



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

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Written Statement of
MARY ALICE EVANS, Director

before the
HOUSE COMMITTEE ON WATER & LAND
Tuesday, February 4, 2025, 9:00 AM
State Capitol, Conference Room 411

in consideration of
HB 732
RELATING TO SHORELINE MANAGEMENT AREAS.

Chair Hashem, Vice Chair Lamosao, and Members of the House Committee on Water & Land:

The Office of Planning and Sustainable Development (OPSD) respectively offers **comments with amendments** on HB 732 as follows:

HB 732 proposes to streamline Special Management Area (SMA) Permitting by raising the valuation threshold with annual inflation adjustment between the SMA Minor Permit and SMA Use Permit. OPSD recommends the following amendments to the proposed language of HB 732 relating to § 205A-22:

“Special management area minor permit” means development of a single-family residence that is less than 3,500 square feet of floor area and is not part of a larger development, or an action by the authority authorizing development the valuation of which is not in excess of [~~\$500,000 and which~~] \$750,000 with inflation adjustment every five years starting from the date of approval of this Act from the lead agency in accordance with the Consumer Price Index for All Urban Consumers published by the Bureau of the Labor Statistics of the United States Department of Labor and that has no substantial adverse environmental or ecological effect, taking into account potential cumulative effects.

“Special management area use permit” means an action by the authority authorizing development the valuation of which exceeds [~~\$500,000 or which~~] \$750,000 with inflation adjustment every five years starting from the date of approval of this Act from the lead agency in accordance with the Consumer Price Index for All Urban Consumers published by the Bureau of the Labor Statistics of the United States Department of Labor or that may have a substantial adverse environmental or ecological effect, taking into account potential cumulative effects.

Thank you for the opportunity to testify on this measure.

RICHARD T. BISSEN, JR.
Mayor

JOSIAH K. NISHITA
Managing Director



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COUNTY OF MAUI
200 SOUTH HIGH STREET
WAILUKU, MAUI, HAWAII 96793
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TO: Representative Mark J. Hashem, Chair
Representative Rachele F. Lamosao, Vice Chair
Committee on Water & Land

FROM: Richard T. Bissen, Jr., Mayor
Kate L. K. Blystone, Planning Director

DATE: February 4, 2024

SUBJECT: SUPPORT OF HB732, RELATING TO SHORELINE MANAGEMENT AREAS

Thank you for the opportunity to testify in **SUPPORT** of this important measure which would require the valuation of development that determines the necessity of a special management area (SMA) minor permit or special management area use permit to be adjusted annually for inflation.

We **SUPPORT** this measure for the following reasons:

1. This bill allows fair automatic annual adjustment of SMA minor permit valuation based on inflation.
2. Construction costs after the COVID-19 pandemic and the Lahaina wildfire has exponentially increased, creating significant barriers to recovery efforts.
3. This bill will assist the permitting process to keep up with quickly changing economic impacts while ensuring a fair and transparent permitting process.

Mahalo for your consideration.

Council Chair
Alice L. Lee

Vice-Chair
Yuki Lei K. Sugimura

Presiding Officer Pro Tempore
Tasha Kama

Councilmembers
Tom Cook
Gabe Johnson
Tamara Paltin
Keani N.W. Rawlins-Fernandez
Shane M. Sinenci
Nohelani U'u-Hodgins



Director of Council Services
David M. Raatz, Jr., Esq.

Deputy Director of Council Services
Richelle K. Kawasaki, Esq.

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
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February 2, 2025

TO: Honorable Mark J. Hashem, Chair, and
Members of the House Committee on Water & Land

FROM: Nohelani U'u-Hodgins *Nohelani U'u-Hodgins*
Councilmember

SUBJECT: **TESTIMONY IN SUPPORT OF HB 732, RELATING TO
SHORELINE MANAGEMENT AREAS**

DATE: Tuesday, February 4, 2025
9:00 a.m., Conference Room 411

Thank you for the opportunity to testify in support of this important measure. The purpose of this measure is to require the valuation of development that determines the necessity of a special management area minor permit or special management area use permit to be adjusted annually for inflation.

The Maui County Council has not had the opportunity to take a formal position on this measure. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

The Special Management Area (SMA) permit valuation thresholds have not been updated to reflect the rising costs of labor, materials, and development over time. Passing HB 732 will establish an automatic annual adjustment based on inflation, ensuring fair permit thresholds that reflect current economic conditions.

The COVID-19 pandemic and the Lahaina wildfire have significantly increased construction costs, making it harder for property owners to rebuild and

February 2, 2025

Page 2

recover. By adjusting valuation thresholds annually, HB 732 will remove unnecessary barriers, allowing communities to move forward with recovery.

Additionally, HB 732 will help streamline the permitting process, make it more efficient for applicants and permitting agencies, and reduce delays.

