

Housing and Land Use Committee (2023-2025) on 2024-07-24 9:00 AM

Meeting Time: 07-24-24 09:00

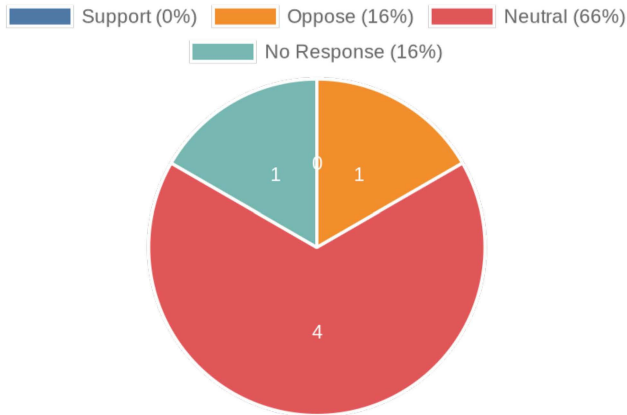
eComments Report

Meetings	Meeting Time	Agenda Items	Comments	Support	Oppose	Neutral
Housing and Land Use Committee (2023-2025) on 2024-07-24 9:00 AM	07-24-24 09:00	3	6	0	1	4

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



Housing and Land Use Committee (2023-2025) on 2024-07-24 9:00 AM

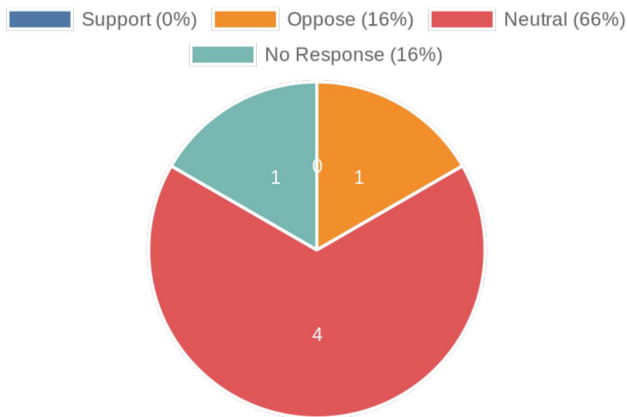
07-24-24 09:00

Agenda Name	Comments	Support	Oppose	Neutral
HLU-3(18) SCOPE OF WORK FOR THE COUNCIL'S REQUEST FOR PROPOSALS ON A STUDY OF THE PHASE-OUT OF TRANSIENT VACATION RENTALS IN THE A-1 AND A-2 APARTMENT DISTRICTS (HLU-3(18))	6	0	1	4

Sentiments for All Agenda Items

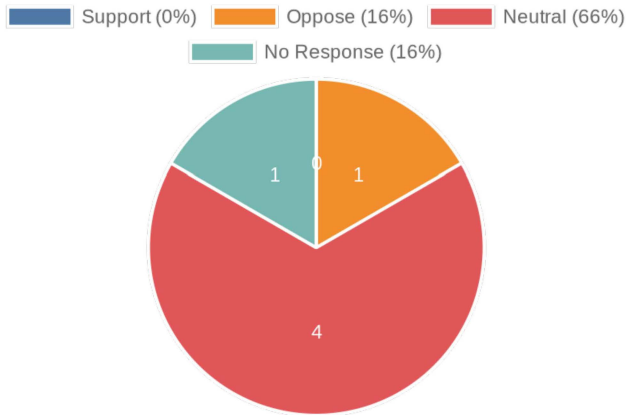
The following graphs display sentiments for comments that have location data. Only locations of users who have commented will be shown.

Overall Sentiment



Agenda Item: eComments for HLU-3(18) SCOPE OF WORK FOR THE COUNCIL'S REQUEST FOR PROPOSALS ON A STUDY OF THE PHASE-OUT OF TRANSIENT VACATION RENTALS IN THE A-1 AND A-2 APARTMENT DISTRICTS (HLU-3(18))

Overall Sentiment



HLU Committee

Location:
Submitted At: 2:32pm 07-24-24

Testimonies received from HLU Committee meeting

Pamela Tumpap

Location:
Submitted At: 9:31am 07-24-24

Please see attached testimony on the scope of work.

Maui Vacation Rental Association

Location:
Submitted At: 9:23am 07-24-24

Aloha Chair Kama, Vice Chair Cook and Council Members,

We believe this process and the subsequent study are crucial for understanding the unintended consequences of the Mayor's proposed bill.

