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STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'
DEPARTMENT OF LAND AND NATURAL RESOURCES
KA 'OIHANA KUMUWAIWAI 'ĀINA

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LAND
STATE PARKS

Testimony of
DAWN N. S. CHANG
Chairperson

Before the House Committee on
JUDICIARY & HAWAIIAN AFFAIRS

Thursday, March 27, 2025

2:00 PM

State Capitol Conference Room 325 & Videoconference

In consideration of
SENATE BILL 66, SENATE DRAFT 2, HOUSE DRAFT 2
RELATING TO HOUSING

Senate Bill 66, Senate Draft 2, House Draft 2 requires counties to grant building permits within sixty days if the application is stamped and certified by a licensed engineer and architect and other certain conditions are met, such as an assessment of impacts to iwi kūpuna, as well as historic and cultural resources. **The Department of Land and Natural Resources (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 HRS 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 City and County of Honolulu, Hawaii County, the County of Kauai, and the County of Maui have established their own historic preservation programs, pursuant to 6E-14, HRS, and have been recognized as Certified Local Governments through the National Park Service. This bill identifies that counties shall not consider an application for a building permit associated with an affordable housing project complete until they have made a reasonable and good faith effort to determine that the project does not have the potential to affect historic properties, archaeological resources, or burial sites; or, unless the project has been submitted to the state historic preservation division and the 6E, HRS process has been completed. Including this language within the bill is important in order to take into account the necessary time it takes to identify and assess the likelihood or presence of iwi kūpuna and/or historic and cultural resources within a project area as well as the effects a project may have on iwi kūpuna and/or historic and cultural resources. It's important to note, however, that not all counties have qualified professionals working within their permitting agencies to make these assessments.

Mahalo for the opportunity to provide testimony on this measure.



COMMENTS ON SB66_SD2_HD2
RELATING TO HOUSING

House Committee on Judiciary and Hawaiian Affairs
Hawai'i State Capitol

March 27, 2025

2:00 PM

Conference Room 325

Aloha e Chair Tarnas, Vice Chair Poepoe, and Members of the House Committee on
Judiciary and Hawaiian Affairs:

The Office of Hawaiian Affairs (OHA) submits **COMMENTS on SB66 SD2 HD2**. OHA is the constitutionally established body responsible for protecting and promoting the rights of Native Hawaiians.¹ As part of our constitutional and statutory mandate, OHA has been intimately involved with historic preservation related advocacy for decades and is granted specific kuleana under the Hawai'i Historic Preservation law, HRS Chapter 6E and implementing regulations.² Under the statute and implementing rules, the State Historic Preservation Division (SHPD) is directed to notify OHA when Native Hawaiian burials are disturbed during construction, and consult with OHA about protections for historic properties that are important Native Hawaiians.

First, OHA acknowledges that SB66_SD2_HD2 has been strengthened by the incorporation of amendments specifying that applications must be completed by a qualified professional if an effects determination under Hawai'i Revised Statutes (HRS) chapter 6E is made by the County under proposed subpart (d)(1)(A) (page 6 line 11).

Second, to ensure that the new sub-part delegating authority to the Counties is consistent with existing law and regulations, OHA requests the following addition to the language of proposed subsection (d)(1)(A) (new language proposed by OHA underlined):

(A) Qualified county professionals who meet state historic preservation division rules governing professional qualifications for architecture, archaeology, architectural history, or physical anthropology, have made a reasonable and good-faith determination that the project does not have the potential to affect historic properties, archaeological

¹ Haw. Const. Art. XII Sec.5

² See HRS 6E-3, 43, -43.5, 43.6; and, HAR 13-284-6(c) and HAR 13-275-6(c).

resources, or burial sites, and has consulted with OHA if a Native Hawaiian historic site is located on the subject property, prior to making the determination[.]

Third, the language of the proposed new subsection is unclear on what happens if the qualified County professional determines there *is* an adverse effect to historic properties. OHA recommends adding language that explicitly states that should a qualified County professional determine a project would have an adverse effect on burials or historic properties, the project should then be routed to SHPD for further review under HRS Chapter 6E. This could be accomplished by amending subsection (b)(1)(B) as follows:

(B) The project has been submitted to the state historic preservation division of the department of land and natural resources and the chapter 6E process has been completed, including for those situations in which the county professional described in subpart (A) determines that the project may have the potential to affect historic properties, archaeological resources, or burials sites[.]

Mahalo for the opportunity to comment. We request that you consider our proposed amendments prior to voting on this measure.

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

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March 27, 2025

The Honorable David A. Tarnas, Chair
and Members of the Committee on Judiciary & Hawaiian Affairs
Hawaii House of Representatives
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Subject: Senate Bill No. 66, SD2, HD 2
Relating to Housing

Dear Chair Tarnas and Committee Members:

The Department of Planning and Permitting (DPP) **opposes** Senate Bill No. 66, SD2, HD 2, requires permits to be issued by applicable permitting agencies within sixty days of a complete application being filed for certain single-family and multi-family housing projects if certain conditions are satisfied. This Bill automatically deems approved a permit that is either not otherwise approved by the applicable permitting agency within sixty days or for which the applicant has agreed to all changes or recommendations to the plans and specifications made by the applicable permitting agency. The Bill also pauses the sixty day permit review period under certain circumstances.

This Bill is fundamentally misguided and dangerous to the public. Everyone, including DPP, wants building permits issued quickly, but it should not be at the cost of life and safety. A building permit is not simply a piece of paper. It certifies that the plans submitted conform to building, electrical, mechanical, zoning, fire and codes that ensure life, health and safety. The review that determines compliance with codes is essential to the approval of the building permit. By simply allowing the "approval" of a building permit without the proper review for compliance with the codes defeats the purpose of the building permit review and places the public at great risk.

The persistent narrative that the county permitting agencies are solely to blame for the delay in the issuance of building permits is fallacious and detracts the focus from the actual causes of the delay and how the permitting process can truly be improved.

