

JOSH GREEN, M.D.  
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE  
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
KA 'OIHANA KUMUWAIWAI 'ĀINA

P.O. BOX 621  
HONOLULU, HAWAII 96809

DAWN N.S. CHANG  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE  
MANAGEMENT

LAURA H.E. KAAKUA  
FIRST DEPUTY

M. KALEO MANUEL  
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES  
BOATING AND OCEAN RECREATION  
BUREAU OF CONVEYANCES  
COMMISSION ON WATER RESOURCE  
MANAGEMENT  
CONSERVATION AND COASTAL LANDS  
CONSERVATION AND RESOURCES  
ENFORCEMENT  
ENGINEERING  
FORESTRY AND WILDLIFE  
HISTORIC PRESERVATION  
KAHOOLAWE ISLAND RESERVE COMMISSION  
LAND  
STATE PARKS

Testimony of  
DAWN N.S. CHANG  
Chairperson

Before the Senate Committees on  
HOUSING  
And  
WATER AND LAND

Thursday, February 9, 2023  
1:15 PM

State Capitol, Conference Room 225 & Videoconference

In consideration of  
SENATE BILL 139  
RELATING TO IMPORTANT HOUSING LANDS

Senate Bill 139 proposes to establish that all state-owned lands located within one mile of any rail mass transit station, excluding lands under the jurisdiction of the Department of Hawaiian Home Lands, shall be designated as important housing lands to promote the development of homes priced below market rates for eligible residents; and require state and county housing policies, tax policies, land use plans, ordinances, and rules to promote the long-term viability of important housing lands consistent with certain policies. **The Department of Land and Natural Resources (Department) appreciates well-planned development away from sensitive natural and cultural resources, but opposes this measure as it is overly restrictive.**

The Department acknowledges the goal of this measure and similar measures intended to promote the development of affordable housing on State lands located along the rail line, and appreciates the plans for lands along the rail line that incorporate vertical and high density design principles that help to meet Hawai'i's housing needs without widespread urban sprawl and harm to natural and cultural resources. While the Department supports affordable housing, merely designating state lands as important housing lands and preventing other uses does not significantly advance the development of affordable housing. There are significant financial barriers to affordable housing development that are not addressed by this measure, and alternative solutions could include funding for infrastructure, and subsidies for development and construction of lower income rental housing.

This measure would also prevent the use of these lands for other important public purposes<sup>1</sup>. Each property along the rail line is different – some have gulches, some have no infrastructure, while others are flat with easy access to infrastructure and therefore more conducive to residential development. A blanket designation of all State-owned land as important housing lands does not consider the on-the-ground realities of these varied parcels.

The Department is currently in the planning process for its East Kapolei Transit Oriented Development (TOD) project. The East Kapolei TOD Project consists of four parcels adjacent or in close proximity to the planned Keone‘ae rail station in East Kapolei across from the University of Hawai‘i West O‘ahu campus which would be impacted by this measure. The Department’s long-term objective is to lease the parcels for income generating purposes to support the Department’s natural resource management and protection programs. The Department also recognizes the State’s obligation to provide affordable housing to residents in need and notes that planned uses for the parcels include affordable rental housing units. Other proposed uses include transit oriented mixed uses including commercial, retail, hotel, and medical. Additionally, the Department intends to include light industrial uses for parcels located further away from the rail station. The Department is already planning on working with Hawaii Housing Finance and Development Corporation (HHFDC) for the housing area located on the parcel east of Kualakai Parkway, O‘ahu. Beyond generating income to support its programs, the Department believes that the proposed project’s multiple uses will be a critical economic, employment and residential component of the East Kapolei community.