Firstly, the study should thoroughly examine the impact on local residents' livelihoods and employment. It should assess the scope and effect on local jobs, including the estimated hourly wages of employees in the STR industry. Consideration should be given to whether alternative job opportunities offer comparable wages and quality of life, particularly noting current employment vacancies across Maui County.

Secondly, the affordability of Minatoya properties is a complex issue that must be extensively factored into the impact study. Key questions include who benefits from this proposal and who may be adversely affected. Will these properties become affordable for purchase by local residents? If not, could investors potentially convert them into long-term rentals that are accessible to locals seeking affordable housing? The study should also analyze the Average Median Income of local residents and explore potential County subsidies to bridge

affordability gaps.

Furthermore, the study should investigate properties on the Minatoya list already utilized as owner-occupied or long-term rentals, examining factors such as purchase history and current occupancy. It should also review condominium declarations to identify developments originally designed for STR use and assess their suitability for long-term tenants, particularly families.

Additionally, the economic implications of reduced real property taxes and contributions to the affordable housing fund should be thoroughly evaluated. Currently, STRs contribute significantly to both areas, and the study should assess the potential shortfall in County revenue and propose mitigation strategies beyond increased non-owner-occupied property taxes.

Furthermore, the study should quantify the additional tax revenue generated through General Excise, Transient Accommodations, and Maui County Transient Accommodation taxes attributable to STRs. It should also examine visitor spending impacts on these tax classifications and local businesses, illustrating the broader economic repercussions beyond the STR industry.

Moreover, the overall economic impact extends beyond STRs to encompass local businesses and workers, particularly in tourism-dependent sectors. The study should conduct a comprehensive evaluation of the broader economic effects stemming from reduced tourist accommodations and visitor spending.

In addition to financial impacts, we recommend conducting surveys to gauge community needs and sentiments. This should include surveys on desired housing types, ownership versus rental preferences, and community attitudes towards STRs. These surveys should include reaching out to property owners to understand their intentions if this bill passes.

Lastly, while recognizing these recommendations represent a fraction of the complexities involved, we stand ready to provide further information and assistance throughout this process. We strongly advise engaging a professional economist with expertise in similar studies, such as Paul Brewbaker or Kloninger & Sims, to expedite the study and reduce costs through leveraging existing research.

We ask that if the council chooses that we be included in the study moving forward. Thank you once again for your time today.

Maui Vacation Rental Association

Johann Lall

Location:

Submitted At: 7:48am 07-24-24

I have worked on geographic and non-geographic analysis for 18 years in planning, law enforcement, oil & gas, and conservation. I currently work in disaster management. I have a degree in geography with coursework in urban planning and human geography. My opinion as a professional in this field is analysis is often over-analysis. I don't believe there is much useful analysis that can be done on this topic that hasn't already been done by UHERO and Matt Jachowski.

We can figure out the upper/lower ends of: housing created, jobs lost, tourists staying away, tourists staying in Hotel zoned condos or resorts instead, jobs created, locals and residents being able to stay in Maui County, etc. But we can't predict where in those ranges the numbers will fall.

I think your decisions as Council Members should be based on doing what is right and serving the public interest, and who actually votes for you. I believe Matt Jachowski said at Molokai Planning Commission that 94% of the Minatoya owners live in other states or counties. Finally, Paul Brewbaker's study is skewed and biased, it neglected the positive impacts and cherry picked data to reach the conclusions he wanted.

Brewbaker's middle finger during Justin Kekiwi's testimony yesterday shows that he is emotionally motivated. We can now see the root of the bias in his report. The "finger" encapsulates what I saw in dozens of testimonies and the fact that so few Minatoya owners rented their units to Lahaina fire survivors. They view Maui as a resource for

them to profit off of from offshore, much like the plantation economy in our Hawaiian, Caribbean, and American history. They're giving the community the finger, and especially the Native Hawaiians who are most impacted by the housing crisis.

Thomas Croly

Location:

Submitted At: 11:00pm 07-23-24

HLU-3(18) short term rental phase out study

Here are some of the subjects and questions that I believe should be part of any study concerning the proposed phase out of short term rentals from the apartment districts.

