

Testimony by Suzanne Young, CEO
Honolulu Board of Realtors®

Honolulu City Council
Wednesday, January 26th, 2022
Honolulu Hale

RE: Bill 41 (2021), CD1 - in opposition with comments

Aloha Chair Waters and Councilmembers:

Thank you for the opportunity to provide testimony on this bill. The Honolulu Board of REALTORS® (HBR) on behalf of our over 7,000 members and its City Affairs Committee **opposes Bill 41 (2021), CD1** in its current form. While we appreciate the time and effort that DPP and the Councilmembers put into crafting this legislation related to short-term rentals, we recommend that this proposed bill be rejected, and the effort be put into enforcing the current Ordinance 19-18.

We firmly believe that all Hawaii residents have a right to access affordable, safe, and sustainable housing options and that these options are in short supply. We are glad to see amendments were made to clarify areas that are allowed to legally operate B&Bs and TVUs such as the Kuilima, Gold Coast, and other areas in the resort mixed use precinct. In addition, we believe in equitable property tax rates and that properties should be taxed based on their assigned property classification. We support adding back that amendment to this measure.

With that being said, we **oppose** amending the definition of Bed & Breakfast Home and Transient Vacation Unit from 30 days to 90 days. **We recommend that the short-term rental definition remain 30 days and the focus be on enforcing units that do not comply with the 30-day minimum rental requirement as per current regulations.** Under Bill 41 (2021), CD1, housing options will be reduced, negatively impacting those who need rentals for less than 90 days. Our member survey in August 2021 indicated that over 50% of our REALTOR® members have clients who have had an occasion to rent property on Oahu for less than 180 days and we know that 90 days will have the same impact. The top reasons for renting included home sellers/buyers renting until they close on new property and those waiting for their home to complete construction or renovations.

Additionally, after undergoing legal analysis of this bill, HBR is concerned with the retrospective laws and vested rights of owners whose properties were purchased prior to Bill 41. The passage of this bill will leave the City open to many lawsuits from owners who purchased or had their properties prior to Bill 41 being enacted. These individuals were able to rent their homes for 30 days or more and with Bill 41, they will no longer be able to do that, which represents a “taking” of their rights.

To allow for easier enforcement for DPP, we recommend that the ability to advertise nightly and weekly rates be removed. We also support registrations as a means to streamline enforcement for DPP. These would eliminate continued illegal activities and assist the DPP in their enforcement. With Ordinance 19-18, which was created after many months of collaboration from key stake holders, city administration, and the community, an agreement was made on a fair approach to manage legal short-term rentals and

increase enforcement on illegal short-term rentals in Honolulu. However, the administrative rules to empower DPP to implement the Ordinance were never finalized and put into effect, thus we believe the administration should focus on implementing Ordinance 19-18 and allowing it time to show its effectiveness before adopting a completely new ordinance for short-term rentals.

Again, HBR recommends that the City Council reject this current proposed bill and urge the DPP and City Administration to focus on enforcing the current Ordinance 19-18. HBR is committed to be a part of the solution and promote a model that creates opportunities for local families and investors, while preserving and protecting our limited resources of accessible housing and livable communities. We look forward to working with the DPP, City Council, Administration, and the community to continue this dialogue. Thank you for your consideration, and the opportunity to provide additional comments on this critical measure.