

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



DEAN MINAKAMI
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
HONOLULU, HAWAII 96813
FAX: (808) 587-0600

Statement of DEAN MINAKAMI

Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON HOUSING

March 12, 2025 at 9:00 a.m.
State Capitol, Room 430

In consideration of
S.B. 1002 SD2
RELATING TO AFFORDABLE HOUSING.

Chair Evslin, Vice Chair Miyake, and members of the Committee.

HHFDC **supports** SB 1002 SD2, which, beginning 7/1/2027, requires the State Historic Preservation Division (SHPD) of the Department of Land and Natural Resources (DLNR) to contract its review of proposed state projects, and projects affecting historic properties to third-party consultants if the projects involve the development of affordable housing and the division, after an initial evaluation, determines it will not be able to complete its review within 60 days. It establishes requirements for qualified third-party consultants providing review services, requires the project proponent to pay for the reasonable fee requirements of the third-party consultant, and allows the project proponent to contract or sponsor with any county, housing authority, non-profit organization, or person, to meet the third-party consultant fee requirement. It also requires DLNR to publish a draft of its proposed rules within one year, and within one year, and within one year thereafter, present its proposed final rules to the Board of Land and Natural Resources. Appropriates funds. HHFDC supports the measure so long as it does not adversely impact priorities identified in the Executive Budget Request for FY 2026.

HHFDC supports efforts to streamline what has historically been a bottleneck in the development process and has slowed affordable housing projects, including those using the provisions of Chapter 201H, Hawaii Revised Statutes, to expedite development. We have a number of projects that have been delayed, some for more than a year, due to

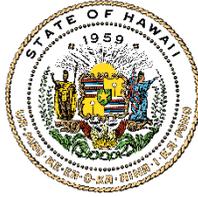
the historic review process. While we understand that the review process is valuable and necessary, more must be done to streamline and expedite the process.

SHPD's engagement of third-party contractors would help expedite the review process so that more affordable housing units can be produced in a timely manner.

Thank you for the opportunity to testify on this bill.

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
HONOLULU, HAWAII 96809

DAWN N.S. CHANG
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE
MANAGEMENT

RYAN K.P. KANAKA'OLE
FIRST DEPUTY

CIARA W.K. KAHAHANE
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE
MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES
ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

Testimony of
DAWN N. S. CHANG
Chairperson

Before the House Committees on
HOUSING

Wednesday, March 12, 2025
9:00 AM

House Conference Room 430 & Videoconference

In consideration of
SENATE BILL 1002, SENATE DRAFT 2
RELATING TO AFFORDABLE HOUSING

Senate Bill 1002, Senate Draft 2 would require the Department of Land and Natural Resources (Department) through the State Historic Preservation Division (Division) to contract its review of proposed state projects and affordable housing projects to third-party consultants under certain conditions. This bill also appropriates funds to the Division for recruitment and retention of qualified third-party consultants to expedite the review of state affordable housing projects. **The Department acknowledges the intent of this measure and offers comments.**

Chapter 6E, HRS, sets forth the framework for a comprehensive statewide historic preservation program in Hawai'i. A key part of that program is the review of projects, as required by sections 6E-8, 6E-10, 6E-42, and 6E-43, HRS; and the Department believes these sections of Chapter 6E, HRS, reflect the Legislature's intent to require project proponents to consider the impact of their projects on iwi kūpuna, as well as historic and cultural resources. The Department recognizes the need to streamline the historic preservation review process to improve the timeliness of historic preservation reviews. This bill amends 6E-8 and -42, HRS and requires that the Division contract a third-party consultant if, after its initial review, the Division determines that it will not be able to provide its written determination or written concurrence or non-concurrence within sixty days. It also requires that the third-party consultant have the appropriate qualifications and experience to review an application for permit, license, or approval, as set forth within rules adopted by the Division. It identifies that the project proponent shall pay for the reasonable fee requirements of the third-party consultant.

