COUNTY OF HAWAI‘I PLANNING DEPARTMENT
BACKGROUND REPORT

COUNTY COUNCIL INITIATED BILL NO. 147
AMENDMENT TO CHAPTER 2 AND CHAPTER 25 OF THE HAWAI‘I COUNTY CODE 1983 (2016 EDITION, AS AMENDED), RELATING TO TRANSIENT ACCOMMODATIONS

The County Council has referred Bill 147, an ordinance amending Chapter 2 (Administration), Article 7 and Chapter 25 (Zoning), Article 1, Article 2, Article 4, Article 5 and Article 7 of the Hawai‘i County Code (2016 Edition, as amended), relating to transient accommodations; repealing Sections 25-4-7 and 25-4-16 through 25-4-16.3, repealing existing provisions relating to bed and breakfast establishments and short-term vacation rentals; and establishing a new regulatory framework for transient vacation rentals, including bed and breakfast uses, with provisions relating to permitted uses, permitting, enforcement, and operational standards. The purpose of Bill No. 147 is to revise and streamline the County's regulations relating to transient vacation rentals (TVRs) and bed and breakfast establishments (B&Bs).

PURPOSE OF BILL NO. 147

Bill 147 **(Planning Department Exhibit 1 – Bill 147)** proposes a comprehensive revision to the County's transient accommodation regulations in response to ongoing implementation, enforcement, and land use compatibility issues associated with transient vacation rentals. The bill continues the County's current efforts to clarify operational standards, improve enforcement capability, and distinguish between hosted and un-hosted transient accommodations.

More specifically, Bill No. 147 proposes to:

- Establish an STVR enforcement fund;
- Repeal existing definitions relating to bed and breakfast establishments ("B&Bs") and short-term vacation rentals ("STVRs");
- Create new definitions for "B&B," "Host," "STVR," and "Transient Vacation Rental" ("TVR");
- Update operational standards, enforcement provisions, and administrative fines applicable to TVRs;

- Clarify where B&Bs and STVRs are permitted;
- Establish updated enforcement authority and penalties for violations;
- Clarify standards relating to responsible management, good neighbor policies, advertising, and signage; and
- Update references throughout Chapter 25 to conform to the proposed amendments.

<u>CHRONOLOGICAL BACKGROUND OF TRANSIENT ACCOMMODATIONS IN HAWAIʻI COUNTY</u>

Prior to 2018, the only transient accommodations regulated under Chapter 25 (Zoning) of the Hawaiʻi County Code were bed and breakfast establishments ("B&Bs"). Historically, B&Bs have been regulated as a hosted form of transient accommodation within a permitted single-family dwelling and/or guest house, where the operator resides on the same building site as the B&B and the use remains subordinate and incidental to the residential character of the property.

Over time, transient vacation rentals and other forms of visitor accommodations became increasingly prevalent within residential neighborhoods and agricultural areas throughout Hawaiʻi County. As short-term rental activity expanded, un-hosted vacation rentals became increasingly difficult to regulate and enforce. In response, the County adopted Ordinance No. 18-114, also known as Bill 108, in 2018, establishing regulations for short-term vacation rentals ("STVRs"), which regulated un-hosted transient accommodations, including registration requirements, operational standards, enforcement provisions, and nonconforming use regulations.

Although Ordinance No. 18-114 established a regulatory framework for un-hosted transient accommodations, uncertainty remained regarding the treatment of hosted transient accommodations and their relationship to existing bed and breakfast establishment regulations. Following adoption of Ordinance No. 18-114, the Planning Department generally interpreted hosted transient accommodations, where the owner remained on-site during the rental period and no breakfast service was provided, as distinct from regulated bed and breakfast establishments. Under this interpretation, additional registration requirements or zoning approvals were not consistently applied to such hosted accommodations, resulting in continuing questions regarding permitting, operational, and enforcement requirements under Chapter 25.

Based on the preceding, in 2024, the County Council introduced Bills 121 and 122 proposing broader revisions to the County's transient accommodation regulations. Bill 121 proposed the creation of "hosted" and "operator-hosted" transient accommodation classifications, while Bill 122 proposed repealing the County's existing bed and breakfast establishment provisions. Both bills were referred to the Planning Department and to the Windward and Leeward Planning Commissions for review and recommendation. Due in part to the longstanding regulatory framework governing bed and breakfast establishments and the complexity of the proposed transient accommodation classifications, neither bill advanced at that time. Nevertheless, the legislative discussions highlighted continuing concerns regarding operational standards, enforcement consistency, and the regulatory overlap between bed and breakfast establishments and hosted transient accommodations. The discussions additionally identified the need for further study regarding the economic and regulatory impacts of transient vacation rentals.

While the County's economic impact study was underway, in July 2025, the County Council adopted Ordinance No. 25-50 **(Planning Department Exhibit 2 – Ordinance No. 25-50)**, establishing a countywide transient vacation rental registration and enforcement framework within Chapter 6 (Businesses) of the Hawaiʻi County Code (HCC). Ordinance No. 25-50, with an effective date of December 20, 2025, expanded registration requirements, enforcement authority, and regulatory requirements applicable to transient accommodations, including both hosted and un-hosted transient vacation rentals. The ordinance additionally established registration requirements applicable to hosting platforms facilitating booking services for transient vacation rentals and incorporated review and compliance coordination with the Department of Finance relating to general excise tax ("GET") and transient accommodations tax ("TAT") obligations, which had not previously been formally integrated into the County's transient accommodation review process.

Following adoption of Ordinance No. 25-50, the Planning Department continued coordinating with the County Council regarding proposed amendments to HCC Chapter 25 (Zoning) intended to align land use regulations with the new registration and enforcement framework established under HCC Chapter 6. During this time, it was determined that additional time was necessary to develop and operationalize the County's registration and enforcement system. Accordingly, the County Council adopted Ordinance No. 25-92 **(Planning Department Exhibit 3 – Ordinance No. 25-92)**, which amended Ordinance No. 25-50 to extend its effective date to July 1, 2026.

In September 2025, Hunden Partners prepared the *County of Hawaiʻi Economic Impact Study on Short-Term Vacation Rentals* **(Planning Department Exhibit 4 - Economic Impact Study on Short-Term Vacation Rentals)** for the County of Hawaiʻi pursuant to Resolution No. 556-24. The study evaluated the economic and fiscal impacts of un-hosted and hosted transient vacation rentals, including visitor spending, tax revenue generation, housing market considerations, and regulatory compliance.

On April 7, 2026, the subject Bill No. 147 was referred by the County Council's Policy Committee on Planning, Land Use, and Economic Development to the Department of Planning and the Windward and Leeward Planning Commissions for review and recommendation. Bill No. 147 reflects the County's continued effort to clarify and streamline transient accommodation regulations within Chapter 25 (Zoning) of the HCC by reorganizing the regulatory relationship between bed and breakfast establishments and transient vacation rentals, updating operational standards, clarifying permitting requirements, and strengthening enforcement mechanisms.

The following is a summary of changes to Chapter 2 and Chapter 25 proposed in Bill 147. Refer to Planning Department Exhibit 1 to view the proposed text changes to these chapters.

PROPOSED AMENDMENT TO HCC CHAPTER 2:
STVR ENFORCEMENT FUND

Bill No. 147 proposes the establishment of an STVR enforcement fund within Chapter 2 (Administration) of the Hawaiʻi County Code. The proposed fund would be administered by the Planning Director and funded by fees, fines, and other monies collected in connection with the administration and enforcement of County transient vacation rental laws, rules, and land use regulations.

The bill further provides that monies deposited into the fund would be used to support, expand, improve, or otherwise facilitate enforcement of County transient vacation rental regulations. The proposed enforcement fund is intended to provide a dedicated funding source for complaint investigation, enforcement administration, compliance monitoring, public outreach, and other activities associated with implementation of the County's transient accommodation regulations.

PROPOSED AMENDMENT TO HCC CHAPTER 25:

PROPOSED DEFINITIONS

Bill No. 147 proposes to repeal the existing definitions relating to "bed and breakfast establishment" and "short-term vacation rental" within Chapter 25 and replace them with updated definitions intended to clarify the relationship between hosted and un-hosted transient accommodations.

Under the proposed amendments:

- A "B&B" or "bed and breakfast" would be defined as a TVR that is incidental and subordinate to use as the principal home of a host;
- A "Host" would mean a reachable person who resides on the same building site as a TVR while it is rented;
- An "STVR" or "short-term vacation rental" would mean a TVR located on a building site on which a host does not reside; and
- A "TVR" or "transient vacation rental" would mean a dwelling unit or portion thereof, containing no more than five bedrooms or suites, that is offered to be furnished and rented to a transient for periods of less than one hundred eighty (180) consecutive days in exchange for compensation or other consideration.

Bill No. 147 also provides that hotels, motels, inns, apartment hotels, boarding facilities, lodges, timeshares, and tents are excluded from the definition of a transient vacation rental.

The bill also proposes amendments to the definition of "reachable" relating to response times and physical availability requirements applicable to TVRs.

A significant feature of Bill No. 147 is the restructuring of bed and breakfast establishments as a category of hosted transient vacation rentals where the host resides on-site during rental operations.

ENFORCEMENT PROVISIONS

Bill No. 147 proposes new enforcement authority and administrative penalty provisions applicable to transient vacation rentals. The bill authorizes the Planning Director to establish enforcement and inspection procedures, investigate complaints, determine whether violations have occurred, and maintain publicly accessible information regarding County transient vacation rental regulations, policies, rules, and procedures.

The bill further authorizes the Director to impose administrative fines for violations in addition to an amount not greater than twice the highest daily advertised rental rate during the preceding twelve months. Proposed administrative fines include:

- $5,500 for a first violation;
- $7,500 for a second violation; and
- $10,000 for subsequent violations.

Bill No. 147 also establishes standards relating to prima facie evidence of violations. Under the bill, active rental advertisements, online booking availability, transient accommodations tax returns, and information provided through contracted third-party reporting services may constitute prima facie evidence of a violation. The bill further places the burden of proof on the property owner to establish that a property is either not operating as a transient vacation rental or is operating lawfully.

REPEAL OF EXISTING B&B AND STVR PROVISIONS

Bill No. 147 proposes to repeal existing bed and breakfast establishment (“B&B”) provisions contained in Section 25-4-7 of the Hawaiʻi County Code and existing short-term vacation rental (“STVR”) provisions contained in Sections 25-4-16 through 25-4-16.3. The bill would also reorganize and consolidate B&B and STVR regulations into a new division within Chapter 25, Article 4 of the Hawaiʻi County Code.

WHERE B&Bs ARE PERMITTED

Under the new division, Bill No. 147 proposes a new section establishing where bed and breakfast establishments may be permitted. Under the bill, B&Bs would be permitted within the RS, RD, RM, RCX, V, CN, CG, CV, CDH, and PD zoning districts, as well as within certain agricultural zoning districts wholly situated within the State land use urban or rural district.

Within the State land use agricultural district, B&Bs would only be permitted where the B&B is located within a farm dwelling that serves as the principal home of the host, where the dwelling is not an additional farm dwelling, and a special permit has been obtained from the Planning Commission.

WHERE STVRs ARE PERMITTED

Bill No. 147 proposes a new section establishing where STVRs may be permitted and where previously issued nonconforming use certificates ("NUCs") may apply. Under the bill, STVRs would be permitted within RM, V, CG, CN, CV, and CDH zoning districts; as well as residential zoning districts (RS, RD, and RCX) located within General Plan resort or resort node areas and areas along the shoreline that are zoned Open which adjoin resort or resort node areas; and within project districts where the use is consistent with the underlying zoning district.

The bill provides that STVRs would not be permitted within multiple-family dwellings unless the dwelling is governed as a condominium property regime pursuant to Chapter 514B, Hawaiʻi Revised Statutes.

The bill would allow continued STVR operation through a valid nonconforming use certificate (NUC) issued pursuant to Ordinance No. 18-114 in zoning districts where STVRs would no longer be permitted. The bill further provides that cancellation of a TVR registration by the Planning Director would revoke the corresponding NUC.

The bill provides that an STVR operating pursuant to a NUC may increase the number of bedrooms rented, provided the total number of bedrooms does not exceed five and the change is registered with the Planning Director.

GENERAL PROVISIONS

Bill No. 147 proposes general provisions requiring TVRs and related activities to comply with the division and establishing that owners and hosts are responsible for compliance. The bill further provides that conditions imposed through a use permit or special permit issued by the Planning Commission would control in the event of a conflict with operational standards contained within the division.

GENERAL OPERATIONAL STANDARDS; RESPONSIBLE MANAGEMENT

Bill No. 147 establishes updated operational standards applicable to transient vacation rentals (TVRs). The bill requires that specified information be posted conspicuously within the rental unit, including copies of the TVR registration, applicable nonconforming use certificate, operational standards, and contact information for the host or other reachable person.

