

HB 2197

COUNTRY CLUB VILLAGE, PHASE 2
ASSOCIATION OF APARTMENT OWNERS
1060 Ala Napunani Street
Honolulu, HI 96818

HAWAII STATE SENATE – REGULAR SESSION 2010
COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

March 23, 2010
9:45 AM, Conference Rm. 229

SB 2197, HD1, SD1– RELATING TO CONDOMINIUMS

Chair Sen. Rosalyn Baker, V. C. Sen. David Y. Ige and Committee Members:

Good Morning. My name is Dante K. Carpenter, President of Country Club Village, Phase 2, Association of Apartment Owners (CCV, Phase 2, AOA). Our Association continues to explore the means by which solar and/or wind energy systems may be incorporated in Two (2) 21-story Hi-Rise structures with 469 units to reduce the cost of energy to its owners in the Salt Lake area.

I speak in strong support of SB 2197, HD1, SD1 Relating to Condominiums, which will give boards of directors authority to allow the installation of solar or wind energy devices on the common elements of condominiums, by amending HRS Chapter 514.

We wish to commend the authors of this forward thinking measure and support its intent to reduce the homeowner's cost of electricity as well as reducing Hawaii's dependency on fossil fuels for energy purposes in the future.

We strongly recommend passage of SB 2197, HD1, SD.

Mahalo a nui loa.

1001 Bishop Street, Suite 780
Honolulu, Hawaii 96813-3410
March 22, 2010

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
REGARDING HOUSE BILL 2197, HD1, SD1

Hearing Date : TUESDAY, March 23, 2010
Time : 9:45 a.m.
Place : Conference Room 229

Senator Baker and Members of the Committee,

My name is John Morris and I am testifying in favor of HB 2197 HD1, SD1. I have been involved with condominiums since 1988, when I served as the first condominium specialist with the Hawaii real estate commission (from 1988 to 1991). Since then, I have served as an attorney advising condominium associations.

As the preamble to the bill indicates, a few years ago, the Legislature amended the law to make it easier for individual owners to install solar energy devices on the common elements of their condominium projects. HB 2197 HD1, SD1 proposes to create the same opportunities for boards of directors to install solar energy devices on the common elements, for the benefit of all residents of the condominium project.

Companies are now asking associations to lease the roofs of certain condominium projects to install solar energy devices. Wind generators are also possible for certain projects. As Hawaii struggles to become energy independent, every installation on a condominium is a small step to achieving that goal. The proposals from companies usually compensate associations for the use of the project roofs or provide them with electricity at lower rates because of tax credits and the sale of surplus power to the utility company. (Since a condominium association often pays little, if any, taxes, it usually cannot take advantage of the tax credits which are available to for-profit companies that install the solar energy devices.) These arrangements can be particularly helpful for neighbor island projects because electricity rates are even higher than on Oahu.

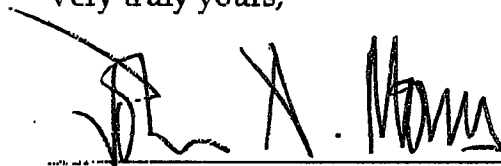
Under the present condominium law, the Legislature has established high levels of owner approval -- 67% and even 75% -- to lease even unused areas of the project, such as roofs. Therefore, while theoretically condominium boards can take advantage of these proposals by obtaining owner approval, such high levels of approval, combined with owner apathy, can defeat the best efforts of the boards to install solar energy devices.

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HB 2197 HD 1, SD1 proposes to allow the board, alone, to install solar energy devices or lease roofs and other unused areas of the project for their installation. Since boards owe a fiduciary duty to act in their fellow owners' best interests, protections from abuse are already built into the law. In other words, in this case boards have the same interest as owners in ensuring solar energy devices are properly and carefully installed.

Please contact me at 523-0702 if you have any questions. Thank you for this opportunity to testify.

Very truly yours,

A handwritten signature in black ink, appearing to read "John A. Morris", written over a horizontal line.

John A. Morris

JAM:alt