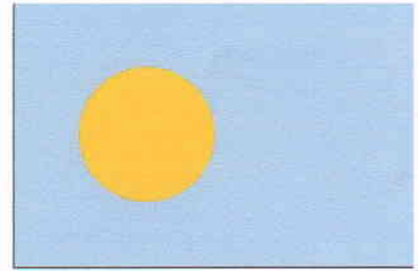


FINAL REPORT AND RECOMMENDATIONS

**Task Force on Displaced
Palauan Residents**

Presidential Directive No. 15-12



**Ministry of Community and Cultural Affairs on behalf of the
Task Force for Displaced Palauan Residents**

June 06, 2016

Executive Summary

President Tommy E. Remengesau created the Task Force on Displaced Palauan Residents to be led by the Minister of Community and Cultural Affairs Baklai Temengil Chilton in response to the current crisis of local residents losing their homes due to foreign investment, sea level rise, and re-appropriation of land. The task force has been meeting since November, 2015 and while it has identified a few recommendations to address the crisis, its review is still in a preliminary stage.

This document is an overview of the discussions from the task force meetings and includes recommendations that range from creating a housing project to implementing Smart Growth development throughout Palau. While there are a variety of concerns, the task force recognizes that livability and sustainability are the most fundamental priorities of Palau's development. Members of the task force feel that simply addressing displaced Palauan residents without looking at development of Palau as a whole will not solve the housing problem. First and foremost, Palau must **enact** and **enforce** legislation that sustainably improves the housing stock in Palau and creates communities that are healthy and resilient to natural disasters.

The PHA 2016 Budget has provided a very promising boost to the residential construction industry thus providing affordable and sustainable housing opportunities. For this, the \$5mm soft loan from the Republic of China will be established through the Palau Housing Authority to provide low interest loans to displaced and low-income Palauan residents.

The task force recommends:

1. Creating social priorities and sustainable development directions at the legislative level whereas sustainability involves the simultaneous pursuit of economic prosperity, environmental quality and social equity.

2. Ensure that the Palau Housing Authority will continue to work towards bringing us a step closer in our aim of contributing towards sustainable development and to enable better access to affordable housing.
(Annex VIII: *Palau Housing Authority: Pilot Housing Project*)

3. Recommend that the Bureau of Budget and Planning to do the following
(See Annex V : *31 PNCA, Trust Territory Land Planning Act*):
 - a. Establish a Land Use Planning Office to set and enforce building and zoning codes .
 - b. Adopt an alternative and effective urban development strategy .
 - c. Develop a National Housing Policy to be approved by the Palau National Congress.
 - d. Provide support for the creation and/or implementation of State Master Plans and Land Use Plans.
 - e. Ensure political financial commitment and legislative support at the national and state levels.
 - f. Work with the Palau Public Land Authority to clarify role in assisting Land Use Office
 - g. Review Senate Bill 9-26, SD1 to Establish National Building Safety Standard for the ROP.
 - h. Review the draft Sustainable Land Management Policy and to see how it can inform planning work.

4. Dissolve the Displaced Residents Housing Task Force and create a National Planning Commission of individuals from various sectors within the community dedicated to the aforementioned activities. The newly created commission will additionally:
 - a. Work with the Palau Housing Authority, planning office and other stakeholders to identify any gaps or issues within the housing system and find solutions for such gaps.
 - b. Work with appropriate national and state land authorities to set aside state and national lands for development of permanently affordable housing.

(“The introduction of a uniform building code is also recommended....” “In terms of legislative requirements, it is recommended that, in the short term, Title 31 be reinstated in amended form...Appropriate amendments to title 31 could include identification of the National Planning Commission as the ‘umbrella’ authority...” Palau 2020 National Master Development Plan, Annex VI).