The bill further requires that, for bed and breakfast establishments, a host must reside on the same building site during rental operations. For STVRs, the reachable person would be required to respond to telephone calls or messages within one hour and be physically present at the TVR within three hours following a request from a guest, neighbor, or County agency.

OPERATIONAL STANDARDS; GOOD NEIGHBOR POLICY

Similar to Ordinance No. 18-114, Bill No. 147 proposes updated good neighbor standards intended to address neighborhood compatibility concerns associated with transient accommodations. Unless otherwise established by the Director, renter occupancy would be limited to the lesser of twelve (12) adult occupants or twice the number of bedrooms available for rent plus two. Gatherings at a TVR would be limited in size to not exceed twice the applicable renter limit and are required to remain residential in nature, such as family dinners, birthday parties, picnics, or similar activities. Breakfast served at a B&B would be limited to registered guests.

The bill further prohibits weddings, wedding receptions, concerts, and other special events at TVRs. Quiet hours would be established from 10:00 p.m. to 8:00 a.m., and guest vehicles would be required to park within designated on-site parking areas. The bill additionally provides that STVRs must be rented as an entire dwelling unit and may not be rented to multiple parties simultaneously.

OPERATIONAL STANDARDS; ADVERTISING AND SIGNAGE

Bill No. 147 establishes updated advertising and signage requirements applicable to transient vacation rentals. The bill requires that all advertising, including online listings and signage, include the applicable TVR registration number.

The bill additionally prohibits advertising a TVR as a venue for weddings, wedding receptions, concerts, or other special events. Signage associated with TVRs would be required to comply with the County Streets Code and Sign Code, and the street address of the TVR must be visible from the street used to access the property.

Lastly, Bill No. 147 also proposes amendments throughout HCC Chapter 25 relating to use permit references, permitted zoning districts, and terminology updates applicable to transient accommodations. The bill would amend zoning district provisions, including the Neighborhood Commercial (CN) and Downtown Hilo Commercial (CDH) districts, to permit short-term vacation rentals as a permitted use pursuant to the newly proposed transient vacation rental provisions. The bill would further reorganize and clarify provisions relating to bed and breakfast establishments within the Residential and Agricultural (RA) and Family Agricultural (FA) zoning districts, including circumstances where a special permit would be required within the State Land Use Agricultural District. The bill additionally proposes amendments to the Single-Family Residential (RS), Double-Family Residential (RD), Residential-Commercial Mixed Use (RCX), and Multiple-Family Residential (RM) zoning districts to reference the newly proposed transient vacation rental provisions. Additional housekeeping amendments are also proposed to update and relabel references to bed and breakfast establishments throughout Chapter 25.

AGENCY COMMENTS

- **County Department of Public Works (DPW) – Building Division (Planning Department Exhibit 5 – Email dated May 8, 2026)**
- **County Office of Housing and Community Development (Planning Department Exhibit 6 – Memo dated May 5, 2026**
- **Kona Community Development Plan Action Committee (Planning Department Exhibit 7 – Memo Dated May 14, 2026)**
- **State Office of Planning and Sustainable Development (Planning Department Exhibit 8 – Memo dated May 6, 2026)**

AGENCIES – NO COMMENT OR CONCERN

County Department of Water Supply; Department of Parks and Recreation; Police Department; State Department of Health.

AGENCIES – NO RESPONSE

DPW-Engineering; DPW-Traffic; Department of Environmental Management; Civil Defense; Fire Department; County Department of Research and Development; State Land Use Commission; State Department of Agriculture.

PUBLIC COMMENTS

- **Email from Jessica McCullum (Planning Department Exhibit 9 – Email dated May 4, 2026).**
- **Email from Heather Korotie (Planning Department Exhibit 10 – Email dated May 4, 2026).**
- **Email from Radu Nicoara (Planning Department Exhibit 11 – Email dated May 20, 2026).**
- **Email from Ritchie Henderson (Planning Department Exhibit 12 – Email dated May 20, 2026).**
- **Email from Carola Peterson (Planning Department Exhibit 13 – Email dated May 21, 2026).**

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HAWAIʻI COUNTY COUNCIL

COUNTY OF HAWAIʻI
25 Aupuni Street, Ste. 1402, Hilo, Hawaiʻi 96720

COH PLANNING DEPT
APR 10 2026 PM 12:57

REC'D HAND DELIVERED

DATE: April 10, 2026

TO: Jeffrey Darrow, Director
Department of Planning

FROM: Heather Kimball, Council District 1 HK

SUBJECT: AN ORDINANCE AMENDING CHAPTER 2 AND CHAPTER 25 OF THE HAWAIʻI COUNTY CODE 1983 (2016 EDITION, AS AMENDED), RELATING TO TRANSIENT ACCOMMODATIONS.

Pursuant to the April 7, 2026 Policy Committee on Planning, Land Use, and Economic Development, attached is the above-referenced bill for review and recommendation by the Department of Planning and the Windward and Leeward Planning Commissions.

Should you have any questions, please do not hesitate to contact my office directly.

Thank you.

HLK:dbk
Att.

Planning Dept.
Exhibit 1

COUNTY OF HAWAIʻI **STATE OF HAWAIʻI**

BILL NO. 147

ORDINANCE NO. _____________

AN ORDINANCE AMENDING CHAPTER 2 AND CHAPTER 25 OF THE HAWAIʻI COUNTY CODE 1983 (2016 EDITION, AS AMENDED), RELATING TO TRANSIENT ACCOMMODATIONS.

BE IT ORDAINED BY THE COUNCIL OF THE COUNTY OF HAWAIʻI:

SECTION 1. Chapter 2, article 7, of the Hawaiʻi County Code 1983 (2016 Edition, as amended) is amended by adding a section to be appropriately inserted and to read as follows:

"**Section 2- . STVR enforcement fund.**

(a) There is established an STVR enforcement fund to be administered by the planning director and funded by all fees, fines, and other monies collected in connection with the administration and enforcement of County transient vacation rental laws, rules, or land use regulations.

(b) Use of the fund is restricted to expenses and payments that support, expand, improve, or otherwise facilitate enforcement of County transient vacation rental laws, rules, or land use regulations."

SECTION 2. Chapter 25, article 1, section 25-1-5, is amended by deleting from subsection (b) the following definitions:

"[~~"Bed and breakfast establishment" means any single-family dwellings and/or guest houses (pursuant to section 25-4-9), which have been permitted on a building site, in which overnight accommodations and only breakfast meals are provided to a maximum of ten guests, for compensation, for periods of less than thirty days.~~]"

"[~~"Short-term vacation rental" means a dwelling unit of which the owner or operator does not reside on the building site, that has no more than five bedrooms for rent on the building site, and is rented for a period of thirty consecutive days or less. This definition does not include the short-term use of an owner's primary residence as defined under section 121 of the Internal Revenue Code.~~]"

SECTION 3. Chapter 25, article 1, section 25-1-5, is amended by adding definitions to be appropriately inserted in subsection (b) and to read as follows:

""B&B" or "Bed and breakfast" means a TVR that is incidental and subordinate to use as the principal home of a host."

""Host" means a reachable person who resides on the same building site as a TVR while it is rented."

""STVR" or "short-term vacation rental" means a TVR located on a building site on which a host does not reside."

""TVR" or "transient vacation rental" means a dwelling unit or portion thereof, containing no more than five bedrooms or suites:
(1) That is, or is offered to be, furnished and rented to a transient:
(A) For a rental period less than one hundred and eighty consecutive days; and
(B) In exchange for money, goods, services, or other consideration; and
(2) Excluding hotels, motels, inns, apartment hotels, boarding facilities, lodges, timeshares, and tents."

SECTION 4. Chapter 25, article 1, section 25-1-5, is amended by amending the definition of "reachable" in subsection (b) to read as follows:

""Reachable" means being able to:
(1) Respond via telephone to a request or message from a guest, neighbor, or County agency within one hour of receiving [~~that~~] the request[~~;~~] or message; and
(2) Be physically present at [~~the short-term vacation rental~~] a TVR within three hours of receiving a [~~call~~]request to do so from a guest, neighbor, or County agency[~~, when that guest, neighbor, or County agency requests the presence of the reachable person~~]."

SECTION 5. Chapter 25, article 2, of the Hawai'i County Code 1983 (2016 Edition, as amended) is amended by adding a division to be appropriately inserted and to read as follows:

"Division . Violations, Penalties, Enforcement; Transient Vacation Rentals.

Section 25-2- . TVR enforcement; generally.
(a) In administering County transient vacation rental laws and applicable land use regulations, the planning director shall:
(1) Establish enforcement and inspection procedures to investigate and determine the factual basis of a complaint and whether a violation of this chapter has occurred; and
(2) Keep information regarding County transient vacation rental laws, policies, rules, and procedures publicly accessible.
(b) In the case of a B&B, the owner and host are jointly and severally liable for all fines, fees, and penalties assessed, whether under this section or any other provision of this chapter.

Section 25-2- . TVR enforcement; administrative provisions.
(a) Upon determining that a TVR is in violation of any provision of this chapter, the director may assess an administrative fine for each day in which the violation persists in an amount no greater than twice the highest daily rate at which the TVR has been advertised in the preceding twelve months added to the following:
(1) $5,500 for the first violation;
(2) $7,500 for the second violation; and
(3) $10,000 for any subsequent violation.
(b) In all respects not otherwise provided for, an enforcement action under this section is subject to and must be made in accordance with section 25-2-35.

Section 25-2- . TVR enforcement; prima facie evidence.
(a) A determination that a TVR is in violation of any provision of this chapter may be made on the basis of any of the following prima facie evidence:
(1) An active rental advertisement of the property;
(2) The fact that the property may be booked or reserved through a booking service;
(3) Transient accommodations tax returns; or
(4) Other information reported by a third party which the County may contract with to provide transient vacation rental information.
(b) The burden of proof is on the owner to establish either that the property is not being used as a transient vacation rental or that it is being used for such purpose legally.

Section 25-2- . TVR enforcement; cumulative effect.
This division does not displace, dispense with, preclude, limit, or otherwise affect any other enforcement power, penalty, or legal remedy available under this chapter or other applicable law."

SECTION 6. Chapter 25, article 4, division 1, sections 25-4-7, 25-4-16, 25-4-16.1, 25-4-16.2, and 25-4-16.3, of the Hawai'i County Code 1983 (2016 Edition, as amended) are hereby repealed.

SECTION 7. Chapter 25, article 4, of the Hawai'i County Code 1983 (2016 Edition, as amended) is amended by adding a division to be appropriately inserted and to read as follows:

"**Division . Use Regulations; Transient Vacation Rentals.**

Section 25-4- . Bed and breakfasts; where permitted.
A B&B is permitted in the following zoning districts:
(1) RS, RD, RM, RCX, V, CN, CG, CV, CDH, and PD; and
(2) Any agricultural district, other than IA, that is wholly situated within:
(A) The State land use urban or rural district; or
(B) The State land use agricultural district, provided that:

(i) Where the B&B is located in a farm dwelling, the dwelling is also the principal home of the host;
(ii) The dwelling is not an additional farm dwelling; and
(iii) A special permit is obtained.

Section 25-4- . Short-term vacation rentals; where permitted; nonconforming use certificate.

(a) An STVR is permitted in the following zoning districts:
  (1) RM, V, CG, CN, CV, and CDH;
  (2) Any residential district, other than RM, that is wholly situated within any of the following:
    (A) A Resort or Resort Node area, as designated in the General Plan; or
    (B) An area designated as Open in the General Plan that is adjacent to an area identified in subparagraph (A) and that is located along the shoreline; and
  (3) A project district, where consistent with the uses allowed in the underlying zoning district.

(b) An STVR is not permitted in a multiple-family dwelling, unless the dwelling is defined and governed as a condominium property regime under the Hawai'i Revised Statutes, chapter 514B.

(c) In any district or area not identified in subsection (a), an STVR may operate with a nonconforming use certificate issued pursuant to Ordinance No. 18-114.

(d) In the event that the director, pursuant to section 6- of this Code, cancels the TVR registration of a TVR operating under a nonconforming use certificate, such cancellation shall also cause and constitute revocation of the nonconforming use certificate.

(e) An STVR operating under a nonconforming use certificate may increase the number of bedrooms available to rent; provided that the number of rooms available to rent does not exceed five and that the owner registers the change with the director.

Section 25-4- . General provisions.

(a) Use of a TVR, including the structure or dwelling, the rental activity, and any other activity on the property in connection therewith, must be done in accordance with the provisions of this division.

(b) The owner and, if applicable, the host of a TVR are responsible for compliance with the provisions of this division.

(c) In the case of a conflict between the operational standards set forth in this division and the conditions of a use permit or special permit regulating the rental activity of a TVR, the latter shall control.

Section 25-4- . Operational standards; responsible management.