Cost/Benefit analysis

1. How many jobs may be lost? Directly: property managers, booking agents, property maintenance, accountants, cleaners, Indirectly: island businesses.
2. How many units would potentially become resident housing vs how many would remain as second homes? Analysis of apartment district properties built since 1990.
3. Who would the most likely future owners or renters be? current residents or new residents.
4. How would this proposal impact property values?
5. How much tax revenue would be lost by the County?: Property tax, TAT, GET.
6. How much tax revenue would be lost by the State? GET, TAT, income tax?
7. How much island spending by visitors would be lost? Restaurants, activity providers, etc.
8. What incentives, disincentives or regulations could encourage short term to long term conversions without a phase out?
9. Survey residents in need of housing to define their housing needs and rents they could afford.
10. Survey STR owners about their reasons for STR ownership.

Colleen Medeiros

Location:

Submitted At: 11:49am 07-23-24

Housing and Land Use Committee

Meeting July 24, 2024

Mayor's Proposal to Phase out TVR use in the Apartment zoning

Suggestions on the Scope of the Economic Impacts Study

Aloha Committee Members,

As part of the scope of the economic impact study, I'd like to recommend that each apartment building being proposed to end it's TVR use, be reviewed, on a building by building basis.

Starting with these details:

- bedroom counts,
- bathroom counts,
- size of unit,
- number of dedicated parking stalls per unit,
- Number of Guest stalls for complex
- Is there street or offsite parking allowed?
- Is there in unit laundry?
- Are pets allowed
- How much storage is available to tenants
- HOA Fees

These details should be reviewed for each building and be used to determine if the building offers feasible, appropriate, affordable and sufficient housing for Maui families, ie. will studios and one bedroom apartments with one parking stall and no in unit laundry, with no storage and no pets allowed, be sought after housing for families? Etc.

Secondly, focus on the actual demand for apartments and the areas of highest demand. When FEMA was offering housing to fire victims, I knew of several landlords with houses in Kula, Haiku and Paia whose houses sat empty for 3 months because Lahaina families were turning them down because they wanted to stay in Lahaina. I also knew of several Lahaina families who turned down perfectly livable homes because the homes were not in Lahaina. Point being, with the bulk of apartments in Kihei, will families actually want to live in Kihei? Or, with the other concentration of apartments north of Lahaina, be more feasible? Then who will get that housing? Will fire victim families get that housing? Or anyone? What's to stop folks who are not already residents from taking that housing? If part of the intention is to flood the market with apartments for sale at lower pricing, will Maui families purchase this housing? Historically (past 40 years) these apartments have been the MOST AFFORDABLE housing on the market, and have NOT been popular with local families.

Next, calculate how many Maui and Hawaii residents will be negatively financially impacted by this. Not all TVR owners are out of state owners. Thousands are are Hawaii and Maui residents. Then calculate how many associated Maui resident sub-contractors will lose their jobs.

Thank you,
Colleen Medeiros

HLU Committee

From: Gary Saldana <Gary@ramaui.com>
Sent: Tuesday, July 23, 2024 8:46 AM
To: HLU Committee
Cc: Evan P. Dust; Nayleen K. Kamai; alice lee; Mona A. Perry; Curt H. Takamiya; Nohe M. Uu-Hodgins; Susan S. Clements; Thomas M. Cook; Jared P. Agtunong; Yuki Lei Sugimura; Tasha A. Kama
Subject: HLU 3(18) RFP Scope for phasing out of STR's

Follow Up Flag: Follow up
Flag Status: Completed

Aloha,

Please see attached testimony from RAM regarding the proposed scope for the Council's study on the phasing out of short-term rentals.

We thank you for this opportunity and wish to offer some suggestions for inclusion into the scope of work for the study.

Warmest Aloha,

Gary

<https://drive.google.com/file/d/1U7R4hzR9nAZ6aXOLSUfiOGD4nxXcxgo1/view?usp=sharing>

Gary Saldana
Government Affairs Director
Realtors Association of Maui
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(808) 856-6871 (Cell)
[Email:Gary@ramaui.com](mailto:Gary@ramaui.com)

July 24, 2024

The Honorable Tasha Kama, Chair
Council's Housing and Land Use Committee and Members
200 South High Street
Wailuku, Hawaii 96793

SUBJECT: HLU Testimony on RFP Scope for STR Phase Out

My name is Gary Saldana testifying on behalf of the Realtors Association of Maui, offering comments on the proposed RFP for a study of the phase out of short-term rentals in apartment districts.

We are pleased the Council has appropriated funds to conduct further research on the mayor's proposed bill relating to the amortization STR's in apartment districts.

