



**HAWAII LODGING & TOURISM**  
ASSOCIATION

## **HOTELPAC – 2020 Candidate Questionnaire (County)**

### **1) The future of tourism in Hawai'i**

Despite tourism's status as one of our state's top economic drivers, the COVID-19 pandemic has led some to call for our economy to diversify away from tourism. HLTA's longstanding position has been that our economy should look to diversify within tourism, i.e., develop and expand industries that complement tourism. Would you support this policy given the challenge of identifying industries that could immediately replace the number of jobs and revenue tourism generates for our state's economy? If not, what are your proposals for diversification?

Tourism has long been the economic engine driving Hawaii's economy. In 2019, published figures reference 216,000 jobs, nearly \$17.8 billion in visitor spending and more than \$2 billion in taxes. Despite repeated calls over the years to diversify Hawaii's economy, the fact is, to date, no emerging industry has matured to seriously compete with tourism. As such, I am a firm believer in the need for the state and counties to continue supporting our tourism industry, the sector hardest hit by closures and uncertain plans for reopening in light of recent increases in coronavirus infection rates.

The question regarding diversification is phrased in a way that implies a choice of one versus the other. Frankly, I think we should strive to have both. First, I question whether the industry aspires to reach 2019 levels (given concerns regarding the carrying capacity of our city and county) and, second, I believe the industry places a premium on quality and not just quantity. If this is correct, then diversification within tourism is a responsible goal and diversification outside tourism offers an opportunity to broaden our economic base.

As Mayor, I plan to bring together an experienced team of action-oriented leaders who will draw upon their work and knowledge in many sectors and communities. With the right team in place, my administration will continue to prioritize the visitor industry while exploring new calls for diversification. I appreciate and acknowledge all the tourism industry has done for our state and local communities and I look forward to building a strong partnership where my team and I can meet regularly with industry leaders and learn more about your priorities and concerns.

### **2) Tourism Management**

HLTA has long maintained that we believe in the "quality" tourism model rather than the "quantity" tourism model. Effective execution of this responsible management model takes many forms, one being the establishment of user impact fees at popular visitor attractions such as O'ahu's Hanauma Bay. Do you support user impact fees? Do you have other ideas that would embrace this model?

As stated above, I support the industry's quality tourism model and I am open to the concept of user impact fees at popular visitor attractions, such as Haunama Bay, where historical overuse led its deterioration. As stewards of this great nature preserve, we must ensure that it is maintained for future generations, most especially Hawaii residents.

With respect to proposed user impact fees, I would consider user impact fees that are "reasonably" crafted not to overly or unduly burden the user, with exceptions and/or discounts for kama`aina, and a commitment that funds will be used to restore and maintain the attractions upon which fees are collected. I do not support user impact fees as a source of revenue generation for general funds.

I look forward to learning more about the proposed role user impact fees play in the industry's quality tourism model.

### **3) Real Property Tax**

Hotels and lodgings historically have been among the highest real property taxpayers in all counties, paying from \$10.70 to \$13.90 per \$1,000 of assessed value. In FY2019-2020 alone, hotels were seven of the top ten taxpayers based on the amount of taxes levied. Due to the COVID-19 pandemic, hotels have already come due on one installment of real property taxes, even though many of them have not generated revenue since March. As our industry looks to recover from the pandemic, will you oppose any increase in real property taxes over the next three years? Five years?

Current economic forecasts indicate Hawaii's road to recovery may be long and slow. Complicating matters, in light of recent coronavirus infection levels, there are no firm details on when the tourism sector is expected to reopen without significant health and safety restrictions or what the timeline of a phased reopening might look like.

As such, while I would like to give HLTA an affirmative commitment that I will oppose "any increase in real property taxes" on hotels and lodgings in the next 3 to 5 years, there are simply too many unknowns for me to make such a commitment at this time. In addition, as a fellow businessperson, you should know that I personally dislike making promises I cannot keep (even more so in the context of little to no financial data supporting such a promise).

