

## **TESTIMONY OF ALISON UEOKA**

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COMMITTEE ON FINANCE  
Representative Sylvia Luke, Chair  
Representative Kyle T. Yamashita, Vice Chair

Thursday, February 24, 2022  
12:30 p.m.

### **HB 1784, HD1**

Chair Luke, Vice Chair Yamashita, and members of the Committee on Finance, my name is Alison Ueoka, President of the Hawaii Insurers Council. The Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately forty percent of all property and casualty insurance premiums in the state.

Hawaii Insurers Council support efforts to encourage the prompt maintenance and repair of condominium buildings in Hawaii. Many condominiums have been built in the 1970's and 1980's and now require major repairs to keep the buildings operational. These changes are often structural as we live in an island state surrounded by salt water. Pipes in buildings do not last forever and many have exceeded their lifespan but have not been replaced. Compounded by interior sprinkler requirements or the equally or more expensive fire life safety requirements, many in condominiums are not keeping up with the necessary repairs and maintenance because of cost.

Continued losses in this area mostly due to water losses from failed pipes in buildings have caused the market for condo building insurance to stagnate and insurers are reluctant to enter the market. The way condo associations operate and how decisions are made is a flawed system that relies upon the very owners who must pay for these repairs and maintenance to make the decision to increase every owner's costs. Many times, Boards are unable to increase their maintenance fees to an appropriate level

because they cannot get the requisite number of votes. Even then, Boards are and have been thrown out by a new Board who refuses to approve increases to maintenance fees even though they may be sorely needed. Most buildings here are in need of repair or replacement and are not on schedule. The process in which to make these big decisions, get estimates, have the Board or membership vote on financing and then to get the project started takes years. In the meantime, losses continue as components in the buildings fail.

The property insurance market is changing worldwide as we are experiencing the adverse impact of climate change. In addition, aging properties and properties that are not hardened against increasing weather events will have to pay more to insure themselves. Increasing losses impact reinsurers who provide insurance for insurance companies. Reinsurers provide worldwide coverage for insurers and a hardening market directly impacts what insurers must charge for their products.

We hope that measures such as these encourage those who own units in condominiums to make the appropriate investment to maintain their units.

Thank you for the opportunity to testify.

HAWAII LEGISLATIVE  
ACTION COMMITTEE

  
**community**  
ASSOCIATIONS INSTITUTE

P.O. Box 976  
Honolulu, Hawaii 96808

February 22, 2022

Chair Sylvia Luke  
Committee on Finance  
415 South Beretania Street  
Honolulu, Hawaii 96813

**Re: HB1784 HD1/OPPOSITION**

Dear Chair Luke and Committee Members,

This testimony in opposition of HB1784 HD 1 on behalf of the Community Associations Institute ("CAI") Legislative Action Committee.

I served on the CAI National Task Force for Reserve Study Public Policy. This Bill is a reaction to the recent building collapse in Florida where the laws are very different than Hawaii. In Florida, the required repairs were known but Florida law required the approval of the repair by Owners. The Florida problem was further exacerbated by a unique building design. This repair approval requirement does not exist in Hawaii. Hawaii condominium Boards have the authority and obligation to make required repairs.

There is a new government pattern to require condominiums to make all sorts of studies such as life safety for fire sprinklers, EV charging stations, and as proposed now structural inspections. All these requirements do is drive up the cost of living in a condominium and without any apparent reason. The winners are the engineers who charge for the service.

Certainly, the industry supports safety measures, but this Bill will not accomplish its intended purpose. It imposes unnecessary costs that are currently addressed by condominium boards in the normal course of business.

February 22, 2022

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We urge you to defer this HB1784 HD1. Condominiums do not need any further costs imposed upon them.

Very truly yours,

*/s/ Richard Emery*

Richard Emery  
CAI LAC Committee

**HB-1784-HD-1**

Submitted on: 2/22/2022 11:37:14 AM

Testimony for FIN on 2/24/2022 12:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
lynne matusow	Individual	Support	No

Comments:

Good start. Cannot have Florida's Surfside collapse repeated here. I am a condo owner and board member and my association is in the forefront up making sure the building has no defects. We have spent millions on the building envelope project, waterproofed lanais which the developer in the early 1980s omitted, repaired spalling on the outside of the buildings, and are sociking away money to pay for window replacements. I know other associations who do not want to spend money to keep their buildings upgraded. That is shameful. If this bill passes, it will change the discussion for the better.