Even though there are a number of studies lingering around, some may say they are biased because of how they were funded. Additionally, there are other studies pending that may or may not be biased based on the organization or entity initiating them.

It is our hope that the Council's study will not take sides and be a fair and equitable report.

But one thing is certain, more information is needed.

During the Lanai Planning Commission meeting, the Commissioners could not get the answers they were seeking. Oftentimes they were told the information they wanted is pending further research.

When asked the Commissioners could not get answers to such questions as:

- how these units will be made affordable,
- how will they be guaranteed to get in the hands of the people that need them,
- will the loss of revenue result in the loss of county jobs and increased taxes,
- why was the measure introduced "ass-backwards" without proper study?

County staff and resources could not answer these questions, therefore an in-depth and independent study is necessary.

Accordingly, RAM has submitted a number of areas that we feel should be addressed and are in-line with the unanswered questions that the Lanai Planning Commissioners posed.

Just to name a few we believe the following should be addressed:

- Determine what projects were built to include STR/TVR's and which were not.
- Is the shortage of affordable long-term housing as a result of STR's or the lack of housing starts and the inability to keep up with demand.
- How will these units be made affordable, will families be willing to live in a condominium environment, what subsidies will be needed to ensure affordability?
- How will the County guarantee these units will be put in the hands of the needy families versus private equity firms or investors?
- What is the timeline for making these units available to families and how will enforcement be implemented if this measure is passed?
- Additionally, we believe the study should provide alternatives to making affordable long-term housing available, such as:
 - Explore the option for the County to more aggressively purchase units, buildings, vacant offices to refit into affordable housing.
 - Illegal STR's operations should be made to provide their property as long-term rentals.
 - Extending tax and fees incentives
 - Make available pre-approved plans for all county departments, not just DSA.
 - Extensive zoning reforms that allow all residential zones include multiple units and lessen other restrictions.

Our written testimony goes into greater detail on numerous suggestions for the scope.

We present our suggestions not to serve our membership, but to serve our community.

We feel these recommendations are fair and are questions that any responsible resident would require answers to before moving forward with this measure.

Recommendations for inclusion into Council's review of STR phase out:

1. Review Condo Regime Doc's and Declarations to determine which developments were originally built to allow STR, Temporary Lodging, hotels and transient accommodations.
2. Determine if the units built, originally including TVR uses, can accommodate long term tenants, additionally the units built for long-term use should also be assessed to determine if they are still adequate for families to use as long-term housing.
3. Even though this has been analyzed, expand the study of housing inventory history to show the decline in housing starts and focus on what contributing factors lead to such a decline.
4. UHERO noted that "the small amount of new construction was offset by vacation rental conversions." This focuses blame on TVR's, can it be verified that TVR's contributed to available housing stock or was it the lack of keeping pace with demand?
5. UHERO unit size breakdown seems skewed. Our Westside review shows 80% of the units as Studio's or One-bedrooms. Get a better reading on the unit sizes for properties on the Minatoya list.
6. Determine what bedroom/bathroom sizes are required to accommodate individuals and families most in need of housing and determine if the Minatoya list units can accommodate the demand.
7. UHERO sales numbers are in line with RAM's, accordingly with mortgage and other costs how can these units be made affordable?
8. Will subsidies be required to make the units affordable? If so, what level of commitment is required by the government?
9. UHERO seems to believe that TVR owners will face financial struggles and "rent or sell their units in the long-term market." What potential benefit to the long-term housing market would occur if we don't know who the buyers are or how much rent they will be charging? Who is most likely to purchase these units?
10. Explore the option of the County purchasing the units on the Minatoya List originally built for long-term use.

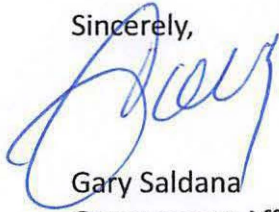
11. Can we determine how 10% of the owners on the Minatoya list are able to afford to be owner occupants or long-term renters? Are the owner's wealthy, did they purchase it long ago? It should be determined if the owners have circumstances that allow them to live in or rent the units?
12. Is it possible to determine how many of these owners will sell or how many will hang onto their units?
13. Beyond increasing taxes on second homes or vacant properties, will that be sufficient to off-set the tax revenue loss of eliminating TVR's? Will owner-occupied tax payers be targeted.
14. The National Low Income Housing Coalition says that these types of zoning changes don't help lower income families. "These policies tend to favor higher income individuals with market rate housing." Review what income group, if any, would benefit from the elimination of TVR's. Can it help the low income individuals?
15. In the event condo owners place their home on the market, how will the increase in listings impact condo pricing and to what extent, if any, would the impact result in adjusted pricing?
16. The potential elimination of 7,000 TVR's without replacement, will impact the economy. How can the loss of revenue and job loss be off-set? What is the plan to implement this legislation?
17. In 1989, the County initially restricted TVR use in apartment districts. After that initiative, the owners ignored the restriction and there was no effort by the County to enforce the restriction. Accordingly, many of the TVR owners continued to operate, if the measure passes, what enforcement actions must be taken to ensure the units do not operate illegally?

