

REALTORS® Association of Maui, Inc.

GOVERNMENT AFFAIRS COMMITTEE MINUTES

May 5, 2011

Committee Responsibilities and Job Description: Reviews County legislation (existing or proposed) affecting the real estate industry. Develops and recommends to the Executive Committee and/or the Board of Directors, Association positions, legislation to be sponsored, and testimony to be given at the County level. Members and/or Government Affairs Director attend Land Use and County Council Meetings where real estate-related issues are discussed and report back to the committee.

Chairperson: Elaine Waldow
Vice-Chairperson: Mike Trotto
Members: Marina Batham, Sylvia Cabral, Lawrence Carnicelli, Victoria Cheromcka, Deborah Davis, Michelle Del Rosario, Bruce Faulkner, Marion Haller, Mark Harbison, Robbi Kean, Bob Lightbourn, Helen MacArthur, Sarah Sorenson, Margit Tolman, Roy Vandoorn
Staff: Dave DeLeon, Terry Tolman
Excused: Elaine Waldow, Deborah Davis, Mark Harbison, Robbi Kean
Guests: Lisa Teichner

- I. **Call to order. Meeting called to order at: 1 p.m.**
- II. **Quorum: Quorum obtained, 13 attending, 9 required**
- III. **Minutes of Meeting of April 7, 2011 meeting were approved.**
- IV. **Vice Chair Mike Trotto acted as Chair**
- V. **New Business:**

A. RAM GAC GOALS REVIEW – HOW ARE WE DOING?

1. Changing the Way the Council Is Elected. The committee reviewed its goals, starting with the goal to change the method of electing the County Council via the current Charter Commission. RAM GAD Dave DeLeon is an appointed member of the commission, and informed the committee of a new approach to the district representation question. The chief opposition to creating council districts, based on constitutional one person, one vote requirements, comes up over how to accommodate the residents of Lanai

and Molokai. Dave acknowledged that it is important to not simply ignore the special circumstances facing those residents, and instead suggested creating new entities – Island Boards (?) – that would be elected by the residents of those communities. The idea would be to give these boards the authority given to the appointed island planning commissions, along with perhaps zoning authority for those islands, plus the responsibility to represent their constituencies before the County, the State, and national governments. The GAC liked the concept of elected island boards. These islands would also be represented by Council Members elected by district. The committee also reviewed and agreed with the idea of increasing the term of Council office from two to four years.

2. Another possible charter issue is the need to change the governance of the Water Department. The department is currently an administrative department. There are proposals to move it back to its former status as a semi-autonomous entity. Dave said he opposed that concept because the Department has ping-ponged back and forward between these management systems six times in the last 50 years. It needs to settle down, he said. No position was taken.

3. Apparently another GAC priority issue has resolved itself. Dave reported that the number of real property tax appeals fell precipitously from 2400 last year to 700 this year, and the amount of tax “left on the table” also dropped from \$19 million to \$4 million. While Dave said he remains “leery” of how the process is working, the GAC decided to “declare victory” on this issue. RAM’s efforts to get the County to set up a triage of appeals at in-take may have played a role in lowering the number of appeals.

4. Short-term Rentals. RAM is seeking an Issues Mobilization request to help push for the passage of an ordinance to create a permitting process for Short-term Rentals of residential properties. The idea follows the same process RAM used in 2008. (See Property Rights Committee notes below.) The GAC reiterated its support of this proposal and the STR issue and went on to review our strategy to win success.

5. Home-based Businesses. Dave reported that this initiative appears to be lost in the Planning Department, with department bureaucrats and planners pushing for an elaborate Special Use Permit system that would require Planning Commission approval and RAM and others pushing for treating benign business entities (i.e. non-industrial, low volume) as an automatically permitted use or requiring a simple permit that would be handled administratively. No sign of life at this point.

B. REVIEW OF THE COUNTY BUDGET UPSHOT

The committee discussed the current issues facing the Council's budget deliberations, including a debate over whether the Council should fund a Capital Improvement Coordinator's position for the Water Department that it had cut last year. The committee supported testimony Dave sent in support of the position funding. The committee also discussed the Council's efforts to increase the county's Minimum Property Tax to \$300 and the need to decrease the homeowner's exemption to \$200,000. It was suggested that the County Budget needs to allow for the creation of a formal Reserve Fund instead of the existing practice of hiding funds in the budget by inflating other budget items, i.e. increasing the electricity account by X millions so that the money would be available if needed. The committee thought it was better, more transparent to simply to put that type of funding in a reserve fund.

C. STATE LEGISLATIVE PROPOSALS AND RESULTS

In response to a request from HAR, RAM GAC proposed the following two items for consideration in the HAR action list for the 2012 Legislative Session. (1) Reform of the Agency Rules, so that "Designated Agency" would no longer be treated like simple dual agency. And (2), a proposal by Jim Worley that would result in the GET due on commissions being paid in escrow at closing instead of individually by agents at a later date. Both proposals would be forwarded to HAR GAC.

Key HAR successes this legislative session included passage of bills that would allow: agents being able to charge for doing BPOs; a clarification that owner builders can receive a hardship exemption from the one-year rule; a reform of the SMA rules, increasing the threshold for major SMAs to \$500,000 and exempting subdivisions.

Roy Vandoorn reported on the outcome of the foreclosure legislation: banks have to talk to customers before they can foreclose via the non-judicial route; have to show that they have a titled right to foreclose; no non-judicial deficiency claims; increasing the condo maintenance fee requirement to \$7200 max; and a one-year ban on part 1 non-judicial foreclosures. No bill is perfect and this bill is certainly not an exception to that rule, but, Roy said, the banks' reputation is in hot competition with the oil companies for which one is worst. The last place Realtors want to be right now is being seen as attached to the banks' position. The bill was just passed and some HAR GAC members were arguing for a veto. RAM GAC voted to not take a position on the veto question. (In any case, Governor Abercrombie signed the measure at about the same moment that day, creating ACT 48 -2011.)

VI. A. COMMITTEE REPORTS

PROPERTY RIGHTS COMMITTEE – Committee Chair Margit Tolman reported that the new Short-term Rental bill has moved to the Planning Commissions and will likely be heard this year at the Council level. She made a motion, which was approved, that RAM initiate an Issues Mobilization effort in support of the STR bill's passage as it did three years previously before the passage of the B&B bill. Dave explained in that case RAM's Board approved a \$12,500 fund that was matched by the Hawaii Association of Realtors, and that aggregate of \$25,000 was matched by the National Association of Realtors for a total of \$50,000. That fund was used in total, buying a professional public opinion poll, an economic study and months of newspaper advertisements and played a part in the success of the B&B bill. The motion was approved and will be forwarded to the Executive Committee.

NEW BUSINESS – Michelle Del Rosario reported that there is a effort underway to build an affordable rental project next to the Kulamalu community in Lower Kula. The existing community is likely to resist that project because they were told the property would be used for commercial and office when they bought their homes and are not happy with the proposed change, she said.

VII. Date & Time of next GAC Meeting: May 5, 2011 at 1 p.m.

VIII. Adjournment: CALLED AT: 3 p.m. by Acting Chair Mike Trotto

IX. Minutes submitted by David DeLeon