

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
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KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

Testimony of
DAWN N. S. CHANG
Chairperson

Before the Senate Committee on
JUDICIARY
Wednesday, February 19, 2025
9:45 AM

State Capitol Conference Room 016 & Videoconference

In consideration of
SENATE BILL 66, SENATE DRAFT 1
RELATING TO HOUSING

Senate Bill 66, Senate Draft 1 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 SENATE BILL 66 SD1
RELATING TO HOUSING

Senate Committee on Judiciary
Hawai'i State Capitol

February 19, 2025

9:45 AM

Conference Room 016

Dear Chair Rhoads, Vice Chair Gabbard and members of the Senate Committee on Judiciary:

The Office of Hawaiian Affairs (OHA) submits **COMMENTS on SB66 SD1**, which would require that Counties grant building permits within sixty days under certain conditions. Under the provisions proposed in SB66, a submitted and complete building permit will be automatically approved if the County does not make a determination within sixty days. We are concerned that automatic approvals may circumvent requirements pertaining to burials under Hawai'i Revised Statutes (HRS) Chapter 6E.

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 SD1 has been strengthened by the incorporation of amendments proposed by the Department of Land and Natural Resources (DLNR) before the Housing Committee. OHA agrees with DLNR that the Counties must have qualified historic preservation staff to determine whether a proposed project is likely to affect historic properties or burial sites, which would then trigger further review by SHPD. Additionally, as highlighted by DLNR, when project proponents submit incomplete documents, it significantly slows the process. Thus, OHA appreciates the language specifying that applications must be complete when submitted, and completed by a qualified professional if an effects determination is made by the County under proposed subpart (b)(1)(A).

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).

However, HRS section 6E-43 and implementing rules specifically vest the Island Burial Councils (IBCs) with the authority to decide the disposition of previously identified burials, identify descendants, and make recommendations on measures to protect any Native Hawaiian burials within the project footprint. Thus, the Counties should consult with the appropriate IBC as part of any good-faith effects determination if there are previously identified burial sites located within the project area. Similarly, implementing rules require that SHPD consult with OHA concerning sites that are important to Native Hawaiians.³ Thus, the Counties should likewise consult with OHA for projects areas that include any Native Hawaiian sites if SHPD review is bypassed.

To effectuate these changes, and ensure that the new sub-part delegating authority to the Counties is consistent with existing law and regulations, OHA recommends the following amendments to the language of proposed subsection (b)(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 resources, or burial sites, and has consulted with the appropriate island burial council if there are burials located on the subject property or with OHA if a Native Hawaiian historic site is located on the subject property, prior to making the determination[.]

Finally, 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.

³ See Criteria E, HAR 13-275-6(c) and 13-284-6(c) – a historic property that has “an important value to native Hawaiian people... due to associations with cultural practices once carried out, or still carried out, at the property or due to associations with traditional beliefs, events, or oral accounts...”.

Feb. 19, 2025, 9:45 a.m.
Hawaii State Capitol
Conference Room 016 and Videoconference

To: Senate Committee on Judiciary
Sen. Karl Rhoads, Chair
Sen. Mike Gabbard, Vice Chair

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

RE: SB66 SD1 — RELATING TO HOUSING

Aloha Chair Rhoads, Vice-Chair Gabbard and other members of the Committee,

The Grassroot Institute **supports** [SB66 SD1](#), which would require the counties to grant a building permit within 60 days to a single-family or multifamily housing project that has been certified by a licensed engineer and architect.

The “shot clock” of 60 days for permit approvals 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

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.

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.

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

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.

As we suggested in our 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 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

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.



