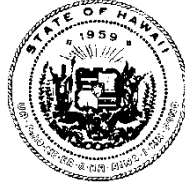


LATE

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



DEAN MINAKAMI
EXECUTIVE DIRECTOR

STATE OF HAWAII

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

Statement of
DEAN MINAKAMI
Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON JUDICIARY

February 20, 2025 at 10:01 a.m.
State Capitol, Room 016

In consideration of
S.B. 38 SD1
RELATING TO HOUSING.

Chair Rhoads, Vice Chair Gabbard, and members of the Committee.

HHFDC **supports** SB 38 SD1, which prohibits the legislative body of a county from making any modifications or imposing conditions that will increase the cost of the project.

Projects developed under 201H-38 must be primarily affordable and conditions of approval and exactions often add significant cost to developments which may make them infeasible. This bill will help to ensure the financial feasibility of projects.

Thank you for the opportunity to testify on this bill.

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

650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813
PHONE: (808) 768-8000 • FAX: (808) 768-6041 • WEBSITE: honolulu.gov/dpp

RICK BLANGIARDI
MAYOR
MEIA



DAWN TAKEUCHI APUNA
DIRECTOR
PO'O

BRYAN GALLAGHER, P.E.
DEPUTY DIRECTOR
HOPE PO'O

REGINA MALEPEAI
2ND DEPUTY DIRECTOR
HOPE PO'O KUALUA

February 20, 2025

The Honorable Karl Rhoads, Chair
and Members of the Committee on Judiciary
Hawaii'i State Senate
Hawaii'i State Capitol
415 South Beretania Street
Honolulu, Hawaii'i 96813

Subject: Senate Bill No. 38, SD 1
Relating to Housing

Dear Chair Rhoads and Committee Members:

The Department of Planning and Permitting (DPP) **opposes** Senate Bill No. 38, SD1, which prohibits the legislative body of a county from making modifications to housing development proposals that would increase the cost of the project.

While the City supports policies that will stimulate affordable housing production, prohibiting the county legislative body from imposing necessary conditions that would increase the cost of the project negates the quality of their review and forces a de facto up or down vote on each project. This could result in good projects being denied because conditions could not be imposed to ensure impacts were mitigated.

Essentially, any condition that required a change to the plans and drawings could be argued to increase the cost of the project. Rising consultant fees are, after all, a cost of the project. Furthermore, if the legislative body could not impose conditions to ensure traffic safety measures and infrastructure needs, they may need to deny projects. Applicants would then need to make the changes and start the process over because there would not be room for changes to the plan or collective agreements on pathways forward after the application was received.

It may help you to know that for one 201H project, an applicant requested that the City Council impose a condition to change the project in a way that allayed community concerns. The change did impact the cost of the project, but the applicant

The Honorable Karl Rhoads, Chair
and Members of the Committee on Judiciary
Hawai'i State Senate
Hawai'i State Capitol
Senate Bill No. 38, SD 1
February 20, 2025
Page 2

was able to move forward with the support of both the Council and the community. This was a win-win solution that would not be available if the Bill passes in its current form.

To this end, we respectfully oppose Senate Bill No. 38, SD 1, and request that it not move forward.

Thank you for the opportunity to testify.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'Dawn', with a long horizontal flourish extending to the right.

Dawn Takeuchi Apuna
Director Designate

Feb. 20, 2025, 10:01 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: SB38 SD1 — RELATING TO HOUSING

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

The Grassroot Institute of Hawaii **supports** [SB38 SD1](#), which would prohibit Hawaii's county councils from adding requirements that increase costs for a 201H affordable housing project approved by the Hawaii Housing Finance and Development Corp.

As we all know, Hawaii's housing shortage is already acute, and adding requirements that increase homebuilding costs is not going to help.

The Hawaii Department of Business, Economic Development and Tourism pointed out in a March 2024 report that Hawaii needs an average of 3,297 new housing units per year to satisfy demand between 2025 and 2035.¹

Researchers at The Economic Research Organization at the University of Hawai'i have identified that Hawaii's housing regulations are the strictest in the country and a key driver of Hawaii's housing crisis.² Relevant to SB38, they found that Hawaii's "local political pressure" on housing developments ranks in the top 5% of communities surveyed.³

¹ "[Hawai'i Housing Demand: 2025-2035](#)," Research and Economic Analysis Division of the Hawaii Department of Business, Economic Development and Tourism, March 2024, p. 2.

