

Bill 4 Testimony

MISC. COM. 18

January 26, 2020

Opposition to Bills 41 and 4

I am a resident and landlord of both long term and short terms properties. I oppose both Bills 41 and 4 as they will eliminate an entire rental market on our island while financially crippling another. These are very drastic measures for an island barely making it out of the pandemic economically.

I was very disappointed at the recent Zoning Committee meeting when a Committee Member said the callers were just there to vent and complain. This left most of us questioning whether our participation even matters. Please know that we put time in to research the Bills, prepare our testimony and take time off our regular lives to show up to speak. We do this because these Bills have devastating financial implications for us and our families.

I oppose Bill 41 as it puts an unfair burden on those that are renting legally and seeks to completely eliminate monthly rentals on the island. A Zoning Committee member mentioned that Kauai and Maui have the 180 day rule, but please be reminded that they both offer permits for short-term rentals. This Bill eliminates new short-term rentals and the monthly rental business. Those of us that have been renting monthly consider this a "taking" and will expect compensation or a permit for non-conforming use if this Bill passes. Please ask the DPP to provide data on the number and types of people that are renting for less than 90 days. Please look at the tax revenue that would be lost and if it is justified to eliminate this housing category entirely.

I also oppose the huge increases to my bi-annual NUC fee (from \$600 to \$4000). Director Ushida said the fees would pay for his staff to go and inspect our smoke alarms and other new requirements. In researching other cities across the country, I found the average short-term rental annual fee to be between \$50 - \$100. Please trust that as landlords we will protect our assets and tenants by following building codes and obtaining adequate insurance. We will also make sure they know where to park. We don't need the government to do this for us. This is a major overreach and should make everyone wonder, what's next?

One thing everyone will agree on today is that we need better enforcement. Had the DPP implemented Ordinance 19-18 and the MOU, we would not be here today. Having been a landlord for 20 years, I know the best way to eliminate illegal activity is to cut off the advertising. Why wouldn't we take the free help of the platforms to do this?

Bill 4 will quadruple property taxes for those renting their units less than 90 days. They will be taxed as hotels without the benefits and building rights of hotels. The hotels can afford these rates as they are allowed much greater density and have income from restaurants, shops, etc. As the Oahu Real Property Tax Advisory Committee noted in 2019, the business models differ and they should be taxed differently. Please consider a new tax category rather than lumping STR's with the Hotels. The current B & B category only applies to the current nominal number of legal B & B's. Why not change the name to all Short-term rentals?

Please reconsider these measures and ask the DPP to implement Ordinance 19-18 and the MOU before making more drastic changes. We all want enforcement, but the solution is not more rules & fees for the rule-followers.

Thank you,

Jill Paulin

Haleiwa, HI

jillpaulin@gmail.com

From: CLK Council Info
Sent: Monday, January 24, 2022 5:23 PM
Subject: Council Testimony

Written Testimony

Name Denise Boisvert
Phone
Email infofordenise@yahoo.com
Meeting Date 01-26-2022
Council/PH Council
Committee
Agenda Item Bill 4
Your position on the matter Support
Representing Self
Organization

Dear Chair Waters and Councilmembers,

I FULLY SUPPORT Bill 4; especially the adjustments Councilmember Elefante made regarding TVUs being classified as Hotel and Resort - because for all intents and purposes, they are hotels with everchanging people staying in them. (If it walks like a duck...!)

Written
Testimony

A bed and breakfast should be classified as such because the person who owns the property is (supposedly...) staying/living in the property at the time the renters are. The renters are not friends or family, but paying "guests" so a B&B is a business and should not be classified as residential.

Thank you for your consideration of passing Bill 4.