RAM has presented the following alternatives to eliminating TVR's that should be part of the scope:

- Determining what units on the Minatoya list were originally built for long-term use and encouraging the County to start buying them.
- Require the 859 non-compliant illegal STR's ZAED has identified be used as LTR.
- Consider expanding tax incentives for long-term or affordable housing, including RPT, GET and waiving fees
- Expand Pre-approved Plan programs for expedited permit review, permit cost reduction and lessen permit wait times.
- Drastically reform zoning to:
 - Allow for multiple units in all residential districts;
 - Remove minimum lot sizes;
 - Reduce set-back and parking requirements;
 - Increase height allowance and increase density

Thank you for your consideration and this opportunity to provide testimony. Should you require additional information or need clarification please feel free to contact me.

Sincerely,



Gary Saldana
Government Affairs Director

HLU Committee

From: Keani N. Rawlins
Sent: Wednesday, July 24, 2024 10:08 AM
To: HLU Committee
Subject: Fwd: RFP Housing Study Thoughts
Attachments: Candace Shaw RFP_thoughts.pdf

Sent from my iPhone

Begin forwarded message:

From: Candace Shaw <candacesshaw@gmail.com>
Date: July 14, 2024 at 9:56:59 PM HST
To: "Alice L. Lee" <Alice.Lee@mauicounty.us>, Yukilei Sugimura <Yukilei.Sugimura@mauicounty.us>, "Tasha A. Kama" <Tasha.Kama@mauicounty.us>, "Thomas M. Cook" <Thomas.Cook@mauicounty.us>, Gabe Johnson <Gabe.Johnson@mauicounty.us>, "Tamara A. Paltin" <Tamara.Paltin@mauicounty.us>, "Keani N. Rawlins" <Keani.Rawlins@mauicounty.us>, "Shane M. Sinenci" <Shane.Sinenci@mauicounty.us>, "Nohe M. Uu-Hodgins" <Nohe.Uu-Hodgins@mauicounty.us>
Subject: RFP Housing Study Thoughts

You don't often get email from candacesshaw@gmail.com. [Learn why this is important](#)

Aloha Councilmembers,

I write to you to offer my input on the economic study concerning the Minatoya List conversion. With \$300,000 allocated towards this study, there is ample funding to produce an objective analysis and recommended action plan that includes community participation and dynamic modeling to ensure informed decision-making.

I respectfully request you review the attached PDF document which outlines my thoughts on the study. Since there was not public participation on this issue due to the study approval being a last minute budget amendment, please consider this my public participation on the matter.

Please know that while I have met with almost all of you while I was a member of the Realtors Association of Maui Government Affairs Committee, I no longer am a member of that committee. After the fires, I made the moral decision to align to the needs of the community and so I resigned from the RAM GAC and also placed my real estate license in 'inactive' status. I could not ethically continue to participate in an industry that has directly influenced harm to so many in our community through exploitive and monopolistic practices that exacerbate the housing crisis, contribute to the Hawaiian diaspora situation, and the displacement of long-term multi-generational families.

However, my understanding of real estate industry and zoning issues continues to be excellent.

Mālama Pono,
Candace

Candace Shaw
808-707-9380

<https://www.linkedin.com/in/shawcandace/>

Candace Shaw thoughts for RFP

The survey should consider the economic impacts of our current situation through an analysis of Post-Fire Impact. This will establish economic impacts since the fire till now and provide macroeconomic models to gain a better understanding of the problems we face as a community while defining the problems we need to solve.

