

RES24-061
Testimony

MISC. COMM. 252

COUNCIL

COUNCIL Meeting

Meeting Date: Jun 5, 2024 @ 10:00 AM

Support: 0

Oppose: 34

I wish to comment: 2

Name: john snelgrove	Email: schrouped@yahoo.com	Zip: 96707
Representing: Self	Position: Oppose	Submitted: May 31, 2024 @ 09:08 AM
<p>Testimony:</p> <p>20 years ago I bought a condo in Ko Olina where short term rentals needed to be monthly or longer. I was never thrilled with the restriction, but that was the deal. I found myself unable to sell the property in 2007. I continued to always pay my mortgage and taxes even though I lost well over a thousand a month for years. Now after enduring the bad times there are some who think it would be fine to change the deal now and assess even high taxes. We get just about zero for our tax dollar in the quasi public private deal in Ko Olina. Along with the regular taxes we pay, we also pay monthly fee's to support the public parking, a park and scenic walkway. Still, some think we should pay more. What did we do that we deserve to now be penalized? The increase is unsustainable and never would be applied to residents island wide. What did we do too deserve to be financially attacked? Killing the golden goose is never a good long term solution.</p> <p>Thank you,</p> <p>R/John</p>		
Name: Bruce Campbell	Email: bcampbelli@yahoo.com	Zip: 96707
Representing: Self	Position: Oppose	Submitted: May 31, 2024 @ 09:51 AM
<p>Testimony:</p> <p>As a 63 year old semi retired resident, I oppose the outrageous proposed tax increases, especially in regard to Transient accommodations. Income from transient rentals is essential for many retired or retiring families.</p> <p>Thank you for your consideration.</p>		
Name: K. W.	Email: kelihoalani@gmail.com	Zip: 96815
Representing: Self	Position: Oppose	Submitted: May 31, 2024 @ 09:54 AM
<p>Testimony:</p> <p>He Hawai'i Au. I strongly oppose this measure. Local people cannot stay in Hawai'i because taxes and cost of living continues to go up. The County believes that they are helping by applying pressure to out-of-state owners, however, when you increase taxes for one group you do it for all, including the people of Hawai'i, many of which run LEGAL STRs. Please be akamai in how you manage these shared economy platforms, they are here to spread the wealth around, to increase the income of LOCAL residents. When you diminish their impact you continue to push money into the hands of the many corporations (hotels) that profit on the backs of local people, taking all that kālā beyond our shores. If you have to increase taxes to this degree to meet the budget you are spending too much. Please take advantage of these technologies, help local people increase their income so they can stay. These measures have the opposite effect of what I believe you are</p>		

trying to achieve. E ala mai.		
Name:	Email:	Zip:
Bryan Taylor	btaylor4449@gmail.com	96731
Representing:	Position:	Submitted:
Self	Oppose	May 31, 2024 @ 10:13 AM
<p>Testimony:</p> <p>My wife and I purchased one unit in Kuilima East. Our son and his family have lived in Kahuku for 15 years. Our condo at Turtle Bay has given us a place to stay when we come to be a part of our family milestones. We, or our family members, use our condo about 50% of the year. When we are not there, we offer it for short term stays. As retirees, that income allows us to be there for our kids. We come nowhere near the money the tourism industry would have you believe! We are diligent in paying GET, OTAT, and TAT. Please consider supporting Council member Tupola's proposed rate of 6.5 for Tier 1. That would still double our property tax obligation.</p> <p>We want so much to be able to be part of our island O'hana's lives.</p> <p>Mahalo for your time and consideration.</p> <p>Bryan Taylor 801 598 5760</p>		
Name:	Email:	Zip:
Kathleen Harvey	dandk1@msn.com	97224
Representing:	Position:	Submitted:
Self	Oppose	May 31, 2024 @ 10:27 AM
<p>Testimony:</p> <p>I oppose Resolution 24-61, which proposed incredibly high TVU rates. Local Kupuna /family relies on this income to live on the island. These increased taxes would put them over the edge of on-island affordability, and they would have no choice but to move off the island. I thought local people are the ones you are trying to protect. Thank you.</p>		
Name:	Email:	Zip:
Patrice Kaplan	Patrizk@aol.com	96712
Representing:	Position:	Submitted:
Self	Oppose	May 31, 2024 @ 11:19 AM
<p>Testimony:</p> <p>Dear Council member,</p> <p>I am opposed to this bill. These rates will triple the property taxes for resident Kupuna who rely on this income to survive. Please do not force more residents to move off the island. The proposed rates would raise \$5 million from 1,872 property owners.</p>		