1050 Bishop St. PMB 235 |
Honolulu, HI 96813
P: 808-533-1292 | e:
info@hawaiiifood.com

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TO: Committee on Judiciary
Senator Karl Rhoads, Chair
Senator Mike Gabbard, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: Wednesday, February 19, 2025
TIME: 9:45 AM
PLACE: Conference Room 016 & Videoconference

RE: SB 66
Position: Support with 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: $\$1,432 \times 12 = 17,284$
 - 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: $\$4,296 \times 1,400,000 = 6.014$ 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 $11\% \times 50\% = 5.5\%$ 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 \times \$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 \times \$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:

Total Property Cost = Average Square Footage per Project × (Construction Cost per Sq. Ft. + Land Value per Sq. Ft.) × Permits Issued

Step 2: Estimating Lost Interest to Builders

Lost interest is calculated using the following formula:

Lost Interest = Total Property Cost × 8% × (Avg Days to Issue / 365)

Step 3: Estimating Lost Construction Fees

Lost construction fees are calculated as:

Lost Construction Fees = Total Property Cost × 0.5%

Step 4: Estimating Lost Property Tax Revenue

Lost property tax revenue is calculated as:

Lost Property Tax Revenue = Total Property Cost × Property Tax Rate per \$1,000 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>

February 19, 2025

The Honorable Karl Rhoads, Chair

Senate Committee on Judiciary
State Capitol, Conference Room 016 & Videoconference

RE: Senate Bill 66, SD1, Relating to Housing

HEARING: Wednesday, February 19, 2025, at 9:45 a.m.

Aloha Chair Rhoads, Vice Chair Gabbard, 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, SD1, which requires counties to grant building permits within sixty days if the completed application is stamped and certified by a licensed engineer and architect and other certain conditions are met.

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/>.

LATE



Testimony of **Lahaina Strong**
Before the Senate Committee on
Judiciary

In Consideration of Senate Bill No. 66 SD1
RELATING TO HOUSING

To Chair Rhoads, Vice Chair Gabbard, 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 of Senate Bill 66 SD1**, which requires counties to grant building permits within 60 days if the application is stamped and certified by a licensed engineer and architect and other certain conditions are met. We recognize the urgent need for affordable housing and appreciate the legislature's intended efforts to streamline the permitting process for projects.

However, we are concerned about the expedited timeline for obtaining these permits. Multiple departments need to comment on permits. In addition to regular work loads, employees need a reasonable amount of time to fit in a thorough review. Relying on design professionals who work for the project proponent will encourage benefits for the developers to be prioritized.

Most importantly, we must ensure that development does not further strain West Maui's already fragile infrastructure or allow for unchecked speculative projects that ultimately do not serve local families. West Maui, in particular, has faced decades of water shortages and inadequate infrastructure investment, and we have seen time and again

that once developers secure building permits, they push boundaries to maximize profit, often at the community's expense.

Developers have often been granted permits for projects despite uncertainty about long-term water availability, especially in areas with competing demands between residents, agriculture, and environmental protections. In some cases, projects move forward with "will-serve" letters from private water companies or assumptions that water infrastructure will be completed later. However, this has led to conflicts, particularly in West Maui, where our water rights are heavily contested.

Without strong, enforceable conditions, this bill could unintentionally accelerate the very issues that have made housing unaffordable and unsustainable.

Streamlining permits should not come at the cost of responsible planning. West Maui's recovery depends on housing for residents, not unchecked development. Lāhainā Strong appreciates the intent of this bill but stands **in opposition to SB 66 HD1**, as we believe that progress must never come at the expense of our community's well-being or long-term sustainability.

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

Lāhainā Strong



LATE

February 18, 2025

Senator Karl Rhoads, Chair
Senator Mike Gabbard, Vice Chair
Committee on Judiciary

RE: **SB 66 SD1 - Relating to Housing**
Hearing date: February 19, 2025 at 9:45 AM

Aloha Chair Rhoads, Vice Chair Gabbard 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".

Reyn Tanaka, President
NAIOP Hawaii

SB-66-SD-1

Submitted on: 2/16/2025 9:51:32 AM

Testimony for JDC on 2/19/2025 9:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Karen J Comcowich	Individual	Oppose	Written Testimony Only

Comments:

Aloha Senators,

While the intention of this bill is good, please OPPOSE bill 66. The main reasons are as follows:

- 1) Design professionals serve a different role than County staff in projects. A design professional's priority is to maximize the vision of their client, whether that is a dream second home or maximum profits. The review process ensures the project protects the health and safety of the community and the environment.
- 2) Bill 66 does nothing to prioritize full time residents.
- 3) It is important for projects to align with the long term goals expressed in the General Plan for each island. One area this could impact is connectivity which affects safety.
- 4) Design professionals (and property owners) are often not from Hawai'i. They do not specialize in our codes or our climate.
- 5) **A project that is in substantial compliance goes through the process quicker** because it requires less comments and refinement.