(a) The owner of a TVR shall keep conspicuously posted in a manner visible or accessible within the TVR the following information:
  (1) A copy of the TVR registration issued under chapter 6, article 6, of this Code, and any applicable nonconforming use certificates;

(2) A copy of the operational standards set forth in this division; and
(3) The name, phone number, and e-mail of the host or other reachable person.

(b) A host shall reside on the same building site as the B&B during rental operations.

(c) In the case of an STVR, the reachable person shall:
(1) Respond via telephone to a request or message from a guest, neighbor, or County agency within one hour of receiving the request or message; and
(2) Be physically present at a TVR within three hours of receiving a request to do so from a guest, neighbor, or County agency.

Section 25-4- . Operational standards; good neighbor policy.

(a) Unless established otherwise by the director, the renter limit for adult occupants in a TVR is the lesser of:
(1) Twelve; or
(2) Twice the number of bedrooms available for rent plus two.

(b) The number of individuals who may gather at a TVR at the same time may not exceed twice the applicable renter limit of the TVR.

(c) Any gathering at a TVR must be consistent with activities of a residential nature or character, such as a picnic, family dinner, birthday party, or fitness activity.

(d) Breakfast may not be served or offered, whether or not in exchange for payment, to any person at a B&B, except a registered guest.

(e) A guest or renter of a TVR may not use it for a wedding, wedding reception, concert, or other special event.

(f) Quiet hours shall be from 10:00 p.m. to 8:00 a.m., during which time any noise from a TVR may not disturb neighbors. During all other times, any noise from a TVR may not exceed the standards set forth in title 11, chapter 46, of the Hawai'i Administrative Rules. For the purposes of this subsection, "audible" means perceptible by a person without the use of a sound detection device or an audio aide.

(g) In the case of an STVR, the rental of individuals bedrooms, such that multiple renters can rent different bedrooms within the STVR at the same time, is prohibited.

(h) A guest vehicle at a TVR must be parked within the designated on-site parking area.

Section 25-4- . Operational standards; advertising and signage.

(a) Any advertising of a TVR, including signage or other public listing of a TVR as available for rent, whether in print or an electronic format, must include the TVR registration number issued under section 6- .

(b) No person may advertise a TVR as a venue for weddings, wedding receptions, concerts, or other special events.

(c) Signage associated with a TVR must comply with section 22-2.6 and chapter 3 of this Code.

(d) The street address of a TVR must be visible from the street used to access the TVR."

SECTION 8. Chapter 25, article 2, division 6, section 25-2-61, of the Hawai'i County Code 1983 (2016 Edition, as amended) is amended by striking from subsection (a) the paragraph reading "Bed and breakfast establishments in RS, RA, FA, and A districts, provided that the property is within the state land use urban district.".

SECTION 9. Chapter 25, article 4, division 5, section 25-4-51, of the Hawai'i County Code 1983 (2016 Edition, as amended) is amended by striking "breakfast establishments:" and inserting "breakfasts:" in lieu thereof.

SECTION 10. Chapter 25, article 5, division 1, section 25-5-3, of the Hawai'i County Code 1983 (2016 Edition, as amended) is amended by striking from subsection (b) the paragraph reading "Bed and breakfast establishments as permitted under section 25-4-7.".

SECTION 11. Chapter 25, article 5, division 1, section 25-5-3, of the Hawai'i County Code 1983 (2016 Edition, as amended) is amended by adding a paragraph to be appropriately inserted in subsection (a) and to read as follows:

"<u>( ) Bed and breakfasts.</u>"

SECTION 12. Chapter 25, article 5, division 2, section 25-5-22, of the Hawai'i County Code 1983 (2016 Edition, as amended) is amended by striking from subsection (a) "Bed and breakfast establishments as permitted under section 25-4-7." and inserting "Bed and breakfasts." in lieu thereof.

SECTION 13. Chapter 25, article 5, division 3, section 25-5-32, division 4, section 25-5-42, division 9, section 25-5-92, division 10, section 25-5-102, division 11, section 25-5-112, division 12, section 25-5-122, and article 7, division 2, section 25-7-22, of the Hawai'i County Code 1983 (2016 Edition, as amended) are amended by striking from each respective subsection (a) "Bed and breakfast establishments, as permitted under section 25-4-7." and inserting "Bed and breakfasts." in lieu thereof.

SECTION 14. Chapter 25, article 5, division 5, section 25-5-52, of the Hawai'i County Code 1983 (2016 Edition, as amended) is amended by striking from subsections (c) and (d) the paragraph reading "Bed and breakfast establishments, as permitted under section 25-4-7.".

SECTION 15. Chapter 25, article 5, division 5, section 25-5-52, of the Hawai'i County Code 1983 (2016 Edition, as amended) is amended by adding a paragraph to be appropriately inserted in subsection (a) and to read as follows:

"( ) Bed and breakfasts, as permitted under section 25-4- ."

SECTION 16. Chapter 25, article 5, division 6, section 25-5-62, and division 7, section 25-5-72, of the Hawai'i County Code 1983 (2016 Edition, as amended) are amended by striking from each respective subsection (c) and (d) the paragraph reading "Bed and breakfast establishments, as permitted under section 25-4-7.".

SECTION 17. Chapter 25, article 5, division 6, section 25-5-62, and division 7, section 25-5-72, of the Hawai'i County Code 1983 (2016 Edition, as amended) are amended by adding in each respective subsection (a) and (c) a paragraph to be appropriately inserted and to read as follows:

"( ) Bed and breakfasts, as permitted under section 25-4- ."

SECTION 18. Chapter 25, article 5, division 1, section 25-5-3, division 2, section 25-5-22, and division 4, section 25-5-42, of the Hawai'i County Code 1983 (2016 Edition, as amended) is amended by striking from each respective subsection (a) "Short-term vacation rentals situated in the general plan resort and resort node areas." and inserting "Short-term vacation rentals, as permitted under section 25-4-__." in lieu thereof.

SECTION 19. Chapter 25, article 5, division 3, section 25-5-32, of the Hawai'i County Code 1983 (2016 Edition, as amended) is amended by amending subsection (a) to read as follows:

"(a) The following uses shall be permitted in the RM district:
  (1) Adult day care homes.
  (2) Apiaries.
  (3) Bed and breakfast establishments, as permitted under section 25-4-7.
  (4) Boarding facilities, rooming, or lodging houses.
  (5) Cemeteries and mausoleums, as permitted under chapter 6, article 1 of this Code.
  (6) Commercial or personal service uses, on a small scale, as approved by the director, provided that the total gross floor area does not exceed one thousand two hundred square feet and a maximum of five employees.
  (7) Crop production.
  (8) Dwellings, double-family or duplex.
  (9) Dwellings, multiple-family.
  (10) Dwellings, single-family.

(11) Family child care homes.
(12) Group living facilities.
(13) Home occupations, as permitted under section 25-4-13.
(14) Household henneries, as permitted under section 25-4-18.
(15) Meeting facilities, as permitted under section 25-4-17.
(16) Model homes, as permitted under section 25-4-8.
(17) Neighborhood parks, playgrounds, tennis courts, swimming pools, and similar neighborhood recreational areas and uses.
(18) Public uses and structures, as permitted under section 25-4-11.
(19) Short-term vacation rentals [~~situated in any of the following:~~
  ~~(A) General plan resort and resort node areas.~~
  ~~(B) Outside the general plan resort and resort node areas, in multiple family dwellings within a condominium property regime as defined and governed by chapters 514A or 514B, Hawai'i Revised Statutes~~].
(20) Telecommunication antenna and towers, as permitted under section 25-4-12.
(21) Temporary real estate offices, as permitted under section 25-4-8.
(22) Time share units situated in any of the following:
  (A) Areas designated as resort under the general plan land use pattern allocation guide (LUPAG) map.
  (B) Areas determined by the director to be within resort areas identified by the general plan land use element, except for retreat resort areas.
  (C) Areas determined for such use by the council, by resolution.
(23) Utility substations, as permitted under section 25-4-11."

SECTION 20. Chapter 25, article 5, division 10, section 25-5-102, of the Hawai'i County Code 1983 (2016 Edition, as amended) is amended by striking from subsection (a) "Short-term vacation rentals situated in the general plan resort and resort node areas." and inserting "Short-term vacation rentals." in lieu thereof.

SECTION 21. Chapter 25, article 7, division 2, section 25-7-22, of the Hawai'i County Code 1983 (2016 Edition, as amended) is amended by adding a paragraph to be appropriately inserted in subsection (a) and to read as follows:

"<u>( ) Short-term vacation rentals.</u>"

SECTION 22. Material to be repealed is bracketed and stricken. New material is underscored. In printing this ordinance, the brackets, bracketed and stricken material, and underscoring need not be included.

SECTION 23. Severability. If any provision of this ordinance, or the application thereof to any taxpayer or circumstance, is held invalid, the invalidity does not affect other provisions or applications of the ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are severable.

SECTION 24. This ordinance shall take effect upon its approval.

INTRODUCED BY:

San for Heather L. Kimball
COUNCIL MEMBER, COUNTY OF HAWAI'I

_______________, Hawai'i
Date of Introduction:
Date of 1st Reading:
Date of 2nd Reading:
Effective Date:

REFERENCE Comm. 806

LRB 25-143 D1

COUNTY OF HAWAI'I **STATE OF HAWAI'I**

BILL NO. 47
(DRAFT 3)

ORDINANCE NO. 25 50

AN ORDINANCE AMENDING CHAPTER 6 OF THE HAWAI'I COUNTY CODE 1983 (2016 EDITION, AS AMENDED), RELATING TO TRANSIENT ACCOMMODATIONS.

BE IT ORDAINED BY THE COUNCIL OF THE COUNTY OF HAWAI'I:

SECTION 1. Chapter 6 of the Hawai'i County Code 1983 (2016 Edition, as amended) is amended by adding an article to be appropriately inserted and to read as follows:

"Article 6. Transient Vacation Rentals.

Division 1. General Provisions.

Section 6-40. Definitions.

When used in this article:

"Booking services" means an intermediary service that, as between the owner, host, or proprietor of a TVR and a prospective occupant, transient, or user thereof, facilitates any of the following:

(1) The offering, listing, or advertising of a TVR to rent;
(2) The making, holding, or arranging of reservations for a TVR; and
(3) Payment for use of a TVR, whether whole or partial and whether made to the owner, host, or proprietor or to a hosting platform.

"Host" means a reachable person whose principal home is on the same property as a TVR and who resides there while the TVR is rented.

"Hosted" refers to a TVR located on a property that is the principal home of a host.

"Hosting platform" means a person or business that provides booking services.

"Principal home" means the same as described by section 19-71(e) of this Code.

"Reachable" means being able to:

(1) Respond via telephone to a request or message from a guest, neighbor, or County agency within one hour of receiving the request or message; and
(2) Be physically present at a TVR within three hours of receiving a request to do so from a guest, neighbor, or County agency.

"TVR" or "transient vacation rental" means a dwelling, dwelling unit, room, apartment, suite, shelter, or the like:

(1) That is, or is offered to be, furnished and rented to a transient:
    (A) For a rental period less than one hundred and eighty consecutive days; and
    (B) In exchange for money, goods, services, or other consideration; and
(2) Excluding hotels, motels, inns, apartment hotels, boarding facilities, lodges, timeshares, and tents.

Planning Dept.
Exhibit 2

"Un-hosted" refers to a TVR located on a property on which a host does not reside while the TVR is rented.

Section 6-41. Administrative enforcement.

(a) Fines assessed under this article are due and payable in the manner and before the date specified in the order assessing such fines.

(b) In the case of a hosted TVR, the owner and the host of a TVR are jointly and severally liable for all fines and penalties assessed under this article.

(c) Decisions made by the planning director pursuant to this article are appealable as under chapter 25, article 2, division 2, of this Code.

(d) In all respects not otherwise provided for, any notice or order issued under this article and the provisions therein are subject to and must be made in accordance with section 25-2-35 of this Code.

(e) The County may institute a civil action in a court of competent jurisdiction for the enforcement of any order issued pursuant to this article. Where the civil action has been instituted to enforce the civil fine imposed by said order, the County need only show that the notice was served, that a civil fine was imposed, the amount of the civil fine imposed, and that the fine imposed has not been paid.

(f) On the first day of each September, the County shall file with the bureau of conveyances liens on all properties subject to fines levied under this article that remain unpaid for one year or more after final adjudication and the expiration of the time for any further appeal. Upon such filing, the fines shall constitute a lien on the subject property that, for the purposes of authority, shall be considered equivalent to liens arising pursuant to chapter 19 of this Code.

(g) The County may disclose any information reported or collected under this article to any governmental department or office for the purpose of ensuring compliance with State or County law.

Section 6-42. Rulemaking authority.

The director of finance and planning director may, whether separately or jointly, adopt rules pursuant to the Hawai'i Revised Statutes, chapter 91, necessary for the purposes of this article.

