

STAND. COM. REP. NO. **100**

Honolulu, Hawaii

FEB 07 2025

RE: S.B. No. 744
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. 744 entitled:

"A BILL FOR AN ACT RELATING TO CONDOMINIUMS,"

beg leave to report as follows:

The purpose and intent of this measure is to establish the Condominium Loan Program to allow registered condominium associations to obtain loans to:

- (1) Improve property conditions and fund essential repairs and maintenance; and
- (2) Enhance the insurability of condominium properties in the State by addressing deferred maintenance and structural issues.

Your Committees received testimony in support of this measure from the Hawai'i Green Infrastructure Authority, Hawaii Bankers Association, and two individuals.

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



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. 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 any issues that are inhibiting their ability to be fully covered. This measure will enable the Hawaii Green Infrastructure Authority 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 note that S.B. No. 1601 (Regular Session of 2025), which was also heard by your Committees, is a substantially similar measure that establishes within the Hawaii Green Infrastructure Authority the Condominium Loan Program to provide the same access to financing. However, S.B. No. 1601 also includes additional language that establishes within the Authority the Condominium Loan Loss Reserves Program to incentivize lenders to provide loans to condominium associations at competitive rates and terms to make necessary repairs. Your Committees therefore find that the language of S.B. No. 1601 is preferable due to its more comprehensive inclusion of the credit enhancement program.

Accordingly, your Committees have amended this measure by deleting its contents and inserting the contents of S.B. No. 1601, a substantially similar measure that:

- (1) Establishes within the Hawaii Green Infrastructure Authority the Condominium Loan Program and the Condominium Loan Loss Reserves Program;
- (2) Establishes the Condominium Loan Revolving Fund;
- (3) Requires annual reports to the Legislature; and



- (4) Appropriates funds into and out of the Condominium Loan Revolving Fund.

Your Committees have further amended this measure by:

- (1) Specifying that results of the annual audit of the Condominium Loan Loss Reserves Program be provided to the Department of Business, Economic Development, and Tourism and the Legislature;
- (2) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committees also note that this measure contains an unspecified appropriation amount. Should your Committee on Ways and Means choose to deliberate on this measure, your Committees respectfully request that it consider inserting an appropriation amount of \$30,000,000 to establish the Condominium Loan Program.

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. 744, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 744, S.D. 1, and be referred to your Committee on Ways and Means.

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


LYNN DECOITE, Chair


JARRETT KEOHOKALOLE, Chair



The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:* SB744	Committee Referral: CPN/EDT, WAM	Date: 2/5/25		
<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

