



# PROPOSED TRANSIENT ACCOMODATIONS RENTAL CODE AMENDMENT

INTENT V. IMPACT



# INTENT

Fulfilling a promise; only affects  
a few ...

COUNTY OF HAWAI'I



STATE OF HAWAI'I

BILL NO. 121

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE AMENDING CHAPTER 25, ARTICLES 1, 4, AND 5, OF THE HAWAI'I COUNTY CODE 1983 (2016 EDITION, AS AMENDED), RELATING TO TRANSIENT ACCOMMODATION RENTALS AND HOSTING PLATFORMS.

BE IT ORDAINED BY THE COUNCIL OF THE COUNTY OF HAWAI'I:

**SECTION 1.** Chapter 25, article 1, section 25-1-5, of the Hawai'i County Code 1983 (2016 Edition, as amended), is amended by repealing the definition of "short term vacation rental".

[“Short-term vacation rental” means a dwelling unit of which the owner or operator does not reside on the building site, that has no more than five bedrooms for rent on the building site, and is rented for a period of thirty consecutive days or less. This definition does not include the short-term use of an owner’s primary residence as defined under section 121 of the Internal

“Transient accommodation” means the furnishing of a room, apartment, suite, single family dwelling, or the like to a transient for less than one hundred eighty consecutive days for each letting in a hotel, apartment hotel, motel, condominium or unit as defined in chapter 514B, cooperative apartment, dwelling unit, or rooming house that provides living quarters, sleeping, or housekeeping accommodations, or other place in which lodgings are regularly furnished to transients. (Reference section 237D-1, Hawai'i Revised Statutes.)”

.....WHAT THEY SAY



.....IN REALITY

# IMPACT

- **ALL current HOSTED AND UNHOSTED** owners and operators of rentals for 6 months or less

““Owner-hosted” means any transient accommodation rental hosted by a person who uses the building site as their principal home.”

““Operator” means any person operating a transient accommodation rental on behalf of a property owner, who resides on the same building site as the transient accommodation rental and uses it as their permanent address for legal purposes.”

- **All current AND future property owners** who may want to start a HOSTED short-term rental
- **All person(s) or business(es) that offer a ‘marketplace’ for rentals**
- **All renters** who may want to temporarily rent a spare room



# INTENT

An owner in their own home can start any time in any zone...

## Owner-Hosted TAR

When the transient accommodation rental is used as the principal home of the owner, a transient accommodation rental may be registered at any time in any zoning district subject to the following requirements:

- Located in a single-family dwelling, inclusive of a detached bedroom, or guesthouse.
- Not be permitted in an additional farm dwelling, second dwelling, or ohana dwelling (except with a nonconforming use permit)
- The owner may not live in a guesthouse or a detached bedroom

.....WHAT THEY SAY



.....IN REALITY

# IMPACT

**Not *really* anywhere, Not *really* anytime**

- Owner may NOT operate a rental and live in their own:
  - Guesthouse
  - Ohana
  - Detached bedroom
  - Tiny home
  - Secondary dwelling
- Owner may NOT operate a rental in their own:
  - Ohana (after 2023)
  - Tiny home
  - Tent/Yurt/Cabin
  - Additional farm dwelling
  - Secondary dwelling
  - ADU(upon adoption)
- No future owner will be able to operate a rental with a long-term tenant as an on-site operator
- No renter (with owner permission) will be allowed to rent a room temporarily to make ends meet



# INTENT

Needed to 'align' with other laws...

## STVR --> TAR

All Vacation Rentals referred to as Transient Accommodation Rental (TAR)

- Furnishing of a room, apartment, suite, single- family dwelling, or the like to a transient or transients for less than 180 consecutive days

are some of the key highlights. All TARs that are rented for less than 180 days will have to register with the county. This is in alignment with both state law and the county real property tax code. There will be three rental types; owner-

.....WHAT THEY SAY



.....IN REALITY

# IMPACT

## NO Need for “alignment”

TAX law *already* applies to ALL rentals >180 days – including hotels and other non-STVR structures.

This bill does not change the state tax law  
This bill does not change the county tax code

This is a ZONING bill. There is **no uniform zoning** definition for a short-term vacation rental. All counties define it differently, as does the state in various places.

**There is nothing to ‘align’ and NO NEED to change the existing Hawaii County definition**



# INTENT

If you're legal, you don't have to worry...

(2) No additional nonconforming use certificates shall be issued for un-hosted transient accommodation rentals.

“Transient accommodation” means the furnishing of a room, apartment, suite, single family dwelling, or the like to a transient for less than one hundred eighty consecutive days for

(2) The transient accommodation rental shall not be permitted in an additional family dwelling, second dwelling, or ohana dwelling; and

Coverage.  
(G) Quiet hours shall be from 8:00 p.m. to 7:00 a.m., during which time the noise from the transient accommodation rental shall not disturb adjacent

(D) Except for multi-family units, signage indicating the street address of the transient accommodation rental and the registration number should be clearly visible from the main roadway used to access the property.

(H) Off-street parking shall meet the requirements set forth in section 25-4-51 and applicable parking standards in this chapter, and all guest vehicles shall be parked in the designated onsite parking area.

In addition to the fines established in section 16-4-16.19 and any criminal fines, the director shall impose additional fines in the amount of two times the highest daily rate at which the transient accommodation rental has been advertised.