Section 6-43. Applicability.

This article does not apply to any accommodation, lease, letting, or rental activity:

(1) Exempt from the Hawai'i Revised Statutes, chapter 237D;

(2) Subject to the Hawai'i Revised Statutes, chapter 521;

(3) Furnished to a health care worker temporarily employed at a medical facility in the County; or

(4) Authorized by a declaration of a state of emergency.

Division 2. Registration.

Section 6-44. Certain rentals deemed registered.

(a) Notwithstanding any provision to the contrary, a short-term vacation rental registered under section 25-4-16 of this Code prior to the effective date of this ordinance is deemed separately registered for the purposes of this article, subject to renewal under section 6-47, cancellation, and all other provisions of this article as if made in accordance with section 6-45.

(b) A TVR that is permitted by a use permit issued under section 25-4-7 of this Code or a special permit under the Hawai‘i Revised Statutes, section 205-6, is deemed registered for the purposes of subsection (c) and exempt in all other respects from this article.

(c) For a TVR deemed registered under this section, the director of finance shall issue the owner a registration number.

Section 6-45. Registration.

(a) A person may not operate a TVR on any property, unless and until the owner first registers it with the director of finance in a format prescribed by the director of finance that includes:

- (1) The street address and tax map key of the property;
- (2) The name, phone number, and e-mail of the owner and the host or other reachable person;
- (3) The number of bedrooms available to rent, and whether they are rented individually or as a whole;
- (4) A site drawing showing the location of all structures on the property, including the TVR;
- (5) A declaration attesting that the TVR complies with the health and safety requirements as may be required by the County;
- (6) A certificate of tax clearance or other documentation from the department of finance showing that the owner does not owe the County any delinquent real property or transient accommodations tax, including any penalties or interest;
- (7) A copy of the owner's:
  - (A) General excise tax license obtained under the Hawai‘i Revised Statutes, section 237-9; and
  - (B) Certificate of registration under the Hawai‘i Revised Statutes, section 237D-4 or 237D-4.5;
- (8) A signed statement acknowledging that operation of a TVR may affect the real property tax liability of the owner;
- (9) Other information or material as the director of finance may require; and
- (10) A registration fee of $250 or $500, in the case of a hosted or un-hosted TVR, respectively.

(b) Upon determination that registration is complete, the director of finance shall issue the owner a registration number for the TVR.

(c) It is the duty of the owner to maintain the currency and accuracy of information provided in connection with a registered TVR and to accordingly update the director of finance whenever any such information becomes outdated or inaccurate or when the owner elects to terminate the registration.

(d) Registration expires ninety days after a change in ownership of the property occurs, and any TVR not theretofore registered by the new owner shall be unregistered.

Section 6-46. Failure to register.

(a) Upon determining that an unregistered TVR is operating on a property, the planning director shall issue a notice of violation and order ordering the owner to:
   (1) Cease and desist from operating the TVR until the owner registers the TVR;
   (2) Pay a civil fine of no less than $1,000 and no more than $10,000; and
   (3) When deemed necessary by the planning director, pay a civil fine for each day in which the violation persists in an amount specified in the order not to exceed two times the highest daily rate at which the TVR has been advertised within the preceding twelve months.

(b) Determination of a failure to register may be made on the basis of:
   (1) An active rental advertisement of the property;
   (2) The fact that the property may be booked or reserved through a booking service;
   (3) Transient accommodations tax returns;
   (4) Other prima facie evidence of TVR operation.

Section 6-47. Annual renewal.

(a) No later than one year after the issuance of a TVR registration number or other date as the director of finance may prescribe, and every year thereafter, the owner shall renew the registration by paying a renewal fee of $100 or $250, in the case of a hosted or un-hosted TVR, respectively.

(b) If an owner fails to renew a registration within the time prescribed in subsection (a), the director of finance shall issue a notice of expired registration advising the owner that, unless the registration is renewed within ninety days of the date of the notice by payment of the renewal fee and a late fee of $90, operation of the TVR thereafter will constitute a failure to register subject to section 6-46.

Section 6-48. Cancellation.

(a) Upon verification of any basis specified in subsection (b), the planning director shall cancel the registration and issue to the owner a notice of cancellation:
   (1) Ordering the owner to cease and desist from operating the TVR until the owner re-registers the TVR;
   (2) Informing the owner of the basis of the cancellation; and
   (3) Advising the owner that operation of the TVR after the date specified in the notice constitutes a failure to register subject to section 6-46.

(b) The decision to cancel a registration may be made on the basis of:
   (1) The TVR, including the structure used therefor or any activity on the property in connection therewith, being in violation of any applicable law;
   (2) Any information provided by the owner in connection with the registration found to be inaccurate or fraudulent; or

(3) Any delinquent real property or transient accommodations tax, or any fees, fines, or penalties assessed on the TVR that are owed and unpaid by the owner.

Section 6-49. Rights and responsibilities unaffected.

Registration and the issuance of a registration number does not grant any right, privilege, immunity, or other allowance to the subject property or owner except as herein provided, and further does not dispense with any necessity, obligation, or duty under other applicable law to which the owner may be subject.

Division 3. Hosting Platforms.

Section 6-50. Applicability.

This division does not apply to:

(1) The provision of booking services for a TVR by the owner thereof; and

(2) A real estate broker or real estate salesperson acting as a hosting platform for no more than one TVR.

Section 6-51. Registration required.

(a) A hosting platform may not provide or facilitate booking services or ancillary services for a TVR within the County; unless:

(1) The person or business first registers with the director of finance, which registration must be made in a format and by a date prescribed by the director of finance and include:

(A) A registration fee of $1,000;

(B) A signed acknowledgement of the registrant's responsibilities and obligations under this division; and

(C) Other information, documentation, or content as the director of finance may require;

(2) The TVR is registered under division 1 or exempt from registration by reason of a use permit or special use permit; and

(3) The owner of the TVR consents to the disclosure of information relating to the TVR that the hosting platform is required to report under section 6-52.

(b) Registration under this section shall remain in effect until terminated by the registrant or cancelled pursuant to section 6-53.

(c) For the purposes of this section, "ancillary services" includes insurance, concierge services, catering, restaurant bookings, tours, guide services, entertainment, cleaning, property management, or maintenance services in connection with a TVR.

Section 6-52. Reporting.

(a) For every TVR in the County for which a hosting platform provides booking services during each month, the hosting platform shall report to the director of finance, in a format prescribed by the director of finance, the following information:

(1) The tax map key number of the TVR;

(2) The registration identification number issued under the Hawai'i Revised Statutes, chapter 237D, associated with the TVR;

(3) The registration number issued under division 1 associated with the TVR; and
(4) The unique website address or link of the TVR.

(b) Except as otherwise provided in subsection (c), the report must be made no later than fourteen days after the end of each month.

(c) In the case of a real estate broker or real estate salesperson acting as a hosting platform for more than one TVR, the report may be made on an annual basis no later than the last day of each January with the information required under subsection (a) covering the preceding calendar year.

Section 6-53. Violation; penalties.

(a) Upon determination that a hosting platform is in violation of sections 6-51 or 6-52, the planning director shall issue a notice of violation and order ordering the hosting platform to cure the violation within ten business days.

(b) If a hosting platform fails to cure any violation, the planning director shall order the hosting platform to:

(1) To cease and desist from providing booking services to any TVR in the County no later than ninety days from the date of the notice, or a later date as the planning director may determine; and

(2) To pay:

(A) A civil fine for each day in which the violation persists in the amount specified in the order, provided the amount is not less than $1,000 and not more than $10,000; or

(B) In the case of a violation of section 6-52(c), a civil fine of $250.

(c) Upon determination that a hosting platform is providing booking services for a TVR for which the registration is expired, cancelled, or otherwise invalid, the planning director shall issue to the hosting platform a notice of removal and order:

(1) Identifying the registration number or unique website address or link of the TVR to be removed and the basis for removal;

(2) Ordering the hosting platform to remove the listing for the TVR from the hosting platform no later than thirty days from the date of the notice; and

(3) Advising the hosting platform that failure to remove the listing constitutes a failure to cure subject to subsection (b)."

SECTION 2. Severability. If any provision of this ordinance, or the application thereof to any taxpayer or circumstance, is held invalid, the invalidity does not affect other provisions or applications of the ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are severable.

SECTION 3. This ordinance shall take effect one hundred and eighty days after its approval.

INTRODUCED BY:

COUNCIL MEMBER, COUNTY OF HAWAIʻI

COUNCIL MEMBER, COUNTY OF HAWAIʻI

Hilo, Hawaiʻi

Date of Introduction: May 21, 2025
Date of 1st Reading: May 21, 2025
Date of 2nd Reading: June 4, 2025
Effective Date: December 20, 2025

REFERENCE Comm. 236.117

OFFICE OF THE COUNTY CLERK
County of Hawai'i
Hilo, Hawai'i

COUNTY CLERK
COUNTY OF HAWAII
2025 JUN 23 PM 1:27

Introduced By: Heather L. Kimball and Ashley L. Kierkiewicz
Date Introduced: May 21, 2025
First Reading: May 21, 2025
Published: May 30, 2025

REMARKS:

(Draft 2)

ROLL CALL VOTE				
	AYES	NOES	ABS	EX
Galimba	X			
Hustace	X			
Inaba		X		
Kagiwada	X			
Kāneali'i-Kleinfelder	X			
Kierkiewicz	X			
Kimball	X			
Onishi		X		
Villegas		X		
	6	3	0	0

Second Reading: June 4, 2025
To Mayor: June 17, 2025
Returned: June 23, 2025
Effective: December 20, 2025
Published: July 11, 2025

REMARKS:

(Draft 3)

ROLL CALL VOTE				
	AYES	NOES	ABS	EX
Galimba	X			
Hustace	X			
Inaba		X		
Kagiwada	X			
Kāneali'i-Kleinfelder	X			
Kierkiewicz	X			
Kimball	X			
Onishi	X			
Villegas	X			
	8	1	0	0

I DO HEREBY CERTIFY that the foregoing BILL was adopted by the County Council published as indicated above.

Approved/Disapproved this 23rd *day of* June, 20 25.

MAYOR, COUNTY OF HAWAI'I

COUNCIL CHAIRPERSON

COUNTY CLERK

Bill No.: 47 (Draft 3)
Reference: C-236.117/PCPLUED-3
Ord No.: 25 50

COUNTY OF HAWAIʻI **STATE OF HAWAIʻI**

BILL NO. 98

ORDINANCE NO. 25 92

AN ORDINANCE AMENDING ORDINANCE NO. 25-50, AN ORDINANCE AMENDING CHAPTER 6 OF THE HAWAIʻI COUNTY CODE 1983 (2016 EDITION, AS AMENDED), RELATING TO TRANSIENT ACCOMMODATIONS.

BE IT ORDAINED BY THE COUNCIL OF THE COUNTY OF HAWAIʻI:

SECTION 1. Section 3 of Ordinance No. 25-50 is amended to read as follows:

"**SECTION 3.** This ordinance shall take effect [~~one hundred and eighty days after its approval.~~] on July 1, 2026."

SECTION 2. Material to be deleted is bracketed and stricken. New material is underscored.

SECTION 3. Severability. If any provision of this ordinance, or the application thereof to any person or circumstance, is held invalid, the invalidity does not affect other provisions or applications of the ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are severable.

SECTION 4. This ordinance shall take effect upon its approval.

INTRODUCED BY:

COUNCIL MEMBER, COUNTY OF HAWAIʻI

Hilo, Hawaiʻi

Date of Introduction:	November 19, 2025
Date of 1st Reading:	November 19, 2025
Date of 2nd Reading:	December 3, 2025
Effective Date:	December 24, 2025

REFERENCE Comm. 578

Planning Dept.
Exhibit 3

OFFICE OF THE COUNTY CLERK
County of Hawaiʻi
Hilo, Hawaiʻi

COUNTY CLERK
COUNTY OF HAWAII

2025 DEC 24 PM 3:58

Introduced By: Heather L. Kimball
Date Introduced: November 19, 2025
First Reading: November 19, 2025
Published: November 28, 2025

REMARKS:

ROLL CALL VOTE	AYES	NOES	ABS	EX
Galimba	X			
Hustace	X			
Inaba	X			
Kagiwada	X			
Kāneali'i-Kleinfelder	X			
Kierkiewicz	X			
Kimball	X			
Onishi	X			
Villegas			X	
	8	0	1	0

Second Reading: December 3, 2025
To Mayor: December 19, 2025
Returned: December 24, 2025
Effective: December 24, 2025
Published: January 9, 2025

REMARKS:

ROLL CALL VOTE	AYES	NOES	ABS	EX
Galimba	X			
Hustace	X			
Inaba	X			
Kagiwada	X			
Kāneali'i-Kleinfelder			X	
Kierkiewicz	X			
Kimball	X			
Onishi	X			
Villegas	X			
	8	0	1	0

I DO HEREBY CERTIFY that the foregoing BILL was adopted by the County Council published as indicated above.

