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## Affordable housing limited as vacationers stream into neighborhoods

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After making about five moves in just a few years, Crystal Young and her family finally have affordable North Shore housing.

But she and her husband, Nick Shrigley Andrade, see homeless people living in the bushes near their employer-subsidized rental. It's a reminder that the big-wave mecca's increasing popularity among tourists is pushing out rural residents, who cannot pay sky-high rents driven up by short-term rental rates.

While not all short-term rentals would be suitable as affordable long-term housing, their removal from Oahu's limited housing market keeps some people from moving up, creating a trickle-down impact that spreads throughout all socioeconomic levels and neighborhoods.

People often leave neighborhoods that are dominated by vacation rentals to compete for finite housing resources in less-expensive districts. Those at the bottom of the ladder may become homeless, filling up shelters or tent cities. And, there are the so-called "hidden homeless" — people who are couch-surfing with friends and relatives sometimes for years.

"I get how hard it is for people here. I have a 5-year-old who has moved almost every year since he was born," Young said. "When you go to look for a place, you realize how many vacation rentals that there are because on the North Shore even two-income families cannot find anything to rent, let alone buy."

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## CHANGES IN THE COMMUNITIES

The harms of the unchecked proliferation of illegal rentals aren't limited to those struggling to find rental housing.

Enforcement policies, so ineffective they are seen as arbitrary, have exacerbated disputes between neighborhood residents and vacation rental owners, sometimes leading to pricey litigation that has produced few clear-cut winners.

The phenomenon, seen on the North Shore and other coastal neighborhoods, also is hurting local homeowners across Oahu by changing the fabric of their neighborhoods and increasing the costs to stay in their homes.

Homeowners opposed to vacation rentals in their neighborhoods say it's ironic their property values and taxes have risen while illegal operations have created traffic, noise and safety concerns that destroy the quality of their neighborhoods.

Ed Fujiwaki, who has lived on the North Shore for 70 years, said the lack of affordable housing has created crowded conditions in his home and driven him to line up with other residents at a local food bank.

"You see more and more people coming for a free handout. This is my first time," said Fujiwaki. "I've got my house paid for, but there are lots of mouths to feed. My son, his girlfriend and her three children moved in and they've got another in the tummy. They've got no place else to go."

Fujiwaki said there's little doubt that the increase in illegally operated vacation rentals has altered his neighborhood and raised the costs of living and housing, including property taxes.

"One (home) just sold for \$750,000 and there's a lot of coming and going. But where I live no one says anything," he said.

That's because being vocal comes at a cost, said Susan Cummings, a Lanikai homeowner who spent up to \$75,000 and more than a decade trying to stop her former next-door neighbor, Marlene Roth, from operating an unlicensed vacation rental in their condominium property regime.

Cummings said she made numerous complaints to the city. She also joined Keep It Kailua, a citizens group to protect the residential quality of neighborhoods. However, nothing worked.

"The owners appeal ... They have a hearing. The people say 'I didn't do that' and they reduce the fine. You can have \$200,000 reduced to \$20,000 or less — shoot, that's lunch money if you are making bank at your vacation rental," she said. "Obviously, it was really profitable for my neighbor. She made \$125 a night per each of the three units. She didn't work any other job."

The city investigated, but Cummings said she alone was punished.

"The owner said that I was harassing her. She got a restraining order," she said. "I almost had a heart attack when the police came to my door ... Essentially, she prevented me from complaining because I couldn't talk to her for three years."

Roth declined to comment, but her illegal rental was noted in a Circuit Court decision issued after a seven-day trial.

"It appears that financial problems may have lead Roth to begin these illegal operations," the decision read. "However, the balance of equities supports injunctive relief. In addition, the public interest clearly supports the granting of injunctive relief. Roth's bed-and-breakfast and illegal rental activities alter the character of a residential community. In addition, due partly to the operation being illegal (and due partly to greed), Roth is not paying transient accommodations, general excise and income taxes owed the government from income derived from these short- and long-term rentals ... Operators such as Roth who do not pay taxes take advantage of public resources for their own personal benefit."

While the court order said Cummings was entitled to an injunction prohibiting Roth from any further vacation rental and rooming house activity, Cummings said the rental operation did not cease.

