

February 9, 2022

Representative Nadine K. Nakamura, Chair
Representative Troy N. Hashimoto, Vice Chair
Members of the House Committee on Housing

RE: **HB 2239 – RELATING TO CONDOMINIUMS**
Hearing date – February 10, 2020 at 10:00 a.m.

Aloha Chair Nakamura, Vice Chair Hashimoto and members of the committee,

Thank you for allowing NAIOP Hawaii to submit testimony in **OPPOSITION** to HB 2239 – 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 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 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

NAIOP

COMMERCIAL REAL ESTATE
DEVELOPMENT ASSOCIATION

HAWAII CHAPTER

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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.

Mahalo for your consideration,



Jennifer Camp, President
NAIOP Hawaii