<p>Mahalo for your consideration, PATRICE KAPLAN-FUJIMOTO</p>		
<p>Name: John Mair</p>	<p>Email: mammothjohn@yahoo.com</p>	<p>Zip: 96815</p>
<p>Representing: Self</p>	<p>Position: Oppose</p>	<p>Submitted: May 31, 2024 @ 11:30 AM</p>
<p>Testimony:</p> <p>Aloha,</p> <p>Im writing to express my disgust with the actions taken against us STR owners and to plead with you to represent ALL OF US, not just the hotel industry that seems to be pushing for elimination of STR's. By eliminating SSTR's you are taking away jobs from locals as well as eliminating the income from visitors to the island. Like it or not, tourism is what drives our economy. By taking the stand against tourism, but wanting to provide more housing for locals is counterintuitive. You are eliminating many sources of income, raising property taxes on units, all in the hope of making housing available?? I don't think so, most STR's are studio, 1 or 2 bedroom units with high HOA fees and 1 or 2 (maybe) parking stalls. Please read the recent Civil Beat article regarding eliminating 7,000 short term rentals on Maui, then read all the comments attached (Maui Council Budgets \$300,000 To Study Impacts Of Eliminating 7,000 Vacation Rentals By Cammy Clark). Most residents are AGAINST these issues, noting that taking out the lack of housing on STR owners is not right. More housing is needed but raising property taxes by this excessive amount is just wrong. Do the right thing, build housing, don't try to steal the income from us that have worked hard to stay off of government welfare programs!!</p> <p>Thanks, John Mair</p>		
<p>Name: Mark Baker</p>	<p>Email: markbaker@compuserve.com</p>	<p>Zip: 96734</p>
<p>Representing: Self</p>	<p>Position: Oppose</p>	<p>Submitted: May 31, 2024 @ 12:42 PM</p>
<p>Testimony:</p> <p>I believe our state relies economically on tourism. Please do not make it difficult for visitors to stay in neighborhoods. I will be visiting a family member in California soon and was happy to find a short-term rental several blocks from where my daughter lives. A home should not be taxed like a hotel. Rely on the TAT to generate income for the state. Encourage it with appropriate licensing, do not discourage it!</p> <p>Mark Baker</p>		
<p>Name: Karen Young</p>	<p>Email: kareny402@gmail.com</p>	<p>Zip: 94118</p>
<p>Representing: Self</p>	<p>Position: Oppose</p>	<p>Submitted: May 31, 2024 @ 01:50 PM</p>

Testimony:

I oppose Resolution 24-61 with the proposed initial Transient Vacation rates as they are egregious & will only result in fewer TVU registrations or renewals & ultimately less revenue for our county.

This exponentially decreases my rental income that supplements my pension to purchase nutritious food, pay rent, water, electricity & gas for my children & I.

These rates will triple the property taxes for resident Kupuna who rely on this income to survive. Please do not force more residents to move off the island. The proposed rates would raise \$5 million from 1,872 property owners.

The unaffordability of these rates will severely jeopardize the efforts of County leaders & DPP to identify & register legal STRs, a primary goal of Ordinance 22-7.

For those that register or renew, the high property taxes will pass down to our transient tenants who include displaced residents, those without credit or job security, traveling nurses, emergency workers & others needing affordable accommodations on our island.

Name:	Email:	Zip:
Adalbert Doles	ahdoles@msn.com	96820
Representing:	Position:	Submitted:
Self	Oppose	May 31, 2024 @ 01:58 PM

Testimony:

I oppose this Bill as it will not be in my best interest as a Short Term Rental Owner.

Name:	Email:	Zip:
Adalbert Doles	ahdoles@msn.com	96820
Representing:	Position:	Submitted:
Self	Oppose	May 31, 2024 @ 02:01 PM

Testimony:

I oppose Resolution 24-61 with the proposed initial Transient Vacation rates as they are egregious and will only result in fewer TVU registrations or renewals and ultimately, less revenues for our County.

These rates will triple the property taxes for resident Kupuna who rely on this income to survive. Please do not force more residents to move off the island. The proposed rates would raise \$5 million from 1,872 property owners.

