

Testimony by Suzanne Young, CEO
Honolulu Board of Realtors®

Honolulu City Council
Wednesday, November 10th, 2021
Honolulu Hale

RE: Bill 41 - 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 6,500 members and its City Affairs Committee **opposes Bill 41** in its current form. While we appreciate the time and effort that DPP Director Uchida, his colleagues, 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. HBR also believes that properties should be taxed based upon their best and highest use and are glad to see timeshares will be taxed at hotel and resort rates. Additionally, we are encouraged to see that Bill 41, CD1 removed the one owner, one unit restriction on STRs.

With that being said, we **oppose** amending the definition of Bed & Breakfast Home and Transient Vacation Unit from 30 days to 180 days. While we are glad to see that DPP has added in several exemptions for individuals to rent a dwelling unit for less than 180 days, our concern is how will these exemptions be properly tracked and enforced. This measure will add additional confusion to residents on what is legal and create loopholes for bad actors of illegal STRs. The law needs to be clear and concise for residents to follow. **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.** To allow for easier enforcement for DPP, we recommend that the court stipulation on the advertising requirements for Ordinance 19-18 be reversed to ensure that the advertising rules are very clear that the minimum stay is 30 consecutive days; reversing this stipulation would eliminate continued illegal activities and assist the DPP in their enforcement. See court stipulation in attached exhibit A.

Additionally, HBR is extremely concerned with the intrusion of private property rights in this bill, especially in Section 21-5.360.1, which makes condominium hotels be regulated in the same manner as hotel units and thus not allowing the condominium hotel unit to be a place of principal residence unless the person occupying the unit is there upon effective date of this ordinance – which would also terminate once the person is no longer occupying the unit. This section appears to be counteractive to Honolulu's housing shortage as many individuals use their owned condominium hotel unit as a place of permanent residency for themselves or a long-term renter; the City needs to be increasing units for long term renters rather than adding additional hurdles.

Ordinance 19-18 was created after many months of collaboration from key stake holders, city administration, and the community; and 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.