The Department is not opposed to the use of third-party reviewers who meet the appropriate professional qualifications. However, the Division would be required to assign a staff person to identify, certify qualifications of, and manage a third-party reviewer and third-party reviewer contract. Thus, managing

a third-party reviewer would adversely offset the amount and level of work existing Division staff-person(s) would produce in lieu of the third-party reviewer. This amendment would likely result in the Division requiring the creation of an additional position within its Archaeology or Architecture Branches to serve as an affordable housing historic preservation third-party review coordinator. If such a position was created, they would be assigned to make determinations about whether or not the Division would be able to meet the sixty-day review period, identify if a third-party reviewer was necessary and that they met appropriate qualifications, assign any necessary fees to the project proponent to cover the expenses of a third-party reviewer, and manage the third-party reviewer contract and deliverables to ensure that they are completed within the thirty-day review period.

Furthermore, SHPD would be liable for any determinations made by the third-party reviewer. Thus, third-party reviewers should be required to follow state ethics rules and should not be allowed to review any project that they or their employer has worked on.

Lastly, any determinations made by SHPD during the 6E-8, HRS review process are subject to appeal pursuant to 13-275(3)(e) and 13-275(11)(a)-(b), HAR. Any 6E-8, HRS review completed by a third-party would also be subject to review, as define by the existing state historic preservation program rules. Therefore, SHPD should be able to reserve the right to determine whether use of a third-party reviewer was appropriate and terminate a third-party reviewer contract if either the third-party reviewer has evidenced insufficient compliance with the state historic preservation rules and statutes or has not completed assigned historic preservation reviews accurately.

To further strengthen this bill, the Department recommends the following edits and additions for clarity and completeness:

Pg. 6, line 3-9; Because a sixty day review period is contingent upon having a complete and true application; and, because it is not guaranteed that SHPD will be able to contract with a third-party reviewer; and, because some affordable housing projects utilize federal funding and are also subject to Section 106 of the National Historic Preservation Act, which can take longer than sixty-days due to the public comment requirement, SHPD should be able to reserve the right to determine whether or not it is appropriate for an affordable housing project to be reviewed by a third-party reviewer.

“(d) Whenever the proposed state project involves the development of residential units intended as affordable housing, as that term is defined under section 201H-57, the department ~~shall~~ may retain a third-party consultant to conduct the review described under subsection (a) no later than sixty days after an application is submitted; provided that after an initial evaluation, the department determines that:”

Pg. 9, line 1-7

“(c) Whenever the project involves the development of residential units intended as affordable housing, as that term is defined under section 201H-57, the department ~~shall~~ may retain a third-party consultant to conduct the review and comment described under subsection (a) no later than sixty days after an application is submitted; provided that after an initial evaluation, the department determines that:”

Mahalo for the opportunity to provide testimony on this measure.



**WITH COMMENTS ON SB1002_SD2
RELATING TO AFFORDABLE HOUSING**

House Committee on Housing

March 12, 2025

9:00 a.m.

Room 430

Aloha e Chair Evlsin, Vice Chair Miyake, and Members of the House Committee on Housing:

The Office of Hawaiian Affairs (OHA) provides **COMMENTS** on SB 1002 SD2, which would amend sections of the Chapter 6E, Hawai‘i Revised Statutes (HRS) historic review process, to require the Department of Land and Natural Resources to contract its review of affordable housing projects affecting historic properties to third-party consultants if the department cannot complete its review within sixty days.

The historic review process set out in HRS chapter 6E need not delay housing construction when implemented with sufficient staff and resources. However, many of the initial archaeological reviews and effects determinations are made by non-SHPD staff or private consultants that either do not have the training or the mandate to properly identify and assess impacts of projects on historic sites and iwi kūpuna. This can lead to project delays when SHPD is forced to review inadequate submissions and request follow up information. In fact, a working group in 2023 confirmed that some of the primary impediments to timely and quality HRS Chapter 6E review are limited SHPD staff and incomplete or poorly written submittals from project proponents.¹

In other words, hiring third-party consultants, who may or may not be available on the short timelines proposed in the bill, does not ensure quicker review. Moreover, it certainly does not ensure better quality work-product, which is critical to ensuring the goals and policy purposes of HRS chapter 6E are met. SHPD would need to hire additional staff and implement additional procedures to oversee the third-party consultants, vet their qualifications and possible conflicts of interest, and ensure compliance with existing law and regulations. The additional steps and necessary staff limit much of the purpose of the bill to expedite the historic review process. Other more effective solutions to address SHPD’s backlog include increasing staff resources at SHPD, conducting programmatic inventories and risk level assessments, and prioritizing project review for affordable housing projects at the agency level.