1. **Economic Impact of Population Loss** - Quantify the impact of the loss of at least 4,000 fire survivors and thousands of additional residents indirectly impacted by the fire due to the housing emergency. This should assess effects on GDP, workforce availability, workforce retraining, and community networks.
2. **Workforce and Labor Market Analysis** - Evaluate the impact on the local labor market, including potential labor shortages and changes in employment patterns. Consider effects on key sectors: tourism, construction, agriculture, healthcare, services, education, and services.
3. **Community Network Impact** - Analyze the effects on community cohesion and social networks. Assess the long-term social and cultural impacts of population loss and consider strategies for rebuilding community ties.
4. **GDO and Economic Growth Analysis** - Estimate the impact of population loss on local GDP and overall economic growth. Consider both direct and indirect effects on economic activity and long-term growth potential. Should be controlled for the infusion of temporary work of government contractors who often are not local businesses and our economy will or is experiencing the law of diminishing returns as a result.

The survey should consider the economic impacts of the “do nothing” approach to the Minatoya List and continuing to build affordable housing at the current rate. This lays the foundation for a nuanced understanding of potential outcomes and will help you as policymakers make informed decisions, ensuring that the full range of potential consequences is understood in the context of Maui’s housing emergency.

5. **Sensitivity Analysis** - Quantify how different variables affect the outcomes of doing nothing with Minatoya. Variables could include: housing demand, rental rates, population growth/reduction, tourism demand to determine impacts of housing affordability, rental rates, population displacement, and economic stability.
6. **Alternative Scenario Analysis** - Explore and develop multiple scenarios that might occur if no action is taken with the Minatoya List. Best-case scenario (e.g., unexpected economic growth, developers build 2,000-3,000 affordable housing units per year for 7-10 years, unexpected wage growth to support housing costs), mid-case scenario, and worst-case scenario (e.g., continued housing shortages, increased housing hyperinflation, increased population displacement).
7. **Economic Impact Analysis** - Use input-output models or preferably CGE models to measure changes in economic output, employment, income, and tax revenues. This should include second order effects, especially if utilizing a static model input-output model. Evaluate how

continued reliance on Minatoya STRs effects the broader economy, including tourism revenue and local government finances.

8. **Housing Market Analysis** - Determine likely trajectory of rental rates, housing prices, and availability under the “do nothing” approach. Assess current and projected housing supply and demand, affordability indices, rental vacancies, and contrast that to the State of Hawai'i Housing Department quantification of Maui's needed affordable housing units to establish equilibrium.
9. **Social Impact Analysis** - Assess impacts on community stability, population displacement, and social equity to be better able to identify vulnerable populations most affected by the housing emergency and the long-term social implications of inaction.
10. **Environmental Impact Analysis** - Evaluate the changes in land use, resource consumption, and potential environmental degradation to consider the environmental consequences of continued development patterns, especially on the wai and cultural preservation/archaeological implications.

A fair, robust, objective, and comprehensive study of Minatoya List conversion should provide a holistic understanding of the economic, social, ecological, environmental, and legal impacts of converting Minatoya STRs to long-term residential use. By ensuring the study is inclusive and data-driven, it will help you as policymakers make informed decisions that address Maui's housing emergency while balancing economic sustainability and community needs.

11. **Cost Benefit Analysis** - Quantify the financial costs and benefits of ending legacy use (<https://www.npr.org/sections/codeswitch/2013/10/21/239081586/the-racial-history-of-the-grandfather-clause>) and converting the “Minatoya List” A1 & A2 residential zoned properties to long-term use. Estimate changes in property values, rental rates, tax revenues, and public expenditures to better understand net economic impact.
12. **Dynamic Stochastic General Equilibrium (DSGE) Models or Computable General Equilibrium (CGE) Models or both** - Simulate how the economy will respond to changes in policy, technology, and external shocks to evaluate long-term economic impacts under various scenarios. Provide detailed analysis of how converting the Minatoya List might affect overall economic equilibrium including impacts on prices, consumption, and income distribution.
13. **Sensitivity Analysis** - Similar to item 5 except Minatoya List is converted to residential use.
14. **Alternative Scenario Analysis** - Similar to item 6 except in this scenario Minatoya List is converted to residential use.
15. **Fiscal Impact Analysis** - Assess impact on County finances including change in tax revenues, public spending, and the need for subsidies or incentives.
16. **Legal and Regulatory Analysis** - Evaluate the legal and regulatory implications of converting Minatoya List properties to long-term use given local, state, and federal laws. Not only zoning regulations but property rights, potential legal challenges of current STR owners, and the impacts of both the takings clause and the opportunity presented through the amortization clause.

