

PSLU Committee

From: Maui Vacation Properties <cathy@mauivacationproperties.com>
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To: PSLU Committee
Subject: Planning and Sustainable Land Use Committee meeting - August 7, 2019
Attachments: Paia-Haiku community plan testimony Aug 2019.pdf

Aloha Planning and Sustainable Land Use Committee.

I'm attaching written testimony as I'm unable to attend the meeting on August 7th. This is an important meeting for the vacation rental industry on the north shore of Maui, and I hope that you'll have time to read through my testimony. I realize it's a bit long, but when I looked at it when I was finished, I didn't see anything to remove.

Thank you so much.

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ALOHA FROM HAIKU. This is a very important meeting, and one that I wanted to attend. Unfortunately I'll be off-island on August 7th. I wanted to take this opportunity to share my thoughts.

I want to be sure that we're not confusing two issues – the first being a small number of highly regulated short term rentals, and the second being the unpermitted, unregulated operators. This meeting is to discuss the regulated industry and a potential amendment to the Paia Haiku community plan that would align this document with 19.64 and 19.65. These are the good guys that are already trying to play by the rules. If there were no illegal rentals, would this discussion take a different direction? Communities haven't had a chance to experience ONLY LEGAL operators offering short term rentals.

COMMUNITY PLAN:

From Part 1, Page 1 of the Paia-Haiku Community Plan, it reads: *The Pa`ia-Ha`iku Community Plan, one of nine (9) community plans for Maui County, reflects current and anticipated conditions in the Pa`ia-Ha`iku region and advances planning goals, objectives, policies and implementation considerations to **guide decision making** in the region **through the year 2010**.*

But we're now in 2019 and many things have changed, including the way that many people travel.

With respect to the community plan change, community meetings were held in Paia and Haiku. The main focus of discussion and concern for meeting participants was enforcement of illegal homes. Visitors are attracted to the north shore. There's a need for short term lodging for family visiting local residents and to provide jobs in Paia/Haiku where residents can work close to home. Daily we get inquiries for guests that want to stay near the new grandbaby, or close to their parents or other family in Haiku. Where there is demand, there will be supply. Lacking legal rentals, the illegal market will simply explode, operating without the rules imposed on the short term rental homes.

I'm confused by the Community Plan change before you. I attended the Planning Commission hearing on Sept 27, 2017. The recommendation from the commission with a 5-1 vote as reported on page 29, 31, 32 of the minutes was (and this is a quote): *"Any proposed new bed and breakfast homes or short-term rentals should not be situated near the shoreline if it causes proliferation, of these uses and subsequent changes in the character of the regions coast."* This bill did NOT leave commission saying "none on the shoreline". So I was surprised to see the January 11, 2018 letter from the Planning Department with the proposed bill saying "no new short term rentals abutting the shoreline".

SHORT TERM RENTAL HOME ORDINANCE (19.65):


When the Bed and Breakfast and Short Term Rental Home ordinances were crafted, there was significant community outreach and MANY meetings in council chambers. There were many opportunities for community members to come forth to express support or concern, and many took that opportunity to let their voice be heard. One of the concerns was proliferation, and community plan caps were imposed to be certain that this was tightly controlled. From Baldwin Beach, out to Huelo, and up throughout Haiku, the total number of short term rental homes that can be permitted is only 88. This control was necessary to limit impacts to housing, and to address the character of the area. Long term lodging for local residents is an issue, but many of these properties are occupied by the owners for several months each year, so would never become long term rentals.

Considering how large this community plan area is, a cap of 88 is very reasonable. That would be 88 LEGAL rentals, and 0 ILLEGAL rentals.

RENTAL OR NO RENTAL???

For the short term rental owners that I work with, "Rental" or "No Rental" would not change their decision to buy their home. For most of these owners, this is not an investment property, it's a second home, that they spend time in every year. They love Maui, perhaps will retire here in the future, but in the meantime, they've opted to short term rent rather than leave the home empty. So with or without the short term rental, these homes will never be part of the long term housing inventory. With a five year ownership waiting period prior to applying for a short term rental permit, these homes are not purchased specifically to be short term rented. The choice for Maui County to make is whether these homes should contribute to the economy by providing jobs for managers, rental agents, maintenance staff, housekeepers (and many others), or sit empty, with no need for these services. There is also a significant tax benefit to the County when the home is rented short term—\$15450 on ONE \$3,000,000 home.