Introduction

Displacement of Palauan residents has become increasingly problematic and is seen particularly throughout Koror State, where nearly 85% of Palauan residents live (Annex XI: *Palau Demographic Data*). This displacement is due to a variety of factors including a successful return of public and private land claims, property acquisitions by third parties (foreigners), and climate change which has caused sea levels to rise absorbing developed and developable land. Often, displaced Palauan residents are unable to find affordable alternative housing simply due to limitations in availability and inappropriate strategies for urban planning. A variety of solutions are available in addressing these needs and in many cases, a multi-pronged approach must be considered.

TRB Architects prepared an in-depth report on this issue entitled *A Discussion of the Issue of Housing Displacement in Koror, Palau* (Annex I) which was elaborated for Palau’s Ministry of Community and Cultural Affairs.

Members of the task force feel that simply addressing displaced Palauan residents without looking at development of Palau as a whole will not solve the housing dilemma. First and foremost, Palau must **enact** and **enforce** legislation that sustainably improves the housing stock in Palau and creates communities that are healthy and resilient to natural disasters.

Process

To respond to the displacement crisis, President Tommy E. Remengesau issued Directive No. 15-2, "To create a Task Force on Displaced Palauan Residents" Oct. 14, 2015.

The directive states, "The Task Force on Displaced Palauan Residents will be established to look into the problems associated with the growing incidence of displaced Palauan residents that lost their dwellings, particularly in Koror State, as a result of either land claims and court settlements or land and property acquisitions by third parties, and to explore and recommend options for the National Government to provide assistance for such displaced residents."

In February of 2016, during the thirteenth regular session, the Palau National Congress approved the borrowing of \$5mm from the Republic of China for the development of affordable housing. "*WHEREAS, the proceeds of the Loan will be*

used by PHA to offer necessary capital to domestic borrowers seeking to construct new housing in the Republic...” (Annex XII: A HOUSE JOINT RESOLUTION).

Working with the \$5mm soft loan, the Palau Housing Authority (PHA) will utilize the task force’s recommendations to provide permanently affordable housing for displaced Palauan residents. See: *A Concept Paper on Palau’s Displaced Families and Residents* (Annex II) explaining the funding need and request.

The following provides an overview of key activities initiated:

1. Created a concept paper on Displaced Palauan Residents: Nov. 20, 2015.
2. Created a public announcement and subsequent survey form for displaced residents: Nov 24, 2015, with a deadline of Dec 23.
3. Created a verbal agreement with Airai State Governor for the Lease of land for long-term affordable housing: Nov 2015
4. Awarded leased land to 6 displaced families by Koror State Public Land Authority. Continue to work with them for future developable sites.
5. Conducted an initial survey interview with displaced residents by PHA: Jan 6, 2016.
6. Received survey results of displaced residents from the Bureau of

of Statistics: Jan 14, 2016.

7. Determined priority needs and the degree of assistance to

Provide to displaced residents (PHA): Jan 14, 2016.

8. Identified financial advisers for displaced residents

9. Began a Housing Initiative based on:

a. Loan conditions

i. Interest rate and term

ii. Funding disbursement

iii. Payment schedule

iv. Reporting

b. Prioritized conditions for funding based on:

i. Status of displaced resident

ii. Income of displaced resident

iii. Property condition (lease or ownership)

iv. Potential relocation

c. Considered the national initiative on development based on:

i. State Master Plan and Land Use Plan

- ii. Whether public lands have clear title
 - iii. If funding is available for infrastructure
 - iv. If residents are interested in relocating
- d. Considered Smart Growth development options including:
- i. Green building
 - ii. Energy efficiency
 - iii. Alternative housing options
 - iv. Mixed-use
 - v. Mixed-income
 - vi. Protection of natural areas
 - vii. Community input in the development process
 - viii. Community Land Trust and Conservation Land Trust models

10. Identified programs available for assisting displaced residents:

- a.PHA – Rehab Loan Program – New Housing Unit (Status: Ongoing)
- b.PHA – Rehab Loan Program – Housing Subdivision (Status: Ongoing)
- c.PHA – Assisted Subsidized Rental Public Housing (Status: Planning)
- d.PHA – Rehab Loan Program – Prefab Housing Unit (Status: Ongoing)

e.PHA – Low Income – Rental Public Housing Prefab (Status: Planning)

