Single-Family Transient Vacation Rental

Stakeholder Committee

Public Meeting

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Helber Hastert & Fee
Planners, Inc.

1

General Plan Guidance

"The County of Kauai shall recognize alternative visitor accommodations, such as B&Bs, vacation rentals, inns, cabins, and retreat centers."

Section: 4.2.8.2(a)

2

General Plan Guidance

"The County shall enact clear standards and permit processes for regulating alternative visitor accommodation structures and operations in Residential, Agriculture, Open, and Resort zoning districts."

Section: 4.2.8.2(b)

3

General Plan Guidance

"Permitting processes should consider the cumulative impact that a large concentration of alternative visitor units can have on a residential neighborhood."

Section: 4.2.8.2(d)

4

General Plan Guidance

"The Planning Department shall prepare CZO amendments to facilitate the permitting of existing, nonconforming alternative visitor accommodations."

Section: 4.2.9.2(b)

Key Data

Homes on Kaua`i, by Type

Total Homes on Kaua`i	=	25,331
Homes Occupied by owners	=	12,384
Homes Occupied by renters	=	7,799
Vacant	=	5,148*
Total SFTVRs	=	750

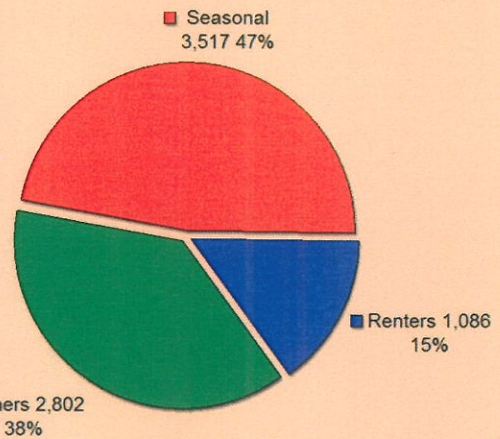
*3,850 for SROU

Source: State of Hawaii Data Book 2003

Key Data

Distribution of New Housing Types Built on Kaua`i 1990 - 2000

Total Units = 7,405



Source: Kauaian Institute, 2005 (from Census, 2000)

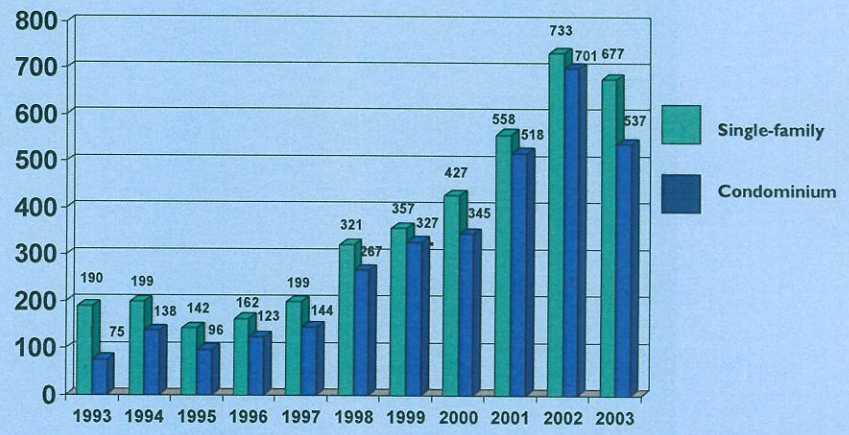
Vacation Home/Rental Indicators

- U.S Census Data 1990 - 2000 change:
  - All Hawai`i housing units up 18%
  - "Seasonal, Recreational, Occasional Use" (SROU) up 100% (includes some timeshare)
- Year 2000, SROU as % of all housing
  - Maine, (15.6% 1st in country)
  - Florida (6.6% 6th in country)
  - Hawai`i (5.5% 10th in country)
    - O`ahu (2.2%)
    - Big Island (8.1%)
    - Kaua`i (15.2%)
    - Maui County (17.3%)

Source: John Knox, 2005

Global Real Estate Market

Number of Single Family and Condominium Resales on Kaua`i, 1993 - 2003



Source: State of Hawaii Data Book 2003

Demographics of All Resort Purchases on Kauai, 2002 - 2004*

Primary Residence of Buyer	Number of Sales	% of Total
California	204	43%
Hawaii	114	24%
Washington	23	5%
Arizona	14	3%
Colorado	14	3%
Japan	10	2%

