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STATEWIDE ZONING OF LAND: HAWAII'S EXPERIENCE

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Hawaii's experience in zoning is of more than local interest. First, Hawaii offers an extreme example of urban pressures on highly productive farmland. Second, Hawaii is the only State in the Nation in which all land is comprehensively zoned by an agency of the State, rather than by local jurisdictions. There is growing concern nationwide over land-use management. Various proposals have been made, such as the Jackson bill in the U.S. Senate which provides for statewide land-use plans by a central agency in each State (10). It is therefore timely and appropriate to ask what lessons can be learned from Hawaii's experience.

Our objective is to examine what has been done in Hawaii, how well the action has served the ends desired, and what insights can be gained that are relevant to other areas of the country.

HAWAII'S LAND-USE LAW

Hawaii's land-use law is contained in Act 187, passed in 1961, and subsequent amendments. Section 1, entitled "Findings and declaration of purpose," begins with the statement: "Inadequate controls have caused many of Hawaii's limited and valuable lands to be used for purposes that may have short term gains to a few but result in a long term loss to the income and growth potential of our economy." Thus, the purpose of the law is economic growth through control of land use. Preservation of Hawaii's natural beauty is another goal (6, p. 5).

Act 187 established a Land Use Commission and a supporting staff whose duties are to:

1. Assign all lands in the State into urban, agricultural, conservation, and rural land-use districts. A review of all land-use boundaries is required at 5-year intervals.
2. Adopt land-use regulations for each district.
3. Issue special permits for variations from permitted uses when such permission is deemed to further the objectives of the law.
4. Pass on petitions for changes in land-use boundaries. Petitions may be granted when it is found that trends in development have so changed that the present land-use classification is unreasonable.

Under the land-use law, farmland may be dedicated to specific agricultural uses, with assessment based exclusively on the dedicated use. Dedication can be canceled by the owner only on 5-years' notice, after 5 years of dedication. Failure to adhere to the dedicated land-use results in cancellation of the reduced assessment, retroactive to the date of dedication, with 5 percent interest.

OPERATIONS UNDER THE LAW

This discussion is limited to establishment and changes in land-use district boundaries and dedication of land to agriculture on the Island of Oahu, where urban pressures are greatest in the State. Variation in permitted uses within districts was of minor importance (8, p. 17).

Establishment of Land-Use District Boundaries

Temporary boundaries for land-use districts were adopted in April, 1962, with precedent taken from county and city "freeze orders" which preserve the status quo during preparation of land-use plans (1, p. 9). Final boundaries drafted for the Commission by the firm of Harland Bartholomew and Associates, were adopted in August, 1964.

Land required for urban expansion during the next 10 years was estimated, the figure was then multiplied by 3 to avoid pressure on prices of urban land. Land allocated to urban districts was located so far as possible, near

existing urban centers and outside the areas of "prime agricultural land." Prime agricultural land was designated as the top two land classes of a five-class agricultural productivity classification, established and mapped by the Land Study Bureau of the University of Hawaii (9).

Petitions for Boundary Changes

From May, 1962 to August, 1964, when final land-use boundaries were adopted, petitions were filed for shifting some 16,800 acres to urban districts—an acreage far in excess of expected urban needs. Evidently, the establishment of temporary boundaries spurred a number of landowners into attempts to get their lands reclassified before final boundaries were drawn. With a weak zoning authority the results could have been the opposite of those intended by the law, but the Land Use Commission was equal to the challenge. Petitions for approximately 13,200 acres were denied and petitions for about 1,000 acres were withdrawn; only some 2,600 acres were approved for urban allocation (2, pp. 119-142).

The public record on individual petitions shows a weighing of the suitability of petitioned lands for agriculture and for urban use, the need for additional urban land in the area concerned, and the public cost of providing urban facilities. The commission followed the recommendations of the staff in all major cases except one.

The exception is revealing. In June 1963, a petition was filed for converting 2,000 acres of highly productive land in the heart of the pineapple-growing area to urban use. The Commission granted 705 acres. A decisive factor was the pledge of the petitioner to provide houses that would sell for \$15,000 to \$20,000 each, in numbers demanded by the market. By June 1968, only 26 houses had been sold in the price range indicated by the petition; another 49 homes were planned, at a selling price of \$20,500. The bulk of the houses were sold at \$30,000 to \$38,000 (7, p. 15). The petitioner, a local firm, claims that the promise was given in good faith but was rendered impossible because of unexpected high costs.

From August, 1964, when final boundaries were fixed, through September, 1968, petitions were approved for shifting some 1,600 acres from agricultural to urban districts on Oahu; petitions for nearly 2,000 acres were denied (4, p. 159). Over 90 percent of the acreage approved was on land of marginal value for agriculture.