This measure would significantly limit the planned uses contemplated under the project and ultimately inhibit the Department’s ability to generate needed income to support its programs. The Department is heavily reliant on self-generated revenues to fund its operations in lieu of general fund support. The revenues collected by the Department’s Land Division cover the entire annual operating budget for the Land Division, the Department’s Office of Conservation and Coastal Lands, and the Dam Safety and Mineral Resources Programs of the Department. The revenues fund over 80 Department staff positions, including 5 positions within the Commission on Water Resource Management, and provide funding support to the Division of State Parks and various resource protection programs administered by the Division of Forestry and Wildlife such as the protection of threatened and endangered species, removal of invasive species, and wildland firefighting. Revenues collected by other divisions have supported watershed protection, preservation of cultural and historical sites and public recreational resources. Furthermore, the Department has provided lands for affordable housing projects, often at the expense of generating revenue to support its own programs.

The Department understands the need for housing and has historically supported the development of affordable housing through the conveyance or transfer of management of lands to HHFDC for affordable housing or rental projects statewide. In most instances, the lands transferred to HHFDC could have been used for more intensive income producing purposes. Rather, these lands were instead dedicated by the Department to alleviate the significant lack of supply of affordable housing and rental units for the less fortunate citizens of Hawai‘i. The following affordable housing/rental projects have been supported by the transfer of lands from the Department to HHFDC:

- The Villages of Leiali‘i in Lāhaina, Maui, 1,033 acres of land mauka of downtown Lāhaina.
- 690 Pohukaina in Kaka‘ako, approximately 2.168 acres in Honolulu’s urban core, adjacent to the rail line with access to existing infrastructure.
- Halekauwila Place in Kaka‘ako, approximately 1.249 acres adjacent to the 690 Pohukaina project.

---

<sup>1</sup> Other public purposes could include land for schools, colleges and universities, airports and harbors, stadium facilities, etc.

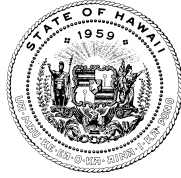
- Hale Mōhalu in Pearl City, O‘ahu, 4.75 acres of land designated Urban, adjacent to Kamehameha Highway with access to existing infrastructure.
- The Villages of La‘i‘ōpua, in North Kona, Island of Hawai‘i, 802 acres adjacent to Queen Ka‘ahumanu Highway between Kona International Airport and Kailua Kona.

Finally, the Department notes that the measure does not appear to specify the type of housing intended to be developed on important housing lands, such as rental or sale by lease or fee simple. While the development of affordable housing is a key component of the project, the Department notes that this will be rental housing. The Department does not sell lands, as it would result in diminishing the public land trust corpus. The Department does not support sales of public lands, even for affordable housing purposes, as it believes it to be inconsistent with its public trust obligations.

Mahalo for the opportunity to testify on this measure.

**JOSH GREEN, M.D.**  
GOVERNOR  
STATE OF HAWAII  
*Ke Kia 'āina o ka Moku'āina 'o  
Hawaii 'i*

**SYLVIA J. LUKE**  
LT. GOVERNOR  
STATE OF HAWAII  
*Ka Hope Kia 'āina o ka Moku'āina  
'o Hawaii 'i*



**IKAIKA ANDERSON**  
CHAIRMAN DESIGNATE, HHC  
*Ka Luna Ho'okele*

**KATIE L. DUCATT**  
DEPUTY DESIGNATE TO THE  
CHAIRMAN  
*Ka Hope Luna Ho'okele*

**STATE OF HAWAII**  
**DEPARTMENT OF HAWAIIAN HOME LANDS**

*Ka 'Oihana 'Āina Ho'opulapula Hawaii 'i*

P. O. BOX 1879  
HONOLULU, HAWAII 96805

**TESTIMONY OF IKAIKA ANDERSON, CHAIRMAN-DESIGNATE  
HAWAIIAN HOMES COMMISSION  
BEFORE THE SENATE COMMITTEE ON HOUSING AND  
THE SENATE COMMITTEE ON WATER AND LAND  
HEARING ON FEBRUARY 9, 2023 AT 1:15PM IN CR 225**

**SB 139, RELATING TO IMPORTANT HOUSING LANDS**

February 9, 2023

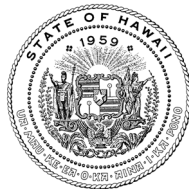
Aloha Chair Chang, Chair Inouye, and members of the Committees:

The Department of Hawaiian Home Lands submits comments on this measure which establishes that all state-owned lands located within one mile of any rail mass transit station, excluding lands under the jurisdiction of the Department of Hawaiian Home Lands, shall be designated as important housing lands to promote the development of homes priced below market rates for eligible residents.