For example, as of this date, I have no information regarding the extent to which COVID-19 will impact real property tax collections in FY21 and beyond, nor do I know to what extent the federal government is going to appropriate additional federal stimulus funds to the City and County of Honolulu (including additional CARES Act funds, federal infrastructure stimulus funds, etc.).

Having said that, as a general policy, you should know that my preference is to exercise fiscal restraint in the midst of a crisis by making data-informed decisions that prioritize and weigh operating and capital expenditures, including expenditures for core services, public health and safety, infrastructure/capitol improvement projects, and existing city financial commitments/obligations, against projected operating and capital resources. That means, at a minimum, I need to review the current administration's draft FY21 budget so I can make necessary adjustments before submission to Council in early March 2021. Second, I need to see if additional federal stimulus funds are appropriated and, if so, at what levels.

In closing, while my initial gut instinct is to commit to HLTA for at least 3 years, I think such a promise would be irresponsible given the absence of financial data in the midst of the COVID-19 crisis. Instead, as Mayor, I invite HLTA to meet with me and members of my financial team in early 2021 to discuss these important tax issues. I also invite HLTA to make a presentation regarding a 20-year history of the industry's tax increases and property valuations. At the end of the day, my commitment to HLTA and the tourism industry is to listen to your concerns and requests, review the data and make a decision that is fair and informed.

#### **4) Transient Vacation Rentals**

HLTA's position has always been one of fairness, i.e., legal TVRs such as those on AirBnB or VRBO should be allowed to operate in areas that have been zoned for resorts so long as the property owner pays the real property taxes associated with a resort property, as well as the GET and TAT. Where do you stand on this issue? Would you support a measure to increase enforcement to rein in the proliferation of properties that are operating illegally? Moreover, would you support an increase in the amount of the fine assessed to illegal operators?

This is where my leadership as Mayor will make a difference. Short-term rentals (STRs) have been regulated in Honolulu since 1989. In 2019, Ordinance 19-18 (Bill 89) was passed to balance the benefits of STRs for both operators/hosts and guests with a commitment to respect the character of residential neighborhoods across Oahu.

Ordinance 19-18:

- Permits a limited number of new Bed and Breakfasts (B&B) in non-resort areas under a new registration process subject to annual renewal requirements;
- Prohibits Transient Vacation Units, or "unhosted" rentals, in non-resort areas, unless the dwelling has a Nonconforming Use Certificate (NUC);
- Regulates hosting platforms, such as Expedia or Airbnb, with monthly reports filed with the Department of Planning and Permitting (DPP) and shared with City Council; and
- Makes illegal any form of STRs advertising which is not in compliance with zoning regulations as provided in Ordinance 19-18.

But for DPP's inability to meaningfully enforce regulations since 1989, we would not have the proliferation of illegal STRs across Oahu. I will see that the law is enforced and I will give DPP the tools and resources to do their work. And, if a review indicates the current statutory fines are inadequate to encourage compliance, I will support a reassessment of fine levels.

#### **5) Homelessness Solutions**

In recent years, HLTA has dedicated significant time and resources to address homelessness in our community. In addition to funds generated through our Visitor Industry Charity Walk, we secured \$1 million in State matching funds that we used to subsidize the efforts of homeless service providers around the state. Please provide a detailed description of an initiative that you would implement to address homelessness in your county.

I want to thank HLTA and the tourism industry for their invaluable contributions to Hawaii non-profit 501(c)(3) organizations statewide through the HLTA's Visitor Industry Charity Walk.

Homelessness will be a top priority in my administration. While Hawaii's per-capita homeless population is one of the highest in the nation, we can take meaningful steps to solve our homeless epidemic if we make a long-term concerted commitment to strategies and solutions that address the many reasons our people are on the streets. There is no one solution to Honolulu's homeless epidemic and many of the current policies such as "compassionate disruption," only move the problem in circles to other neighborhoods and parks and then back again. It is not a permanent solution.

