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TESTIMONY
OF
BONNIE KAHAKUI, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE SENATE COMMITTEE
ON
WAYS AND MEANS
February 19, 2026, 10:30 AM

SENATE BILL 2544
RELATING TO HOUSING

Chair Dela Cruz, Vice Chair Moriwaki, and members of the committee, thank you for the opportunity to submit testimony on Senate Bill 2544. The State Procurement Office (SPO) supports the intent of the bill to address the shortage of affordable housing; however, objects to the exemption from Chapter 103D, Hawaii Revised Statutes (HRS), for the procurement of professional services, construction, and development related to the five-year Hawaii builds pilot program.

Comments

The SPO provides comments on SECTION 2, Page 6, lines 12-15, set forth below:

"(j) Contracts for professional services, construction, and development related to Hawaii builds pilot projects shall be subject to approval by the corporation's board of directors and shall be exempt from chapter 103D, Hawaii Revised Statutes. "

The bill does not provide justification for exempting the five-year Hawai'i Builds pilot program from Chapter 103D, HRS, the Hawai'i Public Procurement Code. Furthermore, the bill does not establish a procurement process that would govern the selection of professional services, construction, and development contracts once exempted from Chapter 103D, HRS. In the absence of an established statutory or regulatory framework, it is unclear how vendors would be

identified, evaluated, or selected; how fairness and competition would be ensured; or what standards would apply to pricing, contract terms, and performance. The SPO respectfully questions what safeguards would be in place to protect the State's interests and the appropriate use of public funds.

Recommendation

The SPO recommends the following revision to SECTION 2, Page 6, lines 12-15:

"(j) Contracts for professional services, construction, and development related to Hawaii builds pilot projects shall be subject to approval by the corporation's board of directors and shall be ~~[exempt from]~~ subject to chapter 103D, Hawaii Revised Statutes."

Exemptions to the Code mean that procurements made with taxpayer monies will not have the same oversight, accountability and transparency requirements mandated by those procurements processes provided in the code. It means that there is no requirement for due diligence, proper planning, or consideration of protections for the state in contract terms and conditions, nor are there any set requirements to conduct cost and price analysis and market research or post-award contract management. As such, Agencies can choose whether to compete any procurement or go directly to one contractor.

Thank you for the opportunity to comment on this measure.



TESTIMONY PROVIDING COMMENTS ON SENATE BILL 2544 SD1
RELATING TO HOUSING

Senate Committee on Ways and Means
Hawai'i State Capitol

February 19, 2026

10:30 AM

Room 211

Aloha e Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee on Ways and Means:

The Office of Hawaiian Affairs (OHA) provides **COMMENTS** on SB2544 SD1, which proposes to establish a pilot program modeled after the BUILD initiative in British Columbia, Canada, intended to expedite housing development through coordinated interagency review and streamlined permitting.

While OHA recognizes the urgent need to increase housing supply in Hawai'i, we urge caution in adopting development frameworks designed for large continental jurisdictions with vastly different land bases, ecological constraints, and regulatory histories.

British Columbia encompasses expansive land areas and resource buffers that differ fundamentally from Hawai'i's island geography. Hawai'i's finite land base, fragile ecosystems, limited freshwater resources, and dense cultural landscape necessitate a more deliberate regulatory structure. Our development standards have evolved to reflect these realities and to ensure the long-term viability of natural and cultural resources. As articulated in Article XII, Section 1 of the Hawai'i Constitution, public trust resources must be managed for the benefit of present and future generations. Accordingly, while housing production is critical, development models imported from continental jurisdictions should be carefully evaluated and adapted to Hawai'i's unique constitutional and environmental framework.

With respect to the bill's specific provisions, **OHA recommends removal of page 6, lines 16–20, which would require the State Historic Preservation Division (SHPD) to complete its review within sixty days of receipt.** Hawai'i Revised Statutes (HRS) § 6E-8 already contains a structured review framework, including a 90-day period and an

automatic concurrence provision if SHPD does not respond within that timeframe. That statutory timeline reflects a balanced legislative judgment regarding SHPD's review capacity and the complexity of historic preservation determinations. Imposing a shorter, project-specific sixty-day deadline risks undermining thorough cultural resource review and may create procedural inconsistencies within Chapter 6E. Allowing the existing § 6E-8 process to govern would provide predictability while maintaining appropriate safeguards.

OHA further notes that subsection (l), section 2, establishes a 60-day timeline for Department of Health (DOH) review. While we defer to DOH regarding the adequacy of this timeframe, we share concern that compressed review deadlines in matters affecting public health, wastewater, drinking water, and environmental quality could result in insufficient analysis and unintended health risks. Expedited processes should not compromise core health and safety protections.

Finally, **OHA recommends removal of page 7, lines 14–20, beginning with “Notwithstanding,” which would authorize exemptions from county ordinances or rules without approval of the county legislative body.** We believe the existing framework under HRS § 201H-38 already provides sufficient mechanisms for exemptions. Retaining county legislative body approval ensures transparency, preserves public input, and maintains local oversight over land use decisions that directly affect communities. Eliminating this check risks reducing accountability in matters with significant local impact.

In summary, OHA acknowledges the seriousness of Hawai'i's housing challenges and supports thoughtful reforms that responsibly increase supply. However, we urge the Legislature to exercise caution when adopting development models designed for continental jurisdictions and to preserve existing safeguards that reflect Hawai'i's constitutional obligations, limited resources, and unique cultural landscape.

