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

P.O. BOX 621
HONOLULU, HAWAII 96809

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LAND
STATE PARKS

Testimony of
DAWN N. S. CHANG
Chairperson

Before the Senate Committee on
HOUSING

Tuesday, February 11, 2025
1:00 PM

State Capitol Conference Room 225 & Videoconference

In consideration of
SENATE BILL 66
RELATING TO HOUSING

Senate Bill 66 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. Allowing any staff person at a county to meet this provision would make it difficult if not impossible for a county to make such a "reasonable and good-faith determination". To that end, the Department proposes the following amendments:

Pg. 4, line 7-13

“(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 plans and specifications are in compliance with the applicable building codes for the respective county.”

Pg. 5, line 11-12,

“(A) Qualified Professionals, who meet state historic preservation division rules governing professional qualifications for architecture, archaeology, architecture, architectural history, and/or physical anthropology, at ~~The county has~~ 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; or”

Mahalo for the opportunity to provide testimony on this measure.

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

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MAYOR
MEIA



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DIRECTOR
PO'O

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REGINA MALEPEAI
2ND DEPUTY DIRECTOR
HOPE PO'O KUALUA

February 11, 2025

The Honorable Stanley Chang, Chair
and Members of the Committee on Housing
Hawaii State Senate
Hawaii Stat Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

LATE

**Subject: Senate Bill No. 66
Relating to Housing**

Dear Chair Chang and Committee Members:

The Department of Planning and Permitting (DPP) **opposes** Senate Bill No. 66, 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 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 Designate

Feb 11, 2025, 1 p.m.
Hawaii State Capitol
Conference Room 225 and Videoconference

To: Senate Committee on Housing
Sen. Stanley Chang, Chair
Sen. Troy N. Hashimoto, Vice-Chair

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

RE: SB66 — RELATING TO HOUSING

Aloha Chair Chang, Vice-Chair Hashimoto and other members of the Committee,

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

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

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

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

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

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

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

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

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

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

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

Thank you for the opportunity to testify.

Ted Kefalas
Director of strategic campaigns
Grassroot Institute of Hawaii

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

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



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February 10, 2025

Testimony to the Senate
Committee on Housing,
Tuesday, February 11,
2025, 1:00pm,
Conference Room 225,
Hawaii State Capitol

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

Chair Chang, Vice Chair Hashimoto and members of the Committee:

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

We **support SB 66** for the following reasons:

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

The immediate, positive economic impact from the increase in commerce activity will benefit business, counties, the State, and our people by this measure with minor amendments.

Thank you,

Respectfully Submitted



Anthony Borge



February 11, 2025

The Honorable Stanley Chang, Chair

Senate Committee on Housing

State Capitol, Conference Room 225 & Videoconference

RE: Senate Bill 66, Relating to Housing

HEARING: Tuesday, February 11, 2025, at 1:00 p.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, 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.

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/>.



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

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TO:

COMMITTEE ON HOUSING

Senator Stanley Chang, Chair

Senator Troy N. Hashimoto, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION

Lauren Zirbel, Executive Director

DATE: February 11, 2025

TIME: 1:00 PM

RE: SB 66

Position: Support with Amendments

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

One of the best ways to improve the likelihood of business and residents staying in the state is to reduce taxes and remove undue regulatory burdens. The worst regulatory burdens are permitting delays. The good news is the state can eliminate permitting delays relatively easily using language similar to SB 66 but apply these reforms to all categories of permits. This bill requires counties to grant building permits within 60 days if the application is stamped and certified by a licensed engineer and architect and certain other conditions are met. This will dramatically reduce business costs, increase housing supply and generate billions in tax income to fund removing taxes on groceries.