The Honorable David A. Tarnas, Chair
and Members of the Committee on Judiciary & Hawaiian Affairs
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Over the past two and half years, DPP has identified and addressed inefficient processes, outdated technology, and insufficient staffing that have created delays in the permitting process on DPP's end. As a result, we have significantly reduced the code review by DPP from over six months for residential projects to less than two weeks, and from over 18 months for commercial projects to 60 days. We will continue to reduce these code review times even further as our permitting software and artificial intelligence are fully implemented by this Fall, and as we add more needed staff for plan review.

Does this mean that permit times take two weeks for residential and two months for commercial? No, because it's not solely DPP or the county permitting agency that plays a role in the permitting process. Legislators must understand that there are other agency reviews required for the building permit, such as Board of Water Supply, Honolulu Fire Department, Wastewater, etc. And most importantly, the permit spends a substantial time with the applicant or their design professional to address comments from DPP and other reviewing agencies to ensure that their plans meet pertinent codes. Time with the applicant or their design professional and multiple review cycles of a permit add significantly to the overall review time. Often, more than 50% of an overall permitting review time is with the applicant, which is outside of the time spent with the permitting agency.

For example, if a project is received by DPP and meets all pertinent codes, it can be approved swiftly within 60 days in one review cycle. But if the plans are submitted with many code errors, and therefore must go back to the applicant to address or fix the design to meet the code, which requires an additional review cycle, the permitting review time is greatly extended. If the applicant is unable to address the comment or the comment requires a change in the overall design, subsequent review cycles are needed, all of which will multiply the overall permitting time.

Rather than mandating that permits be approved by a certain deadline and handing out "approved" building permits that do not protect the health, life and safety of the public, the Legislature should focus on how the quality of plans by applicants can be elevated to prevent multiple review cycles, and also add staffing capacity to county permitting agencies.

The Honorable David A. Tarnas, Chair
and Members of the Committee on Judiciary & Hawaiian Affairs
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For these reasons, we do not see the need to mandate that permits be approved, or disapproved, by a specific deadline. We ask that this Bill be held in committee.

Thank you for the opportunity to testify.

Very truly yours,

Dawn Takeuchi Apuna
Director

March 27, 2025

The Honorable David A. Tarnas, Chair

House Committee on Judiciary & Hawaiian Affairs
State Capitol, Conference Room 325 & Videoconference

RE: Senate Bill 66, SD2, HD2, Relating to Housing

HEARING: Thursday, March 27, 2025, at 2:00 p.m.

Aloha Chair Tarnas, Vice Chair Poepoe, 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 66, SD2, HD2, which requires permits to be issued by applicable permitting agencies within sixty days of a complete application being filed for certain single-family and multi-family housing projects if certain conditions are satisfied. Automatically deems approved a permit that is either not otherwise approved by the applicable permitting agency within sixty days or for which the applicant has agreed to all changes or recommendations to the plans and specifications made by the applicable permitting agency. Pauses the sixty day permit review period under certain circumstances. Sunsets 6/30/2030. Effective 7/1/3000.

According to the 2024 UHERO's Hawaii Housing Factbook¹, Hawaii's permitting process takes nearly three times longer than in other states, despite efforts by counties to improve efficiency. Processing times for single-family home permits on average range from 141 days in Hawaii County to 315 days in Kauai County. For multifamily housing projects, approvals take even longer—318 days in Hawaii County and up to 427 days in Kauai County. In addition, the City & County of Honolulu faces a significant backlog, further delaying both residential and commercial projects.²

These delays can significantly increase project costs, create uncertainty, and slow or disincentivizes the construction of much needed housing. As time passes, rising interest rates, increasing material or labor costs, and other market factors can render previously viable projects financially unfeasible. As such, measures that address delays in the permitting process can help with Hawaii's housing challenges.

Mahalo for the opportunity to provide testimony on this measure.

¹ UHERO. (May 20, 2024). The Hawai'i Housing Factbook. <https://uhero.hawaii.edu/wp-content/uploads/2024/05/HawaiiHousingFactbook2024.pdf>

² Blair, Marcel. (December 12, 2023). "Honolulu's Building Permit Delays: A Nightmare Decades in the Making." Honolulu Civil Beat. <https://www.civilbeat.org/2023/12/honolulus-building-permit-delays-a-nightmare-decades-in-the-making/>.



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TO: Committee on Judiciary and Hawaiian Affairs
FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: March 28, 2025

TIME: 2pm

RE: SB66 SD2 HD1 Relating to Housing
Position: Support with Requested Amendments

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, manufacturers and distributors of food and beverage related products in the State of Hawaii.

One of the best ways to improve the likelihood of business and residents staying in the state is to reduce taxes and remove undue regulatory burdens. The worst regulatory burdens are permitting delays. The good news is the state can eliminate permitting delays relatively easily using language similar to SB 66 but apply these reforms to all categories of permits. This bill requires counties to grant building permits within 60 days if the application is stamped and certified by a licensed engineer and architect and certain other conditions are met. This will dramatically reduce homeowner and business costs, increase housing supply and generate billions in tax income to fund removing taxes on groceries. State Income generated from passing this bill can be used to pay for removing taxes on groceries, a very regressive tax that contributes to Hawaii's rampant food insecurity crisis impacting 1 in 3 residents in the state and 40% of residents of Hawaii Island.

HOW TO PAY FOR REMOVING GET ON GROCERIES AND LOWERING TAXES:

Fiscal Impact of Eliminating the Grocery GET

Updated Calculation Using USDA Thrifty Food Plan Data

1. **TFP Data for a Household of Four:**

- a. **Monthly Spending:** \$1,432
- b. Yearly Spending: $\$1,432 * 12 = 17,284$
- c. Yearly Spending Per Person: $\$17,284/4 = \$4,296$

2. **Statewide Total Annual Grocery Spending:**

- a. With a population of approximately 1,400,000: $\$4,296 * 1,400,000 = 6.014$ billion

3. **Adjusting for EBT Exemptions:**

- a. Not all grocery spending is tax exempt. Only purchases made with EBT (SNAP) benefits are exempt. While 11% of Hawai'i's residents participate in SNAP, these households typically use EBT for only a portion of their grocery spending. For this analysis, we assume that, on average, EBT payments account for about 50% of grocery spending among SNAP households.
- b. This implies that roughly $11\% * 50\% = 5.5\%$ of total grocery spending is exempt.
- c. Therefore, approximately **94.5%** of grocery spending is subject to the GET.

