



**HB807 HD1**  
**RELATING TO OFFENSES AGAINST PUBLIC ADMINISTRATION**  
Senate Committee on Judiciary

March 15, 2019

9:00 a.m.

Room 016

The Office of Hawaiian Affairs (OHA) offers the following **COMMENTS** on HB807 HD1, which may facilitate the enforcement of county land use laws protecting residential housing units from conversion to transient vacation rental uses.

**As home prices, rental prices, and homelessness continue to increase, and as the State anticipates additional population growth and an associated demand for more housing over the next decade,<sup>1</sup> land-use laws that protect housing affordability and availability are more critical now than ever before.** As the legislature recognizes, Hawai'i is in the midst of an affordable housing crisis: recent research indicates a need for 65,000 more housing units by 2025, with half of this demand for units at or below 60% of the Area Median Income (AMI);<sup>2</sup> only 11 percent of this demand is for housing units at or above 140% AMI, or for units that do not meet the State's current definition of "affordable housing."<sup>3</sup> **With 48% of households in the State already unable to afford basic household necessities including housing, food, transportation, health care, and child care,<sup>4</sup> the lack of affordable housing and rising housing costs require bold and aggressive policies and enforcement mechanisms, that can meaningfully protect housing opportunities for local residents.**

**Native Hawaiians are particularly disadvantaged by land uses that contribute to our residential housing challenges, particularly those uses that increase rental housing costs and exacerbate shortages in our rental housing supply.** Native Hawaiians are less likely to own a home and, therefore, disproportionately rely on the rental housing market.<sup>5</sup>

---

<sup>1</sup> See SMS, HAWAI'I HOUSING PLANNING STUDY, at 34 (2016), available at [https://dbedt.hawaii.gov/hhfdc/files/2017/03/State\\_HHPS2016\\_Report\\_031317\\_final.pdf](https://dbedt.hawaii.gov/hhfdc/files/2017/03/State_HHPS2016_Report_031317_final.pdf).

<sup>2</sup> See *id.*

<sup>3</sup> See *id.* at 34.

<sup>4</sup> ALOHA UNITED WAY, ALICE: A STUDY OF FINANCIAL HARDSHIP IN HAWAI'I (2017).

<sup>5</sup> See OFFICE OF HAWAIIAN AFFAIRS, NATIVE HAWAIIAN HOMEOWNERSHIP HO'OKAHUA WAIWAI FACT SHEET VOL.2016, NO. 1, page 3, available at <https://19of32x2yl33s8o4xza0gf14-wpengine.netdna-ssl.com/wp-content/uploads/NH-Homeownership-Fact-Sheet-2016.pdf>. This figure includes 8,329 DHHL residential lease "owner-occupied" property units. DHHL ANNUAL REPORT 2014, at 47, available at <http://dhhl.hawaii.gov/wpcontent/uploads/2011/11/DHHL-Annual-Report-2014-Web.pdf>. For non-DHHL properties, the Native Hawaiian homeownership rate is therefore 41.2%, 15.5 percentage points below the statewide rate.

Native Hawaiian households are also much more likely to be “doubled up,” with multi-generational or unrelated individuals living together in single households.<sup>6</sup> Furthermore, Native Hawaiian households are more than three times more likely have a “hidden homeless” family member than all state households.<sup>7</sup> Accordingly, increases in rental housing costs and shortages in affordable residential rental opportunities may have a particularly high impact on the housing and financial security of the Native Hawaiian community.

**Unfortunately, the unaddressed proliferation of illegal vacation rentals may exacerbate the rise in rental housing costs beyond what Hawai‘i residents and Native Hawaiians are able to afford, and has directly removed much-needed housing units from the residential rental market.** The 2016 Hawai‘i Housing Planning Study estimates that there are 28,397 non-commercial vacation rentals, located in nearly all communities in Hawai‘i;<sup>8</sup> much if not a majority of these rentals are likely illegal. Not surprisingly, the proliferation of such units, which generate nearly 3.5 times more income than the average long-term residential rental,<sup>9</sup> has correlated with substantially increased housing costs throughout the islands: over the past several years, Honolulu in particular saw the highest rates of increase in average monthly rent and average daily rent; during this time, the number of vacation rentals increased by 34% per year.<sup>10</sup> In addition to raising the costs of available residential rental units, the proliferation of illegal vacation rentals also represents a direct loss of housing units from the long-term residential rental market.<sup>11</sup>

**Clearly, allowing the continued illegal use of housing units for vacation rentals will only exacerbate our housing crisis.** Without more meaningful enforcement mechanisms, there is nothing to mitigate the negative impacts of illegal vacation rentals on housing opportunities for Native Hawaiians and other local residents. In contrast, each and every illegal vacation rental unit that is returned to long-term residential use is one more unit that can help meet our existing housing demand.<sup>12</sup>

---

<sup>6</sup> 24.8% of Native Hawaiian households, compared to 9.6% of state households include more than two generations or unrelated individuals. SMS, *supra* note 1, at 70.

