

**RICHARD T. BISSEN, JR.**

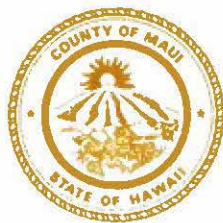
Mayor

**RICHARD E. MITCHELL, ESQ.**

Director

**SAUMALU MATA'AFA**

Deputy Director



**DEPARTMENT OF HOUSING**  
COUNTY OF MAUI  
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July 1, 2025

Honorable Richard T. Bissen, Jr.  
Mayor, County of Maui  
200 South High Street  
Wailuku, Hawai'i 96793

APPROVED FOR TRANSMITTAL

*Richard T. Bissen, Jr.* 7-1-25  
Mayor Date

For Transmittal to:

Honorable Tasha Kama, Chair  
Housing and Land Use Committee  
Maui County Council  
Wailuku, Hawai'i 96793

Dear Chair Kama:

**SUBJECT: BILL 9 (2025), AMENDING CHAPTERS 19.12, 19.32, AND 19.37, MAUI COUNTY CODE, RELATING TO TRANSIENT VACATION RENTALS IN APARTMENT DISTRICTS (HLU-4)**

The Department of Housing (Department) is in receipt of your letter dated June 20, 2025, requesting that it "elaborate on the [Administration's] broader housing strategy, including specific initiatives [the] Department is pursuing now or intends to pursue later to increase housing in the County," and "how those initiatives would be affected by Bill 9."

Thank you for the opportunity to comment on Bill 9. Before addressing the Administration's housing strategy, or the Department's current and prospective initiatives, I would first address the Department's presentation at the Housing and Land Use Committee's (HLU) meeting on October 9, 2024, pertaining to item HLU-3(21) (Housing Solutions). Second, I will discuss the relationship between the economy and affordable housing. Third, this letter will address the

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Department's Fiscal Year (FY) 2026 Affordable Housing Plan and projects supported under the General Fund in FY 2026. Fourth, I will comment generally on Bill 9 (HLU-4) (Phasing Out Transient Vacation Rentals in Apartment Districts), a much-needed policy intervention, which seeks to control housing commodification and make more long-term housing attainable in County's apartment districts. Fifth, I will address certain Department initiatives, both current and prospective. Finally, I will summarize the Administration's Kama'aina Housing priority.

## **I. Suite of Policy Solutions**

On October 9, 2024, during the HLU Committee Chair's opening remarks on item HLU-3(21), it was noted that the County had to achieve what the community wanted and needed: "attainable housing for our residents." The Administration agrees with that sentiment. As noted by a testifier during the HLU Committee meeting on June 23, 2024, concerning Bill 9, "those with no home should be the few!"

During the Department's above-noted presentation in October to the HLU Committee, I noted that notwithstanding the Comprehensive Affordable Housing Plan of 2021, the County had not produced an adequate supply of affordable housing that met the community's demand on an annual basis over the last few decades through private development. I further noted that by focusing exclusively on private sector land acquisition, entitlement, and development, which has its own challenges, the County was "missing other opportunities" to address the crisis.

I discussed a "suite of policy solutions" that the Council could consider in response. Central to the suite of policy solutions was the implementation of legislation that reduces the commodification of long-term housing in the County - like Bill 9.

The County should consider policies from every conceivable angle to address the crisis. In doing so, it is more likely the crisis will be solved. During the October HLU meeting, and at prior HLU committee meetings in 2024, the Department discussed a variety of solutions including:

- Land use changes to allow housing in commercial districts
- Expansion of accessory dwelling unit programs
- Greater use of deed restrictions
- Expansion of community land trusts

- County land acquisition, entitlement, and infrastructure development
- Transient Vacation Rental (TVR) management to reduced housing commodification
- Tax incentive and disincentives
- County fee reductions with affordable housing developments
- Reducing parking requirements for affordable housing
- Reevaluating the County's "fixture count" analysis
- Rent stabilization
- Collaborations with the faith community to build on church property
- Code compliant modular and factory-built homes
- Further streamlining of the County's permitting processes
- Expansion of experimental and demonstration projects
- Use of Affordable Housing Fund for infrastructure projects
- Intra-departmental coordination to reduce barriers

## **II. Economic Diversification & Housing**

During HLU Committee meetings in 2024, the Department also noted the relationship between the economy and affordable housing. Specifically, County single-family home prices are commensurate with those in San Francisco. But unlike San Francisco, the County has a large low-income workforce. U.S. Dept. of Housing & Urban Development statistics highlight that, pre-COVID and pre-wildfires, approximately 75% of the State of Hawaii's workforce were low income, working in unskilled, tourism, and recreational industries.