² 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. 5.

³ [Ibid](#), p. 6.

UHERO research has also estimated that regulations comprise 58% of the cost of new condominium construction.⁴

In other words, if reducing the power of Hawaii's county councils over state-approved affordable housing projects could help lower construction costs, then we should do it.

Thank you for the opportunity to testify.

Ted Kefalas
Director of Strategic Campaigns
Grassroot Institute of Hawaii

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



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

In Opposition of Senate Bill No. 38 SD1
RELATING TO HOUSING

To Chair Rhoads, Vice Chair Gabbard, and the honorable members of the committee,

We are writing on behalf of Lahaina 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.

Lahaina Strong stands in **opposition of SB38 SD1** and its provisions that diminish the County Council's role, remove its authority to approve housing projects, and undermine the vital need for community input. Ensuring local voices are heard in the decision-making process is essential for responsible and equitable development.

The County Council is the body closest to the people and the realities on the ground, particularly in disaster-affected communities like Lahaina. Ensuring that housing projects align with our community's needs and values requires a process where local voices are heard. The current proposal undermines this essential process by allowing the State to bypass county-level approval for projects that have received state funding. This sets a dangerous precedent and risks disenfranchising communities across Hawai'i.

Moreover, the provision that prohibits the County Council from making any modifications that could increase the cost of a project is deeply concerning. It effectively ties the hands of the County Council, preventing them from addressing

critical design, safety, or infrastructure concerns that could arise during the review process. Responsible development often requires adjustments to ensure a project is sustainable, accessible, and aligned with local needs—adjustments that may incur additional costs but are essential to long-term success. This limitation prioritizes cost savings over the well-being and functionality of our communities.

Additionally, not every island faces the same resource challenges, particularly when it comes to water. Maui, and specifically Lahaina, is grappling with significant water resource issues that must be carefully considered in any housing project. A blanket approval process that removes local oversight risks overlooking these critical factors, potentially leading to projects that fail to address or even exacerbate local needs and concerns.

Lahaina Strong firmly believes in home rule and the importance of maintaining the County Council's oversight to ensure transparency, accountability, and alignment with our unique circumstances. By removing the requirement for county approval and restricting the ability to make necessary project modifications, the proposed Bill concentrates power at the state level, leaving no meaningful avenue for local voices to shape the decisions that directly impact them.

In conclusion, Lahaina Strong urges you to **oppose Senate Bill 38 SD1**. Preserving the County Council's authority and ensuring housing projects remain rooted in the communities they are meant to serve is critical to a just recovery and sustainable future. Our collective resilience depends on it.

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

Sincerely,

Lahaina Strong

LATE



Hawaii's Thousand Friends

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

February 20, 2025

COMMITTEE ON JUDICIARY

Senator Karl Rhoads, Chair

Senator Mike Gabbard, Vice Chair

SB 38 SD1 RELATING TO HOUSING

Aloha chair Rhoads, Vice Chair Gabbard, 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 1074, which prohibits each county council from making modifications or imposing conditions to housing development proposals under HRS 201H-38 that would increase the cost of the project.

Housing developed under 201H-38 is already exempt from **all statutes, charter provisions, ordinances, and rules of any government agency relating to planning, zoning, construction standards for subdivisions, development and improvement of land, and the construction of dwelling units...**

HRS 201H-38 already places an automatic approval deadline on the county councils of 45 days to approve, approve with modification, or disapprove a housing development or by the 46th day a project is not disapproved by a county council, it shall be deemed approved.

HRS 201H-38 already requires **final plans and specifications for the project to be deemed approved by the legislative body**, county councils, **if the final plans and specifications do not substantially deviate from the preliminary plans and specifications.**

SB 38 SD1 takes away county councils' ability to request a study or report concerning traffic, public safety or environmental concerns if such a report **will increase the cost of the project**. In other words, resident's concerns may never be addressed under 201H-38 housing projects if SB 38 SD1 is enacted into law.

Now SB 38 SD1 seeks to take away the publics ONLY opportunity to make recommendations on a HRS 201H-38 housing development proposed for their community just because that recommendation may add additional cost to the project.

