

JOSH GREEN, M.D.  
GOVERNOR



DENISE ISERI-MATSUBARA  
EXECUTIVE DIRECTOR

**STATE OF HAWAII**  
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM  
**HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION**

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Statement of  
**DENISE ISERI-MATSUBARA**  
Hawaii Housing Finance and Development Corporation  
Before the

**SENATE COMMITTEE ON WAYS AND MEANS**

March 01, 2023 at 10:10 a.m.  
State Capitol, Room 211

In consideration of  
**S.B. 1573 SD1**  
**RELATING TO AFFORDABLE HOUSING.**

HHFDC **supports** S.B. 1573 SD1, which establishes a working group within the Office of the Governor to inventory all available water resources statewide and identify sources of aquifer replenishment in relation to affordable housing development. The executive director of the Hawaii Housing Finance and Development Corporation (HHFDC) is identified as a working group member.

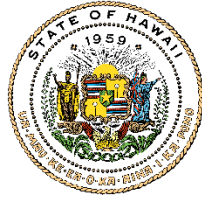
Permitting for the development of potable-water systems is a critical issue affecting housing development in many areas of the state, particularly in North Kona where it has stalled HHFDC's Kamakana Villages, a master-planned community in north Kona with the potential of 1,600 affordable housing units. Lack of potable water and the water permit process is also affecting HHFDC's Villages of Leialii housing project on Maui.

We appreciate the work that went into creating this measure to address a long-standing issue and are hopeful that this working group will lead to a better balance between water resource management and fulfilling the need for more affordable housing, particularly in North Kona.

Thank you for the opportunity to provide testimony.

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

SYLVIA LUKE  
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



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

P.O. BOX 621  
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DAWN N.S. CHANG  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE  
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LAURA H.E. KAAKUA  
FIRST DEPUTY

M. KALEO MANUEL  
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES  
BOATING AND OCEAN RECREATION  
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FORESTRY AND WILDLIFE  
HISTORIC PRESERVATION  
KAHOOLAWE ISLAND RESERVE COMMISSION  
LAND  
STATE PARKS

Testimony of  
DAWN N. S. CHANG  
Chairperson

Before the Senate Committee on  
WAYS AND MEANS

Wednesday, March 1, 2023  
10:10 AM

State Capitol, Conference Room 211 and Videoconference

In consideration of  
SENATE BILL 1573, SENATE DRAFT 1  
RELATING TO AFFORDABLE HOUSING

Senate Bill 1573, Senate Draft 1, proposes to: 1) establish a working group within the Office of the Governor for administrative purposes, to ascertain the State's available water resources as pertaining to affordable housing; 2) inventory all available water resources statewide and identify sources of aquifer replenishment in relation to affordable housing development; and 3) require a report to the Legislature. **The Department of Land and Natural Resources (Department) acknowledges the intent of this measure and offers the following comments.**

The Hawai'i Water Plan (HWP) serves as a dynamic, long-range planning guide for the Department's Commission on Water Resource Management (Commission) to help protect and regulate the State's fresh water resources. The plan consists of five component parts:

- Water Resource Protection Plan (WRPP) – last updated 2019
- Water Quality Plan (WQP) –last updated 2019
- State Water Projects Plan (SWPP) – last updated 2020
- Agricultural Water Use and Development Plan (AWUDP) – last updated 2019
- County Water Use and Development Plans (WUDP) – Kaua'i 1990; Maui 2022; Lana'i 2011; Moloka'i (in process); Hawai'i 2010; O'ahu 1990 (update in process), Ko'olau Loa Watershed Management Plan 2009, Wai'anae Watershed Management Plan 2009, Ko'olau Poko Watershed Management Plan 2012, North Shore Watershed Management Plan 2016

The latest update of the SWPP, one of the five components above, prepared by the Department's Engineering Division accounts for water demands for affordable housing by the Hawai'i Housing Finance and Development Corporation (HHFDC) and the Hawai'i Community Development Authority (HCDA). HHFDC's two projects are identified in the SWPP 1) Villages of Leiali'i in Lahaina, Maui and 2) Kamakana Villages in Keauhou, Hawai'i Island, and HCDA's two projects, 630 Cooke Street Micro Unit and 690 Pohukaina.

