

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

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



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

P.O. BOX 621
HONOLULU, HAWAII 96809

DAWN N.S. CHANG
CHAIRPERSON
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COMMISSION ON WATER RESOURCE
MANAGEMENT

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DEPUTY DIRECTOR - WATER

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FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

Testimony of
DAWN N. S. CHANG
Chairperson

Before the House Committees on
HOUSING

Wednesday, March 12, 2025
9:00 AM

House Conference Room 430 & Videoconference

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

Senate Bill 66, Senate Draft 2 requires counties to grant building permits within sixty days if the application is stamped and certified by a licensed engineer and architect and other certain conditions are met, such as an assessment of impacts to iwi kūpuna, as well as historic and cultural resources. **The Department of Land and Natural Resources (Department) acknowledges the intent of this measure and offers comments.**

Chapter 6E, HRS, sets forth the framework for a comprehensive statewide historic preservation program in Hawai'i. A key part of that program is the review of projects, as required by HRS sections 6E-8, 6E-10, 6E-42, and 6E-43 HRS; and, the Department believes these sections of Chapter 6E, HRS, reflect the Legislature's intent to require project proponents to consider the impact of their projects on iwi kūpuna, as well as historic and cultural resources. The City and County of Honolulu, Hawaii County, the County of Kauai, and the County of Maui have established their own historic preservation programs, pursuant to 6E-14, HRS, and have been recognized as Certified Local Governments through the National Park Service. This bill identifies that counties shall not consider an application for a building permit associated with an affordable housing project complete until they have made a reasonable and good faith effort to determine that the project does not have the potential to affect historic properties, archaeological resources, or burial sites; or, unless the project has been submitted to the state historic preservation division and the 6E, HRS process has been completed. Including this language within the bill is important in order to take into account the necessary time it takes to identify and assess the likelihood or presence

of iwi kūpuna and/or historic and cultural resources within a project area as well as the effects a project may have on iwi kūpuna and/or historic and cultural resources. It's important to note, however, that not all counties have qualified professionals working within their permitting agencies to make these assessments.

Mahalo for the opportunity to provide testimony on this measure.



**COMMENTS ON SENATE BILL 66 SD2
RELATING TO HOUSING**

House Committee on Housing
Hawai'i State Capitol

March 12, 2025

9:00 AM

Conference Room 430

Dear Chair Evslin, Vice Chair Miyake and members of the House Committee on Housing:

The Office of Hawaiian Affairs (OHA) submits **COMMENTS on SB66 SD2**, 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 SD2 has been strengthened by the incorporation of amendments proposed by the Department of Land and Natural Resources (DLNR) before the Senate Committee on Housing. OHA agrees with DLNR that the Counties must have qualified historic preservation staff in order 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 HRS 6E review process. Thus, OHA appreciates the amendments specifying that (1) applications must be complete upon submittal and (2)

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).

completed by a qualified professional if an effects determination is made by the County under proposed subpart (b)(1)(A).

However, the bill could be strengthened by requiring that the Counties consult with OHA as part of any good-faith effects determination for project areas that include any Native Hawaiian sites as implementing rules for HRS 6E require that SHPD consult with OHA concerning sites that are important to Native Hawaiians.³

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 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...”

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

March 12, 2025

The Honorable Luke A. Evslin, Chair
and Members of the Committee on Housing
Hawaii'i House of Representatives
Hawaii'i Stat Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

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

Dear Chair Evslin and Committee Members:

The Department of Planning and Permitting (DPP) **opposes** Senate Bill No. 66, SD 2, which requires the 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.

The building permit process exists for one reason, and that is to protect the health and safety of our people. The current building permit review process already requires that application plans be stamped and certified by a licensed engineer or architect. This Bill removes the most important part of ensuring health and safety, which is the actual review for conformance with all pertinent health and safety codes.

