

ACT 295

S.B. NO. 66

A Bill for an Act Relating to Housing.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The legislature finds that the State is facing a housing shortage. A 2019 study commissioned by the department of business, economic development, and tourism found that, using high scenario projections, the State will require an additional 46,573 homes by the year 2030, with the city and county of Honolulu requiring 21,392 new units; Hawaii county requiring 13,527 new units; Maui county requiring 8,515 new units; and Kauai county requiring 3,138 new units.

The legislature further finds that some of the largest obstacles for developers to construct more housing in the State are:

- (1) A lack of areas with proper zoning to allow for the construction of residential dwellings;
- (2) A lack of infrastructure to support newly developed residential dwellings; and
- (3) Delays in the issuance of building permits for single-family and multi-family projects.

The building permit processing times for single-family and multi-family projects vary tremendously across the United States. However, the counties in Hawaii have some of the longest processing times for residential building permits. An April 2022 study prepared by the university of Hawaii economic research organization found that, on average, Hawaii homebuilders wait three times longer for permits than those in other states, which drives up costs significantly and creates uncertainty, serving as a disincentive to build new projects. Furthermore, the study found that compared to the most regulated markets in the country, Hawaii's permit delays are almost two times longer, meaning it can take from one year to one and a half years for a permit to be approved.

The legislature also finds that lengthy processing times to obtain a building permit raises questions about what information is necessary for counties when processing building permit applications. The basic responsibilities of the counties are to ensure compliance with various building codes and ensure adequate infrastructure capacity to support the proposed project or development. Although it

is the counties' responsibility to monitor for compliance with various building codes, if the construction plans do not satisfy these codes and are not corrected before construction, the designer, who is a licensed professional who stamped the plans, and the contractor are ultimately responsible. The counties are also not typically involved in litigation as the building permit process is ministerial, mainly to check for code compliance.

In other municipalities around the country, building plans are not scrutinized to the extent that they are in Hawaii counties. In Hawaii, the plan review is to ensure that the design meets all applicable codes. However, in other municipalities, the plans are used as a guide while code compliance verification is completed upon inspection of the project during construction. Inspectors who find that construction does not satisfy the code either have the correction made in the field or stop construction until proper corrective actions have been taken to ensure that new construction meets the code. Ultimately, the designer and contractor are responsible for ensuring new construction meets all applicable codes.

Accordingly, the purpose of this Act is to establish procedures and requirements for single-family and multi-family homes to apply for an expedited permit until June 30, 2031.

SECTION 2. Chapter 46, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“§46- Expedited permits; single-family and multi-family housing project permit applications; review time eligibility. (a) Permit applications for single-family and multi-family housing projects in each county shall be eligible for an expedited permit approval pursuant to this section.

(b) An applicant or the applicant's agent may submit a request to the county for an expedited permit if sixty business days have lapsed after the application was considered complete by the relevant agency and the application has not received full approval by the county. The request by the applicant or the applicant's agent shall include:

- (1) A full and complete set of plans;
 - (2) Statements or evidence from the relevant permitting agencies that adequate infrastructure capacity is available to service the project site and specified improvements;
 - (3) The following information from all licensed professionals on record:
 - (A) Policies of insurance that:
 - (i) Name the State and county as additional insurers;
 - (ii) Are in amounts equivalent to at least \$2,000,000; and
 - (iii) Specifically allow coverage for the completed project for the period under section 657-8; and
 - (B) A statement that indemnifies and holds harmless the State, its officers, agents, and employees and the county, its officers, agents, and employees;
 - (4) A statement that sixty business days have lapsed without approval since the application would have been considered complete by the relevant agency; and
 - (5) The required county contractor's statement.
- (c) For the purposes of subsection (b), applications shall only be considered complete if:
- (1) Either:
 - (A) Qualified 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; or
- (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 subparagraph (A) determines that the project may have the potential to affect historic properties, archaeological resources, or burial sites;
 - (2) The applicant submits documentation evidencing that the proposed project does not encroach on special flood hazard areas identified as “A” or “V” zones on the Federal Emergency Management Agency’s Flood Insurance Rate Maps, or the applicable county official has reviewed the proposed project for floodplain management compliance and has issued a development permit for construction;
 - (3) The project is not higher than thirty feet;
 - (4) The project is not situated on a shoreline parcel or a parcel that is impacted by waves, storm waves, high tide, or shoreline erosion and is in compliance with all laws, rules, and procedures pursuant to chapter 205A;
 - (5) All plans and specifications submitted to a county have been stamped by a duly licensed structural, civil, electrical, or mechanical engineer and licensed professional, as applicable, certifying compliance with the applicable building codes for the respective county; and
 - (6) Any other administrative criteria that the county deems necessary to carry out the purpose of this section.

If the county determines that the application is not complete, the county shall notify the applicant and specify the information needed to meet the requirements for complete submittal under this subsection.

(d) For applications under section 444-2.5, the owner listed on the application shall instead execute a waiver of all claims against the State and county and execute a statement that indemnifies and holds harmless the State, its officers, agents, and employees and the county, its officers, agents, and employees in lieu of subsection (b)(3). All expedited approval requests by the applicant shall be reviewed for completeness by the county within five days of submittal. For building permits that apply for and meet the criteria for an expedited permit, the county shall execute an agreement with the licensed professional on record as assuming approval and oversight responsibility for the permit application. Upon completion of the agreement, the county shall consider the application approved by the licensed professional, issue an expedited permit, and the applicant may proceed with construction.

(e) After approval, the licensed professional on record or county shall ensure that the project construction is in compliance with the approved plans under the expedited permit, including but not limited to the requirements under chapter 6E and all applicable ordinances regarding land use, set-back, height, and site development requirements for the project site. State and county inspectors shall not be precluded from entering and inspecting project sites with expedited permits. Licensed professionals and contractors shall address any defects in construction identified by state or county inspectors; provided that the defects in construction are consistent with the specifications in the approved plans. If the defects are not consistent with the approved plans, the

licensed professional shall note the disagreement and assume review responsibility as the approving authority or initiate a change to the plans to address the defect. Consistent with the requirements and time periods established by each county, all licensed contractors and the licensed professional or the licensed contractors' or licensed professional's successor agents shall maintain a record of inspected structural, civil, plumbing, and electrical systems after a certificate of occupancy is issued and provide a copy of that record to the applicant and the county.

(f) Upon completion of construction, the licensed professional shall certify in writing to the county that a certificate of occupancy is warranted and all laws, rules, ordinances, and conditions governing permitted construction have been met, along with any necessary as-built drawings consistent with the requirements of each county. The county shall issue the certificate to the applicant and may notate that the certificate is approved by the licensed professional under an agreement pursuant to an expedited permit, and not a county official.

(g) Each county may adopt rules pursuant to chapter 91 to effectuate the purposes of this section and charge any necessary fees, including defining what constitutes the sixty-day period, which may exclude any time spent awaiting substantive responses or revisions from the applicant necessary to address comments issued during the review process.

(h) Nothing in this section shall be construed to allow any violation of federal, state, or county laws, rules, or ordinances. The issuance of a certificate of occupancy shall not be construed to limit or repeal any powers of any county to enforce violations of any law, ordinance, or rule.”

SECTION 3. New statutory material is underscored.¹

SECTION 4. This Act shall take effect on July 1, 2026, and shall be repealed on June 30, 2031.

(Approved July 3, 2025.)

Note

1. Edited pursuant to HRS §23G-16.5.