

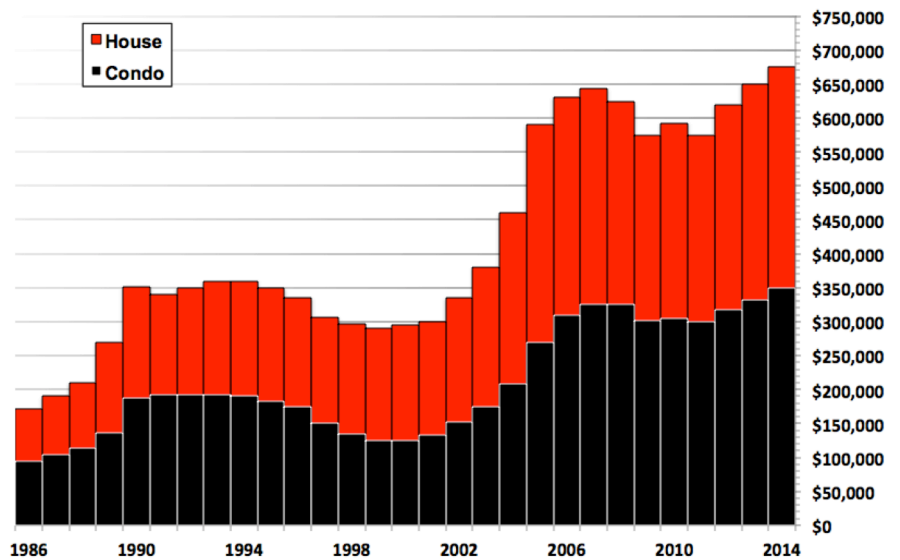
The Housing Crisis

- The median cost of a house in Hawaii is \$700,000. The median cost of a condominium is \$338,000. **These high prices put homeownership out of reach for many Hawaii families.**
- Hawaii will need a total of **19,000 units** by 2016 to meet the demand for low-income households,¹ yet few affordable units are being developed to meet this need.
- Average rents in Hawaii **increased 45%** from 2005-2012, while average wages increased by only 21%.²
- The average rent for a 3-bedroom apartment on Oahu is **more than double** the national average rent, and second highest in the nation only after San Francisco.

Average rents		
	Condos	Homes
Studio:	\$1,162	
1-bedroom:	\$1,471	\$1,574
2-bedroom:	\$1,939	\$2,026
3-bedroom:	\$2,309	\$2,473
4-bedroom:	\$2,351	\$3,312

- Hawaii has the **highest rate of homelessness** of any state, at more than 2.7 times the national average.³
- Much of the new housing being developed is not affordable for most Hawaii families. Developers are marketing units in Kaka'ako to those with over \$1 million to spend on condos – generally, the luxury and second-home markets and speculators, all of whom may use those units as vacation rentals.

Median Sales Prices - Oahu



Sample of Condominiums in Development in Kakaako

Project	Developer	Units	Price
Waiea	Howard Hughes	171	Avg: \$3.7 million
Anaha	Howard Hughes	311	Avg: \$1.3 million
Ae'o	Howard Hughes	466	Avg: \$1 million
Park Lane	BlackSand Capital	215	\$1.19 - \$28 million
Vida	Kobayashi & MacNaughton	262	\$1.7 - \$4.4 million
ONE Ala Moana	Howard Hughes, BlackSand, Kobayashi & MacNaughton	206	Avg: \$1.6 million
Waihonua	A&B, Armstrong Homes Ltd., BlackSand	341	\$375,000 - \$1.9 million
Gateway Towers	Howard Hughes	236	\$1.5 - \$8 million
The Collection	A&B Properties	465	Avg: \$651,000
Symphony Honolulu	OliverMcMillan	388	\$390,000 - \$3.35 million
400 Keawe St.	Castle & Cooke, Kam Schools	95	\$400,000 - \$750,000
801 South	Downtown Capital	635	\$253,000 - \$501,300

¹ "Hawaii's Affordable Housing Crisis," Hawaii'i Appleseed Center for Law and Economic Justice, July 2014, pg. 3.

² "Hawaii's Affordable Housing Crisis," Hawaii'i Appleseed Center for Law and Economic Justice, July 2014, pg. 3.