Testimony
Attachment
Accept Terms and Agreement 1

IP: 192.168.200.67

From: CLK Council Info
Sent: Monday, January 24, 2022 5:25 PM
Subject: Council Testimony

Written Testimony

Name	Kim Jorgensen
Phone	
Email	hawaiicondo@yahoo.com
Meeting Date	01-26-2022
Council/PH Committee	Council
Agenda Item	Bill 4
Your position on the matter	Support
Representing	Self
Organization	
Written Testimony	Thank you for this opportunity to testify in SUPPORT of Bill 4.
Testimony Attachment	
Accept Terms and Agreement	1

IP: 192.168.200.67

From: CLK Council Info
Sent: Monday, January 24, 2022 9:04 PM
Subject: Council Testimony

Written Testimony

Name Michael Heh
Phone
Email Mikeheh100@gmail.com
Meeting Date 01-26-2022
Council/PH Committee Council
Agenda Item Bill 41 and Bill 4
Your position on the matter Oppose
Representing Organization Organization
Kuilima Estates Coalition (KEC)
Honorable City Council Members,

Bill 41 would establish hotels as a privileged class that is not subject to the same registration fees per unit or to the restrictions imposed on individual lawful property owners. There has never been a distinction between corporate hotel owners and individual owners in the Resort Zones. Any changes of the law should apply equally to all kinds of owners. This draconian \$2,000 per year re-registration fee on the backs of legal vacation rental owners to pay for the enforcement of illegal vacation rental owners is grossly unfair. In researching other cities across the country, we found the average short-term rental annual fee to be between \$50 - \$100.

Written Testimony We see this for what it is, the Hotel industry influencing the City Council to put legal vacation rental owners (mostly your constituents) out of business. Much more revenue could be generated annually by imposing a reasonable fee equally to all hotel rooms, regardless of ownership. Corporate hotel owners own thousands more rooms than individual owners. If a reasonable fee per hotel room was charged to all owners, such as \$100 per unit per year, millions more dollars in revenue could be generated every year. Instead, this Bill proposes extremely unreasonable and oppressive fees for individual owners only that would not generate nearly as much revenue as a reasonable fee charged equally for every hotel room, regardless of ownership.

1. Why would the City provide special benefits to corporate hotel owners (whose profits are mainly siphoned off to the mainland) and discriminate against individual owners who have played by the rules

and paid the same taxes as the corporate hotel owners?

The simple fact is that the current law (Ordinance 19-18) has never been enforced! The online platforms have even provided the government with special tools, as agreed in their MOU, but the government has never used those tools. DPP Director Uchida was advised at the hearing last Thursday to get Corp Counsel's advice before ignoring the MOU that's in force.

2. Did you know that the rental platforms won't even give you a listing until you provide them your GET & TAT and Tax Map Key numbers to prove you can legally short term rent, thus negating the need for Bill 41?

Those who purchased and operate short-term rentals in the resort zone have done so in a good-faith effort to comply with existing laws and should be allowed to continue without these newly proposed draconian and discriminatory fees and restrictions.

3. This 50% rental rule for areas zoned A1 - A2 not only takes away property owners rights to legally short term rent without compensation but would be nearly impossible to enforce or monitor. Take for instance, Kuilima Estates that won the Declaratory Ruling from the City to short term rent have had dozens of condos bought and sold under the Ruling that short term renting was allowed. How do you compensate Owners if they are not included in the 50% allowed to short term rent?

We consider this a "taking" and will expect compensation or a permit for non-conforming use for all owners at Kuilima Estates if this Bill passes.

4. One thing everyone will agree on today is that we need better enforcement. Had the DPP implemented Ordinance 19-18 and the MOU, we would not be here today. Having been a landlord for 15 years, I know the best way to eliminate illegal activity is to cut off the advertising. Why wouldn't we take the free help of the platforms to do this under the existing MOU?

5. Bill 4 will quadruple property taxes for those renting their units less than 90 days. They will be taxed as hotels without the benefits and building rights of hotels. The hotels can afford these rates as they are allowed much greater density and have income from restaurants, shops, etc. As the Oahu Real Property Tax Advisory Committee noted in 2019, the business models differ and they should be taxed differently. Please consider a new tax category rather than lumping STR's with the Hotels. The current B & B category only applies to the current nominal number of legal B&B's. Why not change the name to all Short-term rentals?

