

Resolution 20-27

Short-Term Rental Homes

Data

DEPARTMENT OF PLANNING
COUNTY OF MAUI

JUNE 23, 2020

Additional Information

- ▶ Property values
- ▶ STRH jobs
- ▶ Tax revenue
- ▶ Enforcement
- ▶ Comparison to other destinations
- ▶ Where to stay

Property Values – all residential properties

- ▶ From Realtors Association of Maui, Inc. December 2019 report:
 - ▶ YTD 2019 Median Sales Prices
 - ▶ Single Family homes = \$741,355
 - ▶ Condominium homes = \$515,000

Property Values – STRH properties by community plan district

District	Value	4
Hana average	\$777,117	
Hana median	\$533,700	
Kihei-Makena average	\$2,251,658	
Kihei-Makena median	\$1,205,800	
Lanai average	\$442,105	
Lanai median	\$446,600	
Makawao-Pukalani-Kula average	\$814,218	
Makawao-Pukalani-Kula median	\$722,400	
Paia-Haiku average	\$1,181,978	
Paia-Haiku median	\$839,400	
Wailuku-Kahului average	\$1,945,533	
Wailuku-Kahului median	\$1,645,550	
West Maui average	\$2,672,751	
West Maui median	\$2,133,700	
<i>All Properties</i>	<i>average</i>	<i>median</i>
212	\$1,726,787	\$1,005,600

Property Values – STRH properties by owner location

Owner Address Location	Value	
International average	\$3,944,000	
International median	\$2,917,400	
Neighbor Island average	\$889,178	
Neighbor Island median	\$483,200	
Mainland average	\$2,285,727	
Mainland median	\$1,631,300	(8 are > \$5m)
Maui County average	\$1,219,369	
Maui County median	\$737,500	(4 are > \$5m)
<i>All properties:</i>	<u>average</u>	<u>median</u>
212	\$1,726,787	\$1,005,600

Traveler Accommodation industry jobs

- ▶ In the Traveler Accommodation industry, the largest Occupation group is Building and Grounds Cleaning and Maintenance Occupations
- ▶ Hawaii is #1 state with the highest concentration of jobs and location quotients in this occupation.
- ▶ Hawaii is #3 top paying state for this occupation.
- ▶ Maui County is #1 at metropolitan areas with the highest concentration of jobs and location quotients in this occupation.
- ▶ Maui County is #5 at top paying metropolitan areas for this occupation.
 - ▶ Employment = 6,760
 - ▶ Hourly mean wage \$18.75
 - ▶ Annual mean wage \$39,000

Revenue from STRH properties

Short Term Rental Home - Revenue Impact



Average 88% tax increase

Count	Assessed Value	Prior Average Tax Rate*	Short Term Tax Rate	Revenue Increase
227	367,660,400	\$5.72	\$10.75	\$1,854,487

Average value	Average tax	Average tax increase
1,619,649	\$17,411	\$8,170

- County compliance efforts limit competition from illegal operators
- Permit numbers grow every year

From Maui County Real Property Tax, September 2019

Potential loss in real property tax:

Total possible permits = 349

Existing and pending permits = 232

$349 - 232 = 117$

Permits not yet issued = 117

Average tax increase = \$8,170

$117 \times \$8,170 = \$955,890$

Potential loss in state GET & TAT offset by potential gain in income taxes

Vacation Rental Enforcement – 2019

- ▶ 75 NOVs issued in 2019
- ▶ **\$50,000** collected for vacation rental violations
- ▶ Other vacation rental violations still pending or being litigated that total in excess of **\$300,000** in additional fines
- ▶ 2 STRH permits revoked in 2019 due to violations of permit conditions

New fines effective 12/22/2019

- ▶ Civil monetary fines for operation of a bed & breakfast home, short-term rental home, transient vacation rental, or other transient accommodation without a permit that is required for operation:
 - ▶ Initial fine: \$20,000
 - ▶ Daily fine: \$10,000

Vacation Rental Enforcement – 2020

- ▶ **92** Notice of Warnings (NOW) issued January 1, 2020 to present for vacation rental violations
- ▶ **43** Notice of Violations (NOV) issued January 1, 2020 to present for vacation rental violations (7 of these are for violations of Governor's Proclamation Related to the COVID-19 Emergency)

Enforcement – new fines

- ▶ **5** on appeal with BVA so far; **3** filed to appeal but did not meet deadlines
- ▶ **4** sent to Corporation Counsel for collections due to non-response of property owner
- ▶ **4** more in the works for transmittal to Corp Counsel due to non-response

STRH regulations on the Neighbor Islands

- ▶ **Big Island and Kauai:** Registration process for defined resort areas. Existing STRH in other zoning districts may continue as non-conforming with annual registration. No new non-conforming STRH. Very restricted for Ag Districts.
- ▶ **Honolulu:** Outright allowed in Waikiki, Kahala, Ko Olina, Laie, Ewa, Makaha, Kuilima. Some grandfathering allowed for older, non-conforming properties with renewal every other year. No new non-conforming STRH. Prohibited in Ag Districts.

STRH regulations at some mainland vacation destinations

- ▶ Some destinations use a license or registration process with annual fees (Key West, Kiawah Island, Jekyll Island, Hilton Head, Hatteras Island)
- ▶ Some charge a % of gross receipts as a tax (Hilton Head, Hatteras Island)
- ▶ Kiawah Island, South Carolina uses a % of total developed dwelling units and developable lots as its cap for some residential districts

Where will visitors stay?
At the **21,677** legal lodging units!

Maui County, Hawaii - Inventory



2019 Maui visitor lodging inventory

- more residential units than hotel rooms

Real Property Visitor Lodging Type	2019 Count	
Hotel operations (48 hotels)	7,372	rooms
Residential condominiums used for transient lodging	11,115	parcels
Single family bed & breakfast	157	parcels
Permitted/grandfathered single family transient lodging	554	parcels
Timeshare dwelling condominium units	2,479	parcels
Hotel zoned condominiums not used for transient lodging	2,000	parcels

*From Maui County
Real Property Tax,
September 2019*

Total visitor lodging units = 21,677

Department Mission

- ▶ The mission of the Department of Planning is to manage growth in a sustainable manner that balances our economy, culture and the environment.