

# HB 1712, HD1

Measure Title:	RELATING TO CONDOMINIUMS.
Report Title:	Condominium; Residential Units; Sale; Owner-Occupants
Description:	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 sale of the condominium from 50 percent to 90 percent. (HB1712 HD2)
Companion:	
Package:	None
Current Referral:	HOU, CPH

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

**SENATE COMMITTEE ON HOUSING**

March 13, 2018 at 2:45 p.m.  
State Capitol, Room 225

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 testify.



TO: Senator Will Espero, Chair, Committee  
Senator Breene Harimoto, Vice Chair  
Members of the Committee on Housing

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.

ARDA-Hawaii **supports** the 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.” The existing language of 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 time share projects just as they are not intended to apply to resort and hotel condominium projects.

HB1712, H.D. 2 amends the definition of “residential unit” in Section 514B-95, HRS, to explicitly recognize that time share projects are not subject to the owner-occupant presale requirements.

Thank you.

**HB-1712-HD-2**

Submitted on: 3/10/2018 11:45:00 PM

Testimony for HOU on 3/13/2018 2:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Leimomi Khan	Testifying for Democratic Party of Hawaii, Hawaiian Affairs Caucu	Comments	No

Comments:

The Hawaiian Affairs Caucus supports the intent of HB 1712, HD2, as one of the means to bring about additional affordable housing opportunities, recognizing our current affordable housing crisis and our collective efforts to find effective and sustainable solutions, provided such increase is balanced with development interests and does not adversely impact on housing loans. We note that no development company has given testimony on the bill and only one real estate agent has provided testimony. This is of concern since passage of a bill such as this one, while having merit, needs the support of developers, and could, in fact, have the opposite effect than intended, since developers may look elsewhere to build housing.

# Kaka'ako Ūnited

To: Chair Will Espero, Vice Chair Breene Harimoto and Members, Committee on Housing

From: Sharon Moriwaki

Subject: Testimony in support of HB1712 HD2, Relating to Condominiums, before the Senate Committee on Housing, Tuesday March 13, 2018, 2:45 p.m., in Conference Room 225

I am Sharon Moriwaki, a Kaka'ako resident. I am a volunteer and president of Kaka'ako Ūnited, a community group working together to ensure a quality Kaka'ako community from Mauka to Makai.

SB1710, Relating to Condominiums, amends Section 514B-95, HRS, would increase the number of condo units that must be offered for sale to owner-occupants from 50% to 90%, publishing the announcement for a 30-day period following the sale of the launch of a condo project's sale.

We support HB 1712, HD2 as it builds the housing pool for local residents and encourages developers to meet our dire need for affordable housing. This helps provide housing affordable to local residents. We believe, however, the developer should encourage resident ownership by opening the advertising for more than a mere month to enable residents to find the necessary financing. We thus recommend the bill increase the current 30 days to 60 days. Specifically, replace "thirty days" with "sixty days" in Section 514B-95.5(4), at line 16 on page 2; and "thirty-day" with "sixty-day" period in Section 514B-98(b), at line 5 on page 4.

We have seen half of the units in Kaka'ako's condos remain dark; we have seen many advertisements aimed at off-shore investors. Selling to owners not part of the community is detrimental to the health of that community and the state. Absentee owners have less interest in maintaining the quality of the unit, building, and the surrounding community.

Developers of condominium projects need to move toward meeting the local housing need. This happens when local buyers gain a meaningful opportunity to qualify to purchase.

Based on the foregoing, we urge your support of HB 1712 HD2 with the recommended extension of the time period to enable sales to owner-occupants.

Thank you for the opportunity to testify.

**KŪ: Kaka'ako Ūnited**  
PO Box 235965 • Honolulu, Hawaii 96823  
[www.kakaakounited.org](http://www.kakaakounited.org) • [info@kakaakounited.org](mailto:info@kakaakounited.org)



*Ensuring the quality of life for an integrated Kaka'ako community from mauka to makai.*

**HB-1712-HD-2**

Submitted on: 3/12/2018 2:42:52 PM

Testimony for HOU on 3/13/2018 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Testifying for OCC Legislative Priorities Committee, Democratic Party of Hawai'i	Support	No

Comments:

Good afternoon, my name is Melodie Aduja. I serve as Chair of the Oahu County Legislative Priorities Committee of the Democratic Party of Hawaii. Thank you for the opportunity to provide written testimony on **HB1712 HD2** relating to the sale of condominium residential units to 90 percent owner-occupants during the first 30 days of its initial offering for sale. The OCC Legislative Priorities Committee is in favor of **HB1712 HD2** and support its passage.

**HB1712 HD2** is in alignment with the Platform of the Democratic Party of Hawai'i ("DPH"), 2016, as it aims to restrict the sales of new residential condominium units to 90 percent owner-occupants for the first thirty days of the offering for sale. Specifically, the DPH Platform states, "Housing is a basic human need and we believe that adequate accessible, affordable, and safe housing should be available to all residents of Hawai'i. Affordable housing that is fair in proportion to individual income is the basis of prosperity for our citizens and stability in our economy. Recent and past real estate bubbles have fueled disproportionate rent increases, a key contributor to homelessness." (Platform of the DPH, P. 7, Lines 340-343 (2016)).

**HB1712 HD2** places restrictions on the sale of new residential condominium units to 90 percent owner-occupants within the first 30 days of the offering for sale. This allows for Hawai'i residents to attain home ownership prior to allowing non-owner-occupants an opportunity to purchase units which would otherwise house Hawai'i residents first. As House Bill No. 1712, provides a direct benefit to owneroccupants first, it is the position of the OCC Legislative Priorities Committee to support this measure.

Thank you very much for your kind consideration.

Sincerely yours,

/s/ Melodie Aduja

Melodie Aduja, Chair, OCC Legislative Priorities Committee

Email: legislativepriorities@gmail.com, Text/Tel.: (808) 258-8889