

Honolulu, Hawaii

APR 06 2023

RE: H.B. No. 1509  
H.D. 2  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Second State Legislature  
Regular Session of 2023  
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 1509, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO COMMON-INTEREST DEVELOPMENTS,"

begs leave to report as follows:

The purpose and intent of this measure is to establish a Common-Interest Development Oversight Task Force to examine the feasibility of bringing the various common-interest developments in the State under the oversight of the Department of Commerce and Consumer Affairs and investigate whether additional duties and responsibilities should be placed on members of boards of directors for cooperative housing corporations.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs, Hawaii Council of Community Associations, Palehua Hale AOA, and ten individuals. Your Committee received testimony in opposition to this measure from the Committee of the Community Associations Institute, Hawaii Chapter; Honolulu Tower AOA; and thirteen individuals. Your Committee received comments on this measure from Hui 'Oia'i'o and two individuals.

Your Committee finds that 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. When disputes between individual owners of planned communities and cooperative housing corporations and their governing association or corporation arise, the parties 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. This measure establishes a task force within the Department of Commerce and Consumer Affairs to improve governance of planned communities and cooperative housing corporations.

Your Committee acknowledges the concerns raised in testimony that although the different common-interest developments share similar features, condominium property regimes, planned community associations, and cooperative housing corporations are each governed by different statutes and rules, and thus, there should be separate task forces established to examine the respective issues specific to the type of common-interest development. Therefore, amendments to this measure are necessary to address these concerns.

Accordingly, your Committee has amended this measure by:

- (1) Deleting language that would have established a singular Common-Interest Development Oversight Task Force to investigate the feasibility of bringing the various common-interest developments in the State under the Department of Commerce and Consumer Affairs, including but not limited to registration and enforcement of the controlling chapters 421I, 421J, and 514B, Hawaii Revised Statutes;
- (2) Inserting language establishing a Planned Community Association Oversight Task Force to examine the rights afforded to condominium property regime owners under chapter 514B, Hawaii Revised Statutes, and determine the feasibility of extending any of those rights to members of planned community associations under chapter 421J, Hawaii Revised Statutes;



- (3) Inserting language establishing a Condominium Property Regime Task Force to examine and evaluate issues regarding condominium property regimes under chapter 514B, Hawaii Revised Statutes, and conduct an assessment of the alternative dispute resolution systems that have been established by the Legislature;
- (4) Amending section 1 to reflect its amended purpose; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1509, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1509, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

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




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FARRETT KEOHOKALOLE, Chair



The Senate  
Thirty-Second Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:*	Committee Referral:	Date:		
HB1509 HD2	CPN	4/5/23		
<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	✓			
<b>TOTAL</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original                      Yellow                      Pink                      Goldenrod File with Committee Report    Clerk's Office            Drafting Agency        Committee File Copy				

\*Only one measure per Record of Votes