*Total Sales = 476

Source: Data@Work, 2005

Change in Value of Sales of All Resort* Property

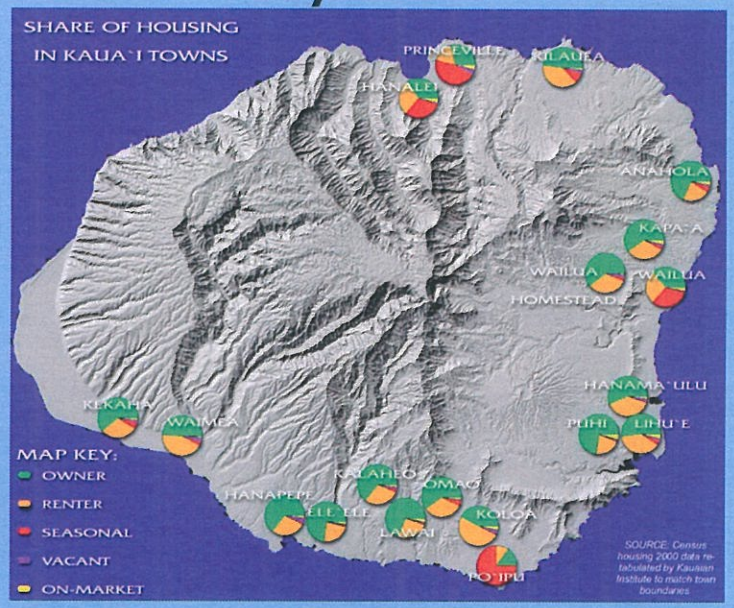
	Hawaii		Kauai		Maui	
Year	Sales	Avg Price	Sales	Avg Price	Sales	Avg Price
2002	291	$1,613,576	442	$430,650	706	$690,309
2003	595	$996,786	637	$548,015	975	$800,522
2004	720	$1,151,090	435	$622,869	952	$987,678

Change in value from 2002 - 2004 = 45%

*Includes SFD and resort condominiums

Source: Data@Work, 2005

Key Data



Source: Kauaian Institute, 2005

Key Data

Concentration of SFTVRs in Specific Neighborhoods

Town	No. of SFTVRs	No. of All Housing Units	SFTVRs as % of All Housing Units
Wailua*	40	2,906	1%
Kapa`a*	54	3,667	1%
Kekaha	34	1,156	3%
Princeville*	80	1,641	5%
Poi`pu*	121	1,981	6%
Anahola	42	613	7%
Kilauea	55	802	7%
Ha`ena/Wainiha	92	422	22%
Hanalei	112	311	36%
Anini	41	77	53%

* Visitor Destination Area

Source: Kauian Institute, 2005

Key Data
Where SFTVRs are Located

- 40 % of all SFTVRs are located in a VDA
- 53% of all SFTVRs are located on the North Shore (Kilauea to Ha`ena, including Princeville)
- 80% of SFTVRs on North Shore are located outside VDA
- 27% of all SFTVRs on Kaua`i are located in Hanalei and Ha`ena/Wainiha

Source: Kauian Institute, 2005

Key Data

1,200 Affordable or Market Housing Units are planned for Kaua`i between 2005 and 2010

Source: NKN Project Planning for the Hawai`i HomeOwnership Center, 2005

2001 - 2003 Survey on Vacation Rentals

		State	Kaua`i
Vacation Rentals in my community are not a problem	Agree	70%	75%
	Disagree	25%	25%
Having new bed-and-breakfasts or vacation rentals in residential areas would be good for Hawai`i	Agree	45%	37%
	Disagree	42%	52%*

*Kaua`i was only area in state with majority disagreeing

Source: John Knox, 2005

Good or Bad for Hawai`i?

	State (% Good)	Kaua`i (% Good)
Growing number residential area B&Bs	61%	48%
More vacation homes in resort areas	49%	40%
Growing number residential vacation rentals	41%	30%

Source: John Knox, 2005

Major Issues of Concern

- Loss of sense of "community"/neighborhood impacts
- Perceived reduction in access to affordable housing (rental and purchase) for Kaua`i residents

Factors Affecting Affordable Housing on Kaua`i

- General real estate market (low supply/high demand)
- Developers making choices to build "high-end" housing
- Shortage of infrastructure to support new development in areas already urbanized
- Unpredictable and lengthy land use approval process
- High construction costs
- Inusfficient labor pool

Existing Tax Relief for Owners of Long-term Rentals

Chapter 5A of the Kaua`i County Code:

"Any owner who owns real property that is rented or leased as a long term affordable rental shall be taxed on its assessed value….provided that any increase in taxes shall not exceed 6% a year."

