

STAND. COM. REP. NO.

639

Honolulu, Hawaii

FEB 14 2025

RE: S.B. No. 1601
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committees on Commerce and Consumer Protection and Economic Development and Tourism, to which was referred S.B. No. 1601 entitled:

"A BILL FOR AN ACT RELATING TO CONDOMINIUMS,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish within the Hawaii Green Infrastructure Authority (HGIA) the Condominium Loan Program to provide qualified condominium associations with low-cost financing or refinancing on previously obtained loans for necessary maintenance and repair projects;
- (2) Establish the Condominium Loan Loss Reserves Program to incentivize lenders into providing loans at competitive rates and terms to condominium associations to allow them to make necessary maintenance and repairs;
- (3) Require annual reports to the Legislature; and
- (4) Appropriate funds into and out of the Condominium Loan Revolving Fund.



Your Committees received testimony in support of this measure from the Department of Commerce and Consumer Affairs, Hawaii Green Infrastructure Authority, and one individual.

Your Committees received comments on this measure from the Department of Budget and Finance, Hawaii Bankers Association, and Hawaii Credit Union League.

Your Committees find that more than half of all condominium buildings in the State were built before 1980, with a significant number of them requiring replacements, upgrades, and retrofits, all of which are costly and complicated projects. Your Committees also find that over thirty thousand units in condominium projects in the State are on the secondary market's "unavailable list" due to inadequate insurance coverage and other issues, elevating the urgency of this situation. Because commercial lenders typically require full insurance coverage before issuing loans for condominium upgrades and retrofits, associations are unable to obtain the funding necessary to resolve these issues that are inhibiting their ability to obtain full coverage. This measure will enable the HGIA to provide financing for condominium associations to fund essential repairs and address deferred maintenance and structural issues to enhance their insurability, thereby allowing unit owners to access secondary mortgage financing.

Your Committees have amended this measure by:

- (1) Inserting language to clarify that the HGIA may contract with community development financial institutions;
- (2) Clarifying loan eligibility conditions;
- (3) Clarifying the Condominium Loan Loss Reserves Program is intended to incentivize community development financial institutions to provide loans at competitive rates and terms to condominium associations to allow them to make necessary maintenance and repairs;
- (4) Clarifying that the Condominium Loan Revolving Fund shall be audited by a firm of independent certified public accountants selected by the HGIA, and that the HGIA shall provide the results of the audit to the



Department of Business, Economic Development, and
Tourism and the Legislature;

- (5) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Commerce and Consumer Protection and Economic Development and Tourism that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1601, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1601, S.D. 1, and be referred to your Committees on Ways and Means and Judiciary.

Respectfully submitted on
behalf of the members of the
Committees on Commerce and
Consumer Protection and
Economic Development and
Tourism.


LYNN DECOITE, Chair


JARRETT KEOHOKALO, Chair



The Senate
 Thirty-Third Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:* SB1601	Committee Referral: CPN/EDT, WAM/JDC	Date: 2/11/25		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KEOHOKALOLE, Jarrett (C)	✓			
FUKUNAGA, Carol (VC)	✓			
MCKELVEY, Angus L.K.	✓			
RICHARDS, III, Herbert M. "Tim"				✓
AWA, Brenton	✓			
TOTAL	4	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes