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

Fiscal Impact of Eliminating the Grocery GET

Updated Calculation Using USDA Thrifty Food Plan Data

1. **TFP Data for a Household of Four:**
 - a. **Monthly Spending:** \$1,432
 - b. Yearly Spending: $\$1,432 \times 12 = 17,284$
 - c. Yearly Spending Per Person: $\$17,284 / 4 = \$4,296$
2. **Statewide Total Annual Grocery Spending:**
 - a. With a population of approximately 1,400,000: $\$4,296 \times 1,400,000 = 6.014$ billion
3. **Adjusting for EBT Exemptions:**
 - a. Not all grocery spending is tax exempt. Only purchases made with EBT (SNAP) benefits are exempt. While 11% of Hawai'i's residents participate in SNAP, these households typically use EBT for only a portion of their grocery spending. For this analysis, we assume that, on average, EBT payments account for about 50% of grocery spending among SNAP households.
 - b. This implies that roughly $11\% \times 50\% = 5.5\%$ of total grocery spending is exempt.
 - c. Therefore, approximately **94.5%** of grocery spending is subject to the GET.
4. **Taxable Spending:**
 - a. **$0.945 \times \$6.014 \text{ billion} \approx \5.684 billion**
 - i. This tracks with the U.S. Department of Agriculture, Economic Research Service *Sales of food for all purchasers with taxes and tips, by state* dataset (<https://www.ers.usda.gov/data-products/food-expenditure-series>) which shows Hawaii's nominal food-at-home expenditure for 2023 to be \$5.51 billion.
5. **Annual GET Revenue Calculation:**
 - a. With a 4.5% GET rate: $0.045 \times \$5.684 \text{ billion} \approx \255.8 million

Conclusion on Fiscal Impact:

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

The Compelling Case for Removing Grocery Taxes

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

The Georgia Study on Removing Food Taxes

- **Policy Change:**

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

- **Economic Impact:**

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

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

Proposed Permitting Reforms as a Cost Offset and Housing Supply Catalyst

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

Key Permitting Reforms:

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

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

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

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

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

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

Economic and Housing Benefits:

- **Boost in Economic Activity:**

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

- **Interest Savings:**

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

- **Enhanced Property Tax Revenue:**

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

- **Additional State Tax Revenue:**

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

- **Addressing the Affordable Housing Crisis:**

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

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

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

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

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

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

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

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

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

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

Property taxes:

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

Economic Impact of Permitting Delays in Honolulu County

Introduction

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

Methodology

Step 1: Estimating Total Property Cost

Total property cost is calculated using the following formula:

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

Step 2: Estimating Lost Interest to Builders

Lost interest is calculated using the following formula:

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

Step 3: Estimating Lost Construction Fees

Lost construction fees are calculated as:

Lost Construction Fees = Total Property Cost × 0.5%

Step 4: Estimating Lost Property Tax Revenue

Lost property tax revenue is calculated as:

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

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

Financial Impact by Occupancy Group (Honolulu)

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

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

Key Financial Totals

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

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

Lost Construction Fees: \$250,243,050.00

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

Commentary and Economic Insights

1. Single-Family Homes & Apartments Dominate Financial Losses

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

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

2. Commercial and Institutional Projects Also Face Major Losses

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

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

3. Impact on Local Government Revenue

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

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

Sources

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

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

Increased Housing Supply

Current and Projected Permit Approvals

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

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

Housing Demand Based on DBEDT Report

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

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

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

Housing Price Reductions

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

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

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

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

1. Project Allocation and Construction Value Breakdown

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

Summary

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

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

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

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

Step-by-Step Breakdown

1. Project Allocation:

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

For example:

Single Family allocation:

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

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

Average Project Size (sq. ft.):

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

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

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

Example Calculation for Single Family Homes

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

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

Proposed Reforms

1. **Self-Certification by Licensed Professionals:**
 - a. Allow certified architects and engineers to approve standard designs, expediting permit issuance.
2. **Statutory Timelines and Automatic Approvals:**
 - a. Impose clear deadlines (e.g., 30 days for residential and 60 days for commercial projects).
 - b. Automatically approve permits after deadlines lapse, subject to compliance audits.

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

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

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

Mahalo for the opportunity to testify.

Additional Sources:

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

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

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

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

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



February 11, 2025

Senator Stanley Chang, Chair
Senator Troy Hashimoto, Vice Chair
Committee on Housing

RE: **SB 66 - Relating to Housing**
Hearing date: February 11, 2025 at 1:00 PM

Aloha Chair Chang, Vice Chair Hashimoto 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 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



LATE

**HAWAII STATE SENATE
COMMITTEE ON HOUSING
Conference Room 229 & Videoconference
State Capitol
1:00 PM**

FEBRUARY 11, 2025

Subject: SB 66 - Relating to Housing

Chair Chang, Vice Chair Hashimoto, 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.



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

LATE

HEARING BEFORE THE SENATE COMMITTEE ON HOUSING
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 225
Tuesday, February 11, 2025, 1:00 P.M.