4. **Taxable Spending:**

- a. **$0.945 * \$6.014 \text{ billion} \approx \5.684 billion**
 - i. This tracks with the U.S. Department of Agriculture, Economic Research Service *Sales of food for all purchasers with taxes and tips, by state* dataset (<https://www.ers.usda.gov/data-products/food-expenditure-series>) which shows Hawaii's nominal food-at-home expenditure for 2023 to be \$5.51 billion.

5. **Annual GET Revenue Calculation:**

- a. With a 4.5% GET rate: $0.045 * \$5.684 \text{ billion} \approx \255.8 million

Conclusion on Fiscal Impact:

Exempting SNAP eligible grocery purchases from the GET would result in an estimated annual revenue loss of roughly **\$256 million**.

The Compelling Case for Removing Grocery Taxes

One in three Hawaii residents struggles with food insecurity. On Hawaii Island the number increases to 40%. Study after study shows that grocery taxes are linked to food insecurity. Eliminating the grocery GET would relieve households of a significant financial burden, particularly those most affected by food insecurity. Increased disposable income would allow families to afford more nutritious food and invest in other essential needs. This policy change aligns with national best practices. For example, the Georgia study provides a powerful precedent:

The Georgia Study on Removing Food Taxes

- **Policy Change:**

In the 1990s, Georgia phased out its grocery tax.

- **Economic Impact:**

- **Household Savings:** Approximately \$691.4 million in cumulative savings for households.
- **Job Creation:** Around 18,577 new jobs were generated.
- **Economic Output:** The state experienced an economic output boost of \$1.45 billion by 2021.

These findings illustrate that removing grocery taxes can stimulate consumer spending, create jobs, and foster broader economic growth—benefits that Hawai‘i stands to gain.

Proposed Permitting Reforms as a Cost Offset and Housing Supply Catalyst

To offset the estimated \$256 million annual revenue loss from eliminating the grocery tax, a series of transformative permitting reforms is proposed. These reforms not only offer a robust fiscal offset but also stimulate economic activity and help address Hawai‘i’s affordable housing crisis by increasing the supply of housing.

Key Permitting Reforms:

1. **Self-Certification by Licensed Professionals:**

- a. **What:** Allow certified architects and engineers to approve standard designs.

b. **Benefit:** Expedites the permit issuance process and reduces delays.

2. **Statutory Timelines and Automatic Approvals:**

a. **What:** Implement clear deadlines—30 days for residential projects and 60 days for commercial projects—with automatic approvals if deadlines are missed (subject to compliance audits).

b. **Benefit:** Ensures timely progression of projects and minimizes bureaucratic hold-ups.

Economic and Housing Benefits:

- **Boost in Economic Activity:**

The reforms are projected to generate **\$19.65 billion** in annual construction-related economic activity.

- **Interest Savings:**

Homeowners and businesses could save approximately **\$7.88 billion** annually in interest payments—savings driven by faster occupancy and reduced permit delays (Honolulu County alone).

- **Enhanced Property Tax Revenue:**

Accelerated construction would boost Honolulu County's property tax revenue by about **\$1 billion** annually.

- **Additional State Tax Revenue:**

Overall, these permitting reforms could generate an estimated **\$2.14 billion** in extra state tax revenue per year.

- **Addressing the Affordable Housing Crisis:**

By streamlining construction processes and reducing delays, these reforms would increase the supply of housing. If Honolulu County approved permits in this fashion under the current number of permits they received a year they would process more than 5,000 more permits a year. This increased supply would drive down the cost of housing and allow the county to meet its projected growth needs in under 3 years. Maui County Fire Survivors have been waiting years for permits to rebuild, the state has instead spent millions of dollars on temporary structures. Allowing automatic approvals to rebuild within code, certified by a licensed contractor, would provide much-needed permanent homes to many

displaced residents. An increased housing supply helps moderate prices and improves affordability for residents, thereby directly addressing Hawai‘i’s affordable housing crisis.

Hawai‘i’s reliance on imported goods, high cost of living, and persistent food insecurity make grocery taxation a regressive and unsustainable policy. Studies by Zheng et al. (2021), the World Food Policy Center (2021), and the Health Economics Review confirm that grocery taxes worsen food insecurity, disproportionately burden lower-income families, and lead to negative health and economic outcomes. Eliminating the 4.5% GET on groceries (noting that only EBT purchases are exempt and additional spending by SNAP households is taxed) would offer immediate relief to households—but would also cost the state roughly **\$256 million** annually in tax revenue.

However, by adopting comprehensive permitting reforms—such as self-certification by licensed professionals, statutory timelines with automatic approvals, and enhanced staffing with digital upgrades—Hawai‘i can not only offset this revenue loss (by generating approximately **\$2.14 billion** in additional annual state tax revenue) but also stimulate **\$19.65 billion** in construction-driven economic activity. These reforms would result in significant interest savings (about \$7.88 billion annually), boost property tax revenue by roughly \$1 billion in Honolulu County, and crucially, increase the supply of affordable housing.

Legislators should prioritize economic equity by eliminating the regressive grocery tax and implementing these permitting reforms. This integrated strategy ensures that no resident must choose between paying taxes and affording basic necessities while paving the way for a more vibrant, affordable, and prosperous Hawai‘i.