The unaffordability of these rates will severely jeopardize the efforts of County leaders and the DPP to identify and register legal STRs, a primary goal of Ordinance 22-7.

For those that register or renew, the high property tax rates will be passed down to our transient tenants who include displaced residents, those without credit or job security, traveling nurses, emergency workers and others needing affordable accommodations on our island.

Name: Anne Kirkland	Email: annekaloha@gmail.com	Zip: 96815
Representing: Self	Position: Oppose	Submitted: May 31, 2024 @ 02:07 PM

Testimony:
Many people and kapuna require the income from their TVUs. Increasing the taxes by 3 times is just not feasible for many people to afford. If you support the people of Hawaii, you will not pass this outrageous tax increase.

Name: Claudia Parker	Email: cparker@parkerlawgroup.com	Zip: 96789
Representing: Self	Position: Oppose	Submitted: May 31, 2024 @ 02:24 PM

Testimony:

- I oppose Resolution 24-61 with the proposed initial Transient Vacation rates as they are egregious and will only result in fewer TVU registrations or renewals and ultimately, less revenues for our County.
- These rates will triple the property taxes for resident Kupuna who rely on this income to survive. Please do not force more residents to move off the island. The proposed rates would raise \$5 million from 1,872 property owners.
- The unaffordability of these rates will severely jeopardize the efforts of County leaders and the DPP to identify and register legal STRs, a primary goal of Ordinance 22-7.
- For those that register or renew, the high property tax rates will be passed down to our transient tenants who include displaced residents, those without credit or job security, traveling nurses, emergency workers and others needing affordable accommodations on our island.

Name: debby dejong	Email: dejongddd3@mac.com	Zip: 96721
Representing: Self	Position: Oppose	Submitted: May 31, 2024 @ 03:07 PM

Testimony:
I oppose Res 24-61 because it will ultimately cause less revenues for the county.
It will increase the property tax for residents who rely on this income to survive and keep their homes.
The unaffordability of these rates will severely jeopardize the efforts of County leaders and the DPP

For those that register or renew, the high property tax rates will be passed down to our transient tenants who include displaced residents those without credit or job security, traveling nurses, emergency workers' and other needing affordable accommodations on the island.

Name: Kelly Lee	Email: kellyreports@gmail.com	Zip: 96734
Representing: OSTRA -Oahu Short Term Rental Alliance	Position: Oppose	Submitted: May 31, 2024 @ 04:01 PM

Name: Dale Glenn	Email: dalemglenn@gmail.com	Zip: 96734
Representing: Self	Position: Oppose	Submitted: May 31, 2024 @ 04:48 PM

Testimony:

legal short term rental owners are the small business hotels of Hawaii. Our Legal TVU income IS our retirement and our effort to sustain our own future rather than rely on the state. Illegal rentals are not taxed at these proposed rates, nor are hotels. I oppose Resolution 24-61 with the proposed initial Transient Vacation rates as they will triple the property taxes for resident Kupuna who rely on this income to survive. Please do not force more residents to move off the island. The proposed rates place a \$5 million tax burden on a mere 1,872 property owners, who have to pay this tax whether their units rent or not. These are LOCAL honest law abiding citizens who should be given fair treatment as small business owners. Do not force them into foreclosure and bankruptcy with a measure that makes it impossible to compete with large corporate hotels.

Name: Ximena Leal	Email: southppllc@gmail.com	Zip: 96821
Representing: Self	Position: I wish to comment	Submitted: May 31, 2024 @ 05:02 PM

Testimony:

I oppose Resolution 24-61 with the proposed initial Transient Vacation rates as they are egregious and will only result in fewer TVU registrations or renewals and ultimately, less revenues for our County.

These rates will triple the property taxes for resident Kupuna who rely on this income to survive. Please do not force more residents to move off the island. The proposed rates would raise \$5 million from 1,872 property owners.

The unaffordability of these rates will severely jeopardize the efforts of County leaders and the DPP to identify and register legal STRs, a primary goal of Ordinance 22-7.

For those that register or renew, the high property tax rates will be passed down to our transient tenants who include displaced residents, those without credit or job security, traveling nurses, emergency workers and others needing affordable accommodations on our island.

With high increased in HOA Fees and high taxes more residents will be selling their property prompting more mainland buyers. Extremely disheartening to see how our officials are trying to kill the little extra income that our Kapuna needs so much.