As long as the State's economy remains undiversified, focused on unskilled labor, with a low housing supply environment, the affordable housing crisis will persist where off-island demand, and other factors, drive up housing costs. With a diversified economy that stabilizes and prioritizes resident housing, through the implementation of a suite of policy solutions, including Bill 9, the more likely we will create sustainable and resilient communities. When economic diversification goes beyond the Department's Charter mandate, it remains a crucial component to solving the housing crises.

## **III. FY 2026 Affordable Housing Plan & General Fund Projects**

In accordance with Section 3.35.080, Maui County Code, the Department submitted its FY 2026 Affordable Housing Fund (AHF) Annual Plan on April 9, 2025 (AHF Plan), which was received by the Budget, Finance, and Economic Development Committee on April 11, 2025. The Department's AHF Plan referred to twelve projects that would support the development, acquisition, or

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rehabilitation of approximately 843 affordable housing units. Those projects, whose details can be found in the AHF Plan, were as follows:

- Hale O Pi'ikea (Phases I, II, & III)
- Permanently Affordable Rental Unit Strategy (PARUS)
- Kehalani Affordable Apartments
- Kaiaulu O Lana'i
- Emergency Shelter Buildings Rehabilitation
- Kaiahale O Kahiluhilu (Phases I & II)
- Arc of Maui County
- Kaiaulu O Napili
- Fairways at Maui Lani

In addition to the above, the Council appropriated funding in the FY 2026 adopted budget through the Affordable Housing Fund for the following projects which will produce approximately 205 additional workforce and affordable housing units:

- Lipoa Apartments
- Kilohana Makai Workforce Housing

Lastly, through the General Fund, the Mayor proposed, and the Council appropriated funding in the FY 2026 adopted budget for the following projects and programs which will support more than 140 additional affordable housing units.

- Kaiaulu O Lana'i water and wastewater infrastructure
- Lahaina Community Land Trust
- Hale 'O Lā'ie (fka Haggai Institute) conversion
- Kilohana Makai Workforce Housing

In sum, between projects funded in FY 2026 through the Affordable Housing Fund and the General Fund, there are approximately 1,200 affordable housing or workforce housing units in the pipeline.

#### **IV. TVR Management - Bill 9 (2025)**

Since approximately 2008, the advent of the house-sharing e-economy, jurisdictions worldwide have struggled to regulate the industry's impacts. But like most areas of business innovation, regulation eventually catches up and finds an appropriate balance between free enterprise and community needs.



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Many notable international high tourism jurisdictions have done so to protect residents and their communities including New York City, Barcelona, Vienna, and Paris to name a few.

New York City implemented strict rules including a minimum stay of 30 days unless the host is present and a two-guest limit for most short-term rentals. Barcelona is scheduled to eliminate short-term rental apartments in its historic city center by 2028. Vienna limits short-term rentals to a maximum of 90 days per year. Paris limits the rental of primary residences to 120 days per year.

Similarly, local governments have followed suit. In Florida, Counties can charge a “reasonable fee” for vacation rental owners to register their property on top of restricting the areas where one can operate a short-term rental. In addition, property owners must register with the Florida Department of Business and Professional Regulation if they rent out a full unit more than three times a calendar year for stays under 30 days. In Chapel Hill, North Carolina, vacation rentals are restricted to high density and commercial areas to reduce disruption to local neighborhoods. In Vancouver, Washington, short term rentals are limited to 1% of the City’s housing stock, which represents approximately 870 units.

Given the pre-existing housing crisis, the County’s historic inability to meet the demand for affordable housing through private sector development, the COVID-19 pandemic, the devastating wildfires of 2023, and the limited water and sewer resources that cannot currently support inventory expansion, the County cannot immediately build its way out of the crisis. It must focus on retaining existing housing stock for long-term residential purposes, which is faster and more cost-effective than building new inventory, concurrently with advancing its plans to expand inventory.

As noted in the Administration’s HLU presentation on June 9, 2025, the County cannot continue to build homes the way it has over the last few decades and meet the demand. Single family home prices were at an all-time high in 2024, ranging from \$1.1M in Central Maui to \$1.9M in West Maui. In addition, the percentage of affordable single-family home sales in the County has steadily declined from 69% (or 1,079 units) between 1985 and 1989 to 9% (or 131 units) between 2020 and 2023. Approximately 60% of all homes built between 2010 and 2023 are occupied by non-residents. Given the current rate of construction, to build 2,275 new *resident* homes in West Maui, will take approximately 73 years; and to build 3,694 *resident* homes in South Maui, will take approximately 208 years.