We urge you to not devalue the public's voice and hold SB 38 SD1 in committee.

SB-38-SD-1

Submitted on: 2/18/2025 6:57:25 PM

Testimony for JDC on 2/20/2025 10:01:00 AM

Submitted By	Organization	Testifier Position	Testify
Amanda Ybanez	Testifying for NB # 15 Kalihi Palama	Support	Written Testimony Only

Comments:

Chairwoman of Kalihi Palama NB # 15 is in strong support of SB38.

LATE



Opposition for HB527/SB38

Aloha e Senators, Chair, Vice Chair:

We are testifying on behalf of Locals In My Backyard (LIMBY) Hawai‘i. LIMBY Hawai‘i is a hui of concerned kama‘āina and kānaka working to help develop solutions to our state’s housing crisis.

We are concerned that NIMBYism has driven up costs and driven our friends and families out by opposing all development. We are equally concerned that the apparent answer to this, YIMBYism, insists that anything resembling true affordability is impossible so instead they promote building housing that gets bought by overseas investors. ***We know we won’t solve our housing woes without building more, but we won’t solve them by simply building more.***

The true solution is to create a housing market for locals: one that houses locals first, is tied to local wages, and is managed in trust. We detail real solutions to our housing woes on our website and through our newsletter.

The future for kama‘āina and kānaka will be LIMBY or Las Vegas.

This bill does nothing to keep locals here. Instead it proposes an incredibly broad requirement that nothing may be done which would increase project costs.

This ignores that adding some costs to the developer may indeed represent a genuine public benefit. A bike rack, an easement for a sidewalk all are genuinely reasonable costs.

More critically, it’s a hopelessly poorly written piece of legislation. There is in this legislation nothing that defines “costs” nor anything that defines who gets to decide what constitutes a cost. A developer could with apparently equal rights refuse a request for relocation assistance, as at Kuilei place, as one to print out a plan because doing so would add a \$1.50 in printing costs.

This legislation is uselessly vague and ought to be rejected on those grounds alone. Poorly defined law is a scourge.

Makana Hicks-Goo,
Organizer on behalf of LIMBY Hawaii



LATE

February 20, 2025

RE: **OPPOSE SB38**

Dear Councilmembers:

HI Good Neighbor opposes SB38, which would prohibit county councils from making changes that would increase the cost of 201H projects.

The 201H process is a fast-tracked process that greatly benefits developers. With tens of millions in subsidies and exemptions, county councils and the public should not be restricted from making recommendations for community benefit.

When 201H projects go before our Honolulu City Council, improvements are made to better benefit the specific project's community, such as more lower AMI affordable units versus 100-140% AMI units.

Please vote no on SB38.

Mahalo,

Christine Otto Zaa



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

LATE

**HEARING BEFORE THE SENATE COMMITTEE ON JUDICIARY
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 016
Thursday, February 20, 2025 AT 10:01 A.M.**

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

SUPPORT SB38 SD1 RELATING TO HOUSING

The Maui Chamber of Commerce **SUPPORTS SB38 SD1** which prohibits the legislative body of a county from making modifications to housing development proposals that would increase the cost of the project.

The Chamber notes that for decades, we have witnessed projects that initially met county and state requirements and appeared financially feasible. However, when these projects went before the county council for final approval, new conditions were often imposed. These modifications frequently led to increased costs, making the projects no longer financially viable. As a result, many housing developments were not built, and the housing that had been planned never materialized.

Developers are often unable to obtain accurate estimates for these last-minute conditions and cannot properly assess whether the changes fit within the overall project budget. Many of these conditions involve the development of critical infrastructure, which we believe should be the responsibility of the county and state. By the time developers reach the county council level, they already know what will work financially. Sudden changes during this process create significant challenges and, over the years, have led to a loss of potential housing.

Given the severe housing shortage in both the state and Maui County, we strongly support initiatives that promote, rather than hinder, the development of housing for our residents.

For these reasons we **SUPPORT SB38 SD1** and respectfully ask that it be passed.

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.