Name: Tamara Thompson	Email: tamarathompson7@gmail.com	Zip: 96731
Representing: Self	Position: Oppose	Submitted: May 31, 2024 @ 05:21 PM

Testimony:

I oppose Resolution 24-61 with the proposed initial Transient Vacation Unit rates, as they are an unfair and quick panacea for lack of management and enforcement of illegal and unregistered transient vacation rentals. The registration number should be visible on all rental advertisements for better management and compliance. Placing the undue burden of excessive taxes on legally registered business operators and retired kapuna is egregious and will only result in fewer TVU registrations or renewals and increase avoidant illegal renting --ultimately providing less revenues for our County. This is a quick and lazy way to make budget increases on the backs of a very small number of registered owners, those who provide needed temporary housing for a host of transient tenants, who include displaced residents, those without credit or job security, traveling nurses, emergency workers, contractors and others needing affordable accommodations on our island. Respectfully submitted.

Name: Maurice Schreiber	Email: mschreiber718@gmail.com	Zip: 96815
Representing: Self	Position: Oppose	Submitted: May 31, 2024 @ 06:18 PM

Testimony:

Aloha

My name is Maurice Schreiber and I live in the Waikiki District on the island of Oahu.

I oppose Resolution 24-61 with the current Transient Vacation rates as this will cause me financial hardship as these rates will triple the property taxes for islands' residents who rely on this income to afford Hawaii's increasing cost of living.

I do support Council Member Tupola's amendment to lower the Tier 1 rate to 6.5 which is fair and equitable.

- I know you are opposed to tax increases. I thank you for publicly stating that you're against property tax increases and know you would definitely oppose a 157% increase for resident, legal short-term rental owners.
- The current proposal will increase taxes by \$5 million from 1,872 property owners who are mostly residents and

kapuna. Some will see their taxes nearly triple, forcing them to sell to mainland investors.

- More than half of those eligible to register under Ordinance 22-7 have not because they are afraid of these higher taxes. If the taxes are amended to fairer rates, approximately 1,750 will register generating \$1,750,000 in registration fees and \$4.5 million in future property tax increases. This additional revenue can offset lowering the rates.
- Please amend Resolution 24-61 or Veto it if passed. I am grateful for your support.

Thank you for your time. Mahalo!

Name: Stephen Llorens	Email: sllorens2@gmail.com	Zip: 48230
Representing: Self	Position: Oppose	Submitted: Jun 1, 2024 @ 02:05 AM

Testimony:
Would urge leaders to negotiate a reasonable tax rate that would increase county revenues but not burden owners/citizens with an excessive triple rate.

Name: lillie mcafee	Email: lilliemcafee@gmail.com	Zip: 96792
Representing: Self	Position: Oppose	Submitted: Jun 1, 2024 @ 02:56 AM

Testimony:
This bill will absolutely HARM SENIOR CITIZENS on Oahu just trying to get by on Social Security. I will have to move in with my son on the Mainland and leave my beloved home in Hawaii.

Name: makaka gal	Email: makahagal@gmail.com	Zip: 96792
Representing: Self	Position: Oppose	Submitted: Jun 1, 2024 @ 03:00 AM

Testimony:
PLEASE DO NOT PASS THIS BILL--it punishes the most vulnerable people on Oahu--the elderly who depend on this money to survive.

Name: Sherry Lyn Heitmann	Email: sherry@bennieheitmann.com	Zip: 77384
Representing: Self	Position: Oppose	Submitted: Jun 1, 2024 @ 09:31 AM

Testimony:

I am opposed to Resolution 24-061 as I fear it will hurt our transient tenants who include displaced residents, traveling nurses, emergency workers, others needing affordable accommodations on our island, as the rates will practically triple the taxes and will have to be passed on to the tenant. Also, the unaffordability of these rates will severely jeopardize the efforts of County leaders and the DPP to identify and register legal STRs. Sincerely, Sherry Heitmann

Name: Shawn Chang	Email: shawnychang54@yahoo.com	Zip: 96762
Representing: Self	Position: Oppose	Submitted: Jun 1, 2024 @ 09:49 AM

Name: Mike Jackson	Email: mikejacksonatlarge@gmail.com	Zip: 96792
Representing: Self	Position: Oppose	Submitted: Jun 2, 2024 @ 03:38 AM

Testimony:

I oppose Resolution 24-61 with the proposed initial Transient Vacation rates as they are egregious and will only result in fewer TVU registrations or renewals and ultimately, less revenues for our County.