The homelessness initiative I propose is to bring all the disparate stakeholders addressing homelessness on Oahu together (Federal, State, City and County of Honolulu, non-government organizations, etc.) to agree upon a concerted multi-pronged approach to a multifactorial problem. Right now, individual stakeholders largely operate in silos, believing in good faith that they have the solution to homelessness. Unfortunately, the causes of homelessness are many and we can only achieve a county or state-wide solution by bringing all the stakeholders together to understand their singular role in the collective solution. For example, Honolulu's Housing First program works for a specific segment of the homeless population. But it does not necessarily work for others, including the service-resistant homeless population on the streets, those who suffer from mental illness, drug addiction and/or psychotic behaviors and resist structured programs. Even standard strategies combining social services with incarceration are rarely successful with chronic service-resistant individuals, especially those with substance addiction issues and severe mental issues. This population needs other intervention programs which are currently being piloted on Oahu, such as Law Enforcement Assisted Diversion (LEAD).

In closing, we simply must resist thinking there are one, two or even three solutions to homelessness. It's just not that simple and I am convinced that if we bring all the disparate stakeholders together to take a step back, break down the walls, regroup and study the bigger picture, we can collectively craft solutions that will solve Honolulu's homelessness epidemic. It will take a collaborative leader with a big vision and, as Honolulu's Mayor, I am willing to step forward and work with others to get it done.

#### **6) Sustainability in the Visitor Industry**

Hawai'i's visitor industry has gone to great lengths to make its businesses more "green" and eco-friendly. What government incentives would you propose or support to help our industry bolster these initiatives?

Incorporating sustainability into the hospitality industry means embracing core principals of conservation and natural resource management. This means looking at the areas that are highly impacted by visitors and re-evaluating current policies, procedures, and practices to see if there are better and more effective ways to protect our resources while enhancing the visitors' experience.

For example, in the area of natural resource management, we need improved practices for visitor-impacted infrastructure and natural resources, such as forests, parks, trails, cultural sites, beaches, and reefs. But it also means a more fundamental shift in the way visitors will see and experience our island in the future. It means educating our visitors about the importance of the uniqueness and biodiversity of our island so they understand the need to support sustainable management and responsible tourism, as well as the additional restrictions that may limit their experience in high visitor traffic areas.

There is also more to be done towards overall conservation. This means creating initiatives that

will incentivize the industry to track the sustainable efforts of the visitor industry, such as:

- the increased number of kilowatt hours saved;
- the reduction in water consumed;
- the increased number of renewable energy installations;
- the reduced amount of petroleum used; and
- the reduced amount of plastic waste.

But, these need to be incentive-based so that it's a partnership and not a "mandate" with penalties, which cuts against the collaborative relationship needed to truly embrace these core principals. As Mayor, I would like to hear HLTA's view on what type of incentives would best motivate the industry.

Finally, we need to recognize the impacts of climate change and sea level rise and coordinate and collaborate with other government, private sector and community organizations to make sure our tourism industry is increasingly resilient.

#### **7) Visitor Industry Health, Safety & Security Standards**

As the COVID-19 pandemic began to spread throughout our state, it became clear that establishing health and hygiene standards would be critical to restoring trust in our industry. As such, we developed the HLTA Health, Safety & Security Standards. These were created after reviewing the latest information from the CDC, WHO, and EPA, as well as input from industry stakeholders. Our standards were submitted to the State Department of Health for its review. After receiving DOH approval, we shared our standards with the governor, HI-EMA, State Attorney General, and all the mayors. Please answer yes or no: Would you support the adoption of our standards as statewide policy for lodging properties? If not, please explain.

[HLTA Health, Safety, & Security Standards – Click to view](#)

After reviewing the proposed policy, yes. However, I think it is important to define "lodging" for the purpose of the standards, as well as include a provision noting "to the extent applicable." For example, depending on the definition of "lodging," smaller properties may not have employees or rooms in which to isolate symptomatic guests who may, in fact, be a single occupant in the property.