Zoning Regulations for SFTVRs Cannot Solve Affordable Housing Problems Alone

- Only 20% of SFTVRs estimated to be realistic long-term rental housing
- Regulating SFTVRs may not impact the purchase price for "high-end" housing products
- Poorly enforced regulations will not affect "black market" availability of SFTVRs (this is a state-wide issue)
- Lack of incentives for developers to construct affordable units (rental or purchase)

Key Observations

- The CZO currently allows one guest house on parcels greater than 9,000 sf in all Residential, Resort, Open and Agricultural zoning districts.
- The CZO already permits several non-residential uses of equal or greater intensity of use compared to SFTVRs, through the Use Permit process in residential zoning districts:
  - medical and nursing facilities
  - retail shops and stores
  - schools and day-care centers
  - residential care homes
  - clubs, lodges and community centers
  - churches, temples and monasteries

Preliminary Zoning Recommendations to Regulate SFTVRs

- Definition
- Allow (yes or no)? If so, where?
- How to process?
- Concentration in neighborhoods?
- Existing SFTVRs?
- Monitoring?

Preliminary Zoning Recommendations to Regulate SFTVRs

Definition

- A clear definition of SFTVRs should be incoporated into the CZO.

Allow (yes or no)? If yes, where? How to Process?

- SFTVRs should be a permitted use within VDAs and Resort Districts.
- SFTVRs should be processed with an optional public hearing (as a Class III Zoning Permit) in all Residential Districts outside of the North Shore.
- SFTVRs should processed with a mandatory public hearing (as a Class IV Zoning Permit and Use Permit) in all Residential Districts on the North Shore. Use permits on the North Shore should be reviewed annually.

Preliminary Zoning Recommendations to Regulate SFTVRs

(continued)

Allow (yes or no)? If yes, where? How to Process?

- SFTVRs should be processed with a mandatory public hearing (Class IV Zoning Permit and Use Permit) in County Agriculture Zoning Districts, provided the following conditions are met:
  - SFTVR counts toward residential density
  - there may be no more than one SFTVR on any single parcel
  - there must be a t least one other SFD on the parcel
- SFTVRs should be processed with a mandatory public hearing (Class IV Zoning Permit and Use Permit) in Open Districts, provided that the minimum lot size should be 9 acres for a SFTVR, if the parcel is located in a State "Urban" district, and 15 acres if the parcel is located in a State "Agricultural" district.

Preliminary Zoning Recommendations to Regulate SFTVRs

(continued)

Concentration in Neighborhoods

- A maximum percentage of concentration should be established in, with a differential percentage between North Shore neighborhoods and other areas, by census tract.
- The concept of SFTVR conctration within neighborhoods should be discussed further by the Stakeholder Committee.

Existing SFTVRs

- Existing SFTVRs should be treated as non-conforming uses, and should be required to obtain non-conforming use certificates from the Planning Department, under the following conditions:
  - Proof of previous payment of TAT and GET
  - Certificates will be renewed annually
  - If discontinued for 12 consecutive months, the certificate will lapse

Preliminary Zoning Recommendations to Regulate SFTVRs

(continued)

Monitoring

- Any advertisement for an SFTVR (newspaper, magazine, internet, brochure, etc.) shall include the either the nonconforming use certificate number or the approved permit number for the SFTVR
- Approval of any SFTVR shall require the identification of a 24-hour contact who is a resident of Kaua`i

Additional Preliminary Recommendations

- ***Enforcement.*** **The Planning Department should be allocated additional staff, as they require, to handle the increased work load associated with the regulation of SFTVRs.**
- ***Property Tax.*** **The County should consider a differential property tax rate for owner-occupied dwellings/long-term rentals and SFTVRs, with the rate for SFTVRs to be closer or equal to the rate for commercial uses.**
- ***Affordable Housing.*** **The County should investigate additional incentives at the County level for developers to construct affordable housing units for rental and purchase by Kaua`i residents.**