Council Chair
Alice L. Lee

Vice-Chair
Yuki Lei K. Sugimura

Presiding Officer Pro Tempore
Tasha Kama

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



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

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

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

February 18, 2025

TO: The Honorable Karl Rhoads, Chair
Senate Committee on Judiciary

FROM: Alice L. Lee
Council Chair 

SUBJECT: **HEARING OF FEBRUARY 20, 2025; TESTIMONY IN OPPOSITION TO SB38, SD1, RELATING TO HOUSING**

I **oppose** this measure to remove county authority to modify or impose conditions which increase the cost of affordable housing projects.

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

I oppose this measure for the following reasons:

1. While limiting housing-development costs is important, this measure is an undue State encroachment on county authority. County councils are uniquely positioned to understand local impacts and nuances of proposed developments.
2. County councils play an important oversight role by listening to the community to consider modifications or conditions needed to safeguard local public health and safety, cultural or environmental resources, or require additional infrastructure.

Thank you for your consideration.

ocs:proj:legis:25legis:25testimony:sb38_sd1_paf25-007(20)_ebm

SB-38-SD-1

Submitted on: 2/18/2025 7:22:39 PM

Testimony for JDC on 2/20/2025 10:01:00 AM

Submitted By	Organization	Testifier Position	Testify
Bianca Isaki	Individual	Oppose	Written Testimony Only

Comments:

Please oppose SB38. It's short sighted to print county councils from imposing conditions on housing projects that will utilize public infrastructure and get inserted into different environments with localized impacts. The county councils are better situated. Also removing this power will limit the ability of residents to testify about potential impacts that could be remedied through council action.

Yours,

Bianca Isaki

SB-38-SD-1

Submitted on: 2/18/2025 8:49:45 PM

Testimony for JDC on 2/20/2025 10:01:00 AM

Submitted By	Organization	Testifier Position	Testify
Seth Kamemoto	Individual	Oppose	Written Testimony Only

Comments:

Limiting the types of modifications that the county's legislative body can make based purely on cost can be self-defeating. For example, many 201H resolutions propose very sweeping fee exemptions (for example BWS hookup waivers) that then get scaled back slightly during the CC resolution process. Even \$1 of reduced fee waiver could be seen as an increase in cost that would not be allowed if this bill were to pass as-written. The city often requests more safety details in the form of requiring more studies and reports (such as TIARs for traffic). These modifications to the resolution, intended to ensure public safety, will increase cost (even if only marginally) and would therefore not be afforded by this bill. Creating a restriction solely on dollar cost limits the opportunity to increase the overall value of a project to the community.

SB-38-SD-1

Submitted on: 2/19/2025 7:35:26 AM

Testimony for JDC on 2/20/2025 10:01:00 AM

Submitted By	Organization	Testifier Position	Testify
Vanessa Distajo	Individual	Oppose	Written Testimony Only

Comments:

Aloha e Senators,

I strongly oppose SB 38, in the original and SD1 form. County Councils need the ability to weigh in on 201-H projects in order to keep our local communities safe and sustainable. The council members voice the concerns of the people when there are critical issues with a proposed development. If the council members determine that a project is lacking, they should be able to convey their specific concerns whether or not it would require changes in the cost of the project. Developers need to be held accountable, especially when they are receiving tax break incentives to build affordable housing. Our people deserve quality, safe housing. Checks and balances need to be in place within the system to ensure that.

Sincerely,

Vanessa Distajo

LATE

SB-38-SD-1

Submitted on: 2/20/2025 1:36:23 AM

Testimony for JDC on 2/20/2025 10:01:00 AM

Submitted By	Organization	Testifier Position	Testify
Kelly Nishimura	Individual	Oppose	Written Testimony Only

Comments:

I oppose SB38 because it will weaken the ability of County Councils to regulate housing developments. SB38 favors developers over the needs and interests of our communities.

LATE

SB-38-SD-1

Submitted on: 2/20/2025 8:47:10 AM

Testimony for JDC on 2/20/2025 10:01:00 AM

Submitted By	Organization	Testifier Position	Testify
Nikhil Khurana	Individual	Oppose	Written Testimony Only

Comments:

This is an unacceptable deregulation of 201-H projects. By removing city councils oversight you are removing a step where elected officials determine what is built in our neighborhoods. No one trusts the HHFDC, they are not elected officials and should not have the power to approve housing developments.