OHA notes that this bill conflicts with the timelines set out in in SB1263_SD2, another bill before this committee that provides more reasonable timelines (i.e., 90 day vs 60 day reviews) for priority housing projects, and imposes reasonable guardrails to ensure

¹ See Report of the Burial Sites Working Group to the Hawai‘i State Legislature (Feb. 2023), [BSWG Report to the 2023 Legislature - Google Docs](#).

that expedited review does not compromise the integrity of the review process. OHA urges the Committee to conform this bill to that measure.

Mahalo for the opportunity to submit Comments on this bill.

March 12, 2025

The Honorable Luke A. Evslin, Chair

House Committee on Housing

State Capitol, Conference Room 211 & Videoconference

RE: Senate Bill 1002, SD2, Relating to Affordable Housing

HEARING: Wednesday, March 12, 2025, at 9:00 a.m.

Aloha Chair Evslin, Vice Chair Miyake, 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 Hawaii and its over 10,000 members. HAR **supports** Senate Bill 1002, SD2, which beginning 7/1/2027, requires the State Historic Preservation Division of the Department of Land and Natural Resources to contract its review of proposed state projects, and projects affecting historic properties to third-party consultants if the projects involve the development of affordable housing and the division, after an initial evaluation, determines it will not be able to complete its review within 60 days. Establishes requirements for qualified third-party consultants providing review services. Requires the project proponent to pay for the reasonable fee requirements of the third-party consultant. Allows the project proponent to contract or sponsor with any county, housing authority, non-profit organization, or person, to meet the third-party consultant fee requirement. Requires the Department of Land and Natural Resources to publish a draft of its proposed rules within 1 year, and within 1 year thereafter, present its proposed final rules to the Board of Land and Natural Resources. Appropriates funds. Effective 7/1/2050.

Currently, Hawai'i Revised Statutes Chapter 6E, defines a historic property as, "any building, structure, object, district, area or site, including heiau and under water site, which is over fifty years old." With the current definition, the number of homes and buildings that qualify has continued to increase. This can be challenging for homeowners that must comply with the historic preservation review process for permits, even when their properties have no historical significance. For example, homes in Mililani were built in 1968, and homes there can be over 57 years old.

Furthermore, current law can also be challenging for the State Historic Preservation Division, as they will have to review properties simply because the property is over 50 years old, even without historical significance. By providing for a process and review by third-party consultants for state and historic properties involving affordable housing projects that are not approved within 60 days may help to address these challenges.

Mahalo for the opportunity to provide testimony on this measure.



March 11, 2025

Representative Luke Evslin, Chair
Representative Tyson Miyake, Vice Chair
Committee on Housing

RE: **SB 1002 - Relating to Affordable Housing**
Hearing date: March 12, 2025 at 9:00 AM

Aloha Chair Evslin, Vice Chair Miyake and members of the committee,

Mahalo for the opportunity to submit testimony on behalf of NAIOP Hawaii in **STRONG SUPPORT** on SB 1002. NAIOP Hawaii is the local chapter of the nation's leading organization for office, industrial, retail, residential and mixed-use real estate. NAIOP Hawaii has over 200 members in the State including local developers, owners, investors, asset managers, lenders and other professionals.

SB 1002 is intended to promote more timely reviews of projects by requiring the Department of Land and Natural Resources (DLNR) State Historic Preservation Division (SHPD) to contract its review of the proposed state projects, projects on privately owned historic property, and projects affecting historic properties to third-party consultants if the department will not be able to complete its review within sixty days. While NAIOP Hawaii prefers the language in HB 830 which has broader application to all projects we support the intent of SB 1002.

Primarily, SB 1002 seeks to address the significant delays that permit applicants face in obtaining county permits that require review under section 6E-42, Hawaii Revised Statutes. Currently, the backlog of historic reviews is encumbering permits throughout the state. Consequently, much needed housing, economic development, and critical infrastructure projects often face significant delays in permit approvals and project implementation. NAIOP understands the great importance that these reviews hold in preservation of Hawaii's historic and cultural sites, however, a balance needs to be found to increase efficiency while maintaining the quality of reviews.

