

Dear Owners:

Board Members Sometimes Have to Make Decisions

Many of you are new to Kanaloa and do not remember the effort by the County of Hawaii to shut down “rogue” Short-Term Vacation Rentals (STVRs). This was an attempt to help the large hospitality operators and hotels that were losing business because of the massive increase of STVRs. It was also an attempt to respond to community complaints of unregulated and unlicensed STVRs popping up in their neighborhoods.

Unfortunately, Kanaloa and other condotels were lumped in with the unlicensed and unregulated STVRs that Hawaii was trying to control. This situation prevented many condotels like Kanaloa from operating as they had done in the past. Unless our units became individually licensed, Kanaloa could no longer operate as a condotel. The license required mandatory check-in and a register or manifest of all guests that would be maintained for six months.

Then Covid hit, and the importance of the Hawaii-required manifest became even more important and was expanded to mitigate and track the virus. Security was necessary for follow-up on guests and their Hawaii Safe Travels status, as well as for maintaining the mayor’s directives on the number of people in a unit. This caused some quite unhappy guests, and the police had to be called numerous times. This is not a complete history, but an attempt to show how the additional work required significant extra effort and cost. It shows that because of the new state and county regulations, we now needed to pay for work that was unexpected and unbudgeted.

The Board discussed several alternatives for financing the extra work. We asked how much the additional costs of security and front desk would be if we just added them to our owners’ fees. We was told it would be an additional 4.73% for all owners. By this time in the pandemic, there were very few rentals, and few owners were making any money. Adding an increase to all owners whether they rented their units or not did not seem to the Board to be the right way to go.

An alternative suggestion was made to assess a \$30 fee on all non-Castle rentals to match the \$30 fee already being charged to all Castle rentals. These renters were already being registered and identified.

Rentals are routinely charged for excise taxes (GET), transient accommodations (TAT), and other taxes, as well as cleaning fees, air-conditioning charges, damage insurance, and in some cases parking fees. These are all fees on the renters, not the owners. None of these “fees” effect owners who chose not to rent.

The Board met to review and discuss the \$30-per-rental fee as we promised. In analyzing the past year, it looks as if the fee could pay for the costs of maintaining the manifest, as well as the additional security and the costs associated with it. It would be adequate if everyone was charging their renters and paying the fees to the Kanaloa AOA. However, there are 14 owners who in total have a combined 374 noncharged or unpaid rental fees for a total of \$11,220. If all owners paid the rental fee, there might be the possibility of reducing it in the future. Should 166 owners have to pay the delinquency created by 14 owners?

This has become one of the more divisive and contentious issues we have had at Kanaloa. If you believe that the Board’s decision to charge \$30/rental as a way to finance the extra costs of the Hawaii rules and laws for maintaining our units’ STVR status for all of us who rent is incorrect (including 1. paying the cost

of checking in all guests, 2. keeping and maintaining a manifest of renters on the property, and 3. providing extra security to monitor those renters who do not check in or follow the house rules), then do you think that all owners should pay the additional costs whether they rent or not? Currently there are 14 owners who owe Kanaloa community \$11,220. That money is budgeted for the above services and for the potential of reducing the fee for all renters. The bill must be paid; it is not going away.

The Board is in talks with Castle to look for additional alternatives, but at this point we have reviewed the \$30 fee as promised. From the perspective of the board (five who rent their units and two who do not) this fee only impacts rental units and does not impact owners. If every renter paid the fee, it would address the increase in costs at no impact to the owners.

There have been many questions regarding this fee, and I made a promise to address them. I hope this letter helps to alleviate your concerns.

Mahalo,
Bill Lambertson
AOAO President