These rates will triple the property taxes for resident Kupuna who rely on this income to survive. Please do not force more residents to move off the island. The proposed rates would raise \$5 million from 1,872 property owners.

The unaffordability of these rates will severely jeopardize the efforts of County leaders and the DPP to identify and register legal STRs, a primary goal of Ordinance 22-7.

For those that register or renew, the high property tax rates will be passed down to our transient tenants who include displaced residents, those without credit or job security, traveling nurses, emergency workers and others needing affordable accommodations on our island.

Name: Levi Brooker	Email: levibrooker@gmail.com	Zip: 96707
Representing: Self	Position: Oppose	Submitted: Jun 2, 2024 @ 05:26 AM

Testimony:

Enough already. The only way to decrease the cost of housing is to build more housing. Stop letting the hotel lobby dictate policy on Oahu and start saying yes to development.

Name: Joyce Whitegon	Email: seajoycego@gmail.com	Zip: 96731
Representing: Self	Position: Oppose	Submitted: Jun 2, 2024 @ 10:46 AM

Testimony:
This bill will cause fewer registrations and tax money for the City and County. It will triple the rates for residences who rely on this income to survive and remain on the island.
It is in direct conflict with Ordinance 22-7. Five million dollars from 1800 owners is a slap in the face!

Name: vicky Poland	Email: Kiwi5@hawaii.rr.com	Zip: 96701
Representing: Self	Position: Oppose	Submitted: Jun 2, 2024 @ 06:20 PM

Testimony:
Aloha Honorable Council Members
My name is Vicky Poland and together with my husband Grant own and run Rainbow Inn Aiea a licensed NUC Bed and Breakfast that we run out of our residence. While I know it is futile as you have already made up your mind that 1872 property owners should provide the council with \$5M in taxes. I am hoping that you will have some compassion for the kapuna who live in these homes and the small business owners just trying to stay in Hawaii or in our case retire here where our grandkids live. Please reconsider the amount our taxes are going to go up. There are only 32 homes in the Bed and Breakfast category. A big impact on us for a little return for the council. Please lower the increase by just a little.
Mahalo for your time.
Respectfully
Vicky Poland

Name: Grant Poland	Email: kiwi5@hawaii.rr.com	Zip: 96701
Representing: Self	Position: Oppose	Submitted: Jun 2, 2024 @ 06:26 PM

Testimony:
Aloha Honorable Council Members
My name is Grant Poland and together with my wife Vicky we own and run a licensed NUC Bed and Breakfast out of our home. We are in our 60's and this proposed increase in our property taxes may make it impossible for us to retire as we still have a sizable mortgage. Our income from the bed and breakfast does not even cover our mortgage and taxes we currently pay. Please consider a lower increase for the 32 bed and breakfast homes in Category J.

Respectfully Grant Poland		
Name: Michael Brant	Email: michaeljbrant@hotmail.com	Zip: 96815
Representing: Self	Position: I wish to comment	Submitted: Jun 3, 2024 @ 01:27 AM
Testimony: Yes, give the small business people who operate vacation rentals some relief from the soaring taxes resulting from soaring property value assessments!		
Name: Renee Blake	Email: mblake@pinewoodventures.com	Zip: 77381
Representing: Self	Position: Oppose	Submitted: Jun 3, 2024 @ 02:47 AM
Testimony: I oppose Resolution 24-61 with the proposed initial Transient Vacation rates as they are egregious and will only result in fewer TVU registrations or renewals and ultimately, less revenues for our County. These rates will triple the property taxes for residents who rely on this income to survive. . The unaffordability of these rates will severely jeopardize the efforts of County leaders and the DPP to identify and register legal STRs, a primary goal of Ordinance 22-7.		
Name: Bernard Beck Jr	Email: berniebeckjr@gmail.com	Zip: 78613
Representing: Self	Position: Oppose	Submitted: Jun 3, 2024 @ 07:47 AM
Testimony: I oppose Resolution 24-61 with the proposed initial Transient Vacation rates as they are egregious and will only result in fewer TVU registrations or renewals and ultimately, less revenues for our County.		
Name: Karen Shimabukuro	Email: hawaiiauntie@gmail.com	Zip: 96789-3538
Representing: Self	Position: Oppose	Submitted: Jun 3, 2024 @ 10:47 AM
Name: Michael Heh	Email: mikeheh100@gmail.com	Zip: 96731
Representing: Self	Position: Oppose	Submitted: Jun 4, 2024 @ 04:39 PM

Testimony:

Dear Council Members:

I oppose Resolution 24-61 with the proposed initial Transient Vacation rates as they are egregious and will only result in fewer TVU registrations or renewals and ultimately, less revenues for our County.

