

Testimony by Suzanne Young, CEO
Honolulu Board of Realtors®

Comments on Proposed Bill Relating to Transient Accommodations
Honolulu Planning Commission
Wednesday, September 1, 2021
Remote Meeting

Aloha Chair Lee and Commissioners,

Thank you for the opportunity to provide testimony on this matter. The Honolulu Board of REALTORS® (HBR) and its over 6,000 members wishes to provide comments on the proposed draft bill. We appreciate the time and effort that DPP Director Uchida and his colleagues put into crafting this legislation related to short-term rentals.

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.

With that being said, **HBR and majority of our members are opposed to amending the definition of Bed & Breakfast Home and Transient Vacation Unit from 30 days to 180 days (page 36, section 24).** While we understand it may be difficult to carry out enforcement on the bad actors that take advantage of the current “Short-Term Rental” (STR) definition and advertise illegally, enforcement should still be the focus. This new legislation makes amendments to enforcement capabilities, advertising rules, and creates a department to oversee STRs enforcement. This can assist in regulating the current definition of B&B and TVU rentals, to allow legitimate 30-day rentals to continue. We recommend that the current definition of B&B and TVU rentals of a 30-day minimum remain unchanged and focus on enforcing the 30-day minimum.

Increasing STRs to 180-days will have unintended consequences as there are many legitimate uses for less than 180-day rentals that are not related to tourism. HBR’s recent survey of its members shows that 58% of the Realtor respondents have clients who rent out properties for less than 180 days for a variety of uses. These uses include (see the attached survey for additional details):

- Home sellers who need to rent until they find a new property (62.5%)
- Waiting for new home to complete construction or renovations (58.5%)
- Residents who prefer month to month (56.5%)
- Military PCS while looking for a home to buy (50.7%)
- Traveling nurses (48%)
- Families from out of State that are taking care of loved ones (45%)
- Government and other contract workers (44.7%)
- College students for the semester (39.5%)

Additionally, HBR is concerned with other provisions in the proposed bill which negatively impacts private property rights. This includes Section 21-5.730.2, where it indicates that each natural person may own no more than one dwelling unit that is registered as a B&B or TVU, and Section 21-5.360.1, which requires owners of units in a Condominium Hotel to both use the front desk for the management of their unit and include their unit in the hotel's room inventory, as well as mandating owners to pay full rate for the personal use of their own private real property.

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.

Mahalo for the opportunity to testify on this matter.

Brian Lee
Chair, Planning Commission
Department of Planning and Permitting
City and County of Honolulu

RE: Proposed Bill on Short-Term Rentals

Aloha Chair Lee and Members of the Planning Commission:

While the Honolulu Board of REALTORS® (HBR) appreciates the time and effort that DPP Director Uchida and his colleagues put into crafting this legislation related to short-term rentals, **we recommend that this proposed bill be put on hold and the effort be put into enforcing the current Ordinance 19-18.**

We are glad to see that DPP has amended the proposed bill to allow for several exemptions for individuals to rent a dwelling unit for less than 180 days, as our previous testimony and survey data showcased the need for less than 180 days rentals for multiple reasons beyond tourism. With these exemptions DPP will require notice from the owners of their unit being used for one of the exemptions and this brings back the concern of enforcement and how the DPP will properly enforce illegal short-term rentals. 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.

HBR is concerned with certain provisions in the proposed bill that will negatively impact private property rights. This includes Section 21-5.730.2, where it indicates that each natural person may own no more than one dwelling unit that is registered as a B&B or TVU. And Section 21-5.360.1, which makes condominium hotel units be regulated in the same manner as hotel units and thus not allowing condominium hotel units to be a place of principal residences. The only exception being if the person is occupying the unit upon the effective date of this ordinance and the exception would 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 condominium hotel unit as a place of permanent residency for themselves or a long-term renter. The City needs to be increasing all types of dwelling units for long term renters rather than adding additional hurdles.

Ordinance 19-18 was developed through many months of collaboration from key stake holders, city administration, and the community. This collaboration created a fair approach to managing legal short-term rentals while increasing enforcement on illegal short-term rentals in Honolulu. Yet, the administrative rules to empower DPP to implement the Ordinance were never finalized and put into effect. We believe the administration should focus on implementing Ordinance 19-18 and allowing it time to show its impact before adopting a completely new ordinance for short term rentals. Additionally, 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 of less than 30-day rentals, i.e. daily and weekly rentals, and assist the DPP in their enforcement.

Again, HBR recommends that the planning commission reject this current proposed bill so it may be paused and urge the DPP and City Administration to focus on enforcing the current Ordinance 18-19. 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.

Mahalo,

Suzanne Young
Chief Executive Officer