



March 14, 2022

Senator Stanley Chang, Chair
Senator Dru Mamo Kanuha, Vice Chair
Committee on Housing

RE: **HB 2239 HD1 – RELATING TO CONDOMINIUMS**
Hearing date – March 15, 2022 at 1:00 p.m.

Aloha Chair Chang, Vice Chair Kanuha 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 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

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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 stylized flourish at the end.

Jennifer Camp, President
NAIOP Hawaii

HB 2239 HD 1 TESTIMONY

To: Senate Committee on Housing
Hearing on March 15, 2022 at 1:00 p.m.

From: John Kawamoto

Position: Support

Housing prices have relentlessly increased for decades, while wages have stagnated. As a result, housing has become less and less affordable for more and more people. Today, Hawaii faces a shortage of 50,000 housing units. Yet, housing is being built for non-residents. Housing for residents should be the State's highest priority.

Current law requires the developer of any residential condominium project to designate at least 50% of the units for sale to prospective owner-occupants in the 30 days following the initial date of sale. This bill would raise that percentage to 90%. As a result, it would increase the opportunity for residents to own their own homes.

This bill does not detract from any profit that the developer may earn on any housing unit. It simply makes it easier for residents to purchase it

HB-2239-HD-1

Submitted on: 3/14/2022 11:56:04 AM

Testimony for HOU on 3/15/2022 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Galen Fox	Individual	Support	Written Testimony Only

Comments:

Chair Chang, Committee Members,

In Support of HB2239 HD1. I am a local owner-occupant of a condo.

We have a housing crisis in Hawaii, given the extreme gap between incomes and the homes people can afford. When new condos are constructed or created through conversion, we should make sure most of the units are first offered on the local market to potential owner-occupants.

If passed, HB2239 HD1 will insure that when a building is built or converted, in the first 30 days of sale **90%** of the units — not the current **50%** — will be offered to potential owner-occupants, likely residents of Hawaii needing a home and welcoming the help this bill provides.

Aloha, Galen Fox