Accordingly, we strongly support the utilization of qualified third-party consultants to review projects in order to meet the intended statutorily required 90-day review timeline.

Currently, SHPD is facing challenges in completing the overwhelming number of reviews due to capacity issues in the department. Allowing for third party consultants to conduct reviews will significantly reduce the current caseload while expediting future reviews that allow for the development of much needed housing and critical infrastructure.

Moreover, permitting third-party reviews offers the benefit of having market demand drive the number of reviewers entering the space. The more demand, the more qualified reviewers will take on the liability and responsibility of these historic preservation project reviews. This will allow market forces to help solve this issue.

Additionally, the language of SB 1002 requires third party consultants to meet qualifications for preservation professionals pursuant to rules adopted by SHPD. This ensures that reviews will be conducted by qualified consultants to meet the high standards of review. NAIOP Hawaii supports this provision of the measure which seeks to balance the interests of all stakeholders by expediting quality reviews.

NAIOP greatly supports the intent of the measure to identify a solution to the significant backlog of much needed projects awaiting SHPD review. Ultimately, SB 1002 addresses a critical issue in the development of more affordable housing and critical infrastructure for Hawaii residents. NAIOP appreciates the Legislature's commitment to collaborating on this issue and look forward to working together.

Mahalo for your consideration,

A handwritten signature in black ink, appearing to read 'Reyn Tanaka', with a stylized flourish at the end.

Reyn Tanaka, President
NAIOP Hawaii



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

HEARING BEFORE THE HOUSE COMMITTEE ON HOUSING
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 430
Wednesday, March 12, 2025 AT 9:00 A.M.

To The Honorable Representative Luke A. Evslin, Chair
The Honorable Representative Tyson K. Miyake, Vice Chair
Members of the Committee on Housing

COMMENTS ON SB1002 SD2 RELATING TO RELATING TO AFFORDABLE HOUSING

The Maui Chamber of Commerce would like to offer **COMMENTS on SB1002 SD2** which requires the Department of Land and Natural Resources State Historic Preservation Division (SHPD) to contract its review of proposed state projects, and projects affecting private historic properties to third party consultants if it determines it will not be able to complete its review within sixty days.

The Chamber has repeatedly seen housing projects – especially affordable housing projects – delayed significantly at the offices of SHPD. There is a large number of projects – big and small – being processed at all of the SHPD offices. They are overwhelmed with projects and have a limited staff. To allow qualified third parties to assist with the workload would speed up the permit reviews that are bottlenecked at SHPD, which would help affordable housing projects get through the process much faster thus lowering the expenses for the housing.

However, we are concerned with the section requiring the applicant to bear the costs of the third-party review. It is not the applicant's responsibility that the department is either understaffed or that its procedures need to be improved to ensure timely reviews. Additional costs are ultimately passed down to the home buyer and may impact affordability.

We respectfully request that this provision requiring applicants to pay for third-party reviews be removed.

Mahalo for the opportunity to offer **COMMENTS on SB1002 SD2**.

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

March 12, 2025, 9 a.m.
Hawaii State Capitol
Conference Room 430 and Videoconference

To: House Committee on Housing
Rep. Luke Evslin, Chair
Rep. Tyson Miyake, Vice-Chair

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

RE: SB1002 SD2 — RELATING TO AFFORDABLE HOUSING

Aloha Chair Evslin, Vice-Chair Miyake and other members of the Committee,

The Grassroot Institute of Hawaii **supports** [SB1002 SD2](#), which would require the Hawaii Department of Land and Natural Resources to contract with third parties for the reviews of state affordable housing projects if the State Historic Preservation Division cannot complete the reviews within 60 days.

Grassroot has long advocated contracting with third parties when practical to conduct certain government work.