COUNCIL CHAIRPERSON

Approved/Disapproved this 24th *day of* December *, 20*25.

COUNTY CLERK

MAYOR, COUNTY OF HAWAIʻI

Bill No.: 98
Reference: C-578/PCPLUED-9
Ord No.: 25 92

HEATHER L. KIMBALL
COUNCIL DISTRICT 1
(North Hilo, Hāmākua, and portion of Waimea)

Phone: (808) 961-8828
(808) 961-8912
Email: heather.kimball@hawaiicounty.gov

HAWAIʻI COUNTY COUNCIL

COUNTY OF HAWAIʻI

25 Aupuni Street, Ste. 1402, Hilo, Hawaiʻi 96720

COUNTY CLERK
COUNTY OF HAWAII
2025 SEP -5 AM 11:31

DATE: September 5, 2025

TO: Dr. Holeka Goro Inaba, Council Chair and Hawaiʻi County Council Members

FROM: Heather Kimball, Council District 1 HK

SUBJECT: Presentation by Hunden Partners and Dept. of Research and Development: County of Hawaiʻi Economic Impact Study on Short-Term Vacation Rentals

I respectfully request at least 40 minutes of time on September 16, 2025, during the Communications, Reports, and Council Oversight Committee, for a 20-minute presentation by Hunden Partners and the Department of Research and Development, with the remainder of time for a question-and-answer period.

Attached please find the presentation material entitled "County of Hawaiʻi Economic Impact Study on Short Term Vacation Rentals".

Hunden Partners would be presenting via Zoom from the Midwest, and therefore I would like to request that said presentation be held at an early morning timeframe to accommodate their efforts.

Should you have any questions regarding this request, please do not hesitate to contact me. Thank you.

HLK:dbk
Att.

Planning Dept.
Exhibit 4

Comm. No. 600
Ref. To: CRCOC
Ref. Date SEP - 5 2025

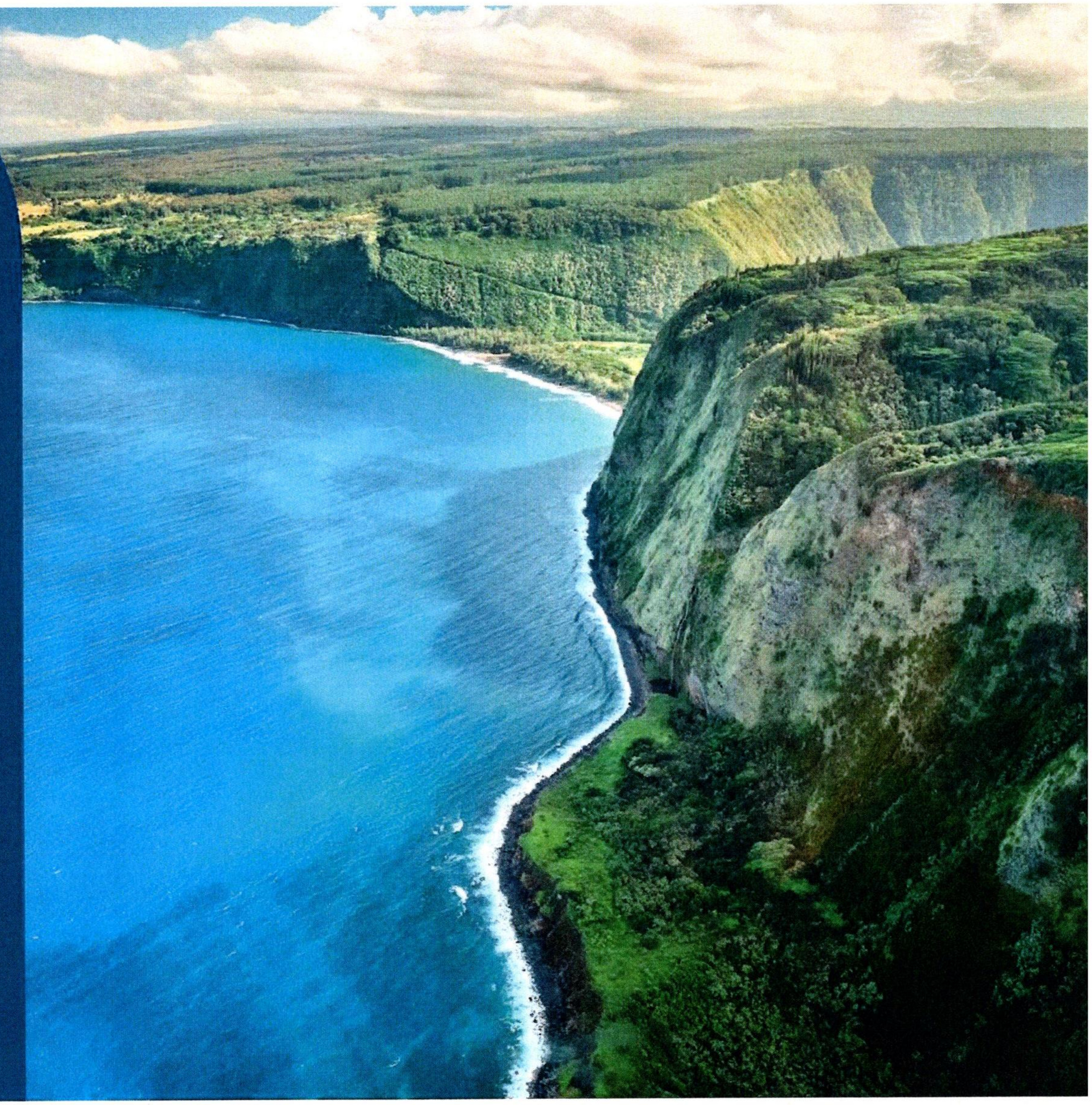
hunden partners

COUNTY OF HAWAIʻI

Economic Impact Study on Short-Term Vacation Rentals

July 2025

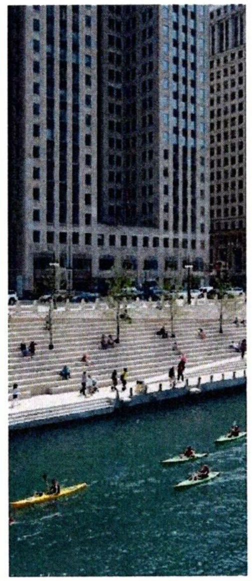
COUNTY OF HAWAIʻI



Who we are

We are the leading global advisor in place strategy—where tourism development, economic development, and real estate development intersect.

With professionals in Chicago, New York, Dallas, and Minneapolis, Hunden provides a variety of services for all stages of destination development.



$20B

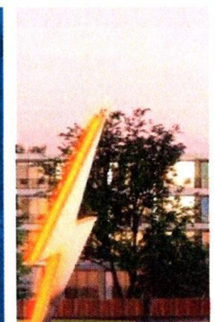
in projects successfully developed and/or in progress

>1K

studies & processes. Of these, **over 80%** are for public sector or DMO clients

200+

youth sports complex, professional stadium & arena studies



600+

conference, convention, event center & hotel studies


Executive Summary Overview
Process overview
Data analysis
Survey & interview feedback
High-level recommendations & implications

Project Introduction

The County of Hawaiʻi has engaged Hunden Partners to conduct an economic impact study focused on the role and implications of short-term vacation rentals (STVRs) across Hawaiʻi Island. Directed by Hawaiʻi County Council Resolution 556-24, the study is designed to provide a data-driven understanding of how STRs affect the local housing market, economy, tourism dynamics, and residents' quality of life.

The Project will incorporate the latest legislative developments, housing and tourism trends, and stakeholder perspectives to assess the current and future impacts of STRs. Hunden's work will include housing affordability and availability analysis, economic and fiscal modeling, visitor behavior research, and case study comparisons, to inform policy decisions. The study will support County leaders in evaluating the optimal approach to STVR regulation and long-term community development strategy.

Resolution 556-24

Hawaiʻi County Council Resolution 556-24 directs the County's Department of Research and Development to procure a comprehensive study on the economic and fiscal impacts of the transient accommodation rental industry, commonly known as short-term vacation rentals (STVRs), within Hawaiʻi County.

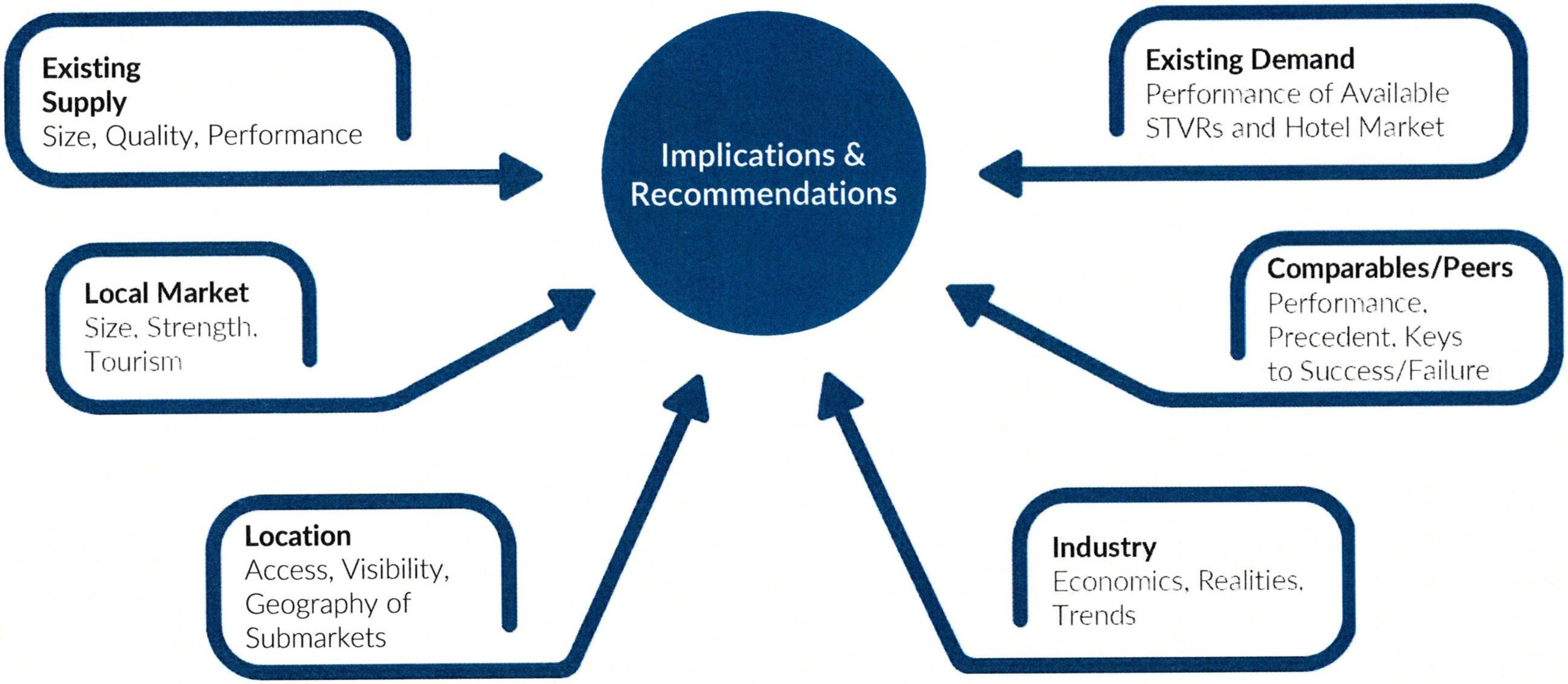
Over time, Hawaiʻi's tourism industry has expanded through the rise of hosting and booking platforms, offering a wider range of accommodations to meet diverse visitor needs. STVRs have allowed residents to become entrepreneurs, generating income that supports families and local reinvestment. A 2024 report by Kloninger & Sims found that in 2023, 43.7 percent of visitors to Hawaiʻi Island stayed in STVRs, contributing an estimated $1.3 billion to the local economy and generating more than $17.7 million in Transient Accommodations Tax and $7.1 million in General Excise Tax revenues.

Given the presence of STVRs in Hawaiʻi County, there is a need to evaluate their economic and fiscal impacts, including effects on tax revenue, employment, economic activity, housing affordability, neighborhood character, infrastructure, public services, and local businesses. The assumption that existing STVRs could be converted to long-term housing if phased out or restricted requires further assessment. To support informed policymaking, the County seeks a comprehensive economic and fiscal impact study to assess these issues from all stakeholder perspectives.