Analysis of County and State Tax Revenue, Homeowner and Business Cost Savings and Economic Benefits from Streamlined Permitting

A. Number of Private Sector Permits by Occupancy Group, 2022-2023

Occupancy group	Year 2022			Year 2023		
	Number of permits issued	Total value of permits issued	Avg # of days to Issue	Number of permits issued	Total value of permits issued	Avg # of days to Issue
01 - Single Family	11,592	\$530,990,256	62	12,414	\$550,986,015	66
02 - Two Family	258	\$45,590,202	266	313	\$38,684,241	266
03 - Apartment	595	\$883,123,922	242	401	\$602,919,002	371
04 - Hotel	37	\$45,969,360	342	43	\$45,981,026	359

05 - Amusement, recreation	23	\$10,259,546	301	30	\$24,077,950	425
06 - Church	23	\$15,595,411	475	12	\$4,386,000	510
07 - Industrial	35	\$13,247,563	276	73	\$138,309,190	407
08 - Garage (public)	3	\$18,198,230	635	2	\$250,000	662
09 - Garage (private)	7	\$2,247,795	280	7	\$69,660,000	124
10 - Service Station	10	\$943,292	395	8	\$3,405,000	266
11 - Institution	26	\$21,281,399	477	24	\$16,559,132	308
12 - Office Building	214	\$179,305,392	278	239	\$73,207,845	286
13 - Public Building	6	\$629,005	352			
14 - Public Utility Building	1	\$590,000	1,071			
15 - School	27	\$6,319,416	350	61	\$33,191,089	381
16 - Shed	3	\$214,000	514	8	\$2,081,117	416
17 - Stable, barn	0	0	0	3	\$1,542,999	370
18 - Store	266	\$78,213,366	269	317	\$118,120,925	236
19 - Other non-residential	169	\$90,009,889	337	224	\$389,418,940	377
20 - Structure other than building & unclassified	523	\$146,209,412	284	418	\$599,775,294	353
21 - Other: Reroofing only	4	\$2,719,048	21	60	\$5,651,702	9

Source: Department of Planning and Permitting (DPP), City and County of Honolulu. READ estimates.

Property taxes:

<https://www.hawaiiirealestatesearch.com/property-taxes>

Economic Impact of Permitting Delays in Honolulu County

Introduction

Permitting delays in Honolulu County imposes substantial financial costs on developers, homeowners, and local governments. This report quantifies the financial impact of these delays, including lost interest costs for builders, lost construction fees, and lost property tax revenue. Using data from the Department of Planning and Permitting (DPP) and real estate sources, this analysis provides an updated assessment incorporating realistic land and construction costs. We did not have data from other counties, so this estimate is for Honolulu only.

Methodology

Step 1: Estimating Total Property Cost

Total property cost is calculated using the following formula:

$$\text{Total Property Cost} = \text{Average Square Footage per Project} \times (\text{Construction Cost per Sq. Ft.} + \text{Land Value per Sq. Ft.}) \times \text{Permits Issued}$$

Step 2: Estimating Lost Interest to Builders

Lost interest is calculated using the following formula:

$$\text{Lost Interest} = \text{Total Property Cost} \times 8\% \times (\text{Avg Days to Issue} / 365)$$

Step 3: Estimating Lost Construction Fees

Lost construction fees are calculated as:

$$\text{Lost Construction Fees} = \text{Total Property Cost} \times 0.5\%$$

Step 4: Estimating Lost Property Tax Revenue

Lost property tax revenue is calculated as:

$$\text{Lost Property Tax Revenue} = \text{Total Property Cost} \times \text{Property Tax Rate per } \$1,000 \text{ Assessed Value}$$

These calculations incorporate an average land value of \$718 per square foot for Honolulu, sourced from Redfin and Realtor.com. Property tax rates are applied based on category-specific rates from Hawaii Real Estate Search.

Financial Impact by Occupancy Group (Honolulu)

Occupancy Group	Permits Issued	Total Property Cost (\$)	Lost Interest (\$)	Lost Construction Fees (\$)	Lost Property Tax Revenue (\$)
Single Family	12414	\$30,240,504,000.00	\$437,451,674.30	\$62,070,000.00	\$136,082,268.00
Two Family	313	\$1,096,752,000.00	\$63,942,144.00	\$2,112,750.00	\$4,935,384.00
Apartment	401	\$44,831,800,000.00	\$3,645,500,887.67	\$80,200,000.00	\$524,532,060.00
Hotel	43	\$2,833,700,000.00	\$222,969,490.41	\$6,450,000.00	\$32,729,235.00
Amusement, recreation	30	\$913,500,000.00	\$85,093,150.68	\$1,875,000.00	\$8,997,975.00
Church	12	\$201,240,000.00	\$22,494,772.60	\$360,000.00	\$613,782.00
Industrial	73	\$3,410,560,000.00	\$304,240,640.00	\$6,570,000.00	\$36,492,992.00
Garage (public)	2	\$11,180,000.00	\$1,622,172.05	\$20,000.00	\$90,558.00
Garage (private)	7	\$9,391,200.00	\$255,234.81	\$16,800.00	\$76,068.72

Service Station	8	\$18,688,000.00	\$1,089,536.00	\$36,000.00	\$199,961.60
Institution	24	\$560,640,000.00	\$37,847,040.00	\$1,080,000.00	\$1,709,952.00
Office Building	239	\$8,733,060,000.00	\$547,431,267.95	\$17,925,000.00	\$93,443,742.00
School	61	\$3,562,400,000.00	\$297,484,800.00	\$6,862,500.00	\$10,865,320.00
Store	317	\$7,405,120,000.00	\$383,037,440.00	\$14,265,000.00	\$79,234,784.00
Other non-residential	224	\$22,142,400,000.00	\$1,829,629,545.21	\$50,400,000.00	\$236,923,680.00

Key Financial Totals

Total Property Cost (Land + Construction): \$125,970,935,200.00

Lost Interest to Builders (homeowners and businesses): \$7,880,089,795.68

Lost Construction Fees: \$250,243,050.00

Lost Property Tax Revenue for Honolulu: \$1,166,927,762.32

Commentary and Economic Insights

1. Single-Family Homes & Apartments Dominate Financial Losses

- Single-family homes have the highest permit volume and contribute the largest share of lost interest and construction fees. Homeowners lost a total of \$437,451,674.30 due to permitting delay on interest alone.