.....WHAT THEY SAY



.....IN REALITY

# IMPACT

- **Immediately makes illegal** hundreds of unhosted rentals operating legally under existing law.
- **Immediately makes illegal**, any condo or unit operating legally in an association which disallows *any* “short term vacation rentals” based on existing definitions.
- **Registration is admittance of violation of state law** for most owners with a rental in an Ag zone which violation will be enforced, and the owner will be not be allowed to continue to operate.
- **Discriminatory enforcement** of rules and fines that are required of any other residential use property island-wide. Other rentals do not:
  - Require approval (or denied renewal) – this is not a ‘registration’;
  - Adhere to regulations **stricter than existing codes**;
  - **Display** license numbers on exterior of home/info on public list;
  - Subjected to fines that **exceed \$10,000**;
  - Impute Employee/operator **joint liability**; or
  - Submit to the discretion of a single individual (the ‘director’) with **no transparency or participation** in the investigation and enforcement processes.



# INTENT

We want to ensure...

Safe & Legal  
w/Operating  
Standards for all

Preserve the  
character of  
neighborhoods

vacation rentals (STVRs). These bills aim to ensure that all TARs in the county are operating safely, legally and in adherence to the same set of operational standards. These bills are also intended to preserve the character of our residential and agriculture areas, while reducing the speculative investment of properties within these markets. Finally, the bills aim to address housing affordability for residents by keeping more housing in the long-term rental market, reducing the inflationary pressure TARs have on long-term rental rates, while at the same time making it very easy to build accessory dwellings ('ohanas) for family or long-term rentals.

Keep more  
housing for  
Long-term  
rentals

.....WHAT THEY SAY



.....IN REALITY

# IMPACT

## **Safe, Legal, Standards for all?**

Other rentals aren't verified for safety, legal compliance, or adhere to arbitrary "standards" stricter than existing law. The application of this bill will disproportionately affect lower income owners and residents and anyone who has any unpermitted home modification – which is a LARGE majority of owners in Hawaii County.

## **Preserve neighborhoods?**

This bill TARGETS residents - Hosted rentals owners *ARE* our neighbors. The overwhelming majority maintain their properties, work hard on ratings and keeping a good relationship with neighbors. New *unhosted* rentals have been prohibited since Bill 2018. This bill allows new hosted rentals at any time. What is being preserved with this bill?

## **Keep long-term housing?**

Hosts who short term rent a space on their property typically need the income from temporary guests to supplement living expenses and affordability. Many are not fit for long-term housing and or are used for family when not occupied by guests. There is no data or indication by anyone that this bill will create or keep units in the long-term rental pool, except perhaps those retroactively deemed illegal by the changes this bill implements.



# ECONOMIC IMPACT

Squeezing out Short Term Rentals will adversely affect our greater economy.  
HTA Economic Impact Model shows direct Big Island benefits.

## HAWAII COUNTY ECONOMIC ACTIVITY GENERATED IN 2023 BY STRs

### VISITORS AND EXPENDITURES

1 Estimated number of U.S. West visitors (a)	349,885
2 Average length of stay	7.90 days
3 Total visitor days (b)	2,764,098 days
4 Per person per day expenditures	210,200,000.0 dollars
5 Total direct visitor expenditures	<b>\$597,597,987.60 million</b>

### ECONOMIC IMPACT

6 Output multiplier (2017 I/O model)	1.87
7 Sales generated (direct, indirect, and induced)	\$1,117,508,236.81 million
8 Income multiplier (2017 I/O model)	0.51
9 Household income generated (direct, indirect, and induced)	<b>\$303,004,778.49 million</b>
10 Total job multiplier (2017 I/O model)	10.2
11 Number of jobs supported 1/ (direct, indirect, and induced)	<b>6,095 Jobs</b>
12 State tax multiplier (2017 I/O model)	0.116
13 State government tax revenue generated (direct, indirect, and induced)	<b>\$69,321,366.56 million</b>

(a) Visitor Days/Average length of stay = Estimated Number of visitors to Hawaii Island STRs

(b) # STRs (UHERO - 6847) \* 365 days \* Occupancy of 50.2% = 1,256,408 days occupied \* avg. party size (2.2)

Source #4: [Hawaii County fact sheet \(hawaii-tourism-authority.org\)](https://hawaii-tourism-authority.org/)

Source #2: [2023-hawaii-island.xlsx \(live.com\)](#)



# CONSEQUENCES

## Actual Harm has Been Demonstrated

Data shows the greater economic impact of these rentals. Over 200 residents testified (and we have shown) that this bill would harm their ability to continue to operate for one reason or another. Unhosted rentals are already regulated; there is no reason to change definitions already in code and/or apply such overreaching and complex rules targeted toward residents.

**Bill 121 HURTS locals.**



# CONSEQUENCES

## Intended Results are Unproven

Despite the reference to a pre-covid report and evidence of a slight upward pressure on rent, there has been no study, or proof presented that this bill would have any effect on the availability or market price of long-term rentals. Spoken testimony indicated the opposite as this bill targets hosted rentals where the owner/operator is sharing space on their property.

**Bill 121 HURTS locals.**



# CONSEQUENCES

## Overreaching, Inequitable and Unenforceable

Bill 108 did not create rentals or solve issues between neighbors; additional regulation won't change that.

This bill overlaps with existing regulations and is largely unenforceable; as was Bill 108.

This bill is government overreach into the homes of residents, requires unnecessary licensing, fees and fines, standards and reporting, and applies unreasonable eligibility criteria which will disproportionately affect the lower socio-economic class of both owners and renters.





**It's just BAD law**