11. Processed and approved applicants: 6 in March 2016, 4 to be approved (PHA)
12. Established eligibility requirements for Prefabricated Housing Assistance to Displaced Residents: March, 2016
13. Created MOU requesting assistance (National, State CAT Team, PCC, etc.) for the construction of the Prefabricated Housing Units thus assist in offsetting labor costs
14. Created an expedited permitting process for the construction of the Prefabricated Housing Units with Historical, PPUC, EQPB, & State: March 2016
15. Executed a Financial Commitment from PHA for the Prefabricated Housing Units: April 2016
16. Established a public awareness media campaign to inform displaced residents of available assistance.

PHA has interviewed 47 of 64 Displaced Families. (See Annex III survey instrument: *Survey on Displaced Persons 2015*).

Of those 47 families:

- A. 41 still live on adjudicated land
- B. 27 have received an eviction notice
- C. 24 have access to land (own or lease)
- D. 23 need land (and have applied or will apply for a state lease in Koror, Airai or Aimeliik).
- E. 6 have had their loan approval and are awaiting permits to begin construction.
- F. 29 cannot be helped to find housing with PHA due to various factors from the fact that their dispute is under litigation to the fact that there is a family dispute to the fact that they gave up and are renting (family dispute:2, incomplete survey form: 7, new lease agreement: 1, found rental: 8, under litigation: 4, other:7).

Objectives, Expected Results

The ultimate intention of the task force is to ensure that a housing policy is in place and that a long-term housing development plan is created that provides the greatest variety of housing alternatives for all in Palau. The task force recognizes that housing is not the single issue regarding the future development of Palau;

that to create livable communities it must also include the development of green spaces, transportation corridors and mixed-use and mixed-income zones simultaneously. We find these goals congruent with those of the United Nations Sustainable Development Goals 1,4,6,7,8,10,11 & 17, but most specifically with goal 11 which states: *“Make cities and human settlements inclusive, safe, resilient and sustainable”* (Annex: VII).

The first proposed community development project will act as a pilot project for better understanding and establishing a set of building and zoning codes that best help the needs of residents through a mixed-use, mixed-income project. With most funding in place through the \$5mm construction loan, homes will be constructed for displaced residents and low- income and families.

While the Palau Housing Authority has already been working with many families, it is not yet known how many in the future will need housing due to the fact that very little data is available regarding this crisis. Currently, the PHA is working with 60 clients who are considered displaced throughout Koror and Airai (Annex IX: *Displaced Persons Template*).

Furthermore, there are 6 states (Koror, Angaur, Ngardmau, Ngiwal, Ngeremlengui, Airai) with over 22% of their land leased while the national average is 16%. Ngiwal, Ngeremlengui and Airai exhibit very high residential leases at over 70%. Conversely, Koror, Ngardmau and Anguar have very low residential lease rates, below 50%. Additionally,, the non-residential lease rates

for these states are more than double the national average of 8%. These numbers highlight the loss of residential leases to commercial leases in places like Koror, Ngardmau and Anguar (Annex IV: *Land Lease: Initial Findings*).

Ultimately, this task force is charged with ensuring that a housing policy is in place and that a long-term housing development plan is created that is sustainable and provides the greatest variety of housing alternatives for Palau.

Sustainability

“...such policies may be expected to include: a determination to ensure that future development is sustainable, so that development which meets the needs of the present does not compromise the ability of future generations to meet their needs: development should be ‘appropriate’ in that it takes full account of the environmental consequences and conflicts with other legitimate land use activity...” Annex VI: Palau 2020 National Master Development Plan

There are a variety of options available for sustainably addressing current and future housing and development issues in Palau. Over the centuries, different communities in many diverse nations have experimented with various ways to develop appropriate communities. The current trends that have proven to be most successful can be found throughout the world and are based on traditional ways of life.