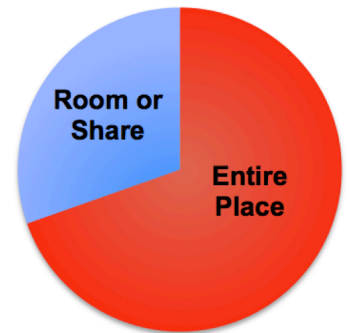
³ "The State of Homelessness in America," National Alliance to End Homelessness, 2015. Pg. 12.

The Impact of Illegal Vacation Rentals

The following are a few key facts from a report Local 5 is currently putting together about vacation rentals and housing in Hawaii.

- Property owners may find renting units short-term to tourists to be a lucrative alternative to renting long-term. In Honolulu, the average rent for a two-bedroom unit between 2012 and 2014 was \$1,939 per month,⁴ but the average listing of a two-bedroom unit on Airbnb is **\$372 per night**.⁵ At 80% occupancy, that would generate **\$9,055 per month** – over **four times** as much revenue.
- While it is unclear how many vacation rental units could have been used as housing instead, on Oahu, 69.6% of AirBnB listings – over 3000 units - are categorized as “entire place,” meaning an entire housing unit is being rented out to visitors.

Airbnb Listings

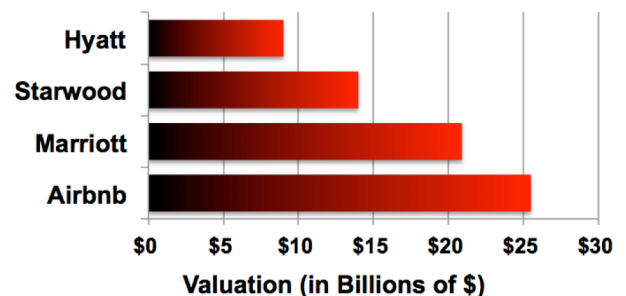


Area	Illegal IAUs per 100 housing units
Hale'iwa	14.9%
Kahuku	12.8%
Hau'ula	10.7%
La'ie	9.8%
Ka'a'awa	5.5%
Waialua	3.4%
Kailua	2.8%
Waimanalo	2.8%

- In 2014, The Hawai'i Tourism Authority (HTA) commissioned a study in order to assess the size of the vacation rental market in Hawai'i. The survey found 22,238 so called “individually advertised units” across the state, constituting about **25.3% of available visitor lodging**.⁶
 - An analysis of the HTA survey indicates that at a minimum, 42% of the individually advertised units on Oahu are illegal.
 - By zip code, there were **7 areas on Oahu where 100% of the vacation rentals were illegal**, and 12 additional areas with over 75% illegal units.

Airbnb's valuation has surpassed Marriott, Starwood⁷ and Hyatt⁸

Lodging Company Valuations, 2015



in the seven years since it started. It claims to have over 1,200,000 listings all over the world, more rooms than Starwood or Hilton.

- Short-term rentals directly compete with the traditional hotel industry in fundamentally unfair ways: **while hotels create and sustain quality jobs for local people (housekeepers, front desk workers, security guards, bellmen, etc.), the few jobs created by short-term rentals are scattered and leave employees with little power to protect their rights or achieve decent wages or benefits. Workers in this market are forced to compete with one another.**
- A lack of enforcement of existing laws is a significant part of the problem. According to research conducted by *Civil Beat* in 2010, **749 investigations were launched** that year in response to complaints about illegal short-term rentals units, but only 24 violations were found. Only 18 of the violating property owners were reprimanded, and **only 2 of the violators were fined, with fines adding up to just \$4,433**.⁹

⁴ “Honolulu Rental Market: Affordable Rental Housing Study Update, 2014,” prepared by Ricky Cassiday for Department of Community Services, City & County of Honolulu, 12/30/14. PDF pg. 115.

⁵ Based on the average of successive website searches conducted on 8/6/15 for 2-bedroom listings on Airbnb on Oahu across various date ranges.

⁶ “Individually Advertised Units in Hawaii (Vacation Rentals),” Prepared by SMS Research and Marketing Services, Inc. for the Hawaii Tourism Authority, December 2014, pg. 3. (PDF pg. 6)

⁷ “Airbnb Raises \$1.5 Billion in One of Largest Private Placements,” *The Wall Street Journal*, 6/26/15.

⁸ “New Capital Could Raise Airbnb Value To \$10 Billion,” *The New York Times*, 5/20/14.

⁹ “Wide Gap Between Illegal Rentals, City Enforcement,” *Honolulu Civil Beat*, 2/9/11.