The department appreciates the intent of this bill and we agree that the exclusion of lands under the jurisdiction of the Department of Hawaiian Home Lands as noted in SB 139 is appropriate.

Thank you for your consideration of our testimony.

JOSH GREEN, M.D.  
GOVERNOR



LUIS P. SALAVERIA  
DIRECTOR

SABRINA NASIR  
DEPUTY DIRECTOR

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

**STATE OF HAWAII**  
**DEPARTMENT OF BUDGET AND FINANCE**  
*Ka 'Oihana Mālama Mo'ohelu a Kālā*  
P.O. BOX 150  
HONOLULU, HAWAII 96810-0150

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

**WRITTEN ONLY**  
TESTIMONY BY LUIS P. SALAVERIA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEES ON HOUSING AND WATER AND LAND  
ON  
SENATE BILL NO. 139

**February 9, 2023**  
**1:15 p.m.**  
**Room 225 and Videoconference**

RELATING TO IMPORTANT HOUSING LANDS

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

Senate Bill No. 139 establishes that all state-owned lands within one mile of any rail mass transit station, other than lands held by the Department of Hawaiian Home Lands, shall be designated as important housing lands.

A one-mile radius around planned rail transit stations in the City and County of Honolulu includes many areas not suitable for mixed-use residential development. For example, state-owned lands within a one-mile radius around the planned Lagoon Drive rail station include much of the Daniel K. Inouye International Airport and the Mapunapuna industrial area. Other state-owned lands located within one mile of planned rail transit stations currently house schools and college campuses, and other critical non-residential uses that serve important public needs.

B&F also notes that the enabling legislation for the Interagency Council for Transit Oriented Development already prioritizes affordable housing development on State lands where residential uses are appropriate.

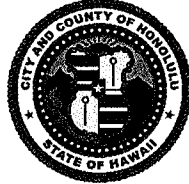
Thank you for your consideration of our comments.

DEPARTMENT OF PLANNING AND PERMITTING  
**CITY AND COUNTY OF HONOLULU**

650 SOUTH KING STREET, 7<sup>TH</sup> FLOOR • HONOLULU, HAWAII 96813  
PHONE: (808) 768-8000 • FAX: (808) 768-6041  
DEPT. WEB SITE: [www.honolulu.gov/dpp](http://www.honolulu.gov/dpp)

**LATE**

RICK BLANGIARDI  
MAYOR



DAWN TAKEUCHI APUNA  
DIRECTOR DESIGNATE

JIRO A. SUMADA  
DEPUTY DIRECTOR

February 9, 2023

The Honorable Stanley Chang, Chair  
and Members of the Committee on Housing  
The Honorable Lorraine R. Inouye, Chair  
and Members of the Committee on Water and Land  
Hawaii State Senate  
Hawaii State Capitol  
415 South Beretania Street  
Honolulu, Hawaii 96813

**Subject: Senate Bill 139  
Relating to Important Housing Lands**

Dear Chairs Chang and Inouye, and Committee Members:

The Department of Planning and Permitting (DPP) **opposes** Senate Bill No. 139, which would designate all state-owned lands located within one mile of any rail mass transit station, excluding lands under the jurisdiction of the Department of Hawaiian Home Lands, as "important housing lands" to promote the development of homes priced below market rates for eligible residents.

We agree that there is a shortage of housing on Oahu, especially for low-income households, and we support efforts to create vibrant, multi-modal, mixed-use neighborhoods around transit stations. However, we cannot agree that creating another layer of regulations, as establishing a layer of "important housing lands" would do, is the solution, nor necessary as the objectives are already fulfilled by the City's existing plans, permitting processes, and enabling legislation.