- Apartment projects experience the highest lost interest due to extended approval delays and high total costs.

2. Commercial and Institutional Projects Also Face Major Losses

- Office Building delays alone cost developers over \$547,431,267.95 million in lost interest in Honolulu County.

- Industrial, school, and other delays further reduce economic activity.

3. Impact on Local Government Revenue

- Approximately \$1 billion in lost property tax revenue for Honolulu.

- \$400 million in lost construction fees that could fund public services and infrastructure.

Sources

1. Department of Planning and Permitting, City and County of Honolulu (2023): Permitting data, project values, and delay durations.

2. Real Estate Market Data (Redfin & Realtor.com): Land value estimates for Honolulu.
3. Hawaii Real Estate Search: Property tax rate data for Honolulu.
4. Economic Modeling Assumptions: Financing interest rate (8%), property tax rates per category, permit fee rate (0.5%).

Increased Housing Supply

Current and Projected Permit Approvals

According to Civil Beat, **Honolulu currently approves approximately 15,000 building permits annually** with approximately 20,000 permits being submitted, resulting in 5,000 unapproved permits per year. With permitting reforms, this figure could increase to **20,000 permits per year**, resulting in a **net increase of 10,000 permits annually**.

- **Honolulu Current Annual Permits:** 15,000
- **Honolulu Post-Reform Projected Permits (the number currently submitted per year):** 20,000
- **Honolulu Projected Increased Permit Approvals Annually:** 5,000
- **State Estimated Increased Permit Approvals Annually:** 10,000
- **Total Additional Units Over 5 Years:** ~50,000

Housing Demand Based on DBEDT Report

The **Hawaii Housing Demand Report (DBEDT, 2019)** projects **Honolulu County will need between 10,402 and 21,392 new housing units over 10 years**, depending on population growth trends. For the **State of Hawaii** the Report states, “based on the projected population, the housing units needed are 25,737 units for the Low Scenario and 46,573 units for the High Scenario. The average of the two scenarios is a total of **36,155 units** demanded for 2020-2030.”

- **Low Scenario Honolulu (0.25% population growth): 10,402 units needed (2020–2030)**
- **High Scenario Honolulu (Pre-2016 Growth Trend): 21,392 units needed (2020–2030)**
- **Average Demand Scenario Honolulu: 15,897 units over 10 years (1,590 units per year)**

Under permitting reforms used successfully in other states and place a maximum wait time of 30 – 60 days for permit approval and allow for self-certification by licensed professionals in 24-48 hours, using a conservative estimate based on actual unapproved contracts, **the State’s projected new supply would increase by 10,000 units per year. This would exceed demand projections—helping alleviate the housing shortage and reducing upward pressure on home prices.**

Housing Price Reductions

Economic modeling suggests that increasing housing supply by **10,000 additional units annually** could slow **price escalations by 5–10% over five years**. While housing affordability is impacted by multiple factors, greater supply helps stabilize rising prices.

- **Estimated Housing Price Reduction Over 5 Years: 5–10%**

Analysis of Construction Projects and State Tax Revenue (10,000 New Projects per Year)

Based on the allocation of 10,000 new projects per year across residential and commercial categories, here are the updated construction values and tax impacts:

1. Project Allocation and Construction Value Breakdown

Occupancy Group	Allocated Projects	Estimated Construction Value (\$)
Single Family	8,976	13.46 billion
Two Family	226	271.58 million
Apartment	290	139.18 million
Office Building	173	1.30 billion
Industrial	53	1.19 billion
Amusement, recreation	22	244.03 million
Store	229	2.58 billion
Hotel	31	466.38 million

Summary

- **General Excise Tax (GET):** \$884.15 million
- **Corporate Income Tax:** \$1.26 billion
- **Total State Tax Revenue:** \$2.14 billion annually

These results indicate that with streamlined permitting leading to 10,000 new projects annually, the state can expect significant construction-driven tax revenues.

To estimate the **construction value** for each occupancy group, we used the following formula:

Estimated Construction Value=Allocated Projects×Average Size per Project (sq. ft.)×Construction Cost per sq. ft.

Step-by-Step Breakdown

1. Project Allocation:

- a. We allocated the 10,000 new projects per year across different categories (Single Family, Two Family, Apartment, etc.) based on their percentage share from the original DPP permit data.

For example:

Single Family allocation:

Percentage share= $12,414 / (12,414 + 313 + 401 + 239 + 73 + 30 + 317 + 43) \approx 89.76\%$

- Allocated projects: $10,000 \times 0.8976 = 8,976$ projects

Average Project Size (sq. ft.):

We used typical size estimates for each project type based on construction standards:

- b. Single Family: 2,500 sq. ft.
- c. Two Family: 2,000 sq. ft.
- d. Apartment: 800 sq. ft.
- e. Office Building: 10,000 sq. ft.
- f. Industrial: 30,000 sq. ft.

- g. Amusement/Recreation: 15,000 sq. ft.
 - h. Store: 15,000 sq. ft.
 - i. Hotel: 20,000 sq. ft.
2. **Construction Cost per sq. ft.:**
- j. **Residential construction (Single Family, Two Family, Apartment):** \$600 per sq. ft.
 - k. **Commercial construction (Office Building, Industrial, etc.):** \$750 per sq. ft.

Example Calculation for Single Family Homes

- **Allocated Projects:** 8,976
- **Average Size per Project:** 2,500 sq. ft.
- **Construction Cost per sq. ft.:** \$600

Construction Value (Single Family) = $8,976 \times 2,500 \times 600 = 13.46$ billion

Proposed Reforms

1. **Self-Certification by Licensed Professionals:**
 - a. Allow certified architects and engineers to approve standard designs, expediting permit issuance.