17. **Workforce and Labor Market Analysis** - Evaluate the impact on the local labor market, including potential labor shortages and changes in employment patterns. Consider effects on key sectors: tourism, construction, agriculture, healthcare, services, education, and services.
18. **Housing Market Analysis** - Determine likely trajectory of rental rates, housing prices, and availability. Assess current and projected housing supply and demand, affordability indices, rental vacancies, and contrast that to the State of Hawai'i Housing Department quantification of Maui's needed affordable housing units to establish equilibrium.
19. **Infrastructure and Public Services Analysis** - Analyze impact on local infrastructure and public services, including water supply, sewage, transportation, and emergency services to ensure adequate planning and resource allocation.
20. **Industry Impact Analysis** - Provide in-depth look of how various and specific industries will be affected by the conversion to assess the need for specific support measures, if any.
21. **Household Event Analysis** - Focus on the impact of converting Minatoya List properties on households including changes in income, employment, housing stability, and social wellbeing.

Notes on the Brewbaker Report for 2022: It is important for this study to avoid some of the obvious and easily avoidable pitfalls and shortcomings of the Brewbaker Report from 2022, especially considering the expensive nature of this study it should be of the highest and most objective quality. The Brewbaker Report provided a detailed analysis of potential negative economic impacts of converting the Minatoya List to long-term use, but it falls short in providing a balanced view of the potential benefits of conversion and the broader economic context.

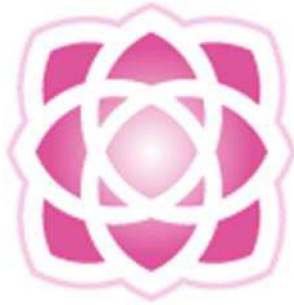
- **Lack of Comprehensive Cost-Benefit Analysis** - The report focuses heavily on the economic losses without providing a comprehensive cost-benefit analysis.
- **Omission of Second-Order Effects** - It utilizes a fixed-price input-output model which fails to account for price changes or second-order effects, such as the potential reduction in housing prices due to increased availability. Without dynamic modeling to account for price changes and second order effects, the report fails to provide an accurate representation of economic impacts.
- **Assumptions and Limitations** - The report makes several critical assumptions, like zero substitution elasticity for lodging preferences and constant tourism demand. As we have seen first hand after the fire, there is a high elasticity for lodging preferences which would partially, or even fully, offset his predicted decline in tourism receipts.
- **Ignoring the Benefits of Increased Housing Availability** - The report fails to quantify the potential benefits of increased long-term housing availability, which is crucial given Maui's housing emergency. By not considering the positive social and economic implications of relieving the housing crisis, his report paints a very incomplete picture.
- **Pro-STR Bias** - The report exhibits a clear bias in favor of maintaining the Minatoya List by emphasizing negative economic impacts without equally considering the potential benefits of converting the Minatoya List to long-term use.

- **One-Sided Economic Impact** - The report predominantly focuses on losses from converting the Minatoya List with little thought or attention given to the potential positive impacts on housing availability, affordability, and social stability.

Notes on Likely Real Estate Industry Requests for the Study: *There likely will be requests made of certain Councilmembers to consider, review, or analyze subject matter that would best be considered as part of an RFP to update the Countywide Comprehensive Affordable Housing Plan. Requests might include: to determine how developers have failed to sufficiently build enough affordable housing for our community as measured through low and declining housing starts, determining the current affordable housing needs by size considerations (BR, BA, square footage, etc), considerations for affordability indexing of available housing, considerations for creating subsidies or tax incentives with a clear landlord bias instead of centering impacted communities and vulnerable populations, a Title 19 overhaul. This study should not entertain cherry-picking updates to the Affordable Housing Plan. These requests should be part of a potential separate RFP for an Affordable Housing Plan update.*

There may also be requests for research and data collection that has minimal if any bearing on real intelligence needed for decision-making. Rather, it leverages critical assumption errors and fixed input-output considerations, instead of dynamic models which is a problem. For instance, wasting economists time on counting the number of studio, one bedroom, two bedroom, or three bedroom units on the Minatoya List provides marginal economic, temporal, or social value to the study as a whole or to decision making.