These rates will triple the property taxes for resident Kupuna who rely on this income to survive. Please do not force more residents to move off the island. The proposed rates would raise \$5 million from 1,872 property owners.

The unaffordability of these rates will severely jeopardize the efforts of County leaders and the DPP to identify and register legal STRs, a primary goal of Ordinance 22-7.

For those that register or renew, the high property tax rates will be passed down to our transient tenants who include displaced residents, those without credit or job security, traveling nurses, emergency workers and others needing affordable accommodations on our island.

Mike Heh 808-382-4515

Name:	Email:	Zip:
Maria Heh	mariaheh@gmail.com	96815
Representing:	Position:	Submitted:
Self	Oppose	Jun 4, 2024 @ 04:42 PM

Testimony:

Aloha City Council Members:

I oppose Resolution 24-61 with the proposed initial Transient Vacation rates as they are egregious and will only result in fewer TVU registrations or renewals and ultimately, less revenues for our County.

These rates will triple the property taxes for resident Kupuna who rely on this income to survive. Please do not force more residents to move off the island. The proposed rates would raise \$5 million from 1,872 property owners.

The unaffordability of these rates will severely jeopardize the efforts of County leaders and the DPP to identify and register legal STRs, a primary goal of Ordinance 22-7.

For those that register or renew, the high property tax rates will be passed down to our transient tenants who include displaced residents, those without credit or job security, traveling nurses, emergency workers and others needing affordable accommodations on our island.

Maria Heh 808-382-4515

Name:

Kimo Jamila

Email:

kimojamila10@gmail.com

Zip:

96850

Representing:

Self

Position:

Oppose

Submitted:

Jun 4, 2024 @ 04:45 PM

Testimony:

To The City of Honolulu City Council,

I own a TVU and I oppose Resolution 24-61 with the proposed initial Transient Vacation rates as they are egregious and will only result in fewer TVU registrations or renewals and ultimately, less revenues for our County.

These rates will triple the property taxes for resident Kupuna who rely on this income to survive. Please do not force more residents to move off the island. The proposed rates would raise \$5 million from 1,872 property owners.

The unaffordability of these rates will severely jeopardize the efforts of County leaders and the DPP to identify and register legal STRs, a primary goal of Ordinance 22-7.

For those that register or renew, the high property tax rates will be passed down to our transient tenants who include displaced residents, those without credit or job security, traveling nurses, emergency workers and others needing affordable accommodations on our island.

Kimo Jamila



OSTRA
O'AHU SHORT-TERM
RENTAL ALLIANCE

The City Council of Honolulu
June 5, 2024
City Council Chamber

Re: Resolution 24-61 Related to Real Property Taxes for FY25

Testimony in Opposition

Aloha Chair Waters, Vice Chair Kia'aina and Council Members,

The O'ahu Short Term Rental Alliance ("OSTRA") represents thousands of residents who own, manage and work within the **legal** mid and short-term rental industry – and we oppose the 2025 Real Property Tax rates proposed in Resolution 24-61 for the Transient Vacation ("TVU") Classification.

The extreme, unaffordability of the inaugural Transient Vacation (TV) rates, coupled with the lack of enforcement in the resort/ next-to resort areas will result in:

- **Non-renewal of existing TVUs and no new TVU registration**
- **Less County Revenues**
- **An "Undoing" of the Administration, Council and DPP's Work to Identify, Regulate and Manage Short-Term Rentals**

How Did We Get Here?

- The Purpose of Ordinance 22-7 "is to better protect the City's residential neighborhoods and housing stock from the negative impacts of short-term rentals by providing a more comprehensive approach to the regulation of transient accommodations within the City."

This comprehensive approach included two key areas:

- Implementing stronger, advertising-based enforcement policies
 - **Creating a registration system to identify legal short-term rentals (STRs).**
- Over the last two years, the DPP has worked tirelessly to register over 1,000 units as legal STRs. During this time, they have also had tremendous success in enforcing illegal rentals in residential areas such as Kailua and the North Shore.
 - The Transient Vacation (TVU) property tax classification was established last year, as it was accepted that **these properties do not have the same income opportunities nor density allowances as hotels.** The Council and BFS acknowledged that Oahu's lower-priced short-term rental properties are utilized by displaced residents, traveling nurses, contractors, returning residents and residents who cannot qualify for a long-term lease. It was therefore recommended that the classification have two tiers, such that the lower tier would be kept

affordable for these transient occupants. At that time, BFS suggested that a fair Tier 1 rate would be \$6.5/ \$1,000 in value.

