

## **Testimony of the Real Estate Commission**

**Before the  
Senate Committee on Commerce, Consumer Protection, and Health  
Thursday, February 20, 2020  
9:00 a.m.  
State Capitol, Conference Room 229**

**On the following measure:  
S.B. 2007, RELATING TO PROPERTY MANAGEMENT**

Chair Baker and Members of the Committee:

My name is Michael Pang, and I am the Chairperson of the Hawaii Real Estate Commission (Commission). The Commission offers comments only with respect to section 3 of this bill, which pertains to Hawaii Revised Statutes chapter 514B (Condominiums). The Commission does not enforce HRS chapters 421I (Cooperative Housing Corporations) or 421J (Planned Community Associations).

The purpose of this bill is to require a property manager of a cooperative housing corporation, planned community association, or condominium to be certified in property management by a nationally recognized body.

While HRS section 514B-3 defines “managing agent” and HRS section 514B-132 addresses managing agents, “property manager” is not a defined term or addressed by HRS chapter 514B. A property manager could be a managing agent’s employee or a condominium association’s employee, among other possibilities.

In addition, the phrase “certification in property management” and “a nationally recognized body” are not clearly defined. As currently drafted, this provision could lead to inconsistent certification standards.

Finally, the Commission notes that in December 2005, the State Auditor submitted a sunrise report regarding a bill for “condominium association managers.” See, <http://files.hawaii.gov/auditor/Reports/2005/05-10.pdf>.

Thank you for the opportunity to testify on this bill.

**SB-2007**

Submitted on: 2/16/2020 4:06:41 PM

Testimony for CPH on 2/20/2020 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jane Sugimura	Testifying for Hawaii Council for Assoc. of Apt. Owners	Oppose	No

Comments:

Many property managers already hold the Community Associations Institute PCAM certification



February 18, 2020

Via Internet

Honorable Senator Rosalyn H. Baker, Chair  
Honorable Senator Stanley Chang, Vice-Chair  
Honorable Committee Members  
Committee on Commerce, Consumer Protection, and Health

Hawaii State Capitol, Room 229  
415 South Beretania Street  
Honolulu, HI 96813

**RE: Testimony in OPPOSITION of SB2007 – Hearing: February 20, 2020**

Aloha Chair Baker, Vice Chair Chang, and Committee Members:

Thank you for the opportunity to provide testimony on this bill.

I am a Delegate of the Community Associations Institute (CAI) Legislative Action Committee (LAC) and current President Elect of the CAI Hawaii Chapter Board of Directors. I am also currently the Vice President of Operations of Touchstone Properties, Ltd. I have been involved with community association management for over ten years in the state of Hawaii. I personally managed properties that vary in size and complexity and filled senior executive positions with several of the largest property management firms in Hawaii.

This testimony is presented on behalf of CAI LAC in OPPOSITION of SB2007.

There are several challenges related to this bill such as:

- Many small locally owned management companies do not participate in national organizations related to community management.
- Many small communities do not engage a management company due to the high cost. Small communities will hire a bookkeeper rather than a full management company to minimize expenses to the homeowners.
- Many larger companies hire new managers who handle small communities while they learn the profession. SB2007 establishes barriers and is unclear on supervision for new managers.
- There is already a shortage of community managers and a substantial number of current managers are and will be retiring in the near future. Filling a community manager position is challenging and SB2007 will create more difficulty. The community management profession is not a glamorous job and already has its challenges with filling positions.

- Communities already hire professional consultants in specific fields to assist with community management such as attorneys, engineers, project managers, CPAs, etc.

There are currently several educational opportunities in place that assist Board Members and Community Managers such as:

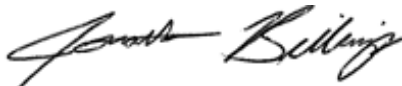
- CAI Educational Seminars
- Hawaii Council of Community Associations (HCCA)
- Condo Insider – Free online educational videos related to community management in Hawaii
- Condorama (Educational Seminar) offered by the Real Estate Branch
- Real Estate Branch Literature
- Hawaii Buildings, Facilities & Property Management Expo

Conclusion:

The proposed legislation presents several challenges related to community management that will increase costs to management companies and therefore increased costs to communities. The legislation does not account for necessary entry level positions that will make up the future workforce. The proposed legislation creates a burden on small locally owned management companies and small communities. CAI LAC ask that you oppose SB2007.

If you require any additional information, your call is most welcome. I may be contacted via phone: 566-4107 or by e-mail: [Jonathan@touchstoneproperties-hawaii.com](mailto:Jonathan@touchstoneproperties-hawaii.com). Thank you for the opportunity to present this testimony.

Sincerely,



Jonathan Billings  
Community Associations Institute  
Legislative Action Committee  
Delegate













**SB-2007**

Submitted on: 2/16/2020 1:06:38 PM

Testimony for CPH on 2/20/2020 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Richard Emery	Testifying for Associa	Oppose	Yes

Comments:

In simple terms this "certification" does not exist. There are educational opportunities for property managers and various types of designations for passing certain specialized courses. This Bill ignores how the industry actually operates:

- Not all associations are managed by a management company, many are self-managed. Some hire bookkeeping services.
- A property manager is really an agent and the board makes the decisions. The property manager cannot offer legal opinions.
- The scope of work for each property differs in the scope of work with the management company; as one example, some management companies may only perform accounting or meetings.
- Many associations are small with a few units where the property manager is really an on site handyman.
- There are many types of associations with different needs; residential; mixed-use, agricultural, senior living, to name but a few. All with different needs.

The Bill ignores the reality of the diverse needs of the many types of associations and the lack of an industry certification process. We oppose this Bill.

**SB-2007**

Submitted on: 2/14/2020 4:44:12 PM

Testimony for CPH on 2/20/2020 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
lynne matusow	Individual	Oppose	No

Comments:

By request, I am asking that this by request legislation be permanently killed. I fail to see the rationale for its existence. I believe a similar bill was introduced last session and fortunately had an early death. As a condo owner and board member, I am appalled. These firms and managers undergo training, are supported by organizations, study 514B and other statutes. What nationally recognized body is contemplated? You have CAI, PCAM, IREM, etc. and many managers have those designations.

This is redundant and unnecessary.

lynne matusow

**SB-2007**

Submitted on: 2/18/2020 7:45:02 PM

Testimony for CPH on 2/20/2020 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
R Laree McGuire	Individual	Oppose	No

Comments:

**SB-2007**

Submitted on: 2/19/2020 12:06:30 AM

Testimony for CPH on 2/20/2020 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jeff Sadino	Individual	Support	No

Comments:

Aloha Chair Baker, Vice-Chair Chang, and Members of the Committee,

In Condo governance, Boards are oftentimes volunteers who are uneducated in managing their Associations or resolving disagreements. As such, they often look towards the Property Manager for advice and defer their decisions to them since they are the "professionals." However, due to high turnover, poor training, and other factors, Property Managers are oftentimes no more than the blind leading the blind.

Additionally, there is no practical accountability for Property Managers when they violate Codes of Conduct as they are not certified with any organization.

Passage of this Bill will encourage more harmony within Condo Associations by stopping problems before they start through proper education of the PM.

Thank you for the opportunity to testify,

Jeff Sadino