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The spread statewide

Hawaii island tolerates the growth of vacation units better than the other counties, where space is tighter

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Management of individually owned vacation units is handled differently statewide, but their spread has created similar controversy across the islands.

The one exception is Hawaii island, where officials say creating extra places for visitors to stay is mostly welcomed.

"Planning directors talk about issues that we think impact us all. I hear that there are vacation rental issues on Kauai,

Maui and a range of big ones on Oahu because it's a much higher-density use area," said Duane Kanuha, planning director for Hawaii County.

Kanuha said his counterparts are grappling with a host of issues related to the spread of short-term rentals, permitted or otherwise, into residential neighborhoods. But Hawaii island has so few complaints that officials have not created additional regulations.

Also, Kanuha said, officials have imposed few civil fines, which are discretionary. They can go up to \$10,000, but usually range from \$500 to \$1,000 daily.

ROGUE RENTALS

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Kanuha said sometimes residents of Hawaii island's west side will complain about spillover from the popular Kona and Kohala tourism districts. "They'll say, 'Hey, I bought this for my family to enjoy; I didn't buy it to be with transients,'" he said.

Other times, the department has investigated dwelling complaints such as short-term rentals that have more than one kitchen or inadequate cesspools. If owners have three bedrooms and rent them out to three

couples, they'll exceed the five-person limit.

"Out of 10 complaints, we'll fine one if we are lucky. But this is my third time as deputy or planning director and I've never seen a slew of complaints," Kanuha said.

During the past five years, the department received only 10 complaints concerning vacation rentals. It did not issue any warnings or fines to vacation rentals and it did not confiscate any properties.

Still, Hawaii island, like almost all the islands, had thousands of vacation rentals being advertised online in 2014, according to the Hawaii Tourism Authority. According to HTA research, 4,986 individually owned vacation units were advertised online for Hawaii island; 8,840 units were advertised for Maui; 4,411 for Oahu; 3,614 units for Kauai; 365 for Molokai; and 22 for Lanai.

Kanuha said it's difficult to gauge the spread, although it's probably less problematic on Hawaii island, where turning homes into vacation rentals and bed-and-breakfasts is regarded as a permitted use provided that owners don't rent rooms to more than five unrelated people at a time.

Bed-and-breakfast homes on Hawaii island fall under the same set of rules as short-term rentals, but the ones in agricultural districts must get special permits.

Kanuha added that Hawaii islanders might be more tolerant of short-term rentals because they have more space between homes, fewer hotels than the other isles, and access to fewer jobs outside of tourism.

Communities on Maui and Kauai are far more divided about where short-term rentals fit into zoning and land use. And, like on Oahu, these counties' governments have attempted to legislate problems away with varying degrees of success and litigation.

The Maui Vacation Rentals Association unsuccessfully sued Maui County after former Mayor Charmaine Tavares cracked down on illicit operators.

William Spence, planning director for the Maui Planning Department, said vacation rentals both permitted and unpermitted have spread significantly in the last year despite the short-term rental home ordinance adopted by the Maui County Council in 2012.

The ordinance set an island-wide cap of 400 short-term rental homes and 400 bed-and-breakfast homes. When the ordinance was adopted, the department was inundated with applications and eventually issued 100 short-term rental home permits and 77 bed-and-breakfast permits, Spence said.

Between January 2009 and Nov. 30, the department fielded 925 complaints, mostly from neighbors, Spence said. It made about 2,900 site visits, resulting in 1,908 warning notices.

"Going on a visit doesn't necessarily mean we get onto a property and inspect, there may be any number of reasons to make multiple visits in the course of investigating a complaint," Spence said.

During the same time period, 12 violations were issued and some owners were fined, he said.

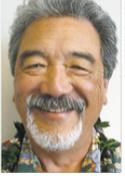
"I think the low number is a good indicator that most people stop the use with warnings. It's not often that we get repeat complaints from the neighbors," said Spence.

While the department views permitted vacation rentals as an economic boon, Spence said the proliferation of illegal operations could change the "essential character of neighborhoods" and



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Duane Kanuha
Hawaii County
planning director



displace residents.

Despite clear guidelines and hefty penalties of \$1,000 per day, Spence said unpermitted rentals are still a nuisance that attract plenty of complaints from neighbors and from owners of permitted vacation rentals.

"Unpermitted owners do not operate under terms and conditions that protect guests, neighbors and the general community," he said.

It's a similar story on Kauai where the County Council attempted to regulate vacation rental growth and operations with the passage of three ordinances between 2008 and 2010. The ordinances, which allowed limited grandfathering of existing transient vacation rentals, banned vacation rentals outside of Kikiaola, Poipu, Kauai Lagoons, Nukolii, Wailua/Waipouli, and

Princeville.