- **Resolution 24-61 includes TV inaugural property tax rates of \$9.0/ \$11.5 generating 45% more in taxes or approximately \$5m¹ from 1,872 Property Owners who are 80% Kupuna and 80% Residents²** Taxes for the TVUs that were previously misclassified as “hotel/ resort” will decrease. The large majority, however, will see increases that, in many cases, will nearly triple their property taxes.

Example of Property Tax Increase

Value	Taxes with FY23 Rate	Taxes with Res 24-61 Rates	Tax Increase
\$900,000	\$3,150	\$8,350	\$5,200/ 165%

Even at a 6.5 Tier 1 rate, the taxes would still double to \$6,350 (increase \$3,200 - 102%)

What Does this Mean to Our Residents?

- **The average STR owner lives on-island and operates an STR to subsidize their fixed retirement income. Per below, the average monthly income of a typical STR is just over \$2k/month. The proposed taxes would amount to nearly two months of gross income.** The following demonstrates the unaffordability of these taxes for a typical one bedroom unit at the Waikiki Banyan:

Annual Gross Income (\$215/night, 85% occupancy, net of advertising fees)	\$56,698
Expenses (Mortgage,HOA fees, utilities, repairs, supplies, insurance)	<u>\$31,515</u>
Net Income, before Property Taxes	\$25,183
Proposed Property Taxes	\$7,505
Property Taxes as a % of Net Income (incl. Property taxes as an expense)	42%

- It may appear that the TV rates are lower than Hotel/ Resort Rates, but they are not due to density and valuations. Per below, **a one bedroom unit at Kuilima Estates will pay 25% more in property taxes than a Turtle Bay Hotel room.**

Turtle Bay Hotel FY24 Assessment	\$218,335,000
Property Taxes due	\$3,034,857
Number of Hotel Rooms	408
Property Taxes per Room	\$7,438
One Bedroom Kuilima Condo Value	\$980,000
Prop taxes at proposed rate	\$9,270
Difference \$	\$1,832

¹ Per Council Communication from Council Member Tupola dated 5/6/24. Taxes under previous classifications based on BFS FY25 Values by zone.

² OSTR Member/ Subscriber Survey 2023

Difference %	24.62%
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What Does This Mean to Our County Budget/ Revenues?

- **Higher tax rates will result in less revenue as many TVUs/ NUCs will not register.** Due to the inability to enforce, they may continue to rent short-term but will not be providing the revenues that they should. **The following example shows that lowering the Tier 1 rate from 9.0 to 6.5 would result in an additional \$2.9m in FY25 net revenues from increased registration/ renewal fees and OTAT collected.** With fairer rates, it is estimated that 80% of the unregistered TVUs will register, generating over \$9m in additional revenues in FY26.

Estimated Fiscal Impact from TVU Tier 1 Rate 9.0 versus 6.5					
<i>Operating Budget Items:</i>	FY25 9.0 Tier 1 Rate		FY25 6.5 Tier 1 Rate		FY26 (f) 6.5 Tier 1 Rate
TVU Property Tax Revenue	\$15,876,000	(a)	\$12,871,000	(a)	\$22,496,748
TVU Registration/ Ren. Fees	\$250,000	(b)	\$1,956,500	(d)	\$1,636,000
OTAT (Reg. TVUs & NUCs)	\$5,580,156	(c)	\$9,753,350	(e)	\$9,753,350
Total	\$21,706,156		\$24,580,850		\$33,886,098

(a) Council Communication 135 (24) dated 5/6/24

(b) The Executive Program and Budget Fiscal Year 2025

(c) Estimated based on avg. ADR and occupancy per AirDNA 5/21/24

(d) 100% renewal of existing reg. TVUs plus registration of 80% remaining eligible TVUs

(e) OTAT for all registered TVUs (existing plus 80% of remaining eligible); assumes unregistered TVUs will not pay OTAT.