Cummings' attorney, John Remis, filed unsuccessful motions to hold Roth in contempt. She did not stop her illegal operation until her lender foreclosed, he said.

"One harsh reality not addressed is the failure of our courts to enforce the zoning laws and covenants and restrictions applicable to residential property," Remis said. "The whole system is a dismal failure which empowers violators."

## **TENSIONS RUN HIGH**

Similarly, North Shore residents Mike and Joyce Farrell, who have lived in an oceanfront home on No Name Road since the 1970s, say the unchecked growth of vacation rentals has all but turned their country lane into a tourism freeway.

The couple and their neighbors, Beau Sheil and Joanne Martin, have been trying to get their investor-neighbor Leland Dao to stop using his vacation home for short-term rentals. They kept a vehicle log from January 2012 to September 2014, recording 638 vehicles at the property and estimating conservatively that 382 of them belonged to visitors.

According to city records, Dao does not have a required nonconforming-use certificate for the property, which is advertised on several vacation rental sites. The city fined Dao \$63,000 in April 2012, but offered to reduce it to \$16,500. The decision was upheld by the zoning board of appeals and an appellate court. Dao has not paid the city.

The couples also say he still offers short-term rentals to the detriment of their neighborhood while he gains.

"The owner of the lot next door for years drove a Chevy and he is now driving a Mercedes," Joyce Farrell said. "Need we say more? Life is good for him at our expense and the expense of the neighborhood. We don't know all of our neighbors because many are visitors."

Dao said he's been wronged, too. As a Haleiwa-based physician who has worked with the Vans Triple Crown of Surfing for 17 years, Dao said he sees the need to provide accommodations for North Shore visitors. He said his neighbors have harassed him since he built his vacation home, which he rents to people who sign rental agreements of 30 days or longer.

Dao said he has been issued violations from the city, despite having produced 30-day or greater rental agreements from tenants and an affidavit from a friend who claimed that he stayed for a weekend for free.

"The city's fine of \$63,000 to me (\$1,000 fine per day until the violation is rectified) is clearly excessive, especially since they failed to come back for 63 days to reinspect," he said. "For whatever reason the city has not let up on my case. If a vacation rental is fined, it should be at most for the days which are proven to be in violation, and nothing more."

The Farrells and their neighbors dispute Dao's claims and say they are angry and disillusioned by the city's inefficient attempts at enforcement. They also fear the spread of vacation rentals will continue to drive up housing costs and drive away the region's young people. "Our grandchildren lived with us while their parents lived in a rented room for a year because they couldn't find anything big enough for the whole family that was affordable," Joyce Farrell said. "The separation was hard ... eventually, they all lived with us for a time."

Real estate analyst Stephany Sofos said North Shore rental demand has caused landlords to rent rooms for \$1,500 a month in a region where the income per capita is just under \$29,000 and the median household income is just over \$71,000.

"Without the allure of the North Shore, these rooms would be worth half that," she said. "A lot of real estate agents strongly favor vacation rentals and some even knowingly help rent ones without a certificate. I'm against that because it contributes to the affordable housing shortage."

Maxi Moto, who has lived on the North Shore since the 1970s, said rent prices have contributed to several bouts with homelessness.

"You can forget it," said Moto, who lives in a van in a pasture without access to running water or electricity. "You can't afford \$1,500 when your disability income is \$750 a month."

Sofos said home prices on the North Shore and Kailua soared another 10 to 20 percent this year to an average price of about \$1 million, which is past the purchasing ability of working families — even professionals. "It's so expensive that even rich people rent homes to pay the taxes," she said.

Young said local homeowners increasingly compete with companies and investors. "We aren't bidding against people on the same level. A home that would have sold for a working-class price is now higher ... We can't buy a \$2 million tear-down."

The couple found stability when Andrade's employer began providing housing at below-market rent. But they haven't forgotten what it was like to float around for years. They resent that the proliferation of North Shore vacation rentals has led to a steady exodus of friends and family.

"This issue is ruining lives. We lived in a shed with a new baby and one on the way. We didn't even have a kitchen. Other times we lived with friends," she said. "I know that one of the guys that is living homeless next to us works and what's really sad is that he is from Pupukea."

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