



February 24, 2022

Representative Aaron Ling Johanson, Chair
Representative Lisa Kitagawa, Vice Chair
Members of the House Committee on
Consumer Protection and Commerce

RE: HB 2239 HD1 – RELATING TO CONDOMINIUMS
Hearing date – February 25, 2022 at 1:00 p.m.

Aloha Chair Johanson, Vice Chair Kitagawa and members of the committee,

Thank you for allowing NAIOP Hawaii to submit testimony in **OPPOSITION to HB 2239 HD1 – RELATING TO CONDOMINIUMS**. NAIOP Hawaii is the Hawaii chapter of the nation's leading organization for office, industrial, retail, residential and mixed-use real estate. NAIOP Hawaii has over 200 members in the State including local developers, owners, investors, asset managers, lenders and other professionals.

HB 2239 HD1 would increase the minimum number of residential units in a condominium project that must be offered for sale to prospective owner-occupants for 30 days following the initial date of sale from 50% to 90% of the units. NAIOP opposes this requirement because it is an unnecessary amendment and would have negative unintended consequences.

New construction projects can take many years to complete. Potential buyers often have tough time committing to an owner-occupant residence for a period of 2-3+ years due to their changing circumstances. Based on relevant sales data, the current 50% owner occupant requirement in HRS § 514B-95.5(4) is proven to be aligned with historical residential demand. Rarely does the immediate demand exceed the current 50% offering based on the composition of the market and legal obligation for the purchaser to occupy for 1-year after closing. Typically, there is not enough owner-occupant demand to justify the 90% requirement in all condominium projects.

On the other hand, an arbitrary increase, which nearly doubles the current requirement, such as that proposed in HB 2239 HD1 would prevent the broader

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market purchase and signal weak sales. Although the delay is only 30 days, the early stages of a product launch are critical to sales momentum. If slow sales occur

during this period it could result in further delays or even cancellation of the project resulting in lower stock of new homes. Clearly, that is contrary to the intent of the bill but is likely to result. For these reasons we urge you to defer HB 2239 HD1.

Mahalo for your consideration,

A handwritten signature in black ink, appearing to read 'Camp', with a small dot at the end.

Jennifer Camp, President
NAIOP Hawaii