In addition, the County should not allow TVRs to continue representing a disproportionate share of the County's housing market. Unlike many other high tourism jurisdictions whose percentage of TVRs represents much less than 5% of their housing stock, in Maui County TVRs represent 21%, and are clustered in West Maui and South Maui where the housing crisis is the worst. Consequently, phasing out TVRs in apartment districts is a critical part of the Administration's Kama'aina Housing priority, as it will make housing attainable for residents.

## **V. Select Department of Housing Programs & Initiatives**

The expansion of the Department's programs and the development of future programs are key to the Administration's Kama'aina Housing priority. The existing and expanded programs will facilitate the attainability of phased out TVRs as long-term rental or ownership units for residents, supporting the reintegration of those units into the County's long-term housing stock, and stabilizing our community.

### **Rental Assistance Program**

The Council authorized an expansion of the County's Rental Assistance Program by providing additional funds to help local renters secure and maintain housing while they work on becoming economically self-sufficient.

### **First Time Homebuyers Program**

The Department anticipates that many residents may struggle with the downpayments to acquire condominium units previously used as TVRs. As a result, the Department plans on evaluating ways to expand its current Down Payment Assistance Program to facilitate the acquisition of the former TVRs by residents.

### **Voluntary Deed Restriction Program**

With the passage of Ordinance 5803, Bill 57, FD1 (2025), the Department has commenced evaluating the implementation of a voluntary deed restriction program that provides financial assistance to homeowners with home repairs in exchange for deed restrictions that keep the homes affordable and available for residents.

### **Ohana Assistance Program**

In June 2025, the Department issued Notice of Awards for the Ohana Assistance (OA) Program. The process to get the OA Program to this point has been long. But with the lessons learned from that process, the Department would like to accelerate its use in the community, and coordinate with the Office of Recovery the Council's FY 2026 appropriation to the Office of Recovery for a similar program.

#### Prefabricated & Modular Homes

The Department is supportive of code changes that accelerate the ability for residents to rebuild with prefabricated and modular homes. The DPW is working on a legislative proposal that will advance this objective.

#### R-1 Water Distribution Expansion

Consistent with Council Resolution 24-161, CD1, which urges the Administration to prioritize the use of recycled water to support and preserve potable water for residential uses, the Department regularly meets with the DEM and DWS to discuss proposed R-1 expansion projects. The goal of these meetings is to identify how the Department, through the Affordable Housing Fund, can support R-1 expansion, and how the net potable water produced through the expansion can be reserved for affordable housing in the County.

#### Expansion of Design Registered Homes

In conjunction with the American Institute of Architect's Maui Chapter, the Department is working on a design competition focused on developing County land that would yield designs across several dwelling unit types. At the conclusion of the competition, the County would contract with local architects to take the designs through the construction development phase and design register them with the County. This would produce a range of registered home designs that residents could use without having to incur the significant costs associated with hiring an architect to design a home for their property.

#### Ground Lease & Leaseback Program

The Department is considering the benefits of ground leasing existing West Maui residential lots from homeowners unable to build so that the property remains in local ownership. The County would then place prefabricated home on the lot with existing water and sewer capacity and coupled with a County

supported extended warranty program. The property could be leased back to the landowners, or leased to residents, with deed restrictions. The property owner could also, when ready, buy out the lease. This would allow the property to remain in the ownership of the current land owners, while being used as affordable housing for future residents.

### Land Acquisition & Development

The Department's primary initiative is to identify, acquire, and develop County lands for affordable housing developments with long-term deed restrictions in West Maui and Upcountry. In addition, the Department is focused on developing large parcels of County-owned property in both Central and South Maui, as well as the Lanai Affordable Housing Project and the Waikapū Development Venture's project between Honoapi'ilani Highway and Wai'ale Road. Each of the parcels currently under consideration, once infrastructure is in place and the sites are fully developed, will yield several thousand affordable housing units. The Department favors this approach to rapidly develop hundreds of affordable housing units instead of the County developing many small parcels of land.

## **VI. Kama'āina Housing Priority**

While critical to alleviating demand, Bill 9 is only one facet of the Mayor's Kama'āina Housing priority that drives the actions of several departments, including the Departments of Housing, Public Works (DPW), Water Supply (DWS), Environmental Management (DEM), and Planning.

