

March 16, 2009

The Honorable Angus L.K. McKelvey, Chair
House Committee on Economic Revitalization, Business,
& Military Affairs
State Capitol, Room 312
Honolulu, Hawaii 96813

RE: S.B. 205, S.D. 1 Relating to Owner-Builders

HEARING DATE: Tuesday, March 17, 2009 at 7:30 a.m.

Aloha Chair McKelvey, Vice-Chair Choy and Members of the Committee:

I am Myoung Oh, here to testify on behalf of the Hawai'i Association of REALTORS® ("HAR") and its 9,600 members in Hawai'i. HAR **opposes** S.B. 205, S.D. 1, which increases the period prohibiting sale or lease by owner-builders from 1 to 2 years, unless due to circumstances as determined by the contractors licensing board, and requires that an exemption from licensing requirements is given no more than once in 3 years.

HAR opposes the increase of time restrictions as proposed in the bill. The existing exemption at Hawaii Revised Statutes § 442-2 exempts persons who qualify as owner-builders from the contracting licensing law. Under the present law, construction work for hire must be performed by licensed contractors. Thus, where an owner-builder acts as a supervisor, he or she also must hire licensed subcontractors.

HAR is not opposed to additional enforcement requirements through increased fines or cease-and-desist orders for owner-builders that violate the law. However, increasing the time frame from 1 to 2 years to for an owner-builder to be able to sell or lease the property is a disservice to legitimate homeowners. This will only add to the lack of properties eligible for sale or lease, and will limit options in a housing market where there is already a shortage of affordable housing.

Finally, HAR is concerned with the provision on page 3, lines 14-15, which leaves discretion to the Board for determining the circumstances under which an exception would be granted. We are concerned that no guidelines, timelines or other information are provided regarding how the Board would determine that exceptional circumstances exist.

Mahalo for the opportunity to testify.