In the United States and many other countries, this model is being replicated through Smart Growth or New Urbanism (form-based building and zoning codes).

The goals of these codes are simple and are found to create the most desirable elements for a population through improving the built environment to one that creates more positive interactions between residents. Residents are easily able to walk to shops, restaurants and open spaces, there are a variety of housing choices rather than just one option, parks and natural areas are protected, and community members are involved in the design process (Annex X: *Smart Growth Strategies*). This model is a good starting point for thinking about and for creating a more contextualized model that would best suit our environment and culture.

Conclusion and Recommendations

This report concludes the efforts of the Task Force on Displaced Palauan Residents to date (May 4, 2016). The task force recommends:

1. Creating social priorities and sustainable development directions at the legislative level whereas sustainability involves the simultaneous pursuit of economic prosperity, environmental quality and social equity.
2. Ensure that the Palau Housing Authority will continue to work towards bringing us a step closer in our aim of contributing towards sustainable development and to enable better access to affordable housing.
(Annex VIII: *Palau Housing Authority: Pilot Housing Project*)
3. Recommend that the Bureau of Budget and Planning to do the following
(See Annex V: *31 PNCA, Trust Territory Land Planning Act*):

- a. Establish a Land Use Planning Office to set and enforce building and zoning codes .
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 - d. Provide support for the creation and/or implementation of State Master Plans and Land Use Plans.
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 - f. Work with the Palau Public Land Authority to clarify role in assisting Land Use Office
 - g. Review Senate Bill 9-26, SD1 to Establish National Building Safety Standard for the ROP.
 - h. Review the draft Sustainable Land Management Policy and to see how it can inform planning work.
2. Dissolve the Displaced Palauan Residents Housing Task Force and create a National Planning Commission of individuals from various sectors within the community dedicated to the aforementioned activities. The commission will:
- a. work with the Palau Housing Authority, planning office and other stakeholders to identify any other gaps or issues within the housing system and find solutions for such gaps.
 - b. Work with appropriate national and state land authorities to set aside state and national lands for development of permanently affordable housing.

Finally, members of the task force feel that simply addressing displaced Palauan residents without looking at development of Palau as a whole will not solve the housing problem. First and foremost, Palau must **enact** and **enforce** legislation that sustainably improves the housing stock in Palau and creates communities that are healthy and resilient to natural disasters.

This Final Report and Recommendations were prepared for the President of the Republic of Palau by the Ministry of Community and Cultural Affairs on behalf of the Task Force on Displaced Palauan Residents.

Annex

Annex I: *A Discussion of the Issue of Housing Displacement in Koror, Palau* by TRB Architects, August 24, 2015

Annex II: *A Concept Paper on Palau's Displaced Families and Residents: A Housing Crisis* by the Ministry of Community and Cultural Affairs on behalf of the Task Force for Displaced Palauan Residents, November 20, 2015

Annex III, Blank Survey Example: *Survey on Displaced Person 2015* by the Task Force on Displaced Palauan Residents Presidential Directive No. 15-12

Annex IV: *Land Lease: Initial Findings* by David Ramarui Mason, April 2016, page 1.

Annex V: *31 PNCA, Trust Territory Land Planning Act*, page 31-3

Annex VI: *Palau 2020 National Master Development Plan*, SAGRIC, Intl., April 1996, sec: 7.6.4.1.

Annex VII: *Sustainable Development Goals*, United Nations General Assembly October 21, 2015, pages: 15/35-27/35.

Annex VIII: *Pilot Housing Project*, Palau Housing Authority, 2016.

Annex IX: *Displaced Persons Template*, Palau Housing Authority, 2015

Annex X: *Smart Growth Strategies*, <https://www.epa.gov/smartgrowth/about-smart-growth>, US EPA April 20, 2016

Annex XI: *Palau Demographic Data*,

<http://data.un.org/CountryProfile.aspx?crName=palau>, UNdata, 2016

Annex XII: A *HOUSE JOINT RESOLUTION*, Thirteenth Regular Session, February, 2016.