If the goal is to expedite permits, prioritize retaining and hiring quality people to perform this important work. Giving unreasonable deadlines will not help.

Mahalo for your time,
Karen Comcowich
Lahaina, HI

SB-66-SD-1

Submitted on: 2/14/2025 11:04:27 PM

Testimony for JDC on 2/19/2025 9:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Ruth Love	Individual	Support	Written Testimony Only

Comments:

Wholeheartedly support. Permitting here takes way longer than it should resulting in owner frustrations, people saying heck with it and building unpermitted structures and delaying construction of much needed homes for locals.

Not sure who introduced this but great job!

Thank you

Mrs Ruth Love



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

February 19, 2025

Senate Committee on Judiciary
Hawai'i State Capitol
Honolulu, HI 96813

RE: SUPPORT for SB 66 SD1 - RELATING TO HOUSING

Aloha Chair Rhodes, Vice Chair Gabbard, and Members of the Committee,

On behalf of Hawai'i YIMBY, we are writing in **support of SB 66 SD1** which would require counties to grant building permits within sixty days if the completed application is stamped and certified by a licensed engineer. This gives counties adequate time to review compliance with applicable ordinances while ensuring projects are not delayed for extended periods of time.

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 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.



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

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

LATE

HEARING BEFORE THE SENATE COMMITTEE ON JUDICIARY
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 016
Wednesday, February 19, 2025 AT 9:45 A.M.

To The Honorable Senator Karl Rhoads, Chair
The Honorable Senator Mike Gabbard, Vice Chair
Members of the committee on Judiciary

SUPPORT SB66 SD1 RELATING TO HOUSING

The Maui Chamber of Commerce **SUPPORTS SB66 SD1**, which 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.

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 are major obstacles to increasing Hawai'i's housing supply and contribute to the state's high home prices. Hawai'i has one of the longest processing times for residential building permits in the country. A study prepared by the University of Hawai'i Economic Research Office in April 2022 found that, on average, homebuilders in Hawai'i wait three times longer for permits than those in other states, driving up costs significantly and creating uncertainty, which serves as a disincentive to undertake new projects. Furthermore, the study revealed that, compared to the most regulated markets in the country, Hawai'i's permit delays are nearly twice as long, with permit approvals taking between one and one-and-a-half years.

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 SD1** 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.

SB-66-SD-1

Submitted on: 2/17/2025 12:19:16 PM

Testimony for JDC on 2/19/2025 9:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Zachary LaPrade	Individual	Support	Written Testimony Only

Comments:

Subject: **Testimony in Support of SB66 – Expedited Building Permits**

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

My name is Zachary LaPrade, and I am a fire victim who has experienced firsthand the devastating consequences of losing my home. I am submitting this testimony in strong support of **SB66**, which aims to expedite the building permit process for residential construction.

After the [specific fire event, e.g., “Lahaina Wildfire”], my family and I were left without a home, struggling to navigate the complex and time-consuming permitting system while trying to rebuild our lives. The current process is not only slow but also overwhelming, adding unnecessary hardship to families already facing immense challenges. Many of us simply cannot afford the prolonged delays caused by bureaucratic inefficiencies.

SB66 provides a much-needed solution by ensuring that counties issue building permits within **60 days** if applications are certified by licensed professionals. This measure will significantly reduce wait times and enable fire victims like myself to rebuild in a timely manner, preventing prolonged displacement and financial strain.

Additionally, this bill balances efficiency with safety by requiring that applications meet all building codes and infrastructure requirements. It does not compromise quality but instead shifts the responsibility for compliance to qualified professionals, allowing county officials to focus on ensuring that housing developments meet zoning and land-use requirements.