<sup>7</sup> 14.1% of Native Hawaiian households, compared to 4.2% of state households have a hidden homeless family member. *Id.*

<sup>8</sup> There are an estimated 45,075 total vacation rental units measured by the study. The study estimates that at least 37% of these rentals are ‘commercial’ rentals, or resort condominium and condominium hotel properties which are legally permitted commercial operations. As such, the study estimates that 28,397 units are non-commercial, i.e. unlawful, transient vacation rentals. SMS, *supra* note 1, at 58.

<sup>9</sup> SMS, *supra* note 1, at 55.

<sup>10</sup> Honolulu’s average monthly rent growth rate was 26.1%, and the six-year growth rate of average daily rental rate was 47%. SMS, THE IMPACT OF VACATION RENTAL UNITS IN HAWAI‘I, 2016, at 8, available at <http://www.hawaiitourismauthority.org/default/assets/File/Housing%20and%20Tourism%20113016.pdf>.

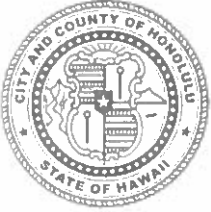
<sup>11</sup> The Hawai‘i Tourism Authority’s 2016 study found that vacation rentals increased by 34% per year between 2005 and 2015. Further investigation found that between 2011 and 2014, units held for seasonal use and not available for long term rent increased by 12%. See *id.* at 3.

<sup>12</sup> See generally SMS, *supra* note 1.

This measure may help to facilitate the enforcement of county land use laws that would otherwise protect our residential housing supply from illegal transient vacation rental uses. **Specifically, the proposed new offense category of “unsworn falsification to authorities” may address the known and growing practice of illegal transient vacation rental operators to advise their customers to lie to county inspectors, regarding the occurrence of transient vacation rental activity on their properties.** Such a practice can easily frustrate land use enforcement efforts and further inhibit the protection of our islands’ housing supply.

To more properly place liability on those who directly benefit from illegal transient vacation rental activity and the intentional frustration of county land use enforcement efforts, OHA respectfully suggests that the Committee consider further prohibiting the incitement of unsworn falsification to authorities as described in this measure’s proposed new subsection (b) of the amended HRS § 710-1063.

Mahalo nui loa for the opportunity to testify on this measure.



**CITY COUNCIL**  
CITY AND COUNTY OF HONOLULU  
530 SOUTH KING STREET, ROOM 202  
HONOLULU, HAWAII 96813-3065  
TELEPHONE: (808) 768-5010 • FAX: (808) 768-5011

**ANN H. KOBAYASHI**  
INTERIM CHAIR and PRESIDING OFFICER  
DISTRICT 5  
TELEPHONE: (808) 768-5005  
FAX: (808) 768-1227  
EMAIL: akobayashi@honolulu.gov

**LATE**

March 14, 2019

The Honorable Senator Karl Rhoads, Chair  
Senate Committee on Judiciary  
Hawaii State Capitol  
Honolulu, HI 96813

RE: **Support** - House Bill No.807, House Draft 1  
March 14, 2019 9:00 AM  
Conference Room 016

Dear Chair Rhoads and Committee Members,

Thank you for the opportunity to submit testimony in **support of HB807, HD1**, which amends the misdemeanor offense of unsworn falsification to authorities to include, knowingly making a false statement to a state investigator or county inspector in certain circumstances. The passage of this measure would give inspectors an effective tool for enforcement, and would be a positive step toward mitigating the proliferation of “monster homes,” and illegal vacation rentals.

As Councilmember for many areas in Honolulu’s urban core, I have witnessed firsthand the increase of “monster homes,” and illegal vacation rentals in neighborhoods such as Palolo, Manoa, and Kaimuki. I have also received calls from neighbors expressing their concerns in regards to the limited number of on-street parking, water and sewer capacity, storm drainage, and the overall size of the structure with multiple floors and rooms.

In many cases, the dwellings are modified beyond the extent of the building permit, and oftentimes, follow-up inspections confirm the concerns of neighbors. HB807, HD1 would provide the City’s Department of Planning and Permitting the resources necessary to preserve the character and quality of our neighborhoods across the island.

Thank you again for the opportunity to submit testimony in support of HB807, HD1, and respectfully request the committee consider passing out this measure.

Sincerely,

  
Ann H. Kobayashi, Chair and Presiding Officer  
Honolulu City Council  
District V



March 11, 2019

The Honorable Karl Rhoads, Chair  
The Honorable Glenn Wakai, Vice Chair  
and Members  
Senate Committee on Judiciary  
415 South Beretania Street  
Honolulu, Hawai'i 96813

Dear Chair Rhoads, Vice Chair Wakai, and Members:

HI Good Neighbor is a group of concerned citizens from around the island who are strongly opposed to the proliferation of large detached dwellings, also called “monster homes,” throughout Oahu’s residential neighborhoods.

**We write to strongly support HB807, HD1, relating to offenses against public administration.** We have been deeply concerned with the proliferation of monster homes and have been extremely troubled by how many of these homes have been built without regard to the building code, zoning code, construction safety, licensure, and tax laws.