I urge you to lend your support to HB 732.

Mahalo for the opportunity to submit testimony in support of HB 732.

DEPARTMENT OF PLANNING AND PERMITTING
KA 'OIHANA HO'OLĀLĀ A ME NĀ PALAPALA 'AE
CITY AND COUNTY OF HONOLULU

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DAWN TAKEUCHI APUNA
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DEPUTY DIRECTOR
HOPE PO'O

REGINA MALEPEAI
2ND DEPUTY DIRECTOR
HOPE PO'O KUALUA

February 4, 2025

The Honorable Mark J. Hashem, Chair
and Members of the Committee on Water & Land
Hawai'i House of Representatives
Hawai'i State Capitol
415 South Beretania Street
Honolulu, Hawai'i 96813

Subject: House Bill 732
Relating to Shoreline Management Areas

Dear Chair Hashem and Committee Members:

The Department of Planning and Permitting (DPP) generally **supports** House Bill No. 732, which requires the valuation of development that determines the necessity of a special management area minor permit or special management area use permit to be adjusted annually for inflation.

This Bill proposes to streamline the Special Management Area (SMA) permitting process by raising the development valuation threshold of SMA Minor Permits and SMA Use Permits to \$750,000 for the calendar year of 2025, and to adjust this amount for inflation annually thereafter.

The DPP processes both SMA Minor and Major Permits. Although SMA Minor Permits have a more streamlined review process, Hawai'i Revised Statutes (HRS) Title 13 Chapter 205A still requires the agency to make a finding that the proposal has no substantial adverse environmental or ecological effect, taking into account potential cumulative effects. The DPP performs a rigorous review of projects seeking SMA Minor Permits and requires applicants to provide detailed information relating to each of the review criteria, policies, and guidelines listed in HRS Chapter 205A. If we find that a project may have substantial adverse environmental, ecological, or cumulative effects, the SMA Minor Permit is denied and the project may proceed by applying for an SMA Major Permit, which is a lengthier and involved process that requires City Council

The Honorable Mark J. Hashem, Chair
and Members of the Committee on Water & Land
Hawai'i House of Representatives
House Bill No. 732
February 4, 2025
Page 2

action. By increasing the threshold, we expect fewer SMA Major Permits and more SMA Minor applications, which are processed administratively by DPP.

We also support the testimony of the State Office of Planning and Sustainable Development on this Bill, including their proposed amendments, which would adjust the valuation threshold every five years instead of every year, and provide that dwelling units under 3,500 square feet in size may be processed under an SMA Minor Permit process regardless of cost.

Finally, we note that the Bill includes language to apply the proposed changes beginning on January 1, 2025; as this date has already passed, this may have been included in error.

Thank you for the opportunity to testify.

Very truly yours,



Dawn Takeuchi Apuna
Director Designate

Feb. 4, 2025, 9 a.m.
Hawaii State Capitol
Conference Room 411 and Videoconference

To: House Committee on Water and Land
Rep. Mark Hashem, Chair
Rep. Rachele Lamosao, Vice-Chair

From: Grassroot Institute of Hawaii
Ted Kefalas, Director of Strategic Campaigns

RE: HB732 — RELATING TO SHORELINE MANAGEMENT AREAS

Aloha Chair Hashem, Vice-Chair Lamosao and other members of the Committee,

The Grassroot Institute of Hawaii **supports** [HB732](#), which would increase the valuation thresholds for determining whether a project in a special management area must apply for a minor permit or a use permit and would index those thresholds to inflation.

Currently, any non-exempt “development” must apply for an SMA minor permit if the project is valued at \$500,000 or less and has no significant environmental impact. If the “development” is valued above \$500,000 or would have a significant environmental impact, it requires an SMA use permit.¹

These figures have not been updated since 2011, when the threshold was increased from \$125,000 to \$500,000.² Adjusted for inflation, \$500,000 in December 2010 had the same purchasing power as \$719,970 in December 2024.³

Increasing the threshold and requiring annual inflation adjustments would protect builders from high inflation and save the Legislature time from having to update the threshold by statute.

¹ [205A-22 Definitions.](#), Hawaii Revised Statutes, accessed Jan. 31, 2025.

² [Session Laws of Hawaii 2011 Act 153](#), accessed Jan. 31, 2025.

³ [“CPI Inflation Calculator,”](#) U.S. Bureau of Labor Statistics, December 2010 compared to December 2024, accessed Jan. 31, 2025.

Applying for an SMA minor permit takes less time and resources than applying for an SMA use permit, which often requires a public hearing and a vote from a county planning commission or county council. Minor permits, on the other hand, often only need approval from the county planning director.

Thank you for the opportunity to testify.

Ted Kefalas
Director of Strategic Campaigns
Grassroot Institute of Hawaii