Demand Composition *in real estate economics means that it won't just be fire survivors potentially moving into some of the Minatoya List properties. Single or dual person households often are in high-demand from full-time residents regardless of fire survivor status; when they move to smaller sized housing, they often are creating structural vacancies in large dwelling units for larger families. The concept of demand composition means many people will shift housing as they find more suitable opportunities through increased housing availability.*



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

Maui County Council
Housing and Land Use Committee
Tasha Kama, Chair
Tom Cook, Vice Chair
Members of the Maui County Council Housing and Land Use Committee

July 24, 2024

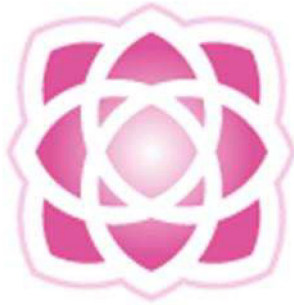
COMMENTS ON HLU-3(18) SCOPE OF WORK FOR THE COUNCIL'S REQUEST FOR PROPOSALS ON A STUDY OF THE PHASE-OUT OF TRANSIENT VACATION RENTALS IN THE A-1 AND A-2 APARTMENT DISTRICTS

Aloha Chair Kama, Vice Chair Cook and members of the Committee,

The Maui Chamber of Commerce would like to offer comments on the Request For Proposal (RFP) for a study of the phase-out of TVRs in the A-1 and A-2 districts. We commend the Council for allocating funds for an *independent* study of the proposal from the Mayor's office, which we would have liked to see broader input by various groups and study before the proposal was released as this is a complicated issue.

The Chamber suggest the following topics be included in the scope of the RFP:

1. Review Condo Regime Documents and Declarations and CC&Rs to determine which developments were originally built to allow transient accommodations of any type and which were truly intended as long-term rentals.
2. Determine how many properties have an area, counter or office for check-ins and check-outs (a reception area).
3. Determine if the units, including those meant for TVR uses, can accommodate long term tenants. The units built for long- term use should also be assessed to determine if they are still adequate for families to use as long-term housing. This is necessary because several of these properties were built with smaller spaces due to the nature of short-term renting requirements, available parking, allowances for pets, etc.



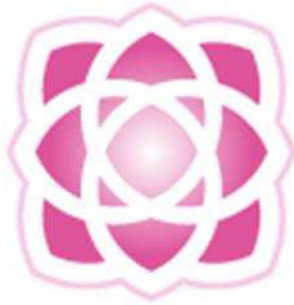
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4. Survey fire survivors and the broader community in need of housing to determine what bedroom/bathroom sizes are required to determine if the Minatoya units are appropriate to accommodate the demand and if these units are in desired locations.
5. Determine the monthly rental expense per unit type/size at each Minatoya property, given current AOA fees, which include insurance (the cost of which has greatly increased), utilities, amenities, etc. Will subsidies be required to make the units affordable? If so, what level of commitment will be required by the government?
6. Determine the wear and tear on these buildings by assessing the renovation and repairs study and current funds on hand for needed repairs for each property. This will help you identify the likelihood of assessments that owners will have to pass on to tenants and be another factor in determining affordability over the next 5-10 years and further subsidies that might be required by the County to make investments to keep such units affordable.
7. Given the subsidies identified in #5 and #6, we feel those subsidies should be compared against other affordable housing solutions to identify what makes the most sense in terms of appropriate housing for those displaced by the wildfires, long term sustainability, and overall County spending?
8. If the proposed legislation passes and some of the impacted units are put on the market, what is the estimated sales price? Will these units sell at an “affordable” price?
9. Determine the extent of illegal short-term rental units and the effect they have on the housing shortage. Require the third-party company contracted by the County to identify illegal short-term rentals through Airbnb and VRBO to provide an immediate report, including the number of units, type of unit, and number of bedrooms, and conduct an economic review and analysis of this report. We suggest the study also look beyond just the illegal units identified on Airbnb and VRBO and examine private rentals.



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10. Determine the amount of long-term housing (affordable and market rate) that would be returned to the housing inventory if there was a concerted effort to enforce against the illegal short-term rental units.
11. Determine the offsetting taxes needed to cover the estimated severe loss in tax revenue, going from short-term rental to long-term rental and TAT revenue loss.
12. Determine the actual number of jobs which would be lost if the proposed bill passes, including ancillary businesses that would support those who earn their income from servicing the Minatoya units.
13. Determine the probable cost of litigation should the proposed bill pass.

Mahalo for the opportunity to offer comments on the Request For Proposal (RFP) for a study of the phase-out of TVRs in the A-1 and A-2 districts.

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