For the good of everyone, please vote against Bill 41 and simply

enforce Ordinance 19 - 18 like Kauai did to eliminate illegal vacation rentals. Please reconsider these measures above and ask the DPP to implement Ordinance 19-18 and the MOU before making more drastic changes. We all want enforcement, but the solution is not more unfair rules and fees for the rule-followers!

Mahalo Nui Loa,

Mike Heh
808-382-4515

Testimony
Attachment
Accept Terms
and Agreement 1

IP: 192.168.200.67



HAWAI'I LODGING & TOURISM
A S S O C I A T I O N

Testimony of
Mufi Hannemann
President & CEO
Hawai'i Lodging & Tourism Association

Honolulu City Council
Bill 4 (2022)
January 26, 2022

Chair Waters and members of the Honolulu City Council, mahalo for the opportunity to submit testimony on behalf of the Hawai'i Lodging & Tourism Association, the state's largest private sector visitor industry organization.

The Hawai'i Lodging & Tourism Association—nearly 700 members strong, representing more than 50,000 hotel rooms and nearly 40,000 lodging workers—have long been outspoken supporters of reining in short-term rental units, especially those operating illegally in residential areas.

Two longstanding tenets of our advocacy have always centered around tax parity and ordinance enforcement. It is our position that legally operating short-term rentals should be required to pay the same taxes and fees as any traditional, brick-and-mortar lodging operation in a resort zone. With the passage of Ordinance 19-18 and the application of Nonconforming Use Certificates (NUC), short-term rental units were allowed to continue to pay residential real property tax rates even if the property was being utilized as a short-term rental unit. Bill 4 (2022) would amend the Revised Ordinances of Honolulu to state that any properties operating as a transient accommodation must be relegated to the hotel and resort real property tax class. HLTA strongly supports this as it is another step toward tax parity for Honolulu real property owners using their property as transient accommodations.

Moreover, the shift of units currently operating under NUCs to the hotel and resort class would supply the City with increased tax assessments that members of the Council have indicated it will use to fund a new arm of the Department of Planning & Permitting that would focus its efforts on the enforcement of short-term rental ordinances. HLTA's position has always been that the major limiting factor for effective short-term rental regulation is enforcement; providing a stable and consistent funding source for DPP's enforcement arm is the first step in remedying this, and we feel strongly that Bill 4 (2022) is a good first step.

For these reasons, HLTA supports Bill 4 (2022).

Mahalo for the opportunity to provide this testimony.

mhannemann@hawaiilodging.org

From: CLK Council Info
Sent: Tuesday, January 25, 2022 2:12 PM
Subject: Council Testimony

Written Testimony

Name Margaret Teruya
Phone
Email mannteruya@gmail.com
Meeting Date 01-26-2022
Council/PH Committee Council
Agenda Item Bill 4
Your position on the matter Support
Representing Organization Self

Written Testimony I fully support the rule requiring 90 day minimum rentals. I do not want any more illegal rental units in my RESIDENTIAL NEIGHBORHOOD. I want to be assured that the rule will be enforced and that reports and complaints from residents regarding illegal rentals will be respected and believed .

Testimony Attachment

Accept Terms and Agreement 1

IP: 192.168.200.67

From: CLK Council Info
Sent: Tuesday, January 25, 2022 2:13 PM
Subject: Council Testimony

Written Testimony

Name Margaret Teruya
Phone
Email mannteruya@gmail.com
Meeting Date 01-26-2022
Council/PH Council
Committee
Agenda Item Bill 4
Your position on the matter Support
Representing Self
Organization

Written
Testimony

I fully support the rule requiring 90 day minimum rentals. I do not want any more illegal rental units in my RESIDENTIAL NEIGHBORHOOD. I want to be assured that the rule will be enforced and that reports and complaints from residents regarding illegal rentals will be respected and believed .

Testimony
Attachment

Accept Terms
and Agreement 1

IP: 192.168.200.67