

JOSH GREEN, M.D.  
GOVERNOR

SYLVIA LUKE  
LT. GOVERNOR



DEAN MINAKAMI  
EXECUTIVE DIRECTOR

## STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM  
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION  
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HONOLULU, HAWAII 96813  
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Statement of  
**DEAN MINAKAMI**  
Hawaii Housing Finance and Development Corporation  
Before the

### SENATE COMMITTEE ON WAYS AND MEANS AND SENATE COMMITTEE ON JUDICIARY

February 26, 2025 at 10:05 a.m.  
State Capitol, Room 211

In consideration of  
**S.B. 1002 SD1**  
**RELATING TO AFFORDABLE HOUSING.**

Chairs Dela Cruz and Rhoads, Vice Chairs Moriwaki and Gabbard, and members of the Committees.

HHFDC **supports** SB 1002 SD1, which, beginning 7/1/2027, requires the State Historic Preservation Division (SHPD) of the Department of Land and Natural Resources (DLNR) to contract its review of proposed state projects, and projects affecting historic properties to third-party consultants if the projects involve the development of affordable housing and the division, after an initial evaluation, determines it will not be able to complete its review within sixty days. It establishes requirements for qualified third-party consultants providing review services, requires the project proponent to pay for the reasonable fee requirements of the third-party consultant, and allows the project proponent to contract or sponsor with any county, housing authority, non-profit organization, or person, to meet the third-party consultant fee requirement. It also requires DLNR to publish a draft of its proposed rules within one year, and within one year thereafter, present its proposed final rules to the Board of Land and Natural Resources. Appropriates funds. HHFDC supports the measure so long as it does not adversely impact priorities identified in the Executive Budget Request for FY 2026.

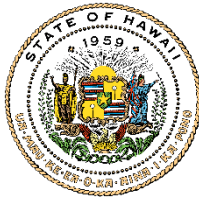
HHFDC supports efforts to streamline what has historically been a bottleneck in the development process and has slowed affordable housing projects, including those using the provisions of Chapter 201H, Hawaii Revised Statutes, to expedite development.

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

Thank you for the opportunity to testify on this bill.

JOSH GREEN, M.D.  
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE  
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



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

P.O. BOX 621  
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DAWN N.S. CHANG  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE  
MANAGEMENT

RYAN K.P. KANAKA'OLE  
FIRST DEPUTY

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DEPUTY DIRECTOR - WATER

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

Testimony of  
DAWN N. S. CHANG  
Chairperson

Before the Senate Committees on  
WAYS AND MEANS  
and  
JUDICIARY

Wednesday, February 26, 2025  
10:05 AM

State Capitol, Conference Room 211 & Videoconference

In consideration of  
SENATE BILL 1002, SENATE DRAFT 1  
RELATING TO AFFORDABLE HOUSING

Senate Bill 1002, Senate Draft 1 would require the Department of Land and Natural Resources (Department) through the State Historic Preservation Division (Division) to contract its review of proposed state projects and affordable housing projects to third-party consultants under certain conditions. This bill also appropriates funds to the Division for recruitment and retention of qualified third-party consultants to expedite the review of state affordable housing projects. **The Department acknowledges the intent of this measure and offers comments.**

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

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

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

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

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

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

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

Pg. 9, line 1-7

“(c) Whenever the project involves the development of residential units intended as affordable housing, as that term is defined under section 201H-57, the department ~~shall~~ may retain a third-party consultant to conduct the review and comment described under subsection (a) no later than

sixty days after an application is submitted; provided that after an initial evaluation, the department determines that:"

Mahalo for the opportunity to provide testimony on this measure.



## HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

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

The Thirty-Third Legislature, State of Hawaii  
The Senate  
Committee on Ways and Means  
Committee on Judiciary

Testimony by  
Hawaii Government Employees Association

February 26, 2025

S.B.1002, S.D.1 – Relating to Affordable Housing

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO offers comments on the purpose and intent of S.B.1002, which requires the State Historic Preservation Division (SHPD) of the Department of Land and Natural Resources (DLNR) to contract a third-party consultant to review proposed state projects, and projects affecting historic properties if the projects involve the development of affordable housing and the division determines it will not be able to complete its review within sixty (60) days.

This measure allows the legislature to appropriate funds to the SHPD for the recruitment and retention of qualified third-party consultants to expedite review of proposed state affordable housing projects and affordable housing projects affecting historic properties. This measure further requires that the third-party consultant must meet the educational and experience standards and qualifications for preservation professionals. According to our records, SHPD has a vacancy rate of approximately thirty percent (30%). Instead of appropriating funds to contract a third-party consultant, the legislature should provide the funds to SHPD to recruit and retain civil service employees.

