



Testimony of  
**Gwen Yamamoto Lau**  
Executive Director  
**Hawai'i Green Infrastructure Authority**  
before the  
**SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION**  
and  
**SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM**  
Wednesday, February 5, 2025, 9:45 AM  
State Capitol, Conference Room 229  
in consideration of  
**Senate Bill No. 1601**  
**RELATING TO CONDOMINIUMS**

Chairs Keohokalole and DeCoite, Vice Chairs Fukunaga and Wakai, and Members of the Committees:

Thank you for the opportunity to testify on SB 1601 relating to condominiums. The Hawai'i Green Infrastructure Authority (HGIA) **supports** this bill which establishes the Condominium Loan and Condominium Loan Loss Reserves Programs administered by HGIA.

With approximately 55% of all condo units in Hawaii built prior to 1980<sup>1</sup>, there are a significant number of 40+-year old condominium projects requiring replacements, upgrades and retrofits, including re-piping, spalling, window and railing replacements, and fire alarms<sup>2</sup>, etc., all of which are costly and complicated. Additionally, there are a number of condominium projects on the secondary market's "unavailable list" already negatively impacting over 30,000 units, due to inadequate insurance coverage and other issues, elevating the urgency of this situation.

Similar to secondary market lenders financing condo mortgages, commercial lenders<sup>3</sup> typically require full insurance coverage before issuing loans for condo upgrades and retrofits. This bill will enable HGIA to provide much needed financing for condominium

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<sup>1</sup> "Why Hawaii's Aging Condos Can't Afford to Defer Maintenance," First Insurance Company of Hawaii, January 5, 2004.

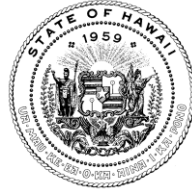
<sup>2</sup> "A Condominium Can Last Hundreds of Years, But Not Its Components," Hawaii Business Magazine, August 31, 2020.

<sup>3</sup> Including C-PACE lenders.

associations to fund essential repairs and address deferred maintenance and structural issues to enhance its insurability, which in turn will enable buyers of individual units to access secondary mortgage financing.

Additionally, in collaboration with the banking industry, this bill would enable HGIA to provide credit enhancements to lenders, mitigating their risks and enabling them to provide loans at competitive rates and terms to condominium associations to make necessary repairs.

We support the measure so long as it does not adversely impact priorities identified in Executive Budget Request for FY2026. Thank you for this opportunity to provide comments and testify in support of SB 1601.



**JOSH GREEN, M.D.**  
GOVERNOR | KE KIA'ĀINA

**SYLVIA LUKE**  
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA

**STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I**  
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**DEAN I HAZAMA**  
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## **Testimony of the Department of Commerce and Consumer Affairs**

**Before the**  
**Senate Committees on Commerce and Consumer Protection**  
**and**  
**Economic Development and Tourism**  
**Wednesday, February 5, 2025**  
**9:45 a.m.**

**State Capitol, Conference Room 229 and via videoconference**

**On the following measure:**  
**S.B. 1601, RELATING TO CONDOMINIUMS**

Chair Keohokalole, Chair DeCoite, and Members of the Committee:

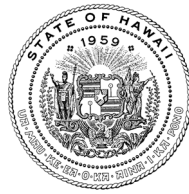
My name is Jerry Bump, and I am the Acting Insurance Commissioner of the Department of Commerce and Consumer Affairs' (Department) Insurance Division. The Department supports this bill.

The purpose of this bill is to establish within the Hawai'i Green Infrastructure Authority, the Condominium Loan Program to provide qualified condominium associations with low-cost financing or refinancing on previously obtained loans for maintenance or repair projects; establish the Condominium Loan Loss Reserves Program to incentivize lenders into providing loans at competitive rates and terms to condominium associations for the purpose of allowing condominium associations to make necessary maintenance or repairs; require reports to the legislature; and appropriate funds into and out of the Condominium Loan Revolving Fund.

The Department appreciates the initiative which lays the groundwork and provides financial resources for condominium associations to begin or continue repair projects. Buildings in disrepair impede an association's ability to secure adequate property insurance for their respective building. By facilitating financing for maintenance or repair projects, condominium associations can address concerns, such as structural repairs and fire safety upgrades.

In summary, consumers will benefit from the opportunity this bill provides condominium associations to access funding to make repairs and improvements needed to increase the insurability of their properties.