The study is expected to evaluate the following:

- **Data Analysis Using AirDNA**: Examine daily listings, occupancy, pricing, geographic distribution, ownership proximity, number of structures, market value, and other metrics.
- **Economic Contributions**: Measure direct and indirect contributions of STVRs to the County's economy.
- **Housing Market Impact**: Analyze the influence of STVRs on housing availability and affordability.
- **Conversion Feasibility**: Assess whether STVR units could realistically be converted into long-term rentals.
- **Stakeholder Engagement**: Involve STVR hosts, local businesses, housing advocates, and industry reps to ensure well-rounded input.

Study Methodology



Market Snapshot

Below is a snapshot of Hawai'i Island's housing market, visitor statistics, hotel market, and short-term vacation rental (STVR) sector, based on data from the Department of Business, Economic Development & Tourism (DBEDT), Azira, Smith Travel Research, AirDNA, and other sources. Further details on each section are provided throughout the study.

HOUSING

Housing Units: 92,660

Median Sale Price: $610K

Homes for Sale: 1,247

Homes Sold: 159

VISITOR

Visitor Arrivals: 1,735,821

Visitor Spending: $3.23B

Non-Lodging Visitor Spend:

- **F&B:** $52.10
- **Ent & Rec:** $23.00
- **Transportation:** $22.80
- **Shopping:** $25.00
- **Other:** $8.60

Total: $131.5

HOTEL

Hawai'i County Hotels: 55 hotel properties totaling 6,816 rooms

Occupancy Rate: 68.2%

Average Daily Rate (ADR): $429.80

Revenue Per Available Room (RevPAR): $293.17

STVR

Active Listings: 8,008

Occupancy Rate: 65%

Average Length of Stay: 4.3 Days

Average Daily Rate (ADR): $379.05

Top Markets by Listings:

- Kailua Kona
- Waikoloa
- Keaau

Survey Findings

As part of this study, Hunden Partners surveyed residents, visitors, and property owners to capture perceptions, behaviors, and impacts of STVRs. The findings reveal key trends in housing, tourism, and quality of life that directly inform the study's economic, social, and policy analyses. A detailed breakdown of each survey's results is provided in a later section of this report.

RESIDENT SURVEY
1,726 RESPONSES

87%
Identified as Full-Time Residents

12%
Identified as Native Hawaiian

41%
Reside in Hawai'i County for more than 20 years

77%
Do not affiliate with an STVR unit in any way

SUPPLY SURVEY
688 RESPONSES

40%
Rent a unit that is their secondary home

28%
Rent their primary residency

20%
Rent out a unit as an investment

69%
Self-manage their STVR unit(s)

DEMAND SURVEY
101 RESPONSES

41%
Stayed in STVRs

24%
Would not come if there was not STVRs

60%
Took part in nature-based experiences

40%
Were groups of four people or more

Source: Hunden Partners

Summary of STVR Impacts

The following section outlines the economic impact of STVRs on Hawaiʻi Island in 2024, drawing from survey data, market research, and state economic benchmarks:

- In 2024, STVR lodging revenue on Hawaiʻi Island is estimated at approximately $710 million, comparable to total hotel room night revenue on the island.
- According to the demand-side survey, 41 percent of visitors surveyed stayed in STVRs.
  - STVRs contribute significantly to the island's tourism economy through spending on food & beverage, transportation, shopping, and entertainment. According to the DBEDT, average per-person daily spending outside of lodging is $132.
  - Based on AirDNA data and survey responses, this equates to a total estimated economic impact of $565 – $862 million on the island from STVR spending outside of lodging.
- Survey results show that 24 percent of STVR users would not travel to Hawaiʻi Island if this lodging option were unavailable.
  - This would represent a loss of $112 million to $170 million in annual STVR lodging revenue that would not be recaptured.
  - For Hawaiʻi County, this equates to $3.35 million to $5.11 million in foregone Hawaiʻi County Transient Accommodations Tax (HCTAT) revenue annually.
  - Non-lodging visitor spending losses would range from $136 million to $207 million if STVR restrictions were implemented.
- From a labor perspective, the supply-side survey found that each STVR unit supports an average of 1.6 full-time and 4 part-time employees. Limiting STVR operations would not only reduce visitor spending and owner income, but also eliminate jobs and wages tied to the STVR sector.
  - Based on average 2024 listings, this would equate to a loss of more than 12,000 full-time jobs and more than 30,000 part-time jobs. While some of these jobs may be absorbed into the hotel market, it is unlikely that all employment would be recaptured.

Considerations for Range of Impacts

Hawai'i County implemented a Short-Term Vacation Rental (STVR) permitting process in 2023 and currently has approximately 3,500 registered units. Based on this study's research, not all units are likely registered, meaning the County is not collecting the full amount of the Hawai'i County Transient Accommodations Tax (HCTAT).

- Hunden's modeling suggests the County could be collecting up to $21 million annually in TAT from STVRs if full compliance were achieved. Current collections are estimated at only $9 million, indicating that roughly $12 million in revenue remains unreported and uncollected.
- In addition, Hawai'i County levies a 0.5-percent General Excise Tax (GET) on top of the state's 4-percent rate. Based on AirDNA's 2024 estimate of $70,800 in average rental revenue per unit and an average inventory of 7,925 units, the County could generate approximately $2.8 million in GET if all units were permitted and reporting. However, actual collections are likely closer to $1.2 million, resulting in a significant shortfall.
- A variety of reasons may explain the lack of collection and compliance in Hawai'i County. These factors can include:
    - Enforcement & Data Gaps: Many STVRs operate without permits due to limited county capacity, inconsistent enforcement, and lack of STVR platform-level data sharing.
    - Tax Compliance Issues: Some hosts underreport income or fail to submit required County TAT, especially in rural areas or in cases of informal rental arrangements.
    - Legal & Political Hurdles: Zoning ambiguities, pending lawsuits, and political caution make aggressive enforcement difficult despite known revenue leakage.
    - Cost & Documentation: A registered STVR in Hawai'i requires a $500 fee, zoning verification, detailed documentation (site plans, permits, tax information, etc.), and approval from the Planning Department.

Implications

Based on comprehensive market research, including three separate surveys targeting supply (STVR owners and operators), demand (visitors), and residents (Hawai'i County residents), Hunden has triangulated the findings to assess the impacts and implications of the STVR industry on the County.

- Survey results show that if STVRs were unavailable, 24 percent of visitors would not have made the trip, 26 percent would have stayed in a full-service or luxury hotel, 19 percent would have rented a timeshare or condo, and 14 percent would have chosen a limited-service hotel. This indicates that restricting STVRs would result in a loss of close to one fourth of the lodging, food & beverage, transportation, shopping, and entertainment spending attributed to STVRs.
- The Hawai'i County STVR market primarily appeals to budget-conscious travelers, larger groups, and frequent STVR users, while the hotel market is dominated by luxury properties catering to more affluent visitors.
- All visitors surveyed, regardless of lodging type, prioritized nature-based outdoor recreation. STVR visitors were more likely by 79 percent to engage in these activities as well as local culture. With the growth in wellness tourism and related trends nationally, Hawaii County is poised to continue to grow in this space, as wellness and community well-being remain central to the Hawai'i Island Tourism Strategic Plan.
- If STVRs were restricted on the island, only 4 percent of owners and operators would definitely convert their listed units to long-term rentals, while 68 percent indicated they would not. This suggests that the likelihood of STVRs converting to long-term housing for residents is minimal.
- Both hotel and STVR lodging revenues exceed $700 million annually on Hawai'i Island, with additional daily visitor spending averaging more than $130 per person. Most STVRs are concentrated within designated Resort Zones.
- Resident sentiment toward tourism is largely positive, with respondents recognizing its importance to the local economy, job creation, and cultural vibrancy. Most do not believe STVRs have negatively impacted their neighborhood or quality of life. While 56 percent perceive that housing costs and availability have increased due to tourism, 61 percent said STVRs have not deterred them from renting or purchasing property.
- More than 75 percent of STVR owners operate only one rental unit, and 54 percent rely on the income to cover housing-related costs. Only 20 percent of owners view their property as a pure investment, suggesting that most STVRs are operated by individuals with a personal financial stake rather than large-scale investors.

Outcomes

Based on significant data findings from this study, Hunden compared the projected outcomes of the following two policy scenarios: (1) maintaining the current STVR legislation; and (2) implementing a full ban on STVRs in Hawai'i County.

WITH STVRS
As it is Today

Since Hawai'i County implemented a STVR permitting process in 2023, approximately 3,500 units are now registered island-wide. However, AirDNA data and stakeholder feedback indicate that a significant number of STVRs remain unregistered, meaning the County is not collecting the full amount of Hawai'i County TAT or GET revenues. Based on average STVR listings and Hunden's calculations, the County is not collecting the following estimated annual revenues:

- $12 million in TAT revenue
- $1.6 million in GET revenue

Some residents have also expressed concerns that STVRs strain local infrastructure, create traffic congestion, and reduce long-term housing availability.

WITHOUT STVRS
Introducing Strict Bans

STVRs contribute significantly to the island's tourism economy through both lodging revenue and visitor spending. Survey results indicate that if STVRs were unavailable, 24 percent of STVR users would not travel to Hawai'i Island. This would result in the following estimated losses:

- More than $110 million in annual lodging revenue
- More than $135 million in annual non-lodging visitor spending
- More than $3.35 million in foregone HCTAT revenue annually
- More than 10,000 full-time jobs and 30,000 part-time jobs

Additionally, this would not significantly increase homeownership opportunities for residents, as only 4 percent of STVR owners reported that they would convert their units to long-term housing.

Recommendation

Based on this study's findings, STVRs contribute significant economic value to Hawai'i County and its communities. Resident survey respondents indicated that the community is largely in support of tourism and understands the importance of visitor spending to local economy and quality of life. Additionally, case studies of STVR policies worldwide have not identified substantial data that proves bans successfully addressed housing issues. The economic value of the STVR industry is substantial, and a county-wide ban would not be in the best interest of the county's economy and community at large.

Instead, Hunden recommends that Hawai'i County continues to enable STVRs while building on the existing 2020 – 2025 Hawai'i Island Tourism Strategic Plan, which seeks to align tourism growth with residents' quality of life in a sustainable, community-based manner. Drawing on demand and supply survey results, Hunden proposes the following four goals:

1. Continue to closely monitor STVR usage and supply growth on a bi-annual basis

2. Achieve 100% compliance with STVR registration to ensure the economic benefits are captured on the island and to the County

3. Consider implementing strategic development guidelines for STVRs located within resort zones versus those located outside of such zones

4. Explore public-private partnerships to develop housing for local residents, ensuring that community members receive prioritized access to inexpensive housing

These initiatives would strive to achieve balance between the economic benefits of the STVR industry with community well-being and neighborhood integrity. No single finding should be interpreted in isolation; readers must consider the systemic context—including Hawai'i Island's unique geographic, cultural, and economic conditions—and acknowledge that no ideal model exists and many uncertainties remain.

hunden
partners

213 W. Institute Place, Suite 707
Chicago, IL 60610

312.643.2500 | hunden.com

From:	Spielman, Aaron
To:	Steen, Raimee
Cc:	Segawa, Wesley; Azevedo, Neil; Holzman-Escareno, Juliana
Subject:	RE: Request for Comments on County Council Initiated Bill No. 147 (PL-CCI-2026-000016)
Date:	Friday, May 8, 2026 5:06:17 PM

Aloha Raimee –
Please see the following comments.

- Building Division would like permits and inspections as part of the verification process.
- Actual Ordinance language…
  - P.1 – Section 3, "B&B" notes "…principal home of a host." BUT, should that be host or owner, or should the definitions tie host and owner together?
  - P. 2 – Section 3, "TVR" (2) – "…and tents." Building Division does not like tents to be excluded. We have temporary permits for tents. We are hearing about people doing STVR's using tents to loophole the code.
  - P. 2 – Section 5, 25-2-__, (b), "In the case of a B&B, the **owner** and **host**…" (bold by me) – needs coordination with Section 3 for B&B definition.
  - P. 3 – Section 5, 25-2-__, (b), recommend adding language to provide the permits to operate legally.
- There may be other BLD-DIV comments, but I didn't have time to review the entire document. Perhaps we can add comments during Council, or if CM would like to reach out to BLD-DIV.