"The County Council's intent with the ordinances was to stop the proliferation of transient vacation rentals outside of the visitor destination areas. While some residents feel that transient vacation rentals in their neighborhood are a nuisance, we feel that the current ordinances have provided a balance between allowing historic uses to continue, while prohibiting proliferation of transient vacation rentals outside the visitor destination areas," said Kauai Deputy Planning Director Dee Crowell.

Owners of existing properties could apply for nonconforming-use certificates if they were in existence prior to the adoption of the first 2008 ordinance, and met other requirements and deadlines. Kauai requires these owners renew their certification annually, but it hasn't allowed any new applications since Aug. 16, 2011.

"Unless the transient vacation rentals are operating illegally, there should be no new (ones) operating outside of the visitor destination areas since March 7, 2008," she said.

The department has issued more than 400 certificates for operations, mostly in residential neighborhoods. The planning commission has also issued about 60 special permits for transient vacation rentals in Kauai's agricultural district.

"Violations of any of the provisions of the three ordinances may incur civil fines of up to \$10,000 per day," Crowell added.

Since 2009, Crowell said Kauai planning department inspectors have made over 1,000 inspections. They have collected over \$125,000 in fines since authority was granted in December 2011.

"Some neighborhoods are more heavily impacted than others," Crowell said.

Legal operations benefit Kauai by providing an alternative to traditional hotel accommodations and increasing property tax collections, Crowell said.

But she added that vacation rental growth has to be regulated because if left unchecked it can overwhelm communities, create environments where residents don't know their neighbors, and pit vacationers against residents.

WHERE DO THEY RENT?

Here's a breakdown of vacation rentals by ZIP code on the neighbor islands that were advertised online at the end of 2013 and all of 2014.

Kauai

96756	Koloa	1,286
96722	Princeville	947
96714	Hanalei	355
96703	Anahola	80
96746	Kapaa	635
96754	Kilauea	103
96752	Kekaha	55
96796	Waimea	97
96766	Lihue	97
96715		
96769	Makaweli	3
96751	Kealia	1
96765	Lawai	3
96741	Kalaheo	26
96716	Hanapepe	1

Molokai & Lanai

96770	Maunaloa	147
96748	Kaunakakai	217
96729	Hoolehua	1
96763	Lanai	22

Hawaii Island

96738	Waikoloa	946
96740	Kailua-Kona	2,166
96739		
96773	Ninole	10
96785	Volcano	156
96726	Honaunau	21
96743	Kamuela	417
96710	Hakalau	20
96777	Pahala	39
96719	Hawi	43
96778	Pahoa	397
96704	Captain Cook	170
96725	Holualoa	55
96764	Laupahoehoe	11
96772	Naalehu	29
96780	Papaaloa	5
96727	Honokaa	43
96781	Papaikou	14
96728	Honomu	5
96755	Kapaau	25
96749	Keaau	119
96783	Pepeekeo	14
96750	Kealakekua	25
96776	Paauilo	7
97620	Hilo	202

96721		
96774	Ookala	1
96737	Oceanview	19
96711	Mountain View	23
96760	Kurtistown	4

'PLANTING' THE VISITORS

The "visitor plant" determines how many visitors the state can welcome at any given time. Industry professionals use the numbers to determine if Hawaii has enough room to welcome its guests.

FIVE-YEAR BREAKDOWN OF VISITOR PLANT INVENTORY

	2010	2011	2012	2013	2014
Hotel	42,528	42,853	43,151	43,489	43,570
Condo hotel	14,526	12,520	12,188	11,078	10,386
Time-share	9,940	10,201	10,049	10,729	10,021
Hostel	325	309	260	269	302
Apartment hotel	87	107	293	344	325
Visitor rental	6,719	10,620	7,567	6,943	22,238
B&B	659	711	685	652	*
Other	204	410	457	389	393
TOTAL	74,988	77,731	74,650	73,893	87,235

*Not listed as a separate category

RENTALS ADVERTISED ONLINE

Hawaii Tourism Authority's latest visitor plant shows that visitor rentals are a much bigger share than the agency previously thought. In fact, a comparison of room counts shows that hotels had 43,570 units at the end of 2013 and all of 2014, while there were 43,499 rooms in the pool of vacation rentals. While current laws preclude vacation rental owners without nonconforming-use certificates from renting the property for under 30 days, or from renting it to more than one party, many are ignoring these rules and operating illegally. Occupancies for this largely underground industry aren't monitored so it's anyone's guess how many visitors they house.

Island	Number of Visitor Rental Units	Number of Bedrooms	Estimated Number of Visitors Accommodated
Hawaii	4,986	11,155	28,106
Kauai	3,614	7,466	19,481
Lanai	22	57	133
Maui	8,840	15,113	43,877
Molokai	365	605	1,676
Oahu	4,411	9,103	24,334
Total	22,238	43,499	117,607*

* At full capacity on any given day

Source: Hawaii Tourism Authority