The 2017 SWPP update only considered water projects of the Department of Hawaiian Home Lands (DHHL). Water needs of DHHL, which constitute affordable housing water demand, are a public trust purpose of water and have a special protection and priority in the State Water Code (Hawai'i Revised Statutes (HRS) chapter 174C). The Commission is committed to fulfill its mandate to incorporate and protect adequate reserves of water for current and foreseeable development and use of Hawaiian home lands as set forth in Section 221 of the Hawaiian Homes Commission Act, as provided in HRS section 174C-101. The Commission's 2019 WRPP includes a priority task (Task 2.3.4) to establish additional water reservations for the DHHL.

The County WUDPs are intended to inventory all projected water demands within each county and ensure that the future water needs of the county are met. This includes future affordable housing projects. The WUDPs need to be consistent with county land use plans and land use entitlements, including affordable housing, are included the county's calculation of authorized planned use. The Department acknowledges that several County WUDP are long overdue for an update and the Commission is working with the counties to ensure timely updates.

The bill asks the working group to conduct a variety of tasks, including an inventory of all available water resources statewide, address state watershed management, and identify appropriate aquifer replenishment. Most of this information can be found in the WRPP, which identifies hydrologic units for ground and surface water statewide, the quantity of available water resources and the sustainable limits for water supply (i.e.: ground water sustainable yields and surface water interim instream flow standards). The WRPP also highlights the importance of watershed protection and the value of native forests in the creation of long-term sources of water supply. The Department's Division of Forestry and Wildlife is primarily responsible for the management of mauka watersheds and has identified priority watersheds where management is critical to ensure future water supply. These locations often overlap with priority recharge and replenishment areas for the counties where affordable housing may be located.

While the HWP and its various components provide a long-range view of future water needs and protection strategies, the approval of new wells and issuance of permits by the Commission is assessed on a case-by-case basis. Even if an affordable housing project is identified in the HWP, this does not mean the project will have sufficient water. New wells that are placed in close proximity to existing wells can have negative impacts on water availability. Therefore, new affordable housing projects, and their associated water demands, must consider these factors along with infrastructure needs.

The Department appreciates the amendments in Senate Draft 1 establishing the working group in the Office of the Governor and requiring the Chief Housing Officer to lead and chair the working group.

Mahalo for the opportunity to comment on this measure.

**Mitchell D. Roth**  
*Mayor*

**Lee E. Lord**  
*Managing Director*

**Robert H. Command**  
*Deputy Managing Director*



**Susan K. Kunz**  
*Housing Administrator*

**Harry M. Yada**  
*Assistant Housing Administrator*

**County of Hawai'i**  
**Office of Housing and Community Development**

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February 28, 2023

**TESTIMONY FOR COMMENT ON SENATE BILL 1573 SD 1**  
**A BILL FOR AN ACT RELATING TO AFFORDABLE HOUSING**  
**COMMITTEE ON WAYS AND MEANS**

**Senator Donovan M. Dela Cruz, Chair**

**Senator Gilbert S.C. Keith-Agaran, Vice Chair**

**Hearing Date: Wednesday, March 1, 2023, at 10:10 AM**

**Time/Place of Hearing: Via Video Conference/Conference Room 211**

Aloha Honorable Chair Dela Cruz and Honorable Vice Chair Keith-Agaran, and Members of the Committee on Ways and Means,

The Hawai'i County Office of Housing and Community Development (OHCD) **supports** SB 1573 SD1 to establish a working group that will determine the State's available water resources and water system source capacity and will provide recommendations on streamlining well permit approval processes to ensure available water supply to further plan for the development of affordable housing.

Infrastructure for the development of affordable housing is a critical issue and delays in permitting processes, including the permitting of potable water systems, create barriers to needed affordable housing development.