First and foremost, the Administration is prioritizing capital improvement projects to expand capacity for housing. As examples, the DPW is prioritizing the development of critical road infrastructure such as the Wai'ale Road and North-South Collector Road extensions to expand capacity for housing. The DWS is prioritizing source development across the County to expand access to potable water and is working with the DEM to expand R-1 distribution. The DEM is prioritizing projects that expand wastewater capacity, such as a new aeration basin at the Wailuku-Kahului Wastewater Reclamation Facility and an all-new Central Maui Waste Water Reclamation Facility. Every funding decision made by the Administration is made with Kama'āina Housing in mind.

The wildfire recovery effort is also directly supporting Kama'āina Housing. Beyond rebuilding housing units lost in the fires, the Office of Recovery is planning to use Community Development Block Grant – Disaster Recovery



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(CDBG-DR) funding to develop additional units, relieving pressure on housing demand across the County. As outlined the CDBG-DR Action Plan, the Multifamily Rental Housing New Construction program is targeting the construction of 370 new units fully funded by the County (see Page 59). At least 51% of these units must serve low- to moderate-income households.

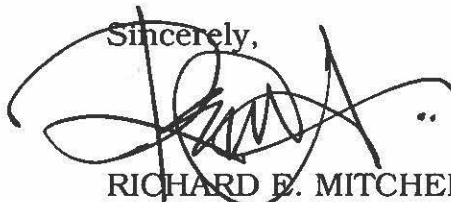
The Single-Family New Construction Program will provide funding, through subsidies or loans, for the development and construction of approximately 115 new homes for first-time homebuyers who meet program eligibility requirements. Additionally, the Homebuyer Opportunity Program will offer financial assistance to approximately 154 fire-impacted residents who do not currently own a home, supporting them in the purchase of a primary residence. Both the Single-Family and Homebuyer Opportunity programs will have a minimum affordability period, and are projected to recoup costs, allowing for a permanent fund to develop affordable housing units. This is one way the recovery effort will expand access to housing, as opposed to merely restoring previous levels of housing stock.

## **VII. Conclusion**

Thank you for the opportunity to summarize the Administration's "broader housing strategy," the crucial role Bill 9 plays in that strategy by controlling the commodification of the housing in the County, and the status of Department initiatives on its one-year anniversary. A metaphor used by a Councilmember in a recent HLU meeting to illustrate the value of deed restrictions is a compelling closing at this moment; that is, the County is trying to fill its housing bucket with thousands of units and must plug the holes in the bucket to keep units in circulation for the community instead of letting by bucket continuously empty. The Department looks forward to the continued collaboration with the HLU Committee and Council to achieve that end.

Should you have further questions, please contact me or the Department at (808) 270-7110 or email me at [director.housing@co.maui.hi.us](mailto:director.housing@co.maui.hi.us).

Sincerely,

A handwritten signature in black ink, appearing to read "R. Mitchell", with a large, stylized flourish extending from the end of the signature.

RICHARD E. MITCHELL, ESQ.  
Director of Housing

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cc: Richard T. Bissen, Jr., Mayor  
Josiah Nishita, Managing Director  
Saumalu Mataafa, Deputy Director, Dept. of Housing  
Kate Blystone, Director, Dept. of Planning  
Jordan Molina, Director, Dept. of Public Works  
John Stufflebean, Director, Dept. of Water Supply  
Shane Agawa, Director, Dept. of Environmental Management

## HLU Committee

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**From:** Estrelita B. Dahilig <Estrelita.B.Dahilig@co.maui.hi.us>  
**Sent:** Tuesday, July 1, 2025 1:54 PM  
**To:** HLU Committee; Richard E. Mitchell; Saumalu Mataafa; Amanda M. Martin  
**Cc:** Josiah K. Nishita; Erin A. Wade; Cynthia E. Sasada; Kelii P. Nahooikaika; Cynthia D. Lallo  
**Subject:** TRANSMITTAL: BILL 9 (2025), AMENDING CHAPTERS 19.12, 19.32, AND 19.37, MAUI COUNTY CODE, RELATING TO TRANSIENT VACATION RENTALS IN APARTMENT DISTRICTS (HLU-4)  
**Attachments:** MT#11113.HLU.Chair Kama.Tasha.pdf

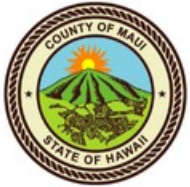
Aloha,

Please see attached transmittal dated July 1, 2025, from Department of Housing Director, Richard E. Mitchell, ESQ.

Thank you and have a great day!

Mahalo,

Lita



**Lita B. Dahilig**

Secretary

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