The record to 1968 shows some "growing pains." In some instances, building permits were issued by counties for structures that were illegal under the land-use law. Some petitions would have been unnecessary had the petitioners made their views known at hearings held before the final boundaries were fixed. Others would not have been submitted if the petitioner had had a clearer knowledge of the provisions and working of the law (8, p. 26).

The rate of boundary changes greatly accelerated during 1969. The records of the Land Use Commission show that approximately 1,700 acres of prime agricultural land were shifted from agricultural to urban use in that year, with the shifting of several thousand acres in 1970 a distinct possibility.

Recent trends are the result of the sustained boom in the economy of the Island, and a rise in housing costs even greater than on the mainland. There are conflicting views on the extent to which the rezoning of agricultural land would relieve the pressure on urban land prices and on housing costs. The Land Use Commission and its staff differed in their judgments on the greater part of the acreage shifted out of agriculture in 1969.

Dedication of Agricultural Land

Through 1969, only 2,650 acres on Oahu were dedicated to agricultural use (4, p. 133). Average tax savings in 1969 were less than \$20 per acre per year, an amount insufficient to affect a decision between agricultural and urban land use. The penalties are no deterrent to breaking a dedication, but few dedications have been broken; by 1967 there was only one such case. The real deterrent is against dedicating land for agriculture in the first place, because of the fear that dedication will adversely affect the chances of rezoning the land to urban use at some future time.

APPRAISAL AND SUGGESTIONS

For the most part, Hawaii's land-use law has been effective. It has prevented scattered urban development, all but eliminated premature idling of agricultural land, and preserved much of Hawaii's scenic beauty. It has also resulted in a conscious effort by public officials to direct urban growth so as to achieve the objectives of the law.

The experience of Hawaii shows that laws designed to regulate land use will be more effective if certain actions are taken. Some of these are needed for the administration of most laws: coordination among various levels of government, informing the public on the objectives and provisions of the law, and providing for tenure of office of decision makers so that there will be some continuity of policy and resistance to immediate pressures but also sufficient turnover to prevent rigidity of attitudes.

More realism is needed on the subject of using the property tax as a means of retaining land in agriculture. Given the existing tax structure in many jurisdictions, tax incentives can, at best, only delay conversion of agricultural land to urban use. They cannot induce owners to jeopardize the profits of urbanization. This conclusion is borne out by the findings in California, reported by Carman and Polson at the 1969 meetings of this Association (3, pp. 132-136).

One of the benefits of Hawaii's land-use law has been the preparation and carrying out by petitioners of some very attractive urban development plans. These plans were prepared in part to improve the chances of obtaining changes in land-use boundaries. However, Hawaii's experience has shown that promises of petitioners are not always kept. The Lieutenant Governor of Hawaii has suggested that fulfillment of petitioners' promises be ensured by such devices as performance bonds, or reversion to original zoning in case of nonperformance within a specified period (5, p. 43). It has also been suggested that, in return for such pledges, petitioners be given firm commitments of eventual rezoning of large tracts, with actual rezoning following an agreed upon schedule, thus removing the uncertainties of zoning faced by both developers and farm operators.

Finally, what can resource economists contribute towards accomplishing the objectives of zoning and other public measures designed to guide land use? Several years of thinking about this problem have led me to some tentative conclusions. I first believe that a systematic listing and discussion of the types of benefits and costs of shifting land from agricultural to urban use would help the decision makers. I still believe this, but have come to realize that the benefits of such a guide would be limited. My contacts in Hawaii indicate that public officials are already aware of the benefits and costs that should be weighed. What is almost desperately needed are facts on the magnitude of the benefits and costs. An example of this would be an inventory of potential urban land, not just by acres but by urban development costs and returns from current agricultural use. Another example would be estimates of the effects on cost of urban land and on cost of housing that would result from varying the supply of land available for urban use.

Such information would not reduce public decisions on land use to objective criteria: the considerations involved are too complex for formal optimization procedures. However, the judgement process to which public decision makers must resort can be greatly improved through better knowledge of the magnitude of some of the principal benefits and costs involved.

FOOTNOTES

1. Agricultural economist, Economic Research Service. The author is indebted to William Anderson, Walter Miller, and Robert Otte of ERS for their review and comments. The paper has also benefited from suggestions by Harold Baker, Land Study Bureau, University of Hawaii; Ramon Duran, Hawaii Land Use Commission; and Bertrand Renaud, Department of Agricultural Economics, University of Hawaii.

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