On Waiahole Valley lease rent negotiations:

Waiahole Valley has been at the center of many battles throughout history. Even in ancient times it was a place fought over, desirable for its abundant water (currently the largest stream on the island) and kalo pa'a, the hard taro. 1917 saw the completion of the Waiahole Ditch tunnel by Lincoln Loy McCandless, which changed the valley forever by diverting stream water to the Ewa side of the island for sugar plantations. In 1975 the valley farmers and residents fought against evictions by private land owner, Elizabeth Marks the daughter of McCandless, who sought to develop the valley. Finally after two years of protest and legal action, the state purchased the valley from Marks in 1977 and placed the jurisdiction and management of the valley under Hawaii Housing Authority (HHA). After a prolonged and difficult process, 55 year leases were granted to valley residents and farmers. In this historical turn of events, the state now owned a unique mixed use agricultural and residential community, an "experiment" in land use planning and management.

Today, a new confrontation is brewing, and this "experiment" is at risk of coming to an end. We, the tenants of the state, are roughly half way through the lease term, and the successor agency to HHA, Hawaii Housing Finance and Development Corporation (HHFDC), wants to increase the lease rates for Waiahole farmers and residents. The opening "offer" from HHFDC would have the rent increase 660% or 6.6 times the current lease rate.

As we face rent negotiations and potential increases which would adversely impact the "Waiahole experiment" to promote a model for small, rural family farming, HHFDC is stuck in a box. The Housing branch of the state, an increasingly obvious mismatch with respect to its mission as it relates to Waiahole Valley, ignores the need of the state to address food security, climate adaptation, and local sustainability (the valley community's mission). By ignoring broader community plans at both the county and state levels, they are squandering opportunities along with funds mis-spent on projects that, under a different and innovative management scheme, could become so much more.

As stated in the 2018 Kohala Center study on "Affordable Land and Housing for Farmers", *"Hawai'i has the highest agricultural land costs in the nation, creating the greatest capitalization challenge for Hawai'i farmers and a significant barrier to increasing food security. Although short-term land leases are readily available, they generally do not support farmers' building equity, as most agricultural leases now prohibit the farmer (and farm families) from living on the land. Surveys of farm communities show virtually unanimous conviction that farmers need to be able to live on the land to ade-*

quately protect crops, equipment and infrastructure from theft, vandalism and invasive species, especially feral animals like goats and pigs. Farming without building equity and/or commuting to a field are unstable situations for farm families where personal energy and finances are expended with a high risk of losing that investment."

The study goes on to "*Suggest(ed) parameters for designing a model for Hawai'i Island include ensuring farmers can live on their farms and can build and extract equity; inheritable, long-term 99 year ground leases; restrictions that keep the land and housing affordable in-perpetuity and in the hands of farmers; the ability of farmers to age in place."*

This is what we would like to see as a "new" starting point for Waiahole Valley, consistent with the original intent behind the State's acquisition of the valley in 1977 under Gov. George Ariyoshi. When we speak of that landmark event that was the culmination of an epic land-use struggle, many have never heard of it. To us it was akin to "the shot heard round the world," which was when the American Revolution began. Here in Waiahole, too, was a revolution. It was, in fact, a joint effort by many parties to resist the development of thousands of homes and the displacement of residents. The action in Waiahole was echoed around the state in other contemporary land use struggles. Support poured in from all over the islands, and when the state stepped in and bought the valley it was a victory for the people, but it also left hanging the question of whether large landowners can do as they please with their property regardless of existing tenants.