The OHCD supports the increase in the inventory of affordable housing units within the County of Hawai'i and agrees that development must be done sustainably through proper planning and appropriate resource management.

Thank you for the opportunity to testify on this measure.

Susan K. Kunz  
Housing Administrator





**LATE**

DEPARTMENT OF WATER SUPPLY • COUNTY OF HAWAII

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February 28, 2023

TESTIMONY OF KEITH K. OKAMOTO, MANAGER-CHIEF ENGINEER  
DEPARTMENT OF WATER SUPPLY, COUNTY OF HAWAII

HEARING BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS

DATE: Wednesday, March 1, 2023

TIME: 10:10 a.m.

PLACE: Conference Room 211 & Videoconference

### **SB1573 SD1 - RELATING TO AFFORDABLE HOUSING**

Honorable Chair Donovan Dela Cruz, Vice-Chair Gilbert Keith-Agaran, and committee members of the Senate Committee on Ways and Means,

I am submitting testimony in support of SB1573 SD1 which proposes to establish a working group to evaluate water resource availability as it relates to affordable housing.

It is my hope that this bill will empower and facilitate collaboration so that housing needs of our communities can be met while also maintaining the health and sustainability of our freshwater resources.

Thank you for your time and consideration of my testimony.

*...Water, Our Most Precious Resource...Ka Wai A Kāne...*

The Department of Water Supply is an Equal Opportunity provider and employer.



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March 1, 2023

**The Honorable Donovan Dela Cruz, Chair**

Senate Committee on Ways and Means

State Capitol, Conference Room 211 & Videoconference

**RE: Senate Bill 1573, SD1, Relating to Affordable Housing**

**HEARING: Wednesday, March 1, 2023, at 10:10 a.m.**

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran 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 Hawai'i and its over 11,000 members. HAR **supports** Senate Bill 1573, SD1, which establishes a working group within the Office of the Governor for administrative purposes to ascertain the State's available water resources and water system source capacity and streamline well permit approval processes to further plan for the development of affordable housing. Requires the working group to inventory all available water resources statewide and identify sources of aquifer replenishment in relation to affordable housing development. Requires an interim and final report to the Legislature.

Infrastructure, including water resources, are one of the challenges in the development of affordable housing. As such, Hawaii REALTORS® supports the creation of a working group to ascertain and address the State's available water resources to enable the State to better plan for affordable housing projects and development.

For the foregoing reasons, Hawai'i REALTORS® supports this measure. Mahalo for the opportunity to testify.





# NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY



An Authority of the State of Hawaii attached to the Department of Business, Economic Development & Tourism

Statement of  
**Gregory P. Barbour**  
**Executive Director**

Natural Energy Laboratory of Hawaii Authority  
before the

## **SENATE COMMITTEE ON WAYS AND MEANS**

Wednesday, March 1, 2023

10:10 am

State Capitol, Conference Room 221 & Videoconference

in consideration of

### **SB 1573 S.D. 1** **RELATING TO AFFORDABLE HOUSING.**

The Natural Energy Laboratory of Hawaii Authority (NELHA) is pleased to support SB 1573 S.D. 1 which establishes a working group attached to the Office of the Governor to inventory all available water resources statewide and identify sources of aquifer replenishment in relation to affordable housing development. This makes good sense.

Hawaii Housing and Finance Development Corporation (HHFDC) and NELHA need a new well to support new affordable housing and economic development. We have been trying to get approval drill a new well since 2018. With court rulings regarding the “public trust doctrine” and the “precautionary principles” there have been many changes over the past several decades with issues surrounding the development of new freshwater wells, especially in West Hawaii.

We understand that there are very important deep social and traditional cultural values to provide for clean flows of groundwater, in part tied to the historical significance of traditional food production, and as such the process for obtaining approval to drill a new well is problematic and needs to be addressed on a Statewide level.

Thank you for the opportunity to offer these comments.