We know this because the majority of building permit applications that are reviewed by DPP have repeated cycles, which means that these design professionals are unable to submit plans that conform to codes, and require multiple review cycles in order to bring the plans up to code. Without sufficient review through the building permit process, health and safety are severely compromised.

For the reasons stated above, we ask that Senate Bill No. 66, SD 2, be held in Committee. Thank you for the opportunity to testify.

Very truly yours,

A blue ink signature of Dawn Takeuchi Apuna, written in a cursive style.

Dawn Takeuchi Apuna
Director

C. Kimo Alameda, Ph.D.
Mayor

William V. Brilhante, Jr.
Managing Director



Hugh Y. Ono, P.E.
Director

Neil A. Azevedo
Deputy Director

County of Hawai‘i
DEPARTMENT OF PUBLIC WORKS
Aupuni Center
101 Pauahi Street, Suite 7 · Hilo, Hawai‘i 96720-4224
(808) 961-8321 · Fax (808) 961-8630
public_works@hawaiiicounty.gov

March 12, 2025

Chair Luke A. Evslin
Vice Chair Tyson K. Miyake
House Committee on Housing
Hawaii State Legislature
State Capitol

Subject: Testimony of the County of Hawai‘i Department of Public Works
Before the House Committee on Housing (HOU)
SB66 SD2 – Affordable Housing

Dear Chair Evslin, Vice Chair Miyake, and Members of the Committee:

The County of Hawai‘i Department of Public Works – Building Division appreciates the opportunity to provide testimony on Senate Bill 66. We recognize and appreciate the intent to streamline the building permit process and support timely development. However, we have concerns regarding certain aspects of the bill and respectfully offer the following considerations:

- **Life Safety and Code Compliance:** A thorough and responsible plan review process is essential to maintaining life safety standards in building construction. County oversight ensures that critical safety requirements—such as structural integrity, fire protection, and emergency egress—are met before permits are issued, protecting both residents and the broader community.
- **Financing and Insurance Implications:** Financial institutions and bonding companies rely on county reviews to ensure compliance with building codes and infrastructure standards. A reduction in county oversight could create uncertainties in lending, bonding, and insurance, potentially affecting project feasibility and costs.

- **Liability and Accountability:** Eliminating County oversight increases the risk of errors and non-compliance with building codes, potentially leading to safety hazards and structural deficiencies. To mitigate these risks, it is recommended that self-certifying architects be required to carry professional liability insurance and sign a legally binding affidavit accepting full responsibility for ensuring compliance with all regulations.
- **Workforce Considerations:** Shifting to self-certification could impact the roles of county plans examiners and place additional demands on building inspectors. A balanced approach is needed to maintain efficiency without overburdening existing personnel.
- **Quality of Designs:** According to County of Hawai'i statistics, only 59% of new residential permit plans are initially correct, meaning that 41% require corrections. If permits are issued without thorough review, homeowners could face significant additional costs to correct deficiencies during construction—costs that could have been avoided through the standard plan review process.
- **Permit Processing Time:** For new residential permits with complete and accurate applications requiring no plan revisions, the Building Division's three-month average for permit issuance is 51 days. Mandating permit issuance within 60 days would provide little benefit to homeowners, as rushed approvals may lead to costly rework during construction when code compliance issues are identified during inspections.

The Department of Public Works remains committed to supporting solutions that facilitate development while upholding safety, compliance, and efficiency. We welcome further discussion on how to enhance the building permit process in a way that aligns with these priorities.

Thank you for your time and consideration.

Sincerely,



Hugh Y. Ono, P.E.
Director of Public Works





March 12, 2025

The Honorable Luke A. Evslin, Chair

House Committee on Housing

State Capitol, Conference Room 430 & Videoconference

RE: Senate Bill 66, SD2, Relating to Housing

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

Aloha Chair Chang, Vice Chair Hashimoto, and Members of the Committee:

My name is Lyndsey Garcia, Director of Advocacy, testifying on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawaii and its over 10,000 members. HAR **supports** Senate Bill 66, SD2, 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. Effective 4/23/2057.