Mahalo | Aaron

Aaron J. Spielman, AIA, NCARB, NFPA
Acting Building Chief

County of Hawaii
Department of Public Works
Building Division
Kona Office: (808) 323-4731
Hilo Office: (808) 961-8434

From: Steen, Raimee <Raimee.Steen@hawaiicounty.gov>
Sent: Monday, April 13, 2026 12:24 PM
To: Civil Defense Distribution Group <civildefense@hawaiicounty.gov>; Parks and Recreation external email <parks_recreation@hawaiicounty.gov>; DOA <hdoa.planning@hawaii.gov>; DPW Eng <dpweng@hawaiicounty.gov>; DPW Traffic <dpwtrf@hawaiicounty.gov>; Building Division Internet Email <cohbuild@hawaiicounty.gov>; Spielman, Aaron <Aaron.Spielman@hawaiicounty.gov>; DWS (DWSEngineeringReview@hawaiidws.org) <DWSEngineeringReview@hawaiidws.org>; Kaiulani

Planning Dept.
Exhibit 5

Matsumoto <KMatsumoto@hawaiidws.org>; DEM (COH) <cohdem@hawaiicounty.gov>; HCPDOne <HCPDOne@hawaiipolice.gov>; Baybayan, Clinton <Clinton.Baybayan@hawaiicounty.gov>; Henderson, Royd <Royd.Henderson@hawaiicounty.gov>; Kawasaki, Edward <Edward.Kawasaki@hawaiicounty.gov>; Costa, Kehaulani <kcosta@hawaiicounty.gov>; Erickson, Neil C <NeilC.Erickson@hawaiicounty.gov>; OHCD Development <ohcddev@hawaiicounty.gov>; Jo, Keita <Keita.Jo@hawaiicounty.gov>; Miura, Lisa <Lisa.Miura@hawaiicounty.gov>; RPT Mapping <rptmapping@hawaiicounty.gov>; Morrison, Bethany J <Bethany.J.Morrison@hawaiicounty.gov>; Palma, Maryam <Maryam.Palma@hawaiicounty.gov>; Kato, Norren <Norren.Kato@hawaiicounty.gov>; Santiago, Hans <Hans.Santiago@hawaiicounty.gov>; Rathje, Joel T. <Joel.Rathje@hawaiicounty.gov>; Uribe, Amelia <Amelia.Uribe@hawaiicounty.gov>; Honda, Eric <Eric.Honda@doh.hawaii.gov>; Une, Michael Y. <michael.une@doh.hawaii.gov>; Dbedt <dbedt.luc.web@hawaii.gov>; dbedt.stateplanning@hawaii.gov; Research and Development external email <chresdev@hawaiicounty.gov>; Dane Hiromasa <dane.hiromasa@doh.hawaii.gov>; doh.wwb@doh.hawaii.gov; Mark Tomomitsu <mark.tomomitsu@doh.hawaii.gov>
Cc: Camero, Tracie-Lee <Tracie-Lee.Camero@hawaiicounty.gov>; Dacayanan, Melissa <Melissa.Dacayanan@hawaiicounty.gov>
Subject: Request for Comments on County Council Initiated Bill No. 147 (PL-CCI-2026-000016)
Importance: High

Good afternoon,

Please see the attached memo requesting your review and comments on County Council Initiated Bill No. 147 (PL-CCI-2026-000016).

We kindly ask that you submit your comments to planning@hawaiicounty.gov as soon as possible or no later than May 8, 2026.

If you have any questions, please feel free to contact Planner Tracie-Lee Camero (cc'd herein) at (808) 961-8166.

Thank you,

Raimee Steen
Clerk II | Planning Division
County of Hawaii Planning Department
101 Pauahi Street, Suite 3 | Hilo, HI 96720
Direct: (808)-961-8038 | Main: (808)-961-8288
raimee.steen@hawaiicounty.gov

C. Kimo Alameda, Ph.D.
Mayor

William V. Brilhante, Jr.
Managing Director

Merrick Nishimoto
Deputy Managing Director

Kehaulani M. Costa
Housing Administrator

Keiko M. Mercado
Assistant Housing Administrator

County of Hawai'i
Office of Housing and Community Development

1990 Kino'ole Street, Suite 102 • Hilo, Hawai'i 96720 • (808) 961-8379 • Fax (808) 961-8685
Existing Housing: (808) 959-4642 • Fax (808) 959-9308
Kona: (808) 323-4300 • Fax (808) 323-4301

May 5, 2026

Via Electronic Mail
Planning Department
Attn: Jeff Darrow, Planning Director
Email: Planning@hawaiicounty.gov

SUBJECT: **RESPONSE FOR BILL NO. 147 (PL-CCI-2026-000016) AMENDMENT TO CHAPTER 2 AND CHAPTER 25 OF THE HAWAI'I COUNTY CODE 1983 (2016 EDITION, AS AMENDED) RELATING TO TRANSIENT ACCOMMODATIONS**

The County of Hawai'i Office of Housing and Community Development (OHCD) is in receipt of your memorandum dated April 13, 2026, for the amendment for Chapter 2 and Chapter 25 of the Hawai'i County Code.

OHCD recognizes that the proposed Bill No. 147 is related to Short Term Vacation Rentals (STVRs). OHCD does not object to the newly proposed language. However, we would like to take the opportunity to raise an additional matter within Chapter 25 that is affecting OHCD activities.

The OHCD would appreciate the opportunity to discuss concerns related to Group Living Facilities. Chapter 25, as it is currently written, has created limitations on housing service providers and may have unintentional impact to individuals who fall under protected classes of the Fair Housing Act.

More specifically, the OHCD is concerned about requirements that may disproportionately affect individuals in protected classes compared to other residential uses. Additionally, OHCD would like to take all precautionary measures to minimize the risk of disclosing residents' protected classes through public processes. In support of these goals, the OHCD requests further consideration of the following:

1. The definition of "group living facility" does not appear to fully protect all populations covered under the Fair Housing Act.
2. The requirement for group living facilities to obtain a special permit requires additional steps that don't apply to other residential tenants under lease. Additionally, it creates a requirement for public hearings that may inadvertently expose individuals' protected characteristics.
3. The 500-feet of separation is limiting a provider from using a second home near their

Planning Dept.
Exhibit 6

3838pcmp

EQUAL HOUSING OPPORTUNITY

existing home. While we recognize that this measure was likely intended to avoid over-concentration, it is instead preventing a provider from expanding their services to better serve our community.

Given these concerns, OHCD request further discussion on potential revisions to the section of Chapter 25 HCC related to group living facilities. Should you have any additional questions, please don‘t hesitate to contact Cristina Pineda at Cristina.Pineda@hawaiicounty.gov.

We appreciate your consideration and thank you for the opportunity to comment.

Kehaulani M. Costa
Housing Administrator

C. Kimo Alameda, Ph.D.
Mayor

County of Hawaiʻi

KONA COMMUNITY DEVELOPMENT PLAN ACTION COMMITTEE

Aupuni Center • 101 Pauahi Street, Suite 3 • Hilo, Hawaiʻi 96720
(808) 961-8288 • Fax (808) 961-8742

May 14, 2026

Dean Au, Chair
and Members of the Leeward Planning Commission
County of Hawaiʻi
101 Pauahi Street, Suite 3
Hilo, Hawaiʻi 96720
Email: LPCtestimony@hawaiicounty.gov

Dear Chair Dean Au and Members of the Leeward Planning Commission:

SUBJECT: Kona Community Development Plan Action Committee – Testimony Regarding Bill 147, Relating to Transient Accommodations

The Kona Community Development Plan (CDP) Action Committee offers the following comments on Bill 147, which was introduced at the April 7, 2026, meeting of the Hawaiʻi County Council Policy Committee on Planning, Land Use, and Economic Development. While the Action Committee has additional concerns and intends to provide further testimony as the bill progresses, the Committee recommends that Bill 147 be amended to remove unhosted vacation rentals – referred to in the bill as short-term vacation rentals (STVRs) – as an allowable use in Multiple-Family Residential (RM) and Neighborhood Commercial (CN) districts.

The County's 2025 economic impact study on vacation rentals found that Kona is the largest short-term rental market on Hawaiʻi Island, accounting for more than half of the island's total supply. This concentration means that the impacts of STVR proliferation are disproportionately borne by the Kona community.

Section 4.5.2 of the Kona CDP emphasizes that "affordable housing within the urban core is essential to maintain and enhance an economical and viably diverse community," and warns that "without intervention, the market will deliver affordably priced homes further and further away from employment job centers, resulting in long commutes for the workforce." RM and CN districts, which are designed to serve resident populations and are largely located within the Kona Urban Area, are intended to preserve housing to meet these goals, not to be converted to transient visitor use.

Planning Dept.
Exhibit 7

Permitting STVRs in RM and CN districts is also inconsistent with Transportation Strategy 6 of the Kona CDP, which states that "affordable housing located near major employment centers would serve to decrease the number of people who fill the roadways commuting long distances to work every day." As resident-serving districts situated within the Kona Urban Area, RM and CN zones are positioned to provide housing in close proximity to jobs, and diverting them to short-term rental use undermines this objective.

For these reasons, the Kona CDP Action Committee recommends amending Draft Bill 147 to remove STVRs as a permitted use within the RM and CN Districts. We believe these changes would better align the Zoning Code with the adopted goals of the Kona CDP, including increasing the availability of workforce housing, reducing transportation impacts, and supporting a sustainable, resident-serving urban core.

Mahalo for your consideration.

Ke aloha nō,

John Pelletier

John Pelletier, Chair
Kona Community Development Plan Action Committee

JH
\\hawaiicounty.gov\depts\PL\PL\planning\public\wpwin60\CDP\CDP - Kona\Action Committee\Meetings\2026\2026 Letters

STATE OF HAWAIʻI
OFFICE OF PLANNING
& SUSTAINABLE DEVELOPMENT

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

MARY ALICE EVANS
DIRECTOR

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Coastal Zone Management Program
Environmental Review Program
Land Use Commission
Land Use Division
Special Plans Branch
State Transit-Oriented Development
Statewide Geographic Information System
Statewide Sustainability Branch

DTS 202604131813NA

May 6, 2026

Jeffrey W. Darrow, Planning Director
County of Hawaiʻi, Planning Department
101 Pauahi Street, Suite 3
Hilo, Hawaiʻi, 96720

Dear Mr. Darrow:

Subject: County Council Initiated Bill No. 147 (PL-CCI-2026-000016) Amendment to Chapter 2 and Chapter 25 of the Hawaiʻi County Code 1983 (2016 Edition, As Amended) Relating to Transient Accommodations

The Office of Planning and Sustainable Development (OPSD) is in receipt of your review request of a draft bill that is primarily proposing amendments to the zoning code related to transient vacation rentals.

The OPSD has reviewed the subject request and has the following comments to offer:

1) OPSD recommends that the proposed language in *Section 25-4- Bed and breakfasts*, clarify farm dwelling and special permit by adding "as defined in chapter 205, Hawaiʻi Revised Statutes." Such that it may read,

   Section 25-4- Bed and breakfasts; where permitted (2)(B)(i) Where the B&B is located in a farm dwelling, as defined in chapter 205, Hawaiʻi Revised Statutes, the dwelling is also the principal home of the host (ii) The dwelling is not an additional farm dwelling; and (iii) A special permit is obtained, as defined in chapter 205, Hawaiʻi Revised Statutes.

If you respond to this comment letter, please include DTS202604131813NA in the subject line. For any questions regarding this letter, please contact Rachel Beasley of our office at (808) 587-2888 or by email at rachel.e.beasley@hawaii.gov.

Sincerely,

Mary Alice Evans

Mary Alice Evans
Director

Planning Dept.
Exhibit 8

From:	Jessica Mccullum
To:	Council Testimony
Cc:	Planning Internet Mail
Subject:	Public Comment: Transient Definitions & Supportive Housing Models
Date:	Monday, May 4, 2026 10:03:07 AM
Attachments:	Bill 147 - Autism Moms of Kona Testimony 040426.pdf

Aloha Councilmembers,

I'm writing to share input in advance of future Council consideration related to transient housing definitions, including Bill 147. Please see attached testimony; I'm working on a housing model for individuals with disabilities and want to ensure upcoming transient housing policies don't unintentionally restrict these solutions.

I work closely with families on Hawai'i Island through ACCESS and Kauhale Kōkua Kona, focused on creating supportive housing for individuals with disabilities. One concern is that time-based definitions (such as stays under 180 days) may unintentionally classify these models as "transient."

In practice, these homes often include short-term stays by caregivers, therapists, family members, and others who are part of a care system—not commercial or vacation use.

I respectfully ask that future policy:

- Distinguish housing based on **purpose, not just duration**, and
- Clearly exempt **disability-supportive and service-based housing models**

This will help protect much-needed housing solutions while still addressing inappropriate transient use.

Mahalo for your time and consideration, and I would welcome the opportunity to stay involved as this moves forward.

--
Jessica McCullum

C: 808-937-9008
Autism Moms of Kona Website

Planning Dept.
Exhibit 9

Ava Sofia Foundation, a 501(c)(3) Nonprofit entity
DBA Autism Moms of Kona

Autism Moms of Kona

Monday, May 4, 2026

TESTIMONY — BILL 147

Please regard: Disability-Inclusive Housing Protections

Aloha Chair and Councilmembers,

I am writing in support of thoughtful regulation of transient accommodations, while respectfully urging amendments to Bill 147 to ensure it does not unintentionally harm housing models that serve individuals with disabilities.