(f) FY26 assumes same # of registered units (1,113 + 80% of remaining eligible 1,750 or total of 2,513) for property taxes, fees & OTAT. Also includes 759 NUCs. No increase in TVU income projected for OTAT.

- Many owners will either sell their properties or leave them empty as they are not practical as long-term rentals. Due to location, small size, very high HOA dues and lack of parking, they will not become affordable housing. Our research shows that STRs are generally sold to off-island buyers as second homes. *(Over the last five years, stricter STR regulations on Oahu have resulted in 21% less STRs and 16% more vacant homes on our island per AirDNA and U.S. Census respectively).* **If 80% of the STRs and NUCs do not renew, the property taxes, fees & OTAT will decrease to \$12.8m in FY26.³ This will result in a year-over-year decrease in revenues of \$8.9m.**

Please Take Action to Saved the Intent of Ordinance 22-7

The higher rates will destroy the intent to have STRs register and pay the appropriate taxes. Less STRs will also further reduce tourism numbers. Per the 2020 HTA Vacation Rental Research Report, 30% respondents reported that if there was not a vacation rental option during their recent stay in Hawaii, they would not have made the trip.

³ Assumes property taxes at 9/11.5 for 20% of the 1,872 classified properties and the estimated previous rate taxes (Res & Res-A) for 80% of the 1,872. Assumes fees & OTAT for 20% of the 1,872 properties. Excludes NUC certification fees.

Please consider amending these rates to allow the regulation and management of the island's STRs and generate more future County revenues. If processes, fees and taxes are fair, residents will do the right thing. If not, we will be stuck in this endless loop of punitive taxes & fees and continued illegal tactics. OSTR's law-abiding members will continue to pay more and more subsidizing the law-breakers.

Mahalo for your consideration,

Kelly Lee

Kelly Lee
President, OSTR

Subject: Urgent Concern Regarding Proposed Property Tax Increases for Resident Short-Term Rental Owners

Dear Mayor Rick Blangiardi,

I am writing to express my concerns about the proposed property tax increases for resident, legal short-term rental owners. As a public school teacher of 24 years, a parent to young adults just stepping into independence, and a resident planning for retirement, the implications of such a tax hike are deeply troubling for me and many others in similar situations.

Firstly, I want to acknowledge and thank you for your stance against property tax increases. Your commitment to resisting such hikes gives hope to many of us who are already finding it increasingly difficult to secure a financially stable future in Hawaii. The current proposal to raise taxes by \$5 million from 1,872 property owners—who are predominantly local residents and kapuna—threatens to exacerbate an already dire situation. For some, this will nearly triple their tax obligations, potentially forcing them to sell their properties to off-island investors, thereby eroding our local community and heritage.

As someone who has dedicated nearly a quarter-century to educating our youth, I have planned to use vacation renting as a means to supplement my retirement and assist my children in purchasing their own homes. The dream of homeownership is becoming nearly unattainable for many local families, and it is disheartening to see opportunities further diminished by prohibitive tax increases.

Moreover, I know of elderly friends who, relying on income from vacation rentals, are now facing the possibility of re-entering the workforce to make ends meet—a situation that is both unfair and avoidable. The heart of our community is at risk, and it is the local residents and families who are being squeezed out of the ability to live sustainably on the island.

The fear of these tax hikes is palpable and has deterred over half of those eligible from registering under Ordinance 22-7. Should the taxes be amended to more equitable rates, approximately 1,750 property owners would likely register, generating significant revenue in both registration fees and future property taxes. This could effectively offset the need for such steep tax increases.

I urge you to consider amending Resolution 24-61 or vetoing it should it pass. We need a solution that supports the sustainability and prosperity of local families and long-time residents, ensuring that we do not lose the very core of what makes Hawaii unique.

Thank you for your attention to this critical issue. We are grateful for your ongoing support and leadership.

Warm regards,

Shawn Chang
Honolulu, HI. 96815
ShawnChang54@yahoo.com

Council Meeting 6/5/2024

RE: Res. 24-61

To whom it may concern:

- I oppose Resolution 24-61 with the proposed initial Transient Vacation rates.
- These rates will triple the property taxes for resident Kupuna who rely on this income to survive. Please do not force more residents to move off the island.
- For those that register or renew, the high property tax rates will be passed down to our transient tenants who include displaced residents, those without credit or job security, traveling nurses, emergency workers and others needing affordable accommodations on our island.
- Please either lower the rates or do not pass this bill.

Mahalo,

Karen Shimabukuro