#### **8) Public Safety**

To date, HLTA has held two highly successful Visitor Public Safety Conferences on O'ahu. These conferences have brought together hotel management, security professionals, lawmakers, law enforcement, social service providers, and other stakeholders to discuss possible solutions to issues such as late-night cabarets and the need for more security cameras throughout Waikiki, the homeless population in Chinatown, and a spike in shoplifting around the island. Each conference led to significant progress in addressing these community issues.

Neighbor Island Candidates Only: Would you support HLTA in convening a Visitor Public Safety Conference in your county in 2021? If so, what specific public health and safety issues would you like to see discussed?

O'ahu Candidates Only: For O'ahu's third Visitor Public Safety Conference, to be held in 2021, what specific public health and safety issues would you like to see discussed?

In the context of the current coronavirus pandemic or a future pandemic similar to COVID-19, I would be interested in a discussion regarding state of the art technologies, materials, applications and/or systems that mitigate or eliminate the potential for infection and/or risk, including liability, associated with potential infections. For example, I have heard of certain materials or applications on materials that inhibit, destroy or disintegrate germs and microbes with the potential to eliminate or drastically reduce the potential for cross-contamination between guests. I believe the use of such technologies, assuming they are available and tested, could go a long way towards instilling trust and consumer confidence in the public.

- 9) If elected, what do you hope to accomplish during your first year in office, which will undoubtedly be one of the most challenging and difficult times the state and counties have ever faced.

The Mayor is the CEO of the city. The job is to lead and to manage – people, money, resources. I have spent a career doing exactly that in local, national and international companies. You identify problems – because there are always problems – you prioritize them, and you go straight at the most important ones and find solutions to improve or fix things. And from the very beginning I learned that it takes a team, not just one guy making speeches. It's coaching, bringing together the right mix of people, and working as a team. It's the most efficient way to get things done.

When it comes to restoring Oahu's economy, I intend to pull together a team, tapping the best and brightest among us, to vision and implement bold and innovative decisions and plans that will:

- Stabilize our public health, safety, and economy;
- Promote our economic recovery;
- Give our residents and businesses hope for a better future;
- Rethink and improve how government works and best serves the people; and
- Restore trust and confidence in government.

Whether the coronavirus is still circulating, has flattened and/or a vaccine is available, my administration will prioritize and focus on:

- Data and metrics for informed, fact-based ideas, decision making, and solutions;
- Opportunities to rethink old practices, reject the status quo when the status quo is not working, and reinvent government for the people and businesses;
- Better communication of programs to help our residents and businesses survive the economic stressors of the crisis;
- Leveraging City funds against untapped federal dollars (beyond the CARES Act), such as FEMA funds for homeless initiatives and housing; and
- Partnering with the community on best practices to facilitate and expedite permits, projects and public/private investment in Honolulu's future.

I chose my campaign slogan, "It's About You," precisely because I understand the value of strong, experience-based leadership that can turn a crisis into opportunities. I commit to the hoteliers, the hospitality industry and the people of Oahu that I will do everything within my power to inspire,

motivate and lead the City and County of Honolulu out of this crisis and into a better future for all. On that you have my word.

**10)** Please share with us one fun fact about yourself.

Not many people know that I have an affection for cooking, and even for grocery shopping. My entire adult life, no matter how busy, I always enjoyed walking the aisles of a grocery store, smelling produce, chatting with the butcher. I always notice trends in pricing. I suspect this is why I was passionate about my years of contribution to the Honolulu Food Bank; there's very little as important as getting people access to nutritional food.

People ask me if I cook and the answer is yes, absolutely, but not with much frequency anymore. I love Italian favorites that remind me of my mother's cooking. Thanksgiving dinner with all the fixings is my claim to fame.