It's important to realize that working in the short term rental home industry helps the managers, agents, and service providers afford their own home. Their income comes from these short term rentals. This is how these locals afford their own home. It also lets them work here on the north side, rather than driving to Kihei/Wailea or the West side.



SHORT TERM RENTAL

Economic Benefits:

- Cleaned weekly
- Detailed weekly gardening
- Property Manager
- Rental Agents
- Maintenance
- Twice weekly pool service
- Significantly higher property tax—**\$32,250** for a \$3,000,000 home



VACANT HOME

Economic Benefits:

- Cleaned prior to each owner arrival
- Basic bi-monthly gardening
- Basic pool service
- Significantly **LOWER** property tax—\$16800 for a \$3,000,000 home

TRAVEL TRENDS

At the Multimodal Transportation meeting on August 5, there was a discussion about Uber/Lyft vs traditional taxis. A comment was made that this is how people travel now, this is how they arrange their transportation. An analysis of travel trends would show that this also applies to lodging options. While hotels have been the backbone of Maui's tourism industry for many years, trends are changing.

- US consumers spent more money on Airbnb last year than they did on Hilton and all of its subsidiary brands.
- Airbnb spending is catching up to Marriott, the world's largest hotel company.
- Airbnb spending grew by 30% last year.
- Airbnb and HomeAway account for approximately 31% of all US consumer personal lodging spending last year
- Consumers are increasingly looking for authentic lodging experiences, generally in homes, at affordable prices.
- The newest "hotels" built in Maui are not hotel "rooms", but full apartments /condos, to cater to the traveling family. An example is the development that will replace the Maui Prince—condos, not hotel "rooms".

While Maui County is a leader in looking to the future in areas such as climate change and sea level rise, they appear to put obstacles in the way of short term home rentals, despite this being the future of travel lodging. My daughter is a millennial, and I can assure you that this group doesn't travel the way that we did at that age. They travel much more frequently, and look for unique experiences and locations. Until tourism is no longer our #1 industry, Maui County should be forward thinking and be ready for this shift in travel style.

WHERE SHOULD THE SHORT TERM RENTAL HOMES BE LOCATED??

With so few places to stay on the north side, there's no doubt there's a need for short term rental homes and Bed and Breakfast homes in Paia and Haiku. How can a family of 6 stay in a very small hotel room at Paia Inn? Or a family of 10 in a two bedroom beach cottage at Mama's? Vacation lodging on the north side is very limited.

PAIA/KUAU - Other than an area up Baldwin Avenue, the entire town of Paia / Kuau would NOT be eligible for a short term rental home permit if there is a prohibition in the SMA area.

HAIKU— SMA restriction would eliminate the area to the ocean side of Hana Hwy and would eliminate all of Huelo.

ABUTTING THE OCEAN—Since the 1980's (and maybe before) there have been short term rentals along the ocean in Paia.

Looking at the properties that abut the ocean, many are large, expensive homes.

They've been sold over the years and to

assume that they will return to local ownership at some point in the near future, would be hoping for something that just won't happen. Where is the greater community benefit—letting it sit empty, or renting it short term? I have tried to view this discussion from both sides, but fail to see any benefit to letting these homes sit empty. It doesn't put them back into the long term rental market, and it doesn't make them affordable to local residents.



Council members, please take action to:

- 1) Leave the Paia / Haiku short term rental home cap at 88. This is a very reasonable number for the size of the area.
- 2) Revert back to the language proposed by the Planning Commission. This language would allow an ocean front home, as long as that home is NOT causing proliferation of this use.
- 3) Remove the prohibition in the SMA area. No rentals in the SMA would eliminate vast areas of Paia / Haiku. It doesn't feel fair that some owners in the area would have the opportunity for a permit, but others would not.

I have been working in the short term rental industry since 1987 (yikes, that's a long time), and have seen many changes. The most positive change was ordinance 19.65 which gave owners that would "play by the rules" a legal path to a permit. Rather than trying to reduce the number of "good guys", it would be productive to focus on the "bad guys". Solving that problem would achieve the results you're seeking—fewer short term rentals. Thank you for taking the time to review my testimony.

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