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/>.



HAWAII REGIONAL COUNCIL OF CARPENTERS

March 12, 2025

TO: The Honorable Luke A. Evslin, Chair
The Honorable Tyson K. Miyake, Vice Chair
& Members of the House Committee on Housing

RE: **Strong Support for SB66, SD2**

Dear Chair Evslin, Vice Chair Miyake, and Members of the Committee on Housing:

The Hawai'i Regional Council of Carpenters (HRCC) represents 6,000 union carpenters across Hawai'i dedicated to building a better future for our communities.

HRCC **strongly supports** Senate Bill 66, SD2, 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.

Regulatory costs account for more than half of the price of a new condominium in Hawai'i, a place where high housing costs are fueling an exodus of Native Hawaiians and local-born residents searching for cheaper places to live, according to a [UHERO Report](#).

Streamlining the permitting process would lead to cost savings for homebuyers across the state. As an example, the same UHERO Report found the median price of a new two-bedroom condo in Hawai'i is \$672,000, more than twice the nationwide average of \$300,000, and regulatory costs comprised an average of \$387,000, or 58% of the median Hawaii price.

Beyond the direct fees paid by developers, regulatory costs in Hawaii stem from the lengthy and complex permitting process. Compared to other states, condominium construction in Hawai'i faces intense regulatory scrutiny, requiring multiple layers of approval and exposing projects to legal and political hurdles. Over the past five years, the median wait time for a permit for multifamily projects exceeded 400 days, with many developments facing even longer delays—or failing to secure approval at all. These extended wait times force home builders to absorb additional costs while holding undeveloped land and unused materials.

Permitting delays discourage new developments, exacerbating Hawaii's housing shortage. The constrained supply, coupled with sustained demand, drives up home prices, making affordability a persistent issue.

STATE HEADQUARTERS & BUSINESS OFFICES

OAHU: 1311 Houghtailing Street, Honolulu Hawaii 96817-2712 • Ph. (808) 847-5761 Fax (808) 440-9188
HILO OFFICE: 525 Kilauea Avenue, Room 205, Hilo, Hawaii 96720-3050 • Ph. (808) 935-8575 Fax (808) 935-8576
KONA OFFICE: 75-126 Lunapule Road, Kailua-Kona, Hawaii 96740-2106 • Ph. (808) 329-7355 Fax (808) 326-9376
MAUI OFFICE: 330 Hookahi Street, Wailuku, Maui 96793-1449 • Ph. (808) 242-6891 Fax (808) 242-5961
KAUAI OFFICE: Kuhio Medical Ctr Bldg., 3-3295 Kuhio Hwy, Suite 201, Lihue, Kauai 96766-1040 • Ph. (808) 245-8511 Fax (808) 245-8911

Delays lead to higher expenses for home builders due to prolonged project timelines, increased interest payments, and rising material and labor costs. These additional expenses are often passed on to homebuyers, inflating property prices.

Implementing reforms such as adopting "shot clocks" for permit approvals, reducing fees, and allowing third-party reviews could expedite housing development and alleviate cost pressures.

Mahalo for your consideration.

Mitchell Tynanes
Hawai'i Regional Council of Carpenters



March 10, 2025

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

RE: **SB 66 SD2 - Relating to Housing**
Hearing date: March 12, 2025 at 9:00 AM

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

Mahalo for the opportunity to submit testimony on behalf of NAIOP Hawaii in **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



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

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

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

SUPPORT SB66 SD2 RELATING TO HOUSING

The Maui Chamber of Commerce **SUPPORTS SB66 SD2**, 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 SD2** 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.



Testimony of **Lahaina Strong**
Before the House Committee on
Housing

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

To Chair Evslin, Vice Chair Miyake, 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 SD2**, 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 HD2**, 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

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

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

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

RE: SB66 SD2 — RELATING TO HOUSING

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

The Grassroot Institute **supports** [SB66 SD2](#), which would require that the counties 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 October 2024 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 shot clocks 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.