2. **Statutory Timelines and Automatic Approvals:**
 - a. Impose clear deadlines (e.g., 30 days for residential and 60 days for commercial projects).
 - b. Automatically approve permits after deadlines lapse, subject to compliance audits.

By adopting these reforms, **the State of Hawaii would generate 19.65 billion in annual construction driven economic activity. We would save homeowners and businesses \$7.88 billion in annual interest payments paid while properties are not usable due to delays in Honolulu County alone. Honolulu county would increase Property Tax**

Revenue by approximately \$1 billion annually. Total State Tax Revenue generated by permitting reforms above would be approximately \$2.14 billion annually. These changes would significantly enhance **housing affordability, government revenue, and economic growth.**

This integrated strategy—eliminating the grocery GET while implementing transformative permitting reforms—provides a compelling pathway to reduce food insecurity, promote affordable housing, and enhance Hawai'i's overall economic resilience.

Mahalo for the opportunity to testify.

Additional Sources:

<https://business.cornell.edu/hub/2021/05/18/researchers-find-grocery-taxes-harm-low-income-households/>

<https://www.audits.ga.gov/ReportSearch/download/28852>

<https://wfpc.sanford.duke.edu/research/grocery-food-taxes-and-evidence-for-food-security-policy-makers/>

<https://news.cornell.edu/stories/2021/05/study-grocery-taxes-increase-likelihood-food-insecurity>

<https://www.fns.usda.gov/snap/thriftyfoodplan>



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March 27, 2025

Testimony to the House
Committee on Judiciary
& Hawaiian Affairs,
Thursday, March 27
2025, 2:00pm,
Conference Room 325,
Hawaii State Capitol

IN SUPPORT OF SB 66, S.D.2, H.D.2 that which establishes a permit process that shifts responsibility for code compliance from the counties to design professionals for all single-family/multi-family residential projects.

Chair Tarnas, Vice Chair Poepoe and members of the Committee:

My name is Anthony Borge, with RMA Sales and a former board member/Chair of the State Small Business Regulatory Review Board. We are a locally-owned and managed kama'aina company since 1961. We manufacture, distribute louver jalousie windows, security and storm screens products through a network of dealers, and contractors throughout the state of Hawaii.

We **support SB 66, S.D.2, H.D.2** for the following reasons:

- Places certification of single and multi-family residential projects by **duly licensed** design professionals i.e. engineers, architects who are stakeholders. These are the professionals that are responsible for designing structures based on current county building codes.
- Allows the counties planning/permitting departments to focus resources on compliance with applicable ordinances regarding land use, set-back, height and site development, field enforcement requirements etc. resulting in efficient use of our limited labor resource and the ability to meet the 60-day approval timeline.
- This proposed bill is a viable alternative to the existing inefficient permitting process that can be implemented quickly, at a minimum cost with the collaboration of the respective planning/permitting departments and the private sector's licensed design professionals that elect to participate.

The immediate, positive economic impact from the increase in commerce activity will benefit business, counties, the State, and our people from the passage of this bill.

Thank you,

Respectfully Submitted


Anthony Borge

March 27, 2025, 2 p.m.
Hawaii State Capitol
Conference Room 325 and Videoconference

To: House Committee on Judiciary & Hawaiian Affairs
Rep. David A. Tarnas, Chair
Rep. Mahina Poepoe, Vice Chair

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

RE: SB66 SD2 HD2 — RELATING TO HOUSING

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

The Grassroot Institute supports [SB66 SD2 HD2](#), which would require county permitting agencies to grant a permit within 60 days to certain single-family or multifamily housing projects once the application is deemed complete. This includes certification that the project has access to adequate infrastructure and meets historic preservation rules.

If the agency failed to approve the permit in 60 days, the permit would be automatically approved.

Further, the automatic approval could be delayed if the permit did not comply with applicable federal, state or county regulations.

The 60-day “shot clock” suggested by this bill would help provide certainty to building permit applicants, who currently often must wait months for permits, even for simple home-repair projects.

According to “The Hawai’i Housing Factbook,” produced by The Economic Research Organization at the University of Hawai’i, the median permit processing time between mid-2018 and mid-2023 across the state was 161 days.¹

¹ Justin Tyndall, Daniela Bond-Smith and Rachel Inafuku, “[The Hawai’i Housing Factbook](#),” The Economic Research Organization at the University of Hawai’i, June 28, 2023, p. 19.

Reducing delays for permit approval could also reduce the possibility of corruption. The long wait time to obtain a permit creates situations in which applicants are tempted to offer bribes to get priority processing.²

Shot clocks such as those envisioned by this bill are already in use in other states.

For example, Florida mandated in 2021 that counties either issue single-family home permits within 30 days or incrementally refund the permit fees to the applicants. According to various Florida permitting departments, this law has helped speed up permit approvals and meet the state's demand for housing.³

However, in order to be effective, a shot clock must have consequences. Thus, it is important that the bill retain its current language allowing for the automatic approval of complete applications after the 60-day period, so long as approval has not been delayed due to noncompliance with state and county law.

For that reason, we are concerned that amendments that increase the potential for "pauses" in the 60-day period would undermine the bill's intent. Many of the approval delays that SB66 SD2 HD2 seeks to end are exacerbated by communications issues between the applicant and the planning agency. Adding procedural requirements and broadly applicable pause mechanisms could make the shot clock effectively meaningless.

In addition, as Grassroot suggested in its report "[Seven low cost ways to speed up permitting in Hawaii](#)," lawmakers might want to consider allowing for third-party approval or self-certification of permits to help make the shot clock more feasible for county planning departments.⁴

Regardless, SB66 SD2 HD2 would forward the goal of increasing Hawaii's housing supply and we urge you to pass this bill.

Thank you for the opportunity to testify.