This bill also neglects to look at other items than the exterior of the building. It needs to require periodic inspections of the structural integrity of the building, including infrastructure--plumb lines, electrical/cable/wire chases, vents, ducts, elevators, etc.--which may also be in the interior of the buildings. Some buildings are defective, from the moment they are built. Residents, condo owners, and others have sued the buildings because of this. You have not yet addressed these conditions.

I do, however, object to the Jan. 1, 2050 effective date. It is time the untransparent legislature becomes transparent and stops playing games with effective dates, which often kills a bill. Let's say that really is the effective date. I wonder how many Florida surfside collapses will occur here in the next 28 years. I urge you to change the date to effective upon approval.

**HB-1784-HD-1**

Submitted on: 2/22/2022 4:58:42 PM

Testimony for FIN on 2/24/2022 12:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
Richard Emery	Associa	Oppose	No

Comments:

Support the opposition of CAI LAC.

**HB-1784-HD-1**

Submitted on: 2/22/2022 5:43:07 PM

Testimony for FIN on 2/24/2022 12:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
R Laree McGuire	Individual	Comments	No

Comments:

While I believe periodic inspections are necessary, I feel a task force should be formed to study the details proffered in this Bill and the ramifications of the timelines proposed therein. This Bill is a good start.

**HB-1784-HD-1**

Submitted on: 2/23/2022 8:37:43 AM

Testimony for FIN on 2/24/2022 12:30:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Gordon Wood	Individual	Oppose	No

Comments:

Chair and members, thank you for this opportunity to provide written testimony. As a licensed architect with more than 40 years of experience in the field, I **strongly oppose** this well-meaning but deeply flawed bill. While the bill clearly intends to improve public safety it contains several elements that will cause it to fall far short of that goal, including the following:

- The bill cites the collapse of the Surfside condominium in Florida, and requires inspection of the facades of buildings 5-stories and taller to address the potential for similar catastrophic collapses in Hawaii. Unfortunately, the Surfside collapse was not caused by unsafe facade conditions: it was caused by the failure of load-bearing structural members deep within the building. This bill fails to address inspection of the structural members of buildings 5-stories and taller.
- The bill requires the State Building Code Council (SBCC) to review facade renovation reports and to issue waivers from the inspection requirement for eligible buildings, but fails to recognize that the SBCC is comprised of uncompensated citizen volunteers, is unfunded and understaffed, and would have no capacity to perform these critical functions.
- The bill assumes there is a ready pool of professional willing to take on the significant liability of performing the required facade inspections and evaluations: that pool does not exist, and the case law flowing from the Surfside tragedy makes it unlikely that such a pool will soon be formed. That case law involves an engineer who performed structural inspections of the Surfside complex, and performed his professional duty by warning the building's HOA (homeowners association, equivalent to Hawaii's AOA) of the need for immediate repairs to avoid collapse. After the building's collapse, that engineer was successfully sued by Surfside's unit owners, residents, and guests for having failed to warn each of them individually of the dangers exposed by his inspection and analysis. While one might suppose that it was the HOA's responsibility to provide that warning to its members and their associates, the engineer made an easier target. The fact that suit was successful has chilled the national market for building structural inspections.
- The bill provides no enforcement mechanism to ensure compliance with its inspection and reporting requirements, nor any mechanism to require building facades found to be unsafe to be made safe. Without such enforcement, there is no assurance that the intended public safety improvements will be enjoyed.

Together, these factors combine to make the intent of this bill impossible to achieve. Passage and enactment of this bill will do nothing to improve public safety, but may be expected to negatively affect the value of buildings five or more stories in height. I urge you to do two things



today: defer this bill to ensure it is not passed and enacted; and work with Hawaii's established communities of design professionals, property owners, and building operators to fashion a new bill that will effectively address the potential danger of building structural collapses.

Mahalo

**HB-1784-HD-1**

Submitted on: 2/23/2022 9:32:43 AM

Testimony for FIN on 2/24/2022 12:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
Jeff Sadino	Individual	Support	No

Comments:

I support this Bill.

Thank you,

Jeff Sadino