March 11, 2025

TO: Honorable Stanley Chang, Chair
Senate Committee on Housing
Senate Committee on Energy and Intergovernmental Affairs (Vice Chair)

Honorable Troy Hashimoto, Vice Chair
Senate Committee on Housing

Honorable Luke Evslin, Chair
House Committee on Housing

Honorable Tyson Miyake, Vice Chair
House Committee on Housing

Honorable Glenn Wakai, Chair
Senate Committee on Energy and Intergovernmental Affairs

FROM: **American Institute of Architects, Hawaii State Council**
Legislative Advocacy Committee

SUBJECT: **Senate Bill 66**
Relating to Housing

Dear Chairs, Vice-Chairs and Members of the Committees,

The American Institute of Architects (AIA) Hawaii State Council and the AIA Legislative Advocacy Committee is supportive of the legislature's push for more affordable housing to be permitted and built within a reasonable amount of time and am submitting **COMMENTS** on specific language within Senate Bill 66:

1. Consideration for expediting, single-family and multi-family projects.

In its current form, the bill suggest the new time limit (60 days) counties have for issuing building permits to these building types. Although the AIA believes this is truly a County homerule responsibility, the language places arbitrary time constraints on County staff, and we prefer Counties consider a "self-certification" program catered to each locale, AIA would appreciate this bill be heard in County Council to flush out major concerns from each County.

The American Institute of Architects
AIA Hawaii State Council
828 Fort Street Mall, Suite 100
Honolulu, HI 96813

T (808) 628-7243
contact@aiahonolulu.org
aiahonolulu.org/AIAHawaiiStateCouncil

2. Consideration for replacement of the wording for Page 4 lines 11-12.

"§46- Building permit applications; certification; review time limit. (a) For single-family and multi-family projects in each county, a building permit shall be issued within sixty days of a complete application being filed [~~that is stamped by a duly licensed structural, civil, electrical, or mechanical engineer and architect certifying that all~~] containing plans and specifications that are in compliance with the applicable building codes for the respective county.

3. Consideration for 60 days review time limit for approval from internal agencies within the Department of Planning and Permitting, including but not limited to, Wastewater, Zoning, Building Code Division, Honolulu Fire Department, and Civil Engineering Branch.

Thank you for the opportunity to offer **COMMENTS** on Senate Bill 66.

Sincerely,
American Institute of Architects, Hawaii State Council
Legislative Advocacy Committee



Hawaii's Thousand Friends

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

March 12, 2025

COMMITTEE ON HOUSING

Rep. Luke A. Evslin, Chair

Rep. Tyson K. Miyake, Vice Chair

SB 66 SD2

RELATING TO HOUSING

Chair Evslin, Vice Chair Miyake and Committee members

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

SB 66 SD2 shifts the responsibility of code compliance for single-family and multi-family residential projects from county planning departments, whose job it is to ensure the public's safety, to licensed structural, civil, electrical, mechanical engineers and architects is troubling.

Letting an architect who designed a housing or multi-family residential project or an electrical engineer who installed the electrical wiring approve their own work is just wrong.

It is unclear what the process is should defects be found. Does the architect or electrical engineer correct their own work and if so, who inspects that work?

It is impossible for county historic preservation programs and the State Historic Preservation Division to identify and assess the possibility of iwi kupuna and/or historic and cultural resources within a project area and comment on an application within 60 days.

What is the process should a qualified professional determine that there is an adverse effect on historic properties?

We urge the committee to hold this bill and let the county planning and permitting department do their job of protecting the health and safety of Hawaii's residents.