It took 20 years to negotiate a long term lease. Absent any other agency being willing to take on an existing, already populated farming community, the state housing agency (then HHA, now HHFDC) was tasked with "ownership" and, therefore, management of Waiahole Valley. The Department of Land and Natural Resources, one possible landlord considered at the time, given the natural resources in Waiahole, does not manage mixed residential and agricultural communities; similarly, the State Department of Agriculture, focused on the impending demise of agri-businesses of the past century (sugar and pineapple) was not prepared to take on small, rural family farming. Today HHFDC readily admits that it knows nothing about managing agriculture. Eventually the state signed our leases, after balking in the face of another fight, this time over the Waiahole Ditch water. The Waiahole Water Case was fought, and won partial restorations of windward streams. Valley residents took the hard-earned lessons of these victories and helped many other windward communities fight similar land use battles. Finally we saw potential, we had our land with a 55 year renewable lease, and we had a lot more water in the streams. We had what we felt, and still feel, are reasonable lease rates, especially important for promoting agriculture. In light of increased awareness of climate change impacts and our overdependence on imported food, it is even more relevant today than when is was written, that the Declaration of Restrictive Covenants begins:

"Recognizing that there is a growing scarcity of agricultural lands caused by urban encroachment which has made it difficult for agricultural enterprises to survive and that the acquisition of private property for agricultural purposes is a public purpose or use necessary to facilitate sound agricultural land-use planning."

Present day, we are halfway through our long term leases and it is time to renegotiate lease rates. HHFDC has offered a lease rent of 6.6 times the current rate. Our agricultural land is $100 per acre per year. This rate, while it appears to be on the lower end of the spectrum, does compare with other agricultural lease lands held by the state, especially when consideration is given to the fact that many such areas have far less topographically challenging terrain than Waiahole. For valley farmers, especially those with over 10 acres, the proposed rent increase means having to come up with thousands more dollars per year- in a profession that is already notoriously known for being low income. (Recent statistics from the USDA show that farmers get only 14.5% of every food dollar. That means that for each dollar spent on food by consumers, farmers are only getting 14.5 cents with the majority of the remainder taken by marketing and other portions of the supply chain.) Places with higher lease rates are often used by nurseries or other non-food crops, businesses that can more readily afford to bid higher than those wanting to grow food.

Was that "victory" back in 1977 a hollow one? Here we are, 45 years later, halfway through our lease, facing our hopes of being a rural community of mixed residences and agriculture–in perpetuity–being squashed. It has even been suggested that we be offered the opportunity to acquire our lands in fee simple. Even more than the 660% rent increase, that would be the end of farming in Waiahole, which would eventually become a bedroom community of Honolulu, and ultimately the land developers would have won.

There is nothing that says HHFDC *needs* to increase the lease rents 6.6x. In fact they do not need to increase them at all. Nor does HHFDC need to raise the rent to "cover their costs." Here is how we see the State's role in managing Waiahole Valley:

It is much like the ancient Hawaiian system where the ali'i (in this case the state) appointed a konohiki (in this case HHFDC), to manage the lands for the benefit of all. The maka'ainana, or the people of the land who had endemic knowledge of the land that came from long standing tenure on and relationship to the land, were given consistent tenure as long as they kept the land productive. Under our present "konohiki" we, the valley, have not flourished. Why? There are a number of reasons. Challenges that were present in 1977 continue to this day; aging farmer population, younger generations employed off farm with no plans of succession, invasive species encroachment on essential valley infrastructure such as roads, water systems, and power supply grid. Albizias were literally a small problem in 1977 but now, 45 years later, having been left unchecked represent an incredible financial burden and liability to lessees and the state alike. Flooding was a normal and periodic occurrence, especially for taro farmers, but now with increased erratic weather, floods are more severe and more frequent and less predictable. So too are droughts. Farming does not come with medical insurance or a retirement plan, and these are expenses the farmer must solely bear. As you can see, the situation since 1977 has not changed much and what change has occurred is not in favor of the farmer. Urbanization since then has only driven land prices higher and higher. Is it not more important now than ever before for the state to support agriculture in all its forms?

In the last 45 years the state housing branch has failed to effectively manage and support agriculture in Waiahole. Albizias, particularly those along the roadways and streams, should have been taken care of by maintenance contracts with arborists. Instead, the state contractor merely weed whacks the edge of the road while the now giant trees continue to grow and cause hazards along the roadways and stream. With regard to agriculture, our lease says we had two years to start farming from signing the lease. Had the state conducted the prescribed inspections, non compliance could have been analyzed and addressed early on. In fact most of the challenges faced by farmers could have been at least addressed by HHFDC if not directly, then by way of partnership with other state agencies, foundations, or the community itself. HHFDC does not provide any agricultural support services that are so desperately needed for farmers to thrive. Even though HHFDC does have the capacity to do so, there is no effort made to seek assistance from other state agencies.