Thank you for the opportunity to testify.



JOSH GREEN, M.D.  
GOVERNOR

SYLVIA LUKE  
LIEUTENANT GOVERNOR

LUIS P. SALAVERIA  
DIRECTOR

SABRINA NASIR  
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII**  
**DEPARTMENT OF BUDGET AND FINANCE**  
*Ka 'Oihana Mālama Mo'ohelu a Kālā*  
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ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT

**WRITTEN ONLY**

TESTIMONY BY LUIS P. SALAVERIA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEES ON COMMERCE AND CONSUMER PROTECTION  
AND ECONOMIC DEVELOPMENT AND TOURISM  
ON  
SENATE BILL NO. 1601

**February 5, 2025**  
**9:45 a.m.**  
**Room 229 and Videoconference**

**LATE**

**RELATING TO CONDOMINIUMS**

The Department of Budget and Finance (B&F) offers comments on this bill.

Senate Bill (S.B.) No. 1601: 1) establishes the Condominium Loan (CL) Program (CLP) within the Hawai'i Green Infrastructure Authority (HGIA) for the purpose of providing qualified condominium associations with low-cost financing, or refinancing of loans previously obtained, for maintenance or repair projects; 2) establishes the CL Revolving Fund (CLRF) to provide loans for the CLP; 3) requires the CLRF to be audited at least once annually by a certified public accountant and for HGIA to submit annual reports to the Legislature; and 4) establishes the CL Loss Reserves Program (CLLRP) within HGIA for the purpose of incentivizing financial institutions to provide loans to condominium associations to make necessary repairs and maintenance by covering potential losses arising from a loan default. This measure also appropriates an unspecified amount of general funds in FY 26 and FY 27 for deposit into the CLRF; and appropriates an unspecified amount of revolving fund ceiling for the CLRF in FY 26 and FY 27.

First, B&F notes that HGIA may not be the appropriate agency to administer the CLP and the CLLRP. HGIA's purpose is to provide low-cost financing for green infrastructure projects to accelerate the State's transition to clean energy. It is unclear how the repair and maintenance of condominiums relate to this mission.

Second, prior to the establishment of such a major loan program or loan loss reserve program, assessments and/or studies should be carried out to collect the data necessary to determine its feasibility and/or identify other solutions to address financing difficulties for condominium associations. Without knowing crucial information such as the total number of condominiums, facility ages, insurance statuses, previously completed capital improvement projects, etc., it is difficult to determine whether it would be feasible for the State to establish the CLP and the CLLRP, much less how much funding they would need to ameliorate the condominium insurance issue in Hawai'i. Furthermore, given that many projects will likely cost millions or even tens of millions of dollars each, any appropriated amount for the CLP or the CLLRP will likely only benefit a very limited number of condominium associations.

Third, B&F notes that Part I, Section 4, and Part II, Section 11, of the measure's proposed HRS chapter conflict regarding the use of the CLRF. Part II, Section 11, states that HGIA shall use moneys in the CLRF to make deposits into financial institution reserve accounts in line with the CLLRP; however, Part I, Section 4, which establishes the CLRF, only authorizes moneys in the CLRF to be expended for providing loans in accordance with Part I, which does not include the CLLRP.

Lastly, as a matter of general policy, B&F does not support the creation of any revolving fund, which does not meet the requirements of Section 37-52.4, HRS. Revolving funds should: 1) serve a need as demonstrated by the purpose, scope of work, and an explanation why the program cannot be implemented successfully under

the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. Regarding S.B. No. 1601, it is difficult to determine whether the proposed CLRF would be self-sustaining.

Thank you for your consideration of our comments.



**SanHi**

GOVERNMENT STRATEGIES  
A LIMITED LIABILITY LAW PARTNERSHIP

**LATE**

DATE: 2/4/2025

TO: Senator Jarrett Keohokalole  
Chair, Committee on Commerce and Consumer Protection

Senator Lynn DeCoite  
Chair, Committee on Economic Development and Tourism

FROM: Mihoko Ito / Tiffany Yajima

RE: **S.B. 1601 – Relating to Condominiums**  
**Hearing Date: Wednesday, February 5, 2025 at 9:45 a.m.**  
**Conference Room: 229**

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Dear Chairs Keohokalole and DeCoite and Members of the Joint Committees:

We submit this testimony on behalf of the Hawaii Bankers Association (HBA). HBA represents seven Hawai'i banks and one bank from the continent with branches in Hawai'i.