As we pointed out in our recent report "[Seven low-cost ways to speed up permitting in Hawaii](#)," Maui County has had success in contracting with the private firm 4Leaf to expedite the rebuilding of structures in Lahaina that were destroyed or heavily damaged by the August 2023 wildfires.¹ Maui County often takes 200 days to approve permits, but 4Leaf has issued permits in just over 84 days, on average.²

According to The Economic Research Organization at the University of Hawai'i, Hawaii's housing regulations are the strictest in the country and "approval delays" for housing developments are three times longer than the

¹ Jonathan Helton, "[Seven low cost ways to speed up permitting in Hawaii](#)," Grassroot Institute of Hawaii, Oct. 2024, p. 11.

² [Ibid](#), p. 11. See also [Maui's Automated Planning and Permitting System](#). Permit type: Building Permit - Disaster Recovery for Single-Family Dwellings, Accessory Dwellings and Accessory Structures. Status: Issued. Date range: April 29, 2025 to Feb. 12, 2025. Then download the results.

national average among communities surveyed.³ Likewise, UHERO researchers have estimated that regulations comprise 58% of the cost of new condominium construction.⁴

Land-use and zoning rules are a key driver of Hawaii's housing crisis. As measured by the state's Honolulu Construction Cost Index, the cost for building single-family homes in 2024 was 2.6 times higher than the cost in 2020. For highrises, the cost was 2.5 times higher.⁵

Grassroot's recent white paper "[Preserving the past or preventing progress?](#)" analyzed SHPD data and found that more than 90% of the projects the agency reviewed from 2021 to 2024 had no impact on historic properties.

The average review time for projects issued determinations has been 94 days. However, the SHPD reviewed less than half of the applications it has received during this period.

Allowing third parties to conduct historic reviews could streamline the system for everyone.

Thank you for the opportunity to testify.

Ted Kefalas
Director of Strategic Campaigns
Grassroot Institute of Hawaii

³ Rachel Inafuku, Justin Tyndall and Carl Bonham, "[Measuring the Burden of Housing Regulation in Hawaii](#)," The Economic Research Organization at the University of Hawai'i, April 14, 2022, p. 6.

⁴ Justin Tyndall and Emi Kim, "[Why are Condominiums so Expensive in Hawai'i?](#)" The Economic Research Organization at the University of Hawai'i, May 2024, p. 11.

⁵ "[Quarterly Statistical and Economic Report, 4th Quarter 2024](#)," Hawaii Department of Business, Economic Development & Tourism, pp. 107-108.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

The Thirty-Third Legislature, State of Hawaii
House of Representatives
Committee on Housing

Testimony by
Hawaii Government Employees Association

March 12, 2025

S.B.1002, S.D. 2 – RELATING TO AFFORDABLE HOUSING

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO provides comments on S.B.1002, S.D. 2, which requires the Department of Land and Natural Resources (DLNR) to contract its review of proposed state projects, and projects affecting historic properties to third-party consultants if the Department is unable to complete its review within sixty days.

We represent over 600 employees within the State Department of Land and Natural Resources, including many professional, administrative, and technical employees within the State Historic Preservation Division (SHPD). These employees meet the existing qualifications and standards established by the department and can make independent determinations in reviewing projects in a timely manner. Permanently allowing third party reviewers to review projects contradicts what has customarily and historically been provided by government employees.

Our records indicate that the SHPD is hovering at a 30% vacancy rate, which is likely due to uncompetitive pay relative to the private sector and federal government, and lethargic hiring times. We must stress that the department and state look to fill these vacancies so that this service is adequately staffed to meet the current and future demand for reviews.

We respectfully request that this bill be amended to include a sunset of two years, after the Board of Land and Natural Resources approves rules. Two years is an adequate amount of time for the department and state to fill these vacancies. Our expectation is that the department and state look to invest in their current and future employees, by increasing pay for hard to fill positions, offer modern and attractive recruitment and retention incentives, and reform our administrative rules to streamline hiring. In the long run, the answer to ensure that the timely review of historic properties is not to outsource government work, but to ensure that our state's workforce is adequately staffed to meet the needs of the public.

HGEA – Testimony for S.B. 1002, S.D. 2
March 12, 2025
Page 2

Thank you for the opportunity to provide comments for S.B.1002, S.D. 2.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Randy Perreira', written in a cursive style.

Randy Perreira
Executive Director