Ted Kefalas
Director of strategic campaigns
Grassroot Institute of Hawaii

² Christina Jedra, "[Some Honolulu Building Permit Applicants Sailed Through Despite Long Waits For Most](#)," Honolulu Civil Beat, Oct. 18, 2023.

³ Hayden Dublois, "[Fast Track to Success: How Florida Has Streamlined Its Permitting Processes To Cut Red Tape and Expand Housing](#)," Foundation for Government Accountability, June 15, 2022.

⁴ Jonathan Helton, "[Seven low cost ways to speed up permitting in Hawaii](#)," Grassroot Institute of Hawaii, October 2024, p. 14.



March 27, 2025

OPPOSE SB66

Dear Representatives:

HI Good Neighbor opposes SB66 (all versions), which would require counties to issue building permits within 60 days.

While everyone wants to see building permits issued timely, the purpose of a building permit is to protect public health and safety, first and foremost.

In Honolulu county, there have been a number of instances of wrongdoing and “mistakes” by licensed professionals who have bribed DPP staff and have lost third-party review privileges for certifying plans that did not comply with permitting requirements. There also seems to be a problem with brazen developers and contractors not obtaining permits altogether, misstating work to be performed, and not following approved plans.

Here’s a sampling of those who have been caught:

- [Honolulu architect who bribed permit workers sentenced to one year in prison](#)
- [Honolulu architect, 89, charged with attempted bribery of permitting worker](#)
- [City suspends another reviewer who cleared monster home plans](#)
- ['Renovation Aloha' home flippers hit with flurry of building violations](#)
- [Planning and Permitting Department scores a win against an Oahu monster home](#)

Please protect the health and safety of our residents and vote no on SB66.

Mahalo,

Christine Otto Zaa
HI Good Neighbor



March 27, 2025

Representative David Tarnas, Chair
Representative Mahina Poepoe, Vice Chair
Committee on Judiciary and Hawaiian Affairs

RE: **SB 66 SD2 - Relating to Housing**
Hearing date: March 27, 2025 at 2:00 PM

Aloha Chair Tarnas, Vice Chair Poepoe and members of the committee,

Mahalo for the opportunity to submit testimony on behalf of NAIOP Hawaii in **SUPPORT** on SB 66. 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 66 requires counties to grant building permits for a single-family and multi-family projects within sixty days if the application is stamped and certified by a licensed engineer and architect and other certain conditions are met.

Currently, Hawaii is in a housing crisis which has been exacerbated by extensive regulatory hurdles and delays that have significantly added to the cost and risk of building housing across the state. NAIOP Hawaii supports this measure which will expedite building permit review for single family and multifamily projects and assist with cost for developing housing projects across the state. This measure will significantly assist the development of much needed housing units for Hawaii residents.

We urge the committee to pass SB 66 which will assist in keeping housing costs lower 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". The signature is fluid and cursive, written in a dark ink.

Reyn Tanaka, President
NAIOP Hawaii



Testimony of **Lahaina Strong**
Before the House Committee on
Judiciary and Hawaiian Affairs

In Consideration of Senate Bill No. 66 SD2 HD2
RELATING TO HOUSING

To Chair Tarnas, Vice Chair Poepoe, and the honorable members of the committee,

We are writing on behalf of Lāhainā Strong, an organization deeply rooted in our community's resilience and advocacy. Originally formed in 2018 following the Hurricane Lane fire in Lahaina and revitalized after the devastating fires of August 8, 2023, Lahaina Strong has become the largest grassroots, Lahaina-based community organization, with over 35,000 supporters. Our mission is to amplify local voices and champion community-driven solutions, which are more critical than ever as we continue rebuilding and recovering.

Lāhainā Strong stands in **opposition to Senate Bill 66 SD2 HD2**, which mandates that counties grant building permits within 60 days if an application is stamped and certified by a licensed engineer or architect. While we recognize the urgent need for housing across the state, this bill does not provide the staffing or resources needed for responsible implementation.

Maui County's Department of Planning is already understaffed, and this bill would force an unworkable timeline onto a department that does not have the capacity to meet it. The reality is that counties across the state—Honolulu, Kaua'i, and Hawai'i counties—have all raised concerns about this bill because they, too, do not need a state mandate that bypasses essential oversight. Instead of rushing the process, the state should support local agencies by filling critical vacancies at the State Historic Preservation Division (SHPD) and investing in staffing to process applications responsibly.

Maui County is already working to expedite permits for the rebuild, and this process should be led at the local level, not dictated by the state. Lāhainā Strong urges the Legislature to **oppose SB 66 SD2 HD2** and instead invest in staffing solutions that ensure safe, well-planned housing development across Hawai'i.

Mahalo for your attention to this matter and your dedication to safeguarding our community.

Lāhainā Strong



Hawai'i YIMBY
Honolulu, HI 96814
hawaiiyimby.org
info@hawaiiyimby.org

March 27, 2025

House Committee on Judiciary and Hawaiian Affairs
Hawai'i State Capitol
Honolulu, HI 96813

RE: SUPPORT for SB 66 SD2 HD2 - RELATING TO HOUSING

Aloha Chair Tarnas, Vice Chair Poepoe, and Members of the Committee,

On behalf of Hawai'i YIMBY, we are writing in **support of SB 66 SD2 HD2** which would require counties to review building permit applications within sixty days if the completed application. This bill better aligns the priorities of our counties with the dire need for more housing. By requiring a sixty day deadline, this both gives the county adequate time to review applications for compliance, while ensuring that a project is not delayed for an indeterminate period of time. This bill explicitly outlines protections for historic properties, exclusions for land identified as high risk for flooding and requires verification of sufficient infrastructure.

We believe in streamlining permitting for housing. Backlogs in permitting departments make new housing projects face long delays in obtaining building permits. Delaying new homes increases the cost of construction and can result in projects with less units overall. As Hawai'i faces a severe housing shortage, new homes are urgently needed to reduce the pressure forcing people to move out of the state. Increasing the housing stock will provide more accessible and affordable options for residents to be able to continue living in Hawai'i.