Hawai'i YIMBY

Honolulu, HI 96814

hawaiiyimby.org

info@hawaiiyimby.org

March 12, 2025

House Committee on Housing

Hawai'i State Capitol

Honolulu, HI 96813

RE: SUPPORT for SB 66 SD2 - RELATING TO HOUSING

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

On behalf of Hawai'i YIMBY, we are writing in **support of SB 66 SD2** which would require counties to review building permit applications within sixty days if the completed application is stamped and certified by a licensed engineer. This bill better aligns the priorities of our counties with the dire need for more housing. By requiring a sixty day deadline, this both gives the county adequate time to review applications for compliance, while ensuring that a project is not delayed for an indeterminate period of time. We believe it is important to emphasize that the counties maintain their ability to deny a permit due to discretionary approvals and that the focus is on reprioritizing for quicker decision-making on much needed multi-family and single-family homes. Also, this bill explicitly outlines protections for historic properties and exclusions for land identified as high risk for flooding.

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

Honolulu, HI 96814

hawaiiyimby.org

info@hawaiiyimby.org

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.

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





**HAWAII STATE HOUSE OF REPRESENTATIVES
COMMITTEE ON HOUSING
Conference Room 430 & Videoconference
State Capitol
9:00AM**

MARCH 12, 2025

Subject: SB 66 - Relating to Housing

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

My name is Roseann Freitas, CEO of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii. Our members build the communities we all call home.

BIA-Hawaii is in support of SB 66, Relating to Housing. This bill would require 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.

SB 66 helps address a critical issue in housing development—permitting delays. The current permitting process can be lengthy and unpredictable, leading to increased costs, and project uncertainty. By mandating a streamlined process for applications that have already been vetted by qualified professionals, this bill can help expedite construction, reduce administrative bottlenecks, in turn improving housing affordability.

As the Committee is aware, Hawaii is in a severe housing crisis. The current median sale price on a single family home in the state of Hawaii as of January 2025 was **\$1,005,000**. BIA Hawaii is in support of any legislation which seeks to bring down the cost of housing in Hawaii.

We appreciate the opportunity to provide our comments on this matter.

SB-66-SD-2

Submitted on: 3/10/2025 6:59:42 AM

Testimony for HSG on 3/12/2025 9:00:00 AM

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

Comments:

TESTIMONY IN STRONG SUPPORT OF S.B. 66, SD2

HOUSE COMMITTEE ON HOUSING

Wednesday, March 12, 2025 – 9:00 AM

Conference Room 430 & VIA VIDEOCONFERENCE

Chair Evslin, Vice Chair Miyake, and Honorable Members of the Committee:

My name is **Zachary LaPrade**, and I submit this testimony in **strong support** of **S.B. 66, SD2**, which would require counties to issue building permits within **60 days** for **single-family and multi-family housing projects** when stamped and certified by a **licensed engineer or architect**.

Hawaii's **housing crisis** is one of the most pressing issues facing our state. We need **more housing, built faster**, but excessive **permit delays** have made it nearly impossible to meet demand. As a **fire victim** from **Lahaina**, I have personally seen how these delays **exacerbate disaster recovery efforts**—keeping families in limbo and driving up costs.

Why S.B. 66, SD2 is Necessary

- Hawaii's Building Permit Delays are Among the Worst in the Nation**
 - A **University of Hawaii Economic Research Organization** study found that Hawaii's permit process takes **three times longer** than the national average.
 - Delays drive up costs, discourage development, and **slow housing production**—all at a time when we desperately need more homes.
- Creates a Fair, Efficient Process Without Compromising Safety**
 - The bill ensures **licensed engineers and architects**—who are already bound by professional and legal obligations—are responsible for **certifying compliance with building codes**.
 - County agencies will still review applications for **land use, setbacks, height, and site development requirements**, ensuring no violations of state or local laws.
- Supports Disaster Recovery & Affordable Housing Development**
 - Fire victims in Lahaina and other disaster-affected communities cannot afford to **wait years for permits** just to rebuild.
 - Fast-tracking permits **reduces uncertainty**, making it easier to construct **affordable and workforce housing** at a time when it's needed most.

4. **Protects Flood Zones & Historic Sites While Prioritizing Housing**

- The bill ensures **floodplain compliance** and requires projects to go through **historic preservation review**, ensuring responsible development.