As the founder of ACCESS and member of Kauhale Kōkua Kona, I work directly with families across Hawaiʻi Island who are navigating a severe lack of appropriate housing options for individuals with intellectual and developmental disabilities. Many of these models are not traditional rentals—they are supportive, community-based living environments designed for safety, inclusion, and long-term stability.

A key concern is the use of length-of-stay definitions (e.g., under 180 days) to classify "transient" use. In practice, disability-supportive housing often includes rotational or short-term stays for:

- Care providers and support staff
- Visiting therapists and specialists
- Family members in transition or crisis stabilization
- Students, researchers, or professionals contributing to care models

These stays are not commercial transient use—they are **integral to the functioning of a care ecosystem.**

Without clear exemptions, Bill 147 may unintentionally:

- Restrict or shut down shared living environments for people with disabilities
- Reduce access to care in rural and neighbor island communities
- Discourage development of inclusive housing models that the State has identified as critically needed

We need policy that protects communities from misuse of housing, while also protecting innovation in care and inclusion.

I respectfully ask that Bill 147 be refined to ensure it:

- Prevents commercial misuse of residential housing
- **Without unintentionally harming disability-supportive housing models**

Mahalo for your leadership and for considering the needs of our most vulnerable residents.

With respect,

Jessica McCullum
ACCESS / Kauhale Kōkua Kona
Autism Moms of Kona

C: 808-937-9008

Email: AvaSofiaFoundation@gmail.com

From:	Heather Korotie
To:	Planning Internet Mail
Cc:	Paul Byron
Subject:	Equity concerns re: Bill 147 and small State Ag / IAL parcels
Date:	Monday, May 4, 2026 2:53:44 PM

Aloha Planning Department,

This email is intended for the Planning Director and the Planning Commission members, but I believe the correct protocol is to send it to planning@hawaiicounty.gov for appropriate routing. This email differs in content and intent from an earlier email I sent today, "Request more information: State Land Use Agricultural District / TMK (3) 8-2-008:079 / our general area."

Mahalo for routing,
Heather

Aloha Planning Director Darrow and Planning Commission Members,

While you work on a recommendation for the County Council and its committees regarding Bill 147, I am deeply concerned about proceeding with the latest version of the bill (as heard by the Policy Committee on Planning, Land Use, and Economic Development (PCPLUED) on April 7, 2026) presents an equity issue, especially since many small, subdivided parcels on the island appear to be inappropriately classified in the State Land Use Agricultural District or as Important Agricultural Lands (IAL).

In many areas, including ours (TMK: (3) 8-2-008:079), large agricultural lots mapped decades ago have been significantly subdivided into small parcels that now function primarily as rural residential housing, often on poor-quality soils. Parcels now subdivided to under 2 acres and used as residential housing in rural areas with low soil productivity (as identified by Land Study Bureau ratings) do not seem to meet the spirit of long-term "important" agricultural land. Yet this sector of residents will be the only one required to apply for a Special Permit, which can be a crippling process in terms of time and money, to operate as a B&B. Because this requirement applies only to those living in the State Land Use Agricultural District, the accuracy of that designation has major equity implications. As it stands, all hosted rentals can become B&Bs, but this Special Permit requirement will disproportionately burden those on State Ag land only.

I have inquired with the Planning Department to see if these small-lot "ag" subdivisions have been reassessed since the original State Land Use and IAL designations rooted in the 1960s and 1970s, given that substantial subdivision and residential-style development has occurred over the past 50+ years. This mismatch between legacy designation and current reality means that Bill 147 could disproportionately burden small landowners whose parcels are effectively rural residential but still carry the full weight of State Agricultural and IAL rules.

From an equity and fairness standpoint, it seems critical that the County and State first review and correct misclassified small parcels—particularly those under 2 acres in rural areas with poor soil quality and predominantly residential use—before moving Bill 147 forward.

Planning Dept.
Exhibit 10

In summary, I am wondering if it is possible to:

- Have the Planning Director and Planning Commission acknowledge and discuss this potential equity issue in your working sessions and in your recommendations to the County Council and its committees.
- Pause Bill 147 as written long enough to identify and review misclassified small State Ag / IAL areas or parcels—especially those under two acres with poor soils and predominantly residential use—and, where appropriate, pursue reclassification or other tailored treatment before imposing new restrictions. Or if Bill 147 needs to move forward, can these parcels have a grace-period while this process is completed?
- Encourage an interim focus on tax compliance enforcement (GET/TAT/County surcharge) rather than pushing small-parcel, hosted farm stays into an unaffordable Special Permit process.
- If Bill 147 proceeds without a full audit / reclassification effort, explore a possible exemption path from the Special Permit requirement for any farm (of any size) that can demonstrate an appropriate level of bona fide commercial agricultural activity and "primary use." This demonstration should be based on the percentage of land allocation (for example, 85% or more in agriculture) and agricultural work, as part of a revised set of County rules for agricultural tourism.

Mahalo for your consideration,

Heather Korotie
The Mango Farm
808-938-2743
TMK: (3) 8-2-008:079

From:	Radu Nicoara
To:	Planning WPC Testimony
Subject:	Bill 147
Date:	Wednesday, May 20, 2026 7:47:36 AM

I am writing few notes in regard to Bill 147.

Last year, the County paid a group of economists to research the impact of similar legislation to Bill 147. The conclusion was very clear - it is very detrimental to the Hawaii economy and all residents. Directly or indirectly, it impacts in a negative way every resident. The only group "hoping" to come ahead is the "hotel Lobby". Even that "hope" is misguided and it will prove false (I'll explain below).

The Big Island economy has 2 major legs: tourism and real estate. Bill 147 gives a major blow to both of them.

TOURISM. One of the wrong premises of Bill 147 is that all tourists are the same because they have the label "tourists". Nothing can be further from the truth. The tourists preferring hotels do not use STVRs and the tourists using STVRs are not going to use hotels. They are mostly distinct market segments. Bill 147 will eliminate a big swat of the tourists using STVR and along with that, billions of dollars spent in the local economy in a chain reaction. How is the county going to cover all the taxes they now collect from this group directly or indirectly?

REAL ESTATE. One of the goals of Bill 147 is to lower the real estate prices. Let's assume that it achieves its purpose and real estate prices drop to half. That means the county will collect half of the property taxes. Where will the difference come from? What taxes will increase for all the residents? How will the rest of the residents be better off paying the difference in taxes? Where will the difference in taxes come from less economic activity? I'm not even try to evaluate the impact on the county economy if most residents will have their houses upside down - more loan than value of the property. That will cause a chain reaction of foreclosures. Many politicians think that they can tax more the rich to make up the losses. The problem with that is that rich people have many choices and poor people have poor choices. The rich can sell and move faster than anyone. Are the poor going to compensate on the loss of rich people contribution?!....Eventually the only rich people to pay the taxes will be the local politicians and the authors of this bill.

I don't believe that the county will all of a sudden cut its spending to half to match the decreased revenue. That means the rest of the residents are going to be burdened with higher and higher taxes to make up for the shortfall. That means the whole county economy will collapse under the burden of higher taxes and less income. That was also the conclusion of the economic commission paid for the study. Actually, anyone with education in business or economics will reach the same conclusion.

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Exhibit 11

Let's assume that the hotel lobby is so powerful, that the rest of the economy does not matter. Let's assume that Bill 147 passes. Now, the amount of tax collected by the county drops to half regardless of what members of the commission believe. How can the island infrastructure and homeless population be managed with no funds? When roads will be full of potholes, poverty everywhere, how are the hotels going to attract tourists in a place resembling a third world country?!!!...There is plenty of competition in the world trying to get all the lost tourist money.

Another argument brought up by the authors of Bill 147 is the noise caused by the tourists in residential areas. That is totally false for the most part. I've been in many neighborhoods on the island, and those where the tourists were, were the quietest. There is far more partying and loud music where the locals live than where tourists come. If, occasionally that happens, there are county ordinances against loud noises in residential neighborhoods outside of the permissible hours. Somebody can call, report and fines can be issued. It is no different than saying tourists in hotels rent cars and drive above speed limits. Occasionally, it happens. The solution is not to stop the tourists (nobody is proposing that even if indeed happens), but to fine those who drive above speed limits. The laws to enforce quiet hours are already in existence; there is no need for Bill 147.

I don't believe that the authors of Bill 147 bring good defensible arguments to justify the bill. Whatever the real agenda for this bill, it is going to cause a lot of economic damage and lots of suffering on all county residents and especially county employees who are going to be laid off in large numbers; the county can not print money like the federal government. The hotel industry is also going to suffer. Those residents complaining about noise level are also going to be impacted by higher taxes, lower values for their properties, losses if the decide to sell and living in a poorer Hawaii. Everyone thinks that they are an island. However, everything is interconnected and everyone will be impacted in a negative way.

In conclusion, Bill 147 will be detrimental to all island residents, businesses, county employees and county revenues. The authors can deny it as much as they want but they are not going to change the outcome. It is like gravity; we can ignore it at our own risk.

Sincerely,

Radu Nicoara

From:	Ritchie Henderson
To:	Planning WPC Testimony
Subject:	Bill 147 - RH2 Testimony.docx
Date:	Wednesday, May 20, 2026 11:48:14 AM
Attachments:	Bill 147 - RH2 Testimony.docx

WINDWARD PLANNING COMMISSION MEETING
DATE: Friday, June 5, 2026
TIME: 9:00 a.m.
LOCATION: Hawaiʻi County Council Chambers in Hilo
25 Aupuni Street, Hilo, Hawaiʻi 96720

TESTIMONY – Bill 147

Aloha Chair, Vice Chair, and Planning Commissioners,

My name is **Richard Henderson II**, and I am a private citizen and homeowner in the County of Hawaiʻi. Mahalo for the opportunity to share my testimony on Bill 147.

I appreciate the intent behind this bill and the effort to bring clarity and consistency to our County's regulations. Like many residents, I want to see policies that support our community, protect our neighborhoods, and are implemented in a fair and thoughtful way.

From my own experience living and working here, I've seen how important it is that our regulations are clear—not only for property owners, but also for the County staff who must enforce them. Ambiguity can create confusion, unintended consequences, and unnecessary strain on both residents and the County.

As this bill moves forward, I respectfully ask the Commissioners and Council Members to consider the following:

1. Protecting Existing Lawful Rentals (31-179) There are rentals currently operating lawfully under existing code, including those permitted under 31-179. Because this bill repeals and replaces the sections of code they rely on, there is a real risk that these operations could be unintentionally eliminated. I would ask that currently lawful rentals, including those operating under 31-179, be clearly grandfathered under this bill so that responsible operators are not penalized by changes in the law.

2. Ensuring Fair and Proportional Enforcement The fine structure in the bill appears extremely high and, in some cases, tied to rental rates. This could be perceived as punitive rather than corrective. Enforcement should encourage compliance, not create disproportionate penalties that may not reflect the severity of a violation. I would ask the Council to take a closer look at the structure of fines to ensure they are proportional and tied to the nature of the violation.

I believe there is a real opportunity to strengthen this bill by ensuring clarity, fairness, and thoughtful implementation that supports both our community and the County's long-term goals.

Mahalo for your time and consideration.

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WINDWARD PLANNING COMMISSION MEETING
DATE: Friday, June 5, 2026
TIME: 9:00 a.m.
LOCATION: Hawaiʻi County Council Chambers in Hilo
25 Aupuni Street, Hilo, Hawaiʻi 96720

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I believe there is a real opportunity to strengthen this bill by ensuring clarity, fairness, and thoughtful implementation that supports both our community and the County's long-term goals.

Mahalo for your time and consideration.

From:	carola
To:	Planning WPC Testimony
Subject:	Testimony Bill 147
Date:	Thursday, May 21, 2026 11:10:20 AM

Aloha Chair, Vice Chair, and Planning Commissioners,

My name is Carol Peterson, and I am a property owner on Hawai‘i Island. Mahalo for the opportunity to provide testimony on Bill 147.

I appreciate the effort to improve clarity and create fair and effective regulations for transient accommodations. I support reasonable rules that help protect neighborhoods and preserve housing opportunities while still allowing responsible hosted accommodations.

I would respectfully ask for clarification regarding hosted B&B operations on a single-family dwelling on agricultural land where a permanent resident caretaker resides on-site as the host. The current language regarding a host’s “principal home” may create uncertainty for responsible hosted rental arrangements that include long-term residential use together with limited hosted accommodations.

I would also appreciate clarification as to whether a permanent on-site resident caretaker or manager may qualify as the host for a hosted B&B operation under this bill.

In addition, I would ask the Council to ensure that lawful existing hosted B&B operations are not unintentionally placed into nonconforming status or put at risk of losing their ability to operate due to unclear definitions or future administrative interpretations.

I believe there is an opportunity to strengthen this bill by ensuring clarity, fairness, and thoughtful implementation.

Mahalo for your time and consideration,
Carola Peterson

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Exhibit 13