

Budget, Finance, and Economic Development Committee on 2021-10-20 1:30 PM

Meeting Time: 10-20-21 13:30

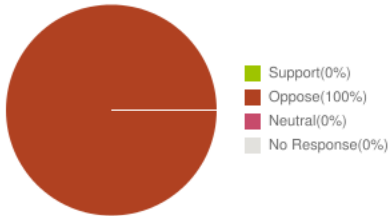
eComments Report

| Meetings | Meeting Time | Agenda Items | Comments | Support | Oppose | Neutral |
|---|----------------|--------------|----------|---------|--------|---------|
| Budget, Finance, and Economic Development Committee on 2021-10-20 1:30 PM | 10-20-21 13:30 | 4 | 2 | 0 | 2 | 0 |

Sentiments for All Meetings

The following graphs display sentiments for comments that have location data. Only locations of users who have commented will be shown.

Overall Sentiment



Budget, Finance, and Economic Development Committee on 2021-10-20 1:30 PM

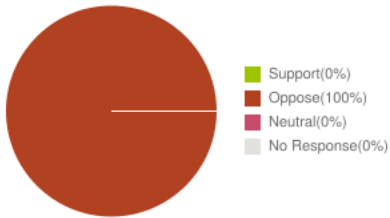
10-20-21 13:30

| Agenda Name | Comments | Support | Oppose | Neutral |
|---|----------|---------|--------|---------|
| BFED-105 CC 20-453 PERMIT APPLICATION FEE COST RECOVERY STUDY (EDB-105) | 2 | 0 | 2 | 0 |

Sentiments for All Agenda Items

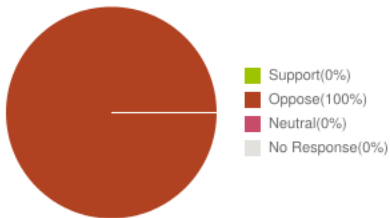
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Overall Sentiment



Agenda Item: eComments for BFED-105 CC 20-453 PERMIT APPLICATION FEE COST RECOVERY STUDY (EDB-105)

Overall Sentiment



Thomas Croly

Location:

Submitted At: 4:07pm 10-19-21

Planning department fee study

I have reviewed the fee study prepared by Matrix Consulting group and would like to provide the Council with the following comments regarding the gross inadequacies of this study and the failed conclusions and recommendations it makes.

Regarding Bed and Breakfasts (B&B) and Short Term Rental home (STRH) permits, the study failed to recognize all the fees paid directly to the County related to these permits. Both permits are initially issued for a period of 3 years and renewals are issued for 5 years on Maui island. A fee of \$250/year is charged for years 2 thru 5. Therefore the fees paid directly to the County for an initial permit that is granted is \$1000 and not \$500 as reported in the study and renewals typically pay \$1375 in permit fee and not \$375 as reported in the study.

The Study also failed to make note of the real property tax windfall that the County receives as a result of each

permit granted. In the case of B&B permits, at the current Real property tax rates, the permit holder's property tax doubles from an average of \$3215 to \$6430. For the initial 3 year permit term, this amounts to an additional property tax amount of \$9,645 and \$16,075 for a 5 year renewal. And in the case of STRH permits, the property tax increase as a result of the STRH permit goes from approximately \$8595 to \$16,695. This creates a windfall of \$24,300 for the initial 3 year permit term and \$40,500 for a 5 year renewal.

In addition to the Real Property tax windfall created by the B&B and STRH permits, the County has now implemented a 3% Transient Accommodations Transient Accommodations tax, that should generate additional County revenues of between \$3,000 and \$12,000/year per permit.

In total on the revenue side, the County receives, or will receive, on average, between \$9,000 and \$18,000/year of additional tax revenues for each B&B and STRH permit it grants. That works out to an additional average of \$27,000 to \$54,000 for initial permit terms of 3 years and between \$45,000 and \$90,000 for permit renewals of 5 years. The State receives more than twice these amounts in State GET and TAT taxes as a result of these B&B and STRH permits.

The Study also failed to recognize that the efforts of the planning department in processing permits are split between those that would benefit the applicant and those that are exclusively made to benefit the public at large. B&B and STRH uses are legally permissible uses that are subject to specific conditions or ownership, safety and operations. The applicants for these permits are required to show compliance with all of these conditions as part of their applications. This includes having inspections done and sometimes back permitted of undocumented improvements on the property. The planning department staff is tasked with verification of the application's representations. These efforts could be seen as benefiting the applicant.

But the far more time consuming and costly task of permit processing is the applicant's requirement to make notifications to the public via a sign in front of the property, notice in the newspaper and via direct mailing by certified mail to all property owners within 500'. The planner is required to verify this notice is made and to receive all public comment and applicant responses to the comments. Then, should a public hearing be triggered, the planner is tasked to make a report for the benefit of the planning commission and the public and to hold the public hearing to hear comments from the public.

All of these efforts, in making notice, writing a report and holding a public hearing are in service to the public and do not serve or benefit the applicant in any way with regard to the permit. The fee study should have attempted to segregate the cost of these efforts made on behalf of the public. It would be most unreasonable to expect the applicant to be responsible for the all costs associated with these efforts including comments from the general public for a use that is a codified as a legally permitted use. The applicants are already tasked with the expense of making the notice of the application and public hearing. The public comments and efforts to process those comments should be expenses borne by the public thru general funds.

The Study also failed to recognize the basic inefficiencies of government. If these permits were processed by a private enterprise, the time and cost of processing the permits would be a small fraction of that incurred thru the County simply as a result of the public oversight and inefficiencies that are a fundamental part of government.

Finally, there is the issue of compliance. Higher fees discourage compliance. Telling a homeowner that the legally permitted use, they wish to make, will cost tens of thousands of dollars to apply for, with no guarantee the permit will be approved, tends to discourage compliance. This non compliance is plainly evident throughout Maui County where the majority of single family homes in Maui are not in full compliance with all Building, Plumbing, Electric, and zoning code requirements because homeowners often find the cost of full code compliance is too costly and too difficult to obtain, when they seek to make improvements to their homes.

It is most unfortunate that the County actually paid for such a poorly research study that was so limited in its perspective. I don't believe that any of the conclusions or recommendations of this flawed study are worthy of implementation. And if implemented, I am certain would serve to discourage compliance with County planning department permitting requirements. Perhaps, a study of the efficiency and necessity of some of the permitting requirements would produce recommendations that would both reduce costs and improve compliance.

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