One of the most troubling aspects of this issue, however, is the potential for the builders and operators of these structures to make false or misleading statements to county building or tax inspectors to avoid scrutiny or penalties. HB807, HD1 would help to address this problem by making it a misdemeanor to make false or misleading statements to a county inspector in the course of the inspector’s investigation.

We have seen numerous instances of “monster home” builders doing work without permits, making interior renovations not properly shown on building plans, and renting out rooms in violation of occupancy standards. By providing an additional tool in HB807, HD1, we believe that county building and tax inspectors will be able to more effectively do their important work and crack down on these violators.

We would like to note that this measure would also help to tackle the issue of illegal vacation rentals, which often occurs within these “monster homes.”

We thank you for the opportunity to provide our opinion on this important measure and ask for your favorable action on HB807, HD1.

Mahalo nui loa,

HI Good Neighbor  
Tyler Dos Santos-Tam | Sarah Chinen | Melissa Mai'i  
Aurora Muir | Christine Otto Zaa | Reyna Sueoka  
Pat Watson | Trisha Kehaulani Watson | Steven Yamashiro

**HB-807-HD-1**

Submitted on: 3/14/2019 7:31:38 AM

Testimony for JDC on 3/15/2019 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Trisha Kehaulani Watson, JD, PhD	Individual	Support	No

Comments:

Strong support

**HB-807-HD-1**

Submitted on: 3/14/2019 8:59:06 AM

Testimony for JDC on 3/15/2019 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Benton Kealii Pang, Ph.D.	Individual	Support	No

Comments:

I am in support of HB807 HD1.

Benton Kealii Pang, Ph.D.

resident of PÄ• lolo, KaimukÄ«, O'ahu

**From:** [Steven Yamashiro](#)  
**To:** [JDCTestimony](#)  
**Cc:** [steven.yamashiro@gmail.com](mailto:steven.yamashiro@gmail.com)  
**Subject:** HB-807 HD1 SUPPORT - JDC 3/15/2019 9:00AM  
**Date:** Wednesday, March 13, 2019 10:19:06 PM

---

## **HB-807 HD1 SUPPORT - JDC 3/15/2019 9:00AM**

### **Testimony for JUD on 3/15/2019 9:00AM**

Dear Chair Rhoads, Vice Chair Wakai, and Members:

I support HB807 HD1. I am deeply concerned with the proliferation of monster apartment homes and illegal vacation rentals. There are no consequences for owners and operators of these illegal commercial ventures in our residential neighborhoods. HB807 HD1 would help to address this problem by making it a misdemeanor for lying to a county inspector in the course of an investigation. Please support this bill.

Mahalo,  
Steven Yamashiro

*I agree to submit this testimony and understand that all public hearing transcripts and testimony are public documents. Therefore, any testimony that is submitted verbally or in writing, electronically or in person, for use in the legislative hearing process is public information.*



**LATE**

**HB-807-HD-1**

Submitted on: 3/14/2019 10:20:28 AM  
Testimony for JDC on 3/15/2019 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kandis McNulty	Individual	Support	No

Comments:

Lying to inspectors is just one of the many varied ways that vacation rentals and monster homes have been allowed to proliferate our residential neighborhoods. I support any measure that will help our inspectors keep our neighborhoods for residents.

## On Time Testimony

## Late Testimony

K. Saiki	Karyl Garland
John Sato	Gwen Cruise
Chris Asao	Eric Wong
Leighton Wong	Rodney Kawagoe
Lori Nagata	Melissa Maii
Reyna Sueoka	Greg MacDonald
John Otto	Lori Yamada
Christine Otto Zaa	Cade M Watanabe
Joy Higa	Roy Imai
Elizabeth Uehara	Mecca Monson-Gere
Karen Oeda	Theresa Yamanoha
Glenn Oeda	David Kobayashi
Sharon Rahe	Dale Moana Gilmartin
Joe Dollinger	Benjamin Ancheta Jr
Kory Wong	Gay Hirokane
Dan Shimabuku	Anne Towey Joyer
Donna Shimabuku	Julie Yuen
Lorraine Leslie	Keith Matsushima
Geraldine Ralston	
Thalya DeMott	
Jean Zaa	
Erin Kiely	
Linda Legrande	
Danielle Sui Hahn Taketa	
Mary Kobayashi	
Doss Tannehill	
Torie Nagata-Nagao	
Sarah Chinen	
Michael Krijnen	
Steven Yamashiro	
Sharon Ouchi	
Kiyomi Ka'awa	
Gayle Shizuma	
Jeremy Lam	
Gregg Hutchings	
Shawn Zaa	
Rhonda Mikami	
Ynyr Khai Ian Elon Agon	
Keith Watanabe	
Vanessa Distajo	
Steven Aoki	
Judy Takasane	
Debbie Star	
Craig Tsukiyama	
Karen Tsukiyama	
Brett Iwanuma	

Daron Lau  
Liz Lau  
Russell Kong