

Honolulu, Hawaii

MAR 19 , 2024

RE: S.B. No. 2727
S.D. 2
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 2727, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO CONDOMINIUMS,"

begs leave to report as follows:

The purpose of this measure is to allow condominiums to participate in a commercial property assessed financing program.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs; Hawai'i Green Infrastructure Authority; Hawai'i State Energy Office; Office of Planning and Sustainable Development; Palehua Townhouse Association; Island Insurance Companies; PACE Loan Group; Hawaii Insurers Council; Community Associations Institute, Legislative Action Committee, Hawaii Chapter; Parkland Gardens AOAO; Hawai'i Association of REALTORS; Holomua Collaborative; Hawaii First Realty LLC; C-PACE Alliance, Inc.; Nuveen Green Capital; Hawaii Solar Energy Association; CastleGreen Finance, LLC; AOAO at Pat's at Punalu'u; Hawai'i Energy; aio; Hawai'i Gas; Hawaii Community Foundation; HPM Building Supply; HVCA; Mana Up; Tori Richard, Ltd.; Ulupono Initiative; Contessa Condominium; Petros PACE Finance, LLC; Heritage House Condominium; and seven individuals. Your Committee received testimony in opposition to this measure from two individuals. Your Committee received comments on this



measure from the Department of Budget and Fiscal Services of the City and County of Honolulu; Hawaii Bankers Association; Hawaii Credit Union League; and Kokua Council.

Your Committee finds that more than two hundred eighty-one high-rise residential buildings, primarily condominiums developed before 1975, have failed to pass safety evaluations due to the lack of fire sprinklers or other safety requirements. Your Committee further finds that the costs to install fire safety measures are substantial for condominiums. This measure would provide a mechanism to finance fire safety, renewable energy, and other efficiency and resiliency measures at more attractive terms for condominiums.

Your Committee has amended this measure by:

- (1) Amending the parameter for whether a condominium property regime is included within the definition of "commercial property" to be based on whether the condominium property regime has six or more units, rather than the height of the building;
- (2) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2727, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2727, S.D. 2, H.D. 1, and be referred to your Committee on Finance.



Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



MARK M. NAKASHIMA, Chair