In response to community members urging them to do so, HHFDC did commission first one, then another strategic plan in an attempt to address these long standing challenges in the valley, and to prepare lessor and lessee alike for the current lease negotiations. Strategic Planning was supposed to include delving into the topic of a new management model such as the Kohala Center study presents. Neither attempt was completed nor did they result in any approved strategic plans. HHFDC even went so far as to create a committee tasked with the process, but later dissolved the committee and abandoned the work. However, during the strategic plan efforts, there were many well attended community meetings and focus groups. The outcome was a palpable excitement on the part of the community where we felt that our community was capable of coming together to solve problems ourselves. Collective action and seeking outside help are allowed under the Declarations, "*Declarant (HHFDC) may delegate, transfer, assign or release to Declarants Nominee, any Governmental Agency or any association of lessees any of the Declarant's rights powers and obligations.*"

So, we look toward alternative models for management for Waiahole Valley. The Kohala Center study makes a compelling argument for the Agricultural Community Land Trust model and presents two model options, both of which center around providing low to no cost ground leases, keeping land and housing in an affordable pool in perpetuity, and providing programmatic support to lessees.

Other alternative management ideas have come forth in regards to water supply and management in the valley. Currently the valley water system is reliant on power lines that run through the forest to supply power to pump from a well to fill a (leaky) reservoir tank that does not have sufficient elevation to provide adequate pressure to service the whole valley which requires a booster pump and additional reservoir to meet the valley's needs. All of which comes at a tremendous maintenance cost, not to mention still being plagued by frequent problems so severe, that the state has determined that they need to replace it with a new system based on the same model. Valley farmers and residents requested HHFDC explore an alternative water system model that provides water via a gravity fed system from the high elevation Waiahole Ditch, that would require no electricity or pumps and could even produce electricity. What an exciting notion, especially considering HECO's recent conversations around decentralized power sources and micro grids, and Molokai's recently developing Community owned and operated energy cooperative. Waiahole valley could be generating and operating its own hydro power cooperative that could provide power to the elementary school, or a cooperative run value added processing facility in the valley. HHFDC was flat out not interested.

If we the people of the valley are to bear the burden of "covering costs"of HHFDC, then we the people want to be at the table when it comes to deciding our future. Not just now, during this negotiation, but in perpetuity and for all matters pertaining to the valley. We believe that through alternative management the "cost" of managing the valley could be lessened. We believe that through community based management, in partnership with state agencies, our beautiful Waiahole Valley can flourish once again as a vibrant rural agricultural community.

We are halfway through our leases, but we are looking to meet the challenges of the future with fresh minds, renewed to the fight to save the agricultural lifestyle that the Hawaiian culture and our modern state were built upon. Sound land use planning to keep the land productive in perpetuity. These are principles on which the Valley was acquired by the state; the list of issues and challenges that faced farmers in the late 70's are still present today. The only difference is that the list has grown longer with the significant addition of climate change adaptation and the even more pressing need for food security, food system resilience and sustainability in Hawaii.

We believe that these challenges are faced not only in Waiahole, but throughout the state and the world as a whole. Waiahole Valley has seen many battles, yet the people of Waiahole have persisted throughout. Perhaps, here, is an innate resilience. We believe that Waiahole Valley can, not only be part of the solution, but also be a leader in addressing climate change adaptation, food security and community resilience.

In order to actualize these solutions we HHFDC to accept our proposed formula for rents for the upcoming 15 year lease period. This would give HHFDC and the valley tenants time to properly complete the strategic planning process, and hopefully achieve the outcome of a collaborative management framework where HHFDC can be supported in their management of the valley by community members and partnerships with other relevant state agencies. A successful planning initiative would also identify and pursue alternative funding sources besides DURF to support valley development and management and minimize the financial burden on the tenants and HHFDC.

If you would like to learn more or discuss this further please reach out to the point of contact for our farmers' group:

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