To The Honorable Senator Stanley Chang, Chair
The Honorable Senator Troy N. Hashimoto, Vice Chair
Members of the committee on Housing

SUPPORT SB66 RELATING TO HOUSING

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



LATE

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

In Consideration of Senate Bill No. 66
RELATING TO HOUSING

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

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

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

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

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

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

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

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

Lāhainā Strong

SB-66

Submitted on: 2/7/2025 4:24:09 PM

Testimony for HOU on 2/11/2025 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Joy Dillon	Individual	Support	Written Testimony Only

Comments:

Aloha, Chairs and members of the Housing and Judiciary Committees.

I strongly support this measure and urge you to pass it. Although I believe this bill does not go far enough (60 days is too long) it is a step in the right direction. We need to do all we can to streamline the building permit process and this will greatly help. Please vote YES on this measure.

Thank you for your consideration,

Joy Dillon, Hilo resident

SB-66

Submitted on: 2/7/2025 9:21:46 PM

Testimony for HOU on 2/11/2025 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Jacob Wiencek	Individual	Support	Written Testimony Only

Comments:

Aloha Committee Members,

Reducing permitting backlogs and speeding up the permitting process is crucial to relieving our affordability crisis. Permitting and other regulatory delays only increases costs. I urge this Committee to SUPPORT this bill!

SB-66

Submitted on: 2/9/2025 5:45:33 AM

Testimony for HOU on 2/11/2025 1:00:00 PM

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

Comments:

Committee on Housing
Hawaii State Legislature
415 South Beretania Street
Honolulu, HI 96813

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

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

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

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

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

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

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

Mahalo for your time and consideration.

Sincerely,
Zachary LaPrade

SB-66

Submitted on: 2/9/2025 12:31:04 PM

Testimony for HOU on 2/11/2025 1:00:00 PM

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

Comments:

I thank the legislators for finally addressing this matter. For too long the counties have given lip service to improving the permitting process and shortening the time for which permits are reviewed and issued. This has created delays and has cost developers, business, and individual property owners collectively hundreds of thousands or millions of dollars each year in additional expense/ lost revenue due these delays. The counties have not been able to staff their permitting departments sufficiently due to budget constraints or insufficiently low salaries paid to attract the necessary talent and/or the assumption that the public will continue to tolerate these delays.. I support this bill to impose upon the counties and communicate a message that the residents of the state of Hawaii will no longer put up with it. The bill could be further strengthened by adding an additional requirement that any permit issuance that is submitting pending additional documentation or an "I" not being dotted or a "T" not being crossed be evaluated and a permit issued within 30 days after the pending item is cured or submitted/resubmitted.

LATE

SB-66

Submitted on: 2/10/2025 5:15:47 PM

Testimony for HOU on 2/11/2025 1:00:00 PM

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

Comments:

I am in support of SB66. Sadly I know a long time City employee, who was legally blind that held a position in permits. This did not make sense to me then, but perhaps the government leaders did not want to improve our housing situation. Although many illegal monster homes were being built, which housed too many residents with sometimes only one bathroom and didn't follow building codes or sanitation laws. They also took up street parking with several vehicles in residential areas and caused a nuisance with other neighbors. Many were unable to read and write English, but spoke in their own language at work and at home creating work issues in government positions taking jobs away from local residents with more than 2 jobs and dominating our workforce and some with union protection! They changed our entire living environment and the aloha spirit for many island visitors, which was law since 1986!

SB-66

Submitted on: 2/10/2025 9:20:58 AM

Testimony for HOU on 2/11/2025 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Tamara Paltin	Individual	Comments	Written Testimony Only

Comments:

Aloha,

I support the intent of this bill, we do need to issue building permits faster and as we have contracted with a third party for the repopulation of Lahaina town we see that it can be done. The concern I have with shifting compliance to the licensed contractor, etc, is that if it is not in compliance the owner pays the price and it is not clear if the licensed submitter would be held accountable for costly errors. There are also many reasons for delay from various county departments not reviewing timely to also incomplete and incorrect applications so I think that distinction should be made as well that the automatic issuance should be when the county does not review permits in a timely manner not if the applications are incomplete or incorrect and the delay is on the back in forth to get the correct and complete info without delay.

Mahalo,

Tamara Paltin