

Vacation Rental Legislation

A long simmering, contentious issue has finally risen to center stage as both the city council and state legislature passed legislation affecting short term vacation rentals. Mayor Caldwell signed Bill 89 into law and Governor Ige vetoed SB 1292.

With few exceptions, every bed and breakfast (B&B) and transient vacation unit (TVU) on Oahu that opened since 1989 is illegal. As many as 8000 to 10,000 TVUs on Oahu advertised on Airbnb, VRBO and other platforms operate outside the law, whether or not they have paid taxes.

Bill 89 creates a new permitting process for a limited number of owner-occupied B&Bs, allows vacation rentals in certain apartment zoned areas, creates reporting requirements for online platforms, imposes steep penalties for non-compliance, and enhances enforcement tools for the City and County of Honolulu.

Those properties holding nonconforming use permits since 1989 are excluded from the provisions of Bill 89, except they will have to include their permit number in all advertisements. Apartment zoned areas near large resorts may allow up to 50 percent of each project to serve as B&Bs or TVUs.

New B&B permits will be limited to a maximum of one-half percent of the total number of housing units for each region of Oahu. Koolaupoko could see up to 183 new B&B permits, and Koolauloa up to 23. The North Shore Sustainable Community Plan contains language that prohibits any new vacation rental units, so no new permits will be issued in that area.

Clarification of some implementation details are still pending, but answers to most questions can be found at HonoluluDPP.org. Look for the FAQ link under Bill 89 in the News section.

Remember, Bill 89 does not make B&Bs and TVUs illegal – they are already illegal. After 30 years of legislative inaction, unlawful rental activity and lack of enforcement, this is an important step forward. Surely, there will be many more discussions to come regarding the future of residential neighborhoods. It is said that you can fix something, but you cannot fix nothing. Let us all respect opposing views as we work through this.

Regarding Senate Bill 1292, I was in the group of 12 who opposed its passage, 13-12, in the closing days of the Legislature. This bill requires on-line vacation rental platforms to collect taxes and pass them on to the State, but it would not require these platforms to ensure compliance with county ordinances or provide important data to support enforcement. The state should not covet and collect money, and simultaneously provide a shield, from illegal activity. Governor Ige did the right thing when he vetoed SB 1292.

Please do not hesitate to call or write if you have any opinions, questions or solutions that might help me better represent you. My phone number is 586-7330 and email address is SenRiviere@capitol.hawaii.gov. Follow us on FaceBook or online at SenatorRiviere.com. Please visit us in Room 202 at the Capitol; or let's talk closer to home, maybe the next time we pass in the street. Mahalo.