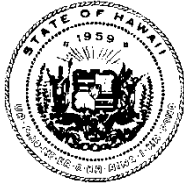


DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
EXECUTIVE DIRECTOR

**STATE OF HAWAII**

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM  
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION  
677 QUEEN STREET, SUITE 300  
Honolulu, Hawaii 96813  
FAX: (808) 587-0600

IN REPLY REFER TO:

Statement of  
**Craig K. Hirai**  
Hawaii Housing Finance and Development Corporation  
Before the

**HOUSE COMMITTEE ON FINANCE**

February 23, 2018 at 3:30 p.m.  
State Capitol, Room 308

In consideration of  
**H.B. 1712, H.D. 2**  
**RELATING TO CONDOMINIUMS.**

HHFDC ***supports the intent*** of H.B. 1712, H.D. 2, which amends provisions in Chapter 514B, HRS that address the required percentages of residential units in condominiums that must be offered to owner-occupants during the initial 30-day period from 50 to 90 percent. Given the overall lack of affordable housing stock for Hawaii residents, it is reasonable to adopt policies that promote owner-occupancy of new condominium developments.

Thank you for the opportunity to provide written comments on this bill.



TO: Representative Sylvia Luke, Chair, Committee  
Representative Ty J.K. Cullen, Vice Chair  
Members of the Committee on Finance

FR: AMERICAN RESORT DEVELOPMENT ASSOCIATION (ARDA) –HAWAII  
via Blake Oshiro, Executive Director

RE: HB1712, H.D. 2 – Relating to Condominiums

The American Resort Development Association – Hawaii (ARDA-Hawaii) is the trade association representing the vacation ownership and resort development (time share) industries here in Hawaii. Thank you for the opportunity to submit written testimony on this bill.

This bill increases the percentage of units in a residential condominium that must be offered to prospective owner-occupants pursuant to Part V.B. of the Condominium Act.

Part V.B. applies only to sales of “residential units.” Section 514B-95 defines “residential unit” to explicitly exclude units in resort and hotel condominium projects.

ARDA-Hawaii believes that the owner-occupant presale requirements are not intended to apply to timeshare projects just as they are not intended to apply to resort and hotel condominium projects.

ARDA-Hawaii respectfully requests that the bill be amended to explicitly recognize that time share projects are not subject to the owner-occupant presale requirements. This may be accomplished by amending the bill as follows:

SECTION \_\_\_\_\_. Section 514B-95, Hawaii Revised Statutes, is amended by amending the definition of "residential unit" to read as follows:

“Residential unit” means “unit” as defined in section 514B-3 but excludes:

(1) Any unit intended for commercial use;

(2) Any unit in a project in which time share use is permitted under Section 514E-6, Hawaii Revised Statutes;

(3) Any unit designed and constructed for hotel or resort use that is located on any parcel of real property designated and governed by a county for hotel or resort use pursuant to section 46-4; and

~~[(3)]~~(4) Any other use pursuant to authority granted by law to a county.

Thank you.



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## COMMITTEE ON FINANCE

FRIDAY, February 23, 2018, 3:30 PM, room 308  
HB 1712, HD2, Relating to Condominiums

### TESTIMONY

Nina Eejima, Legislative Committee, League of Women Voters of Hawaii

Chair Luke, Vice-Chair Cullen, and Committee Members:

**The League of Women Voters of Hawaii supports the intent of HB 1712, HD2, that increases the minimum number of residential units in a condominium project that must be offered for sale to prospective owner-occupants in the thirty-day period following the initial date of the sale of the condominium from 50 percent to 90 percent.**

We fully acknowledge our current affordable housing crisis and our collective efforts to find effective and sustainable solutions. We support this examination of condominium ownership rules. They are, however complicated and in and of themselves, cannot be viewed as a quick nor sustainable fix.

We note that various lenders such as FHA, Freddie Mac, and Fannie Mae have differing minimum ownership requirements that take into account that having too few owner-occupants can detract from the viability of a project, and that requiring too many can harm its marketability. Unquestionably, owner-occupants serve to stabilize the financial viability of projects and are less likely to default on their obligations to homeowner associations than non-owner occupants. But there are other variables to consider.

We note that there are also loan eligibility requirements that include, inter alia, higher reserves, e.g., financial documents must provide for funding of replacement reserves for capital expenditures and deferred maintenance in an account representing at least 20 percent of a condominium development's budget, a low percentage of association dues in arrears, and evidence of long-term financial stability allow for a lower owner-occupancy percentage.

Thank you for the opportunity to submit testimony.

**HB-1712-HD-2**

Submitted on: 2/22/2018 2:48:17 PM

Testimony for FIN on 2/23/2018 3:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Melodie Aduja	OCC Legislative Priorities Committee, Democratic Party of Hawai'i	Support	No

Comments:



**From:** [Jeff Gilbreath](#)  
**To:** [FINTestimony](#)  
**Subject:** HB 2703 -- Relating to Housing Affordability  
**Date:** Friday, February 23, 2018 6:23:18 AM

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TO: House Committee on Finance  
HEARING: Friday, February 23, 2018, 3:30 PM  
PLACE: Conference Room 308  
FROM: Jeff Gilbreath  
RE: HB 2703 HD1 -- Relating to Housing Affordability  
ATTENDING HEARING: No

Dear Chair Luke, Vice Chair Cullen, and members of the Committee,

I urge the committee to pass HB 2703 HD1, which would help low-income and working-class families in our state afford their rent. This would help relieve our homelessness crisis.

The bill directs some conveyance tax revenues to the rental assistance housing fund to subsidize rents for households whose income does not exceed thirty per cent of the area median income. These people are in dire need of these subsidies in order to stay in their homes.

HB 2703 HD1 also increases the Low-Income Household Renters' Credit. This credit not been updated in nearly three decades to even account for inflation. It should be updated to help make up for the high rents and tax rates that burden our low- and moderate-income neighbors.

Mahalo for passing the EITC last session. This bill makes the EITC refundable, enabling taxpayers to get tax refunds if their credits total more than what they owe in income tax.

Thank you for the chance to provide testimony on this important bill. Please pass HB 2703 HD1.