**HBA supports the intent of S.B. 1601 with amendments.** This bill seeks to 1) establish within the Hawaii Green Infrastructure Authority the Condominium Loan Program to provide qualified condominium associations with low-cost financing or refinancing on previously obtained loans for maintenance or repair projects, 2) establish the Condominium Loan Loss Reserves Program to incentivize lenders into providing loans at competitive rates and terms to condominium associations for the purpose of allowing condominium associations to make necessary maintenance or repairs, 3) require reports to the legislature, and 4) appropriate funds into and out of the Condominium Loan Revolving Fund.

This program proposes to provide loans for repair and maintenance purposes to condominium associations that are unable to secure full replacement value insurance for their properties. The program has two components: 1) a direct state loan program, and 2) a credit enhancement program which involves a public/private partnership with banks.

HBA believes that creating these new loan programs will help condominiums address some of the repair and maintenance issues that are related to insurability issues. This is important because the high cost of insurance premiums for condominiums has resulted in condominium boards electing to reduce the amount of insurance coverage of condominiums to less than one



hundred percent (100%) replacement coverage. Unfortunately, this has had the unintended consequence of impacting mortgage loans for condominium units, because federal guidelines on Fannie Mae and Freddie Mac prohibit these entities from purchasing mortgages on condominium units that are insured at less than full replacement coverage.

HBA supports making this program workable and believes that it would provide an avenue for condominiums to address deferred maintenance issues that are contributing to condominium insurability issues.

In order for the state loan and credit enhancement programs to succeed, HBA believes that some of the details in the program need to be fleshed out further in both programs, including the eligibility criteria, loss coverage provisions and allocation of risk between the state and participating financial institutions, among other things.

**HBA is willing to work with the Green Infrastructure Authority to make this a workable program that can help condominiums with repair and maintenance issues. We have reached out to the Green Infrastructure Authority and look forward to further discussions on the language of this bill.**

For these reasons, we support S.B. 1601 but respectfully ask the Committee to allow us time to work with interested stakeholders on this measure. Thank you for the opportunity to submit this testimony.



Testimony to the Senate Committee on Commerce and Consumer Protection  
Wednesday, February 5, 2025  
Conference Room 229

**LATE**

Comments Regarding SB 1601, Relating to Condominiums

To: The Honorable Jarrett Keohokalole, Chair  
The Honorable Carol Fukunaga, Vice-Chair  
Members of the Committee

**LATE**

My name is Stefanie Sakamoto, and I am testifying on behalf of the Hawaii Credit Union League (HCUL), the local trade association for 45 Hawaii credit unions, representing over 877,000 credit union members across the state.

HCUL offers the following comments regarding SB 1601, Relating to Condominiums. This bill would establish within the Hawai'i Green Infrastructure Authority the Condominium Loan Program to provide qualified condominium associations with low-cost financing or refinancing on previously obtained loans for maintenance or repair projects, and would establish the Condominium Loan Loss Reserves Program to incentivize lenders into providing loans at competitive rates and terms to condominium associations for the purpose of allowing condominium associations to make necessary maintenance or repairs.

While we understand the intent of SB 1601 is to help condominium associations to obtain loans to address repairs and maintenance issues on their properties, we have concerns with the possible impact on mortgage loans. HCUL is generally supportive of this condominium loan program concept by the Hawaii Green Infrastructure Authority, but would like to ensure that it would not impact Hawaii financial institutions' ability to offer mortgage loans for condominiums. We further concur with the comments as submitted by the Hawaii Bankers Association.

Thank you for the opportunity to provide comments on this issue.

**SB-1601**

Submitted on: 2/2/2025 11:08:36 AM

Testimony for CPN on 2/5/2025 9:45:00 AM

Submitted By	Organization	Testifier Position	Testify
lynne matusow	Individual	Support	Written Testimony Only

## Comments:

I am a condo owner. I support all bills which will enable condominiums to survive in difficult times. That includes reining in the predatory practices of insurance companies and providing loans to entities for essential repairs and deferred maintenance. Problem with condos were exacerbated with the Surfside condo collapse in Florida, which brought to attention deferred maintenance and the start of major price hikes by insurance companies. This bill is an excellent example of what is needed.