Without this bill, **permitting delays will continue to stall housing production**, worsen affordability, and prolong disaster recovery efforts. **We cannot allow that to happen.**

I urge the Committee to **pass S.B. 66, SD2** and take real action to address Hawaii's housing crisis.

Mahalo for your time and consideration.

Zachary LaPrade

SB-66-SD-2

Submitted on: 3/10/2025 5:22:42 PM

Testimony for HSG on 3/12/2025 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Sylvia Dolena	Pele Lani Farm LLC	Oppose	Written Testimony Only

Comments:

;Please OPPOSE

- If a completed application is not approved within 60 days, it shall be deemed approved, and the development can proceed.
- It is impossible for county historic preservation programs and the State Historic Preservation Division to identify and assess the possibility of iwi kupuna and/or historic and cultural resources within a project area and comment on an application within 60 days.
- The bill is unclear what the process would be should a qualified professional determine that there is an adverse effect on historic properties.
- To ensure that an applicant follows construction, electrical and plumbing codes, it is essential that building permits are reviewed by a county planning department and not by design professionals who serve their clients.
- County planning and permitting processes exist to ensure that approved building permits protect the health and safety of its residents.

In conclusion, under SB 66 SD2 a licensed architect can design a residential project and then sign off on his or her work as approved.

Just like the Fox guarding the hen house?

SB-66-SD-2

Submitted on: 3/11/2025 1:08:17 AM

Testimony for HSG on 3/12/2025 9:00:00 AM

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

Comments:

I support SB66.SD2. counties granting housing permits within 60 days.

SB-66-SD-2

Submitted on: 3/11/2025 10:39:52 AM

Testimony for HSG on 3/12/2025 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Shannon Matson	Individual	Oppose	Written Testimony Only

Comments:

Aloha Chair, Vice Chair, and Committee Members,

I am in strong opposition to this bill. I am testifying on my own behalf, but as an employee for the County I have witnessed the issues that the law that was passed at the State level to allow for telecommunications towers to be automatically approved after 60 days by the County, if they've failed to approve or deny the permit. This has caused so much concern and upset for community members that the County Council on Hawai'i island has spent months working through a bill to try to help fix this problem, although the real issue lies with the language in HRS that usurps the right of the Planning Director to make these decisions and give some of these more complex issues the time the public needs to truly understand the process and lodge legitimate complaints. This bill will create the same mess but with housing projects. Sure, SOME projects should be granted permits in a matter of weeks, but OTHER projects may require much longer than 60 days to work out particular issues and provide for appropriate amendments. Please do not pass this bill, it will cause much more harm than good.

- It is impossible for county historic preservation programs and the State Historic Preservation Division to identify and assess the possibility of iwi kupuna and/or historic and cultural resources within a project area and comment on an application within 60 days.
- The bill is unclear what the process would be should a qualified professional determine that there is an adverse effect on historic properties.
- To ensure that an applicant follows construction, electrical and plumbing codes, it is essential that building permits are reviewed by a county planning department and not by design professionals who serve their clients.
- County planning and permitting processes exist to ensure that approved building permits protect the health and safety of its residents.

Mahalo,

Shannon M.

Hawai'i Island Resident



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

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Toby Taniguchi, KTA Superstores, *Advisor*
Joe Carter, Coca-Cola Bottling of Hawaii, *Advisor*
Eddie Asato, Pint Size Hawaii, *Advisor*
Gary Okimoto, Safeway, *Immediate Past Chair*

TO: Committee on Housing
FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: March 12, 2025
TIME: 9am

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

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

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

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

Fiscal Impact of Eliminating the Grocery GET

Updated Calculation Using USDA Thrifty Food Plan Data

1. TFP Data for a Household of Four:

- a. **Monthly Spending:** \$1,432
- b. Yearly Spending: $\$1,432 \times 12 = 17,284$
- 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>