Hawai'i YIMBY (*Yes In My Backyard*) is a volunteer-led grassroots advocacy organization dedicated to supporting bold and effective solutions for Hawai'i's devastating housing



Hawai'i YIMBY
Honolulu, HI 96814
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crisis. Our members are deeply concerned about Hawai'i's chronic and worsening housing shortage, which has caused home prices to rise much faster than incomes and pushes thousands of kama'āina out to the mainland or into homelessness every single year.

We ask your support for this bill. Thank you for the opportunity to testify.

Sincerely,

Damien Waikoloa

Chapter Lead, Hawai'i YIMBY

Edgardo Díaz Vega

Chapter Lead, Hawai'i YIMBY





MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

HEARING BEFORE THE HOUSE COMMITTEE ON JUDICIARY & HAWAIIAN AFFAIRS
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 325
Thursday, March 27, 2025 AT 2:00 P.M.

To The Honorable David A. Tarnas, Chair
The Honorable Mahina Poepoe, Vice Chair
Members of the Committee on Judiciary & Hawaiian Affairs

SUPPORT SB66 SD2 HD2 RELATING TO HOUSING

The Maui Chamber of Commerce **SUPPORTS SB66 SD2 HD2**, which requires permits to be issued by applicable permitting agencies within sixty days of a complete application being filed for certain single-family and multi-family projects if certain conditions are satisfied; automatically deems approved a permit that is not otherwise approved by the applicable permitting agency within sixty days or for which the applicant has agreed to all changes or recommendations to the plans and specifications made by the applicable permitting agency; and pauses the sixty day permit review period under certain circumstances.

Housing is a top priority for the Maui Chamber of Commerce and remains critical as the crisis worsens following the wildfires, directly impacting businesses and our economic revitalization. Prior to the wildfires, the need for over 10,000 housing units by 2025 was already a pressing issue, but that number has increased due to the loss of 3% of our housing stock in Lahaina. This is a key factor driving the ongoing rise in housing prices.

The Chamber notes that delays in the issuance of building permits for both single-family and multi-family housing projects remain a major obstacle to increasing Hawai'i's housing supply and are a key contributor to the state's high home prices. Hawai'i has some of the longest residential building permit processing times in the nation.

A study prepared by the University of Hawai'i Economic Research Organization in April 2022 found that, on average, homebuilders in Hawai'i wait three times longer for permits than their counterparts in other states. These delays significantly increase development costs and create uncertainty, which serves as a disincentive for initiating new housing projects. Furthermore, the study revealed that even when compared to the most regulated markets in the country, Hawai'i's permit approval timelines are nearly twice as long—taking between one and one-and-a-half years.

Given this, we are concerned about the new language allowing for "changes or recommendations to the plan made by the applicable permitting agency." While we understand that corrections are sometimes necessary, the terms "changes and recommendations" are broad and could create a loophole that may be subject to misuse or overreach by permitting agencies.



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

SB66 SD2 HD2 RELATING TO HOUSING

Thursday, March 27, 2025

Page 2

We continue to support the bill, but respectfully prefer the language in version **SD2 HD1**.

This is an essential tool in addressing our housing challenges, and we believe this bill should be fast-tracked.

For these reasons, we **SUPPORT SB66 SD2 HD2** and respectfully request its passage.

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.



Hawaii's Thousand Friends

335 Hahani Street #342132 * Kailua, HI 96734 * Phone (808) 262-0682 E-Mail: htf3000@gmail.com

March 27, 2025

COMMITTEE ON JUDICIARY & HAWAIIAN AFFAIRS

Rep. David a. Tarnas, Chair

Rep. Mahina Poepoe, Vice Chair

SB 66 SD2 HD2

RELATING TO HOUSING

Chair Tarnas, Vice Chair Poepoe and Committee members

Hawaii's Thousand Friends, a non-profit organization dedicated to ensuring that appropriate planning, management and land use decisions are made that protect the environment, human health and cultural resources and that decision are made in conformity with the law opposes SB 66 SD2 HD2, which requires the counties to act on a housing application within 60 days or it is automatically approved.

Requiring counties to approve a housing application within 60 days forces the counties to approve an application for single-family and multi-family housing projects in the Special Management Area (SMA) before the proposed development has been evaluated for impacts to coastal resources and granted an SMA Permit.

The SMA process requires a public hearing on each SMA application. Oahu Department of Planning and Permitting requires that an applicant present their project to the appropriate neighborhood board for review before a Special Management Area Permit can be given. Each of these processes can take longer than 60 days.

Any county permit granted for a housing project within the SMA before the SMA process is completed and a SMA Permit is given will violate HRS §205A-28 "no development within the SMA shall be allowed in any county without obtaining a SMA Permit."

The SMA process regulates developments within a designated coastal zone to protect natural and coastal resources, ensure adequate public access and compliance with state and county regulations.

If a multi-family housing project is proposed for a zoning that does not allow such development what is the counties recourse?

Will the counties have the ability to deny a housing application if the project does not have the correct zoning or will the counties be required to approve an application regardless of the zoning?

To ensure the health and safety of Hawaii's residents we urge the committee to hold this bill in committee.

SB-66-HD-2

Submitted on: 3/26/2025 3:58:00 PM

Testimony for JHA on 3/27/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Thorne Abbott	Individual	Oppose	Written Testimony Only

Comments:

perhaps if you had processed permits before you would understand that a leading delay is the failure of agencies to do concurrent processing rather than sequential processing. a person wants to fix up an old house, Dep of Health requires them to upgrade the cesspool to a septic (3-4 month review) involving excavation which has to be reviewed by SHPD (6-12 month review on top of 4 months that have past). SAME issue with water and fire review - which is perhaps warranted, then parking, etc. it goes on and on and on. this costs time and money. a 60 day auto review is a great way to get people into substandard unsafe housing that hurts them later. The underlying multi agency review process is the root of the problem. This bill will not help and I strongly oppose its approach but not its intent.