholder group consultations, and legal analysis of options to facilitate redistricting, including the Hawaii Supreme Court's Town case, due process, and quasi-legislative decision-making.

Thank you for the opportunity to testify on this measure.

DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
DIRECTOR

GLORIA CHANG  
DEPUTY DIRECTOR

**STATE OF HAWAII**  
**DEPARTMENT OF BUDGET AND FINANCE**  
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EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

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

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

**April 6, 2022**  
**1:30 p.m.**  
**Room 308 and Videoconference**

RELATING TO RURAL DISTRICTS

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

Senate Bill No. 2922, S.D. 2, H.D. 2, authorizes the counties to adopt ordinances that allow up to one dwelling house per quarter-acre in rural districts beginning July 1, 2023; 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 beginning July 1, 2022; 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.



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April 6, 2022

HEARING BEFORE THE  
HOUSE COMMITTEE ON FINANCE

**TESTIMONY ON SB 2922, SD2, HD2  
RELATING TO RURAL DISTRICTS**

Conference Room 308 & Videoconference  
1:30 PM

Aloha Chair Luke, Vice-Chair Yamashita, and Members of the Committee:

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

**The Hawaii Farm Bureau supports Sections 4 thru 7 of SB 2922, SD1, HD2**, which requires the office of planning and sustainable development to perform a study to refine rural district policies and make recommendations to facilitate the reclassification of lands from the agricultural district to the rural district.

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

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

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

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

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

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



April 6, 2022

1:30 p.m.

Conference Room 308 and Videoconference

**To: House Committee on Finance**

**Rep. Sylvia Luke, Chair**

**Rep. Kyle T. Yamashita, Vice Chair**

**From: Grassroot Institute of Hawaii**

**Joe Kent, Executive Vice President**

RE: SB2922 SD2 HD2 — 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 HD2](#), 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

**SB-2922-HD-2**

Submitted on: 4/4/2022 3:04:08 PM

Testimony for FIN on 4/6/2022 1:30:00 PM

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

Comments:

We do not want this on the Big Island. We do not want over crowding like you have on Ohau so keep this out of the Big Iland. the people will not allow this to Happen. Get Message or Get out!!