

Honolulu, Hawaii

MAR 30, 2026

RE: S.B. No. 2061
S.D. 2
H.D. 1

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

Madame:

Your Committee on Housing, to which was referred S.B. No. 2061, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this measure is to clarify the Ninety-Nine Year Leasehold Program by:

- (1) Repealing language that:
 - (A) Excluded renting or subleasing by an owner of a residential condominium unit to any tenant or sublessee under the definition of "owner-occupied residential use"; and
 - (B) Prohibited units under the program from being advertised for rent, rented, or used for any purpose other than owner-occupied residential use;
- (2) Requiring at least sixty percent of the residential condominium units within urban redevelopment sites to be set aside for owner-occupied residential use for at least ten years from the date of initial purchase;



- (3) Exempting the design, development, and construction of contracts for residential condominium units within an urban redevelopment site from procurement requirements but requiring the payment of prevailing wages;
- (4) Allowing an individual who owns other real property to qualify for the program; and
- (5) Allowing the sale of up to forty percent of residential condominium units within an urban redevelopment site to qualified residents if there are still units available after being advertised for sale for more than sixty days.

Your Committee received testimony in support of this measure from the Hawai'i Community Development Authority; Ko Laila LLC; and Dentons US LLP. Your Committee received testimony in opposition to this measure from the Office of Hawaiian Affairs. Your Committee received comments on this measure from AARP Hawai'i.

Your Committee finds that the State continues to face a significant shortage of affordable, owner-occupied housing, and that statutory restrictions within the Ninety-Nine Year Leasehold Program have hindered the viability of projects intended to expand long-term homeownership opportunities. The current program structure, particularly limitations on eligibility, resale, and the absence of flexible owner-occupancy provisions, has contributed to stalled development efforts and reduced marketability of leasehold condominium projects. Your Committee believes that strengthening and modernizing the program's owner-occupancy requirements while providing clearer, more workable development and resale standards will allow these projects to move forward and expand access to stable homeownership for Hawaii residents.

Your Committee has amended this measure by:

- (1) Deleting language relating to owner-occupancy set-aside requirements and sales requirements and instead clarifying the Ninety-Nine Year Leasehold Program by:
 - (A) Requiring the Hawaii Community Development Authority (Authority) to establish rules to implement an initial sales period for residential



condominium units that prioritizes eligible owner-occupants;

- (B) Authorizing the Authority to determine the duration and conditions of owner-occupancy requirements;
 - (C) Allowing unsold, non-income-restricted units to be sold without an owner-occupancy requirement after sixty days; and
 - (D) Requiring the Authority to adopt rules that require at least sixty percent of residential condominium units to be income-restricted;
- (2) Changing the effective date to July 1, 3000, to encourage further discussion; 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 Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2061, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2061, S.D. 2, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committee on Housing,

ZAC

LUKE A. EVSLIN, Chair