Fundamentally, the creation of "important housing lands" oversteps county home rule responsibilities, and appears to override county plans and regulations. The City's Oahu General Plan, regional Development Plans and Sustainable Communities Plans, and Neighborhood Transit-Oriented Development (TOD) Plans, already set forth the long-range planning and land use policies that address housing and the desired form of development around transit stations. The Land Use Ordinance, the City's zoning code, establishes zoning districts that define where housing, including mixed-developments, are permitted.

The Honorable Stanley Chang, Chair  
and Members of the Committee on Housing  
The Honorable Lorraine R. Inouye, Chair  
and Members of the Committee on Water and Land  
Hawaii Senate  
Senate Bill No. 139  
February 9, 2023  
Page 2

In addition to opposing the creation of “important housing lands,” we also note that there is no mention of income or price restrictions. How would there be assurances that valuable public “important housing lands” are delivered to our families with the greatest need? Furthermore, it should be noted that while TOD is encouraged in areas within close proximity to a station, typically a 10-minute walk, factors other than distance are considered, such as topographic barriers and property lines.

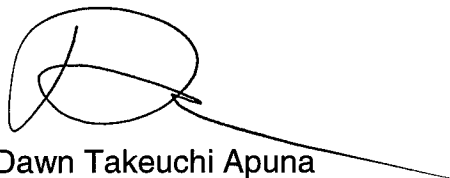
The success of this Bill is partially based the reliance of incentives to facilitate the dedication of “important housing lands.” Through enabling legislation, the City already has in place numerous exemptions and fee waivers for affordable housing projects that are subject to income restrictions. Developers of projects within a TOD Special District are also able to take advantage of additional height and density in exchange for commensurate community benefits, and affordable rental housing project son smaller lots have become increasingly attractive due to reduced development standards.

The City has made progress in addressing the cost of housing – we have adopted exemptions and fee waivers for affordable housing, reduced certain zoning standards, eliminated the minimum parking requirement for new homes and businesses in areas well-served by transit, and have added ohana and accessory dwelling units in residential areas.

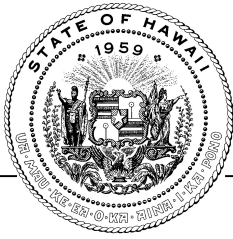
For these reasons, we ask that Senate Bill No. 139 be held in Committee.

Thank you for the opportunity to testify.

Very truly yours,

A handwritten signature in black ink, appearing to read "Dawn Takeuchi Apuna". The signature is stylized with a large loop at the top and a long horizontal stroke extending to the right.

Dawn Takeuchi Apuna  
Director



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

**JOSH GREEN, M.D.**  
GOVERNOR

**SCOTT J. GLENN**  
DIRECTOR

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

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

Statement of  
**SCOTT GLENN, Director**

before the  
**SENATE COMMITTEES ON HOUSING AND WATER AND LAND**

Thursday, February 9, 2023, 1:15 PM  
State Capitol, Conference Room 225

in consideration of  
**SB 139**  
**RELATING TO IMPORTANT HOUSING LANDS.**

Chairs Chang and Inouye, Vice Chairs Kanuha and Elefante, and Members of the Senate Committees on Housing and Water and Land, the Office of Planning and Sustainable Development (OPSD) offers the following comments on SB 139, which adds a new section to Chapter 171, HRS, to designate all State-owned lands located within one mile of any rail mass transit station as important housing lands.

OPSD supports measures that would promote the production of affordable housing. However, designation of these lands as important housing lands does not appear to add materially to projects with housing components. It is also unclear as to the impact such designation would have on permitting and other regulatory processes or how this measure would be administered and implemented.

Numerous affordable housing projects are actively being planned or have already been built on State lands within one mile of transit stations as part of the efforts of the Hawaii Interagency Council on Transit-Oriented Development (TOD Council). These public and private projects are estimated to produce approximately 47,100 new housing units, of which 25,700 will be affordable. The support of the TOD Council plus increased funding for housing production may better effectuate increasing the supply of housing than imposing a new designation.

Thank you for the opportunity to testify on this measure.