Passing SB66 will be a lifeline for disaster survivors, providing hope and a clear path forward. The people of Hawai‘i need streamlined processes to rebuild their homes and communities, and I urge this committee to **support and advance SB66** without delay.

Mahalo for your time and consideration.

Sincerely,
Zachary LaPrade

SB-66-SD-1

Submitted on: 2/18/2025 9:21:17 AM

Testimony for JDC on 2/19/2025 9:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Victor Brock	Individual	Support	Written Testimony Only

Comments:

I support this bill

LATE

SB-66-SD-1

Submitted on: 2/18/2025 4:34:48 PM

Testimony for JDC on 2/19/2025 9:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Ellen Awai	Individual	Support	Written Testimony Only

Comments:

I stand in support of SB66.SD1 and the counties discretion of building permits with their own zoning requirements. Maui County is definitely different than Oahu with the land value of 3 times more than Oahu, although Oahu has the bulk of the population. "Maui No Ka Oi," as my mother always reminded me, having grown up in Napili, Lahaina area. Sadly we had to face, the devastation of the Lahaina wildfires along with the multiple deaths by unexpected winds. This was the 4th time, Waiola Church faced a horrible fire, which could be a sign that history needed to be corrected. Lahaina was the choice of Kamehameha Nui to be his capitol, but the missionaries told the Alii that followed him, that Oahu had better harbors.

Our State Seal has Kamehameha on the left and the Goddess of Columbia on the right, who saved the Chinese and Black men in the 1870s and recruited the military before Uncle Sam and stands at our National Memorial of the Pacific, Punchbowl. The maiden hair fern, which I saw in Maui and my mother's favorite fern, with the taro and banana leaves below, and the Phoeix bird is rising from the ashes. Our islands are the legends told in story books and the goose that laid the golden egg for the United States back in 1893 when Wall St. collapsed and the economy fell into Depression and the President thought of changing to the Silver Standard! Please Support the rebuilding of houses on all our island counties!

LATE

SB-66-SD-1

Submitted on: 2/18/2025 8:26:33 PM

Testimony for JDC on 2/19/2025 9:45:00 AM

Submitted By	Organization	Testifier Position	Testify
April Arroyo	Individual	Support	Written Testimony Only

Comments:

Testimony in Support of SB66 SD1

To the Honorable Chair, Vice-Chair, and Members of the Committee,

I, April Arroyo, am writing to express my strong support for SB66 SD1, a bill that aims to streamline the building permit process in Hawaii by requiring counties to grant building permits within sixty days if certain conditions are met, including having the completed application stamped and certified by a licensed engineer and architect.

The timely issuance of building permits is crucial for fostering growth and addressing the ongoing housing shortage in Hawaii. Delays in the permit process have long been a barrier to the construction of new homes, affordable housing projects, and essential infrastructure. By setting a clear, time-bound framework for the approval of building permits, SB66 SD1 provides much-needed predictability and efficiency to the development process, benefiting both developers and the broader community.

Requiring permits to be granted within sixty days when the application is certified by licensed professionals ensures that projects meet the necessary standards for safety and compliance. It also reduces unnecessary delays that often arise from backlogs or procedural inefficiencies, allowing new housing to be built more quickly to address the high demand for homes in our state. In a time of growing population and housing shortages, we cannot afford to let bureaucratic delays hold back the construction of homes for our families and communities.

Additionally, this measure empowers licensed engineers and architects to take a more active role in ensuring the quality and safety of construction projects. With their expertise, we can trust that the completed applications will meet or exceed necessary building codes and standards, ensuring that new developments are both safe and well-designed.

SB66 SD1 is a step toward addressing the housing crisis by improving the efficiency of the permitting process, cutting red tape, and making it easier to build the homes and infrastructure that Hawaii so desperately needs. I urge you to support this measure and take meaningful action to accelerate housing development in our state.

Thank you for your time and consideration.

Sincerely,
April Arroyo
86 Poloahilani Street
Makawao, HI 96768
808-757-8176
aearrayo@hawaii.edu