This measure goes to the larger issue which is that the civil service system must become more flexible, competitive, and adaptive to the current job market and public demands. The state needs to invest in its current and future workforce – increasing the position pay and offering modern and attractive recruitment and retention incentives. Contracting a third-party consultant is contrary to the principals of civil service. We fear that the proposed privatizing language will eventually lead to job loss and/or job displacement for our members that work within the SHPD. **We respectfully request that this bill be amended to include a sunset of two years, after the effective date.** Two years is an adequate amount of time for the department and state to fill these vacancies.

Thank you for the opportunity to provide comments of S.B.1002, S.D.1

Respectfully submitted,

Randy Perreira  
Executive Director



February 26, 2025

**The Honorable Donovan M. Dela Cruz, Chair**

Senate Committee on Ways and Means

**The Honorable Karl Rhoads, Chair**

Senate Committee on Judiciary

State Capitol, Conference Room 211 & Videoconference

**RE: Senate Bill 1002, SD1, Relating to Affordable Housing**

**HEARING: Wednesday, February 26, 2025, at 10:05 a.m.**

Aloha Chair Dela Cruz, Chair Rhoads, and Members of the Joint Committees:

My name is Lyndsey Garcia, Director of Advocacy, testifying on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawaii and its over 10,000 members. HAR **supports** Senate Bill 1002, SD1, which beginning 7/1/2027, requires the State Historic Preservation Division of the Department of Land and Natural Resources to contract its review of proposed state projects, and projects affecting historic properties to third-party consultants if the projects involve the development of affordable housing and the division, after an initial evaluation, determines it will not be able to complete its review within sixty days. Establishes requirements for qualified third-party consultants providing review services. Requires the project proponent to pay for the reasonable fee requirements of the third-party consultant. Allows the project proponent to contract or sponsor with any county, housing authority, non-profit organization, or person, to meet the third-party consultant fee requirement. Requires DLNR to publish a draft of its proposed rules within one year, and within one year thereafter, present its proposed final rules to the Board of Land and Natural Resources. Appropriates funds. Effective 7/1/2050.

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

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

Mahalo for the opportunity to provide testimony on this measure.



February 26, 2025

Senator Donovan Dela Cruz, Chair  
Senator Sharon Moriwaki, Vice Chair  
Committee on Ways and Means

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

RE: **SB 1002 - Relating to Affordable Housing**  
**Hearing date: February 26, 2025 at 10:05 AM**

Aloha Chair Dela Cruz, Chair Rhoads and members of the committee,

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

SB 1002 is intended to promote more timely reviews of projects by requiring the Department of Land and Natural Resources (DLNR) State Historic Preservation Division (SHPD) to contract its review of the proposed state projects, projects on privately owned historic property, and projects affecting historic properties to third-party consultants if the department will not be able to complete its review within sixty days. While NAIOP Hawaii prefers the language in SB 575 which has broader application to all projects we support the intent of SB 1002.

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



Accordingly, we strongly support the utilization of qualified third-party consultants to review projects in order to meet the intended statutorily required 90-day review timeline. Currently, SHPD is facing challenges in completing the overwhelming number of reviews due to capacity issues in the department. Allowing for third party consultants to conduct reviews will significantly reduce the current caseload while expediting future reviews that allow for the development of much needed housing and critical infrastructure.

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

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

Furthermore, NAIOP Hawaii recommends that SHPD be required to assign the reviews to a third-party consultant no later than 60 days after submission of the an application to SHPD if the department determines it will be unable to complete its review within 60 days. Specifically, language in the newly amended Sections 6E-8(d), 6E-10(e), and 6E-42(c) to state the following:

“The department shall retain a third-party consultant to conduct the review described under subsection (a) no later than sixty days after application submittal if, after an initial evaluation, the department determines that:”

This amendment is consistent with the intent of the bill to expedite reviews and alleviate the overwhelming volume of work SHPD currently faces.

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

Mahalo for your consideration,

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

Reyn Tanaka, President  
NAIOP Hawaii



Feb. 26, 2025, 9:40 a.m.  
Hawaii State Capitol  
Conference Room 016 and Videoconference

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

**LATE**

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

RE: SB1002 SD1 — RELATING TO AFFORDABLE HOUSING

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

The Grassroot Institute of Hawaii **supports** [SB1002 SD1](#), which would require the Hawaii Department of Land and Natural Resources to contract with third parties for the review of state affordable housing projects if the State Historic Preservation Division cannot complete the review within 60 days.

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

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

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

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

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

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

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

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

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

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

Thank you for the opportunity to testify.

Ted Kefalas  
Director of Strategic Campaigns  
Grassroot Institute of Hawaii

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

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

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

**SB-1002-SD-1**

Submitted on: 2/22/2025 10:39:16 AM

Testimony for WAM on 2/26/2025 10:05:00 AM

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

Comments:

I stand in support of SB1002.SD1 for Affordable Housing.3rd Party contractors for DLNR lands. Mahalo!