

Honolulu, Hawaii

APR 10 , 2026

RE: S.B. No. 2061
S.D. 2
H.D. 2

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Madame:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 2061, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO RESIDENTIAL CONDOMINIUMS,"

begs leave to report as follows:

The purpose of this measure is to amend the structure of the Hawaii Community Development Authority's Ninety-Nine Year Leasehold Program, including:

- (1) Allowing the Authority to prohibit, through rules, the renting or leasing of residential condominium units designated for owner-occupied residential use, rather than statutorily prohibiting such renting or leasing;
- (2) Exempting design, development, and construction contracts from procurement requirements, except that laborers and mechanics are to be paid prevailing wages; and
- (3) Requiring the Authority to adopt rules that:
 - (A) For the period within sixty days from the initial offering for sale of the residential condominium



units, require units to be offered only to eligible buyers for owner-occupied residential use;

- (B) For residential condominium units not subject to an income restriction and not sold within the sixty days, allow those units to be sold to other buyers without an owner-occupancy requirement;
- (C) Clarify the requirements for determining when an individual is an eligible buyer;
- (D) Require at least sixty percent of the residential condominium units to be income restricted; and
- (E) Require buyback pricing similar to other state agencies' existing pricing formulas.

Your Committee received testimony in support of this measure from the Hawai'i Community Development Authority; Dentons US LLP; and one individual. Your Committee received comments on this measure from AARP Hawai'i and one individual.

Your Committee finds that the Ninety-Nine Year Leasehold Program is an important tool to promote the development of affordable, owner-occupied condominium housing on state lands. Your Committee further finds that certain statutory restrictions governing resale, rental limitations, and administrative requirements have constrained the effectiveness of the program and reduced its ability to respond to market conditions. This measure supports the production and long-term availability of affordable housing for state residents by clarifying and updating these provisions, while also maintaining income-restrictions and owner-occupancy requirements.

Your Committee has amended this measure by:

- (1) Reverting to existing statutory language that prohibits an eligible buyer, the buyer's spouse, or person intending to live with the eligible buyer from owning any other real property;
- (2) If the lessee, lessee's spouse, or other person living with the eligible buyer purchases or acquires any other

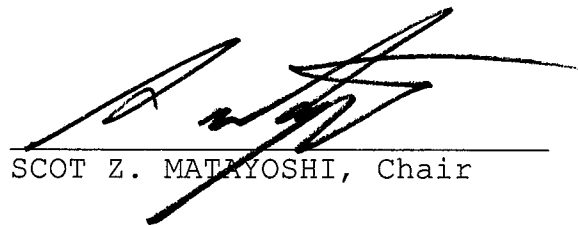


real property, or becomes a beneficiary entitled to occupy property held by a trust, requiring either:

- (A) The sale of the leasehold interest in the residential condominium unit to be within six months of the purchase or acquisition; or
 - (B) The sale or otherwise disposal of the other real property, or divestment of the beneficiary interest within six months from the date of purchase or acquisition; 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. 2061, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2061, S.D. 2, H.D. 2.

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



SCOT Z. MATAYOSHI, Chair