Mahalo nui for the opportunity to testify on this critical issue. We look forward to the careful consideration of our **COMMENTS on SB2544 SD1**.



Cade Watanabe, Financial Secretary-Treasurer

Gemma G. Weinstein, President

Eric W. Gill, Senior Vice-President

February 18, 2026

Senate Committee on Ways and Means
Sen. Donovan Dela Cruz, Chair
Sen. Sharon Moriwaki, Vice Chair

Testimony with Comments re: SB 2544

Chair Dela Cruz, Vice Chair Moriwaki, and Committee Members:

UNITE HERE Local 5 represents 10,000 working people in the hotel, food service and health care industries across Hawaii.

SB 2544 has several problems. We do not support it in its current form, for several reasons:

- Speeding up permitting processes should not be done at the cost of taking away counties' discretionary control, or meaningful public input.
- These projects should not be exempt from public procurement processes either. Competitive bidding exemptions make the system vulnerable to corruption.
- We are concerned that applying a loosened standard to projects that qualify for HRS 201H exemptions could result in significant benefits to developers for projects that are not truly affordable, or that have significant non-affordable components.
- It is important to ensure the safety of developments for residents and for the health of our communities. This is the reason why many regulations exist. Cutting those regulations from the process is worrisome.
- Rather than marking the success of the program based on the number of housing units delivered, it should be measured by the number of people living in those units in each median income category.

It should be possible to improve the availability of affordable housing without sacrificing county discretion, public input, regulatory oversight, etc.

Thank you.

Cindy Freitas

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**TESTIMONY IN OPPOSITION UNLESS AMENDED
S.B. 2544 S.D.1 – RELATING TO HOUSING (HAWAI‘I BUILDS PILOT PROGRAM)**

He Mele komo a he mele aloha no na kupuna o ke au i hala Aloha mai kakou.

Aloha,

My name is Cindy Freitas and I’m a Native Hawaiian descended of the native inhabitants of Hawai‘i prior to 1778 and born and raised in Hawai‘i.

I am also a practitioner who still practice the cultural traditional customary practices that was instill in me by my grandparents at a young age from mauka (MOUNTAIN TO SEA) to makai in many areas.

I respectfully submit testimony **in opposition to S.B. 2544 S.D.1 unless amended.**

I recognize that Hawai‘i faces a serious housing shortage, particularly for “missing middle” households earning approximately sixty to one hundred forty percent of area median income . Increasing housing supply is important, and I support solutions that truly help local residents remain in Hawai‘i.

However, the approach in this measure raises significant community, cultural, and oversight concerns.

The bill establishes a five-year “Hawai‘i Builds” pilot program within the Hawai‘i Housing Finance and Development Corporation and allows the agency to act effectively as a public developer . While intended to accelerate construction timelines, the measure authorizes expedited interagency review and prioritizes permits, licenses, and entitlements for designated projects above other applications .

The bill further allows projects to qualify even if the land is not zoned residential by using statutory exemptions and requires county officials to grant certain ordinance exemptions as a ministerial act . This significantly limits county oversight and reduces public participation in land-use decisions affecting neighborhoods and communities.

In addition, historic preservation review must be completed within sixty days or the project is automatically approved . Cultural and burial site identification in Hawai‘i often requires careful and time-intensive consultation. Automatic approval timelines risk unintended impacts to cultural sites and iwi kūpuna.

Housing is necessary, but housing development should not bypass cultural review, environmental safeguards, or community involvement.

Therefore, I respectfully request the following amendments:

1. Require full cultural impact assessment and consultation with lineal descendants prior to project approval.
2. Remove automatic approval if historic preservation review deadlines are not met.

3. Require county council review and public hearings before zoning exemptions are granted.
4. Limit projects to properly zoned residential lands unless community consent is obtained.
5. Require enforceable long-term affordability restrictions and owner-occupancy requirements.
6. Require annual public reporting identifying who actually occupies the housing units and whether they are Hawai'i residents.

Housing policy should strengthen communities while protecting cultural resources and public trust responsibilities.

For these reasons, I respectfully request the Committee amend S.B. 2544 S.D.1 before passage.

Mahalo

Cindy Freitas

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



DEAN MINAKAMI
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

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Statement of

DEAN MINAKAMI

Hawaii Housing Finance and Development Corporation

Before the

SENATE COMMITTEE ON WAYS AND MEANS

February 19, 2026 at 10:30 a.m.

State Capitol, Room 211

In consideration of

SENATE BILL 2544 SENATE DRAFT 1 RELATING TO HOUSING.

Chair Dela Cruz, Vice Chair Moriwaki, and members of the Committee.

HHFDC **supports** Senate Bill 2544 Senate Draft 1, which establishes the Hawaii Builds Pilot Program within HHFDC.

This bill takes an innovative approach by empowering HHFDC to act as a proactive developer, leveraging its Dwelling Unit Revolving Fund (DURF) for predevelopment and construction equity, and streamlining interagency coordination and permitting.

The time required for agency review and to obtain various development approvals is lengthy, often requiring more than three-years, and can render affordable housing projects infeasible. Other jurisdictions have successfully utilized similar programs to streamline approvals and expedite the delivery of housing. We look forward to implementing this pilot program to hasten the delivery of housing.

Thank you for the opportunity to testify.