

**ACT 189**

H.B. NO. 1509

A Bill for an Act Relating to Common-Interest Developments.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. The legislature finds that common-interest developments are the fastest growing form of housing in the world and a significant form of land development in the State. Common-interest developments exist in a variety of forms in the State, including condominium property regimes, planned communities, and cooperative housing corporations. In these developments, individuals own property within the development, share ownership and use of common property with all other owners, and participate in a system of self-governance through an association or corporation of the owners within the development.

The legislature further finds that the governance documents of the association or corporation provide the manner for resolving any disputes that may arise within the development. However, while owners within condominium associations may also request the department of commerce and consumer affairs, including the real estate commission and regulated industries complaints office, to facilitate in the resolution of or intervene in a dispute, the owners in other developments are unable to request such support. Instead, the owners in those developments must privately resolve their disputes through their internal processes or the judicial process. Such a resort may be costly to the owner in comparison to the gravity of the dispute and an alternative mechanism for oversight should be examined.

Accordingly, the purpose of this Act is to:

- (1) Establish a planned community association oversight task force to examine the rights afforded to owners in a condominium property regime governed by chapter 514B, Hawaii Revised Statutes, and determine the feasibility of extending any of those rights to members of planned community associations governed by chapter 421J, Hawaii Revised Statutes; and
- (2) Establish a condominium property regime task force to examine and evaluate issues regarding condominium property regimes governed by chapter 514B, Hawaii Revised Statutes, and conduct an assessment of the alternative dispute resolution systems that were established by the legislature.

SECTION 2. (a) There is established a planned community association oversight task force within the department of commerce and consumer affairs for administrative purposes that shall consist of the following members:

- (1) A representative of the department of commerce and consumer affairs, to be designated by the director of commerce and consumer affairs;
- (2) A member of the house of representatives, to be designated by the speaker of the house of representatives;
- (3) A member of the senate, to be designated by the president of the senate; and
- (4) Any additional members as deemed necessary by the task force.

(b) The task force shall:

- (1) Examine rights afforded to owners in a condominium property regime governed by chapter 514B, Hawaii Revised Statutes, and determine the feasibility of extending any of those rights to members of planned community associations governed by chapter 421J, Hawaii Revised Statutes;
- (2) Investigate whether additional duties and fiduciary responsibilities should be placed on members of the boards of directors of planned community associations; and
- (3) Develop any legislation necessary to effectuate the purposes of this subsection.

(c) The members of the task force shall serve without compensation, but shall be reimbursed for reasonable expenses necessary for the performance of their duties, including travel expenses.

(d) The task force shall submit an interim report of its findings and recommendations, including any proposed legislation, to the legislature no later than twenty days prior to the convening of the regular session of 2024.

(e) The task force shall submit a final report of its findings and recommendations, including any proposed legislation, to the legislature no later than twenty days prior to the convening of the regular session of 2025.

(f) The task force shall cease to exist on June 30, 2025.

SECTION 3. (a) There is established a condominium property regime task force within the department of commerce and consumer affairs for administrative purposes that shall consist of the following members:

- (1) A representative of the department of commerce and consumer affairs, to be designated by the director of commerce and consumer affairs;
  - (2) A member of the house of representatives, to be designated by the speaker of the house of representatives;
  - (3) A member of the senate, to be designated by the president of the senate; and
  - (4) Any additional members as deemed necessary by the task force.
- (b) The task force shall:
- (1) Examine and evaluate issues regarding condominium property regimes governed by chapter 514B, Hawaii Revised Statutes, and conduct an assessment of the alternative dispute resolution systems that have been established by the legislature;
  - (2) Investigate whether additional duties and fiduciary responsibilities should be placed on members of the boards of directors of condominium property regimes; and
  - (3) Develop any legislation necessary to effectuate the purposes of this subsection.

(c) The members of the task force shall serve without compensation, but shall be reimbursed for reasonable expenses necessary for the performance of their duties, including travel expenses.

(d) The task force shall submit an interim report of its findings and recommendations, including any proposed legislation, to the legislature no later than twenty days prior to the convening of the regular session of 2024.

(e) The task force shall submit a final report of its findings and recommendations, including any proposed legislation, to the legislature no later than twenty days prior to the convening of the regular session of 2025.

(f) The task force shall cease to exist on June 30, 2025.

SECTION 4. This Act shall take effect upon its approval.

(Approved July 3, 2023.)