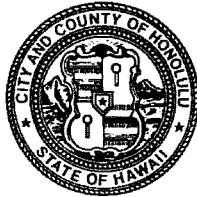


DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

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DEPUTY DIRECTOR

EUGENE H. TAKAHASHI
DEPUTY DIRECTOR

March 20, 2018

The Honorable Tom Brower, Chair
and Members of the Committee on Housing
Hawaii House of Representatives
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Brower and Committee Members:

Subject: Senate Bill No. 3089, SD 2
Relating to Certificates of Conveyance

The Department of Planning and Permitting (DPP) **supports** Senate Bill No. 3089, SD 2, which will allow counties the option to enact ordinances that require the grantor of real property to include in the certificate or certificates of conveyance a statement to disclose whether short-term rentals are allowed on said property. The counties shall determine the definition of "short-term rental" in its zoning or land use ordinances.

This Bill will help in our efforts to enforce and reduce the number of illegal short-term rentals on Oahu. This Bill also will make clear to potential home buyers whether they can legally use the home as an income-producing investment.

Thank you for this opportunity to testify.

Very truly yours,

A handwritten signature in black ink that reads "Kathy K. Sokugawa".

Kathy K. Sokugawa
Acting Director

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: CONVEYANCE, Allows Indication of Short-Term Rental Permission on Conveyance

BILL NUMBER: SB 3089, SD-2

INTRODUCED BY: Senate Committee on Ways & Means

EXECUTIVE SUMMARY: Allows counties to enact ordinances that require the grantor of real property to include in the certificate or certificates of conveyance a county's determination whether the granted real property may be used for short-term rentals under the county's zoning or land use ordinances.

SYNOPSIS: Adds a new section to HRS chapter 46 stating that each county may enact ordinances deemed necessary to require a grantor of real property to include a statement specifying the county's determination as to whether the real property described in the conveyance document or instrument may be used to conduct short-term rentals in accordance with the county's zoning or land use ordinances; provided that the ordinance shall: (1) Prescribe the form of the statement described in this section and any procedures for including the statement on the conveyance document or instrument; and (2) Include a definition of "short-term rental".

Makes a conforming amendment to HRS section 247-6.

EFFECTIVE DATE: Upon approval.

STAFF COMMENTS: Apparently, this measure is trying to generate some documentary proof of whether a dwelling unit is or is not zoned to allow short-term vacation rentals. The measure as written does not seem to be a good way to accomplish this because the measure calls for the documentation to be created with a recorded document. A recorded document might be generated when the real property is bought or sold, which may be months or years before the owner decides to use it as a vacation rental. If there is a significant time lag, ordinances may change. And if the real property is not bought but is leased, there might not even be a recorded document.

A better way to accomplish the aim sought may be for the county to have a process like the tax clearance process that is now administered by the department of taxation. The State could certainly develop the skeleton of the process, such as how it now prescribes a form for a county agency to certify the existence and parameters of an affordable housing project.

Digested 3/16/2018

March 20, 2018

The Honorable Tom Brower, Chair
Senate Committee on Housing
State Capitol, Room 423
Honolulu, Hawaii 96813

LATE

RE: Senate Bill 3089, SD2, Relating to Certificates of Conveyance

HEARING: Tuesday, March 20, 2018, at 10:00 a.m.

Aloha Chair Brower, Vice Chair Nakamura, and Members of the Committee,

I am Ken Hiraki, Director of Government Affairs, here to testify on behalf of the Hawai'i Association of REALTORS® (“HAR”), the voice of real estate in Hawai'i, and its almost 9,500 members. HAR **opposes** Senate Bill 3089, SD2, which allows counties to enact ordinances that require the grantor of real property to include in the certificate or certificates of conveyance a statement regarding whether granted real property that is located within the county may be used for short-term rentals under the county's zoning or land use ordinances.

Property owners are often unfamiliar with the complexities of short-term vacation rentals, county zoning and land use ordinances. Placing the responsibility on the seller to verify that a property can be used for short-term vacation rentals, may not be the best party for that verification.

Furthermore, it can take years before a property is sold. Regulations, zoning and land use ordinances also change over time. A short-term vacation rental that is okay today, may not be 10 years from now. As such, a statement in the certificate of conveyance is not the best way to verify compliance of a property for short-term vacation rental usage.

Mahalo for the opportunity to testify on this measure.