

HOUSING AND LAND USE COMMITTEE

Council of the County of Maui

MINUTES

June 3, 2026

Online Only via Teams

CONVENE: 9:08 a.m.

PRESENT: Councilmember Nohelani U‘u-Hodgins, Chair
Councilmember Tom Cook, Member
Councilmember Gabe Johnson, Member
Councilmember Alice L. Lee, Member
Councilmember Tamara Paltin, Member
Councilmember Keani N.W. Rawlins-Fernandez, Member
Councilmember Shane M. Sinenci, Member
Councilmember Yuki Lei K. Sugimura, Member (In 9:22 a.m.; Out 10:07 a.m.; In 10:36 a.m.)

EXCUSED: Councilmember Kauanoë Batangan, Vice-Chair

STAFF: James Krueger, Senior Legislative Analyst
Ellen McKinley, Legislative Analyst
Zachary Stackhouse, Legislative Analyst
Carla Nakata, Legislative Attorney
Jennifer Yamashita, Committee Secretary
Lei Dinneen, Council Services Assistant Clerk
Ryan Martins, Council Ambassador

Residency Area Office (RAO):

Roxanne Morita, Council Aide, Lāna‘i Residency Area Office
Mavis Oliveira, Council Aide, East Maui Residency Area Office
Chaelin Ryu, Council Aide, South Maui Residency Area Office

ADMIN.: Nāhulu Nunokawa, Deputy Corporation Counsel, Department of the Corporation Counsel (All)
Kristie Wrigglesworth, Deputy Corporation Counsel, Department of the Corporation Counsel (HLU-10)
Richard E. Mitchell, Director, Department of Housing (HLU-12, and -10)
Jacky Takakura, Director, Department of Planning (HLU-12, and -13)
Greg Pfof, Planning Program Administrator, Department of Planning (HLU-12, and -13)
Oliver Vaas, Captain, Department of Fire (HLU-12)
Marcy Martin, Director, Department of Finance (HLU-10)

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OTHERS: Testifiers
 Johann Lall (HLU-12)
 KE AUPUNI KO HAWAII PAE AINA (HLU-13; -10)
 Tom Croly (HLU-10)
 Others (50)

PRESS: *Akakū: Maui Community Television, Inc.*

CHAIR U‘U-HODGINS: . . . (*gavel*) . . . Good morning, everyone. Will the Housing and Land Use Committee of June 3rd, 2026, please come to order. It is 9:08 a.m. And if you folks were tuning in just a minute ago, you heard the conversation between Chair, Member Johnson, and Keani, we were obviously making big plans for tomorrow. Chair Lee, one day I would love if you could hold a roast for us. Honestly, you are so quick, it’s hilarious. Anyways, I am the Chair of this Committee, Nohelani U‘u-Hodgins. Members, in accordance with the Sunshine Law, please identify by name who, if anyone, is in the room, vehicle, or workspace with you today. Minors do not need to be identified. Committee Vice-Chair Kauanoe Batangan is excused for today. So we will begin saying good morning to Councilmember Tom Cook, good morning and welcome back.

COUNCILMEMBER COOK: Aloha and welcome. I mean, aloha and good morning to all. Thank you.

CHAIR U‘U-HODGINS: Good morning. Councilmember Gabe Johnson, aloha.

COUNCILMEMBER JOHNSON: Aloha, good morning, Chair, Councilmembers, community Members. There’s no testifiers here at the Lāna‘i District Office. I’m alone on my side of the office, and I’m here and ready to work. Thank you.

CHAIR U‘U-HODGINS: Council Chair Alice Lee, good morning.

COUNCILMEMBER LEE: Good morning. And if you’re in Montana, Northwest Montana, you would say oki if you’re with, if you run into the Blackfoot Nation.

CHAIR U‘U-HODGINS: Oki.

COUNCILMEMBER LEE: I’m home alone...sorry. I’m home alone in my workspace.

CHAIR U‘U-HODGINS: Thank you. Councilmember Paltin, aloha oki.

COUNCILMEMBER PALTIN: Oki doki. Aloha kakahiaka kākou. Streaming live and direct from the Council Chambers. Thank you.

CHAIR U‘U-HODGINS: Thank you. Councilmember Rawlins-Fernandez, aloha, good morning, oki.

COUNCILMEMBER RAWLINS-FERNANDEZ: Aloha kakahiaka, Chair. Aloha kakahiaka kākou mai Molokai Nui a Hina. I am at my private residence, at the kitchen table. It’s

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summertime, so I have my husband, Makena Fernandez here and my two children of minor ages. Also, we'll be around and...and no testifiers at the Molokai District Office. Mahalo, Chair.

CHAIR U'U-HODGINS: Thank you. Councilmember Shane Sinenci, aloha and oki.

COUNCILMEMBER SINENCI: Aloha kakahiaka, Chair, and oki.

CHAIR U'U-HODGINS: Oki. Member Sugimura is excused from now. From the Administration, we have with us Planning Director, Administrative Planning Officer, Gregory Pfof...oh, and Jacky Takakura. Sorry, I didn't say her name. The Director of Housing, Remi Mitchell. Fire Captain Vaas, which I'm sorry I didn't call you back yesterday during lunch, I totally spaced it. The Director of Finance, for HLU-10, will be joining later. Deputy Corporation Counsel Nunokawa and Deputy Corporation Counsel Wigglesworth for HLU-10 as well. We have with us our HLU staff. Good morning, everyone. Please see the last page of the agenda for information on meeting connectivity, and let's proceed with testimony at the beginning of the meeting. Do we have testifiers? No. Yeah, please do last call and then we can do testimony again at the beginning of Bill 78. So if you can just do a last call. Thank you.

MR. STACKHOUSE: If somebody would like to testify in the Chamber, please let Staff know or on Microsoft Teams, please raise your hand. This is the last call. Three...two...one. Chair, it appears that nobody wishes to testify at the beginning of the meeting.

CHAIR U'U-HODGINS: Thank you very much. Let's move on to Bill 78.

. . . CLOSE PUBLIC TESTIMONY AT BEGINNING OF MEETING . . .

**ITEM 12 BILL 78 (2026), AMENDING TITLE 19, MAUI COUNTY CODE,
ON ACCESSORY DWELLINGS ON RESIDENTIALLY ZONED
LOTS**

CHAIR U'U-HODGINS: So, Members, the first item on our agenda today is Bill 78 (2026), which would allow at least two accessory dwelling units for residential use on residentially zoned lots -- thank you very much -- consistent with State law. We had this item posted for our last meeting, but we were unable to discuss it. This Bill was referred to the Planning Commission last year. The Council did not receive the Commission's report within the 120-day period following the Bill's referral. So the Bill was referred to this Committee without the report. Since then, though, the report has been submitted and is in your committee files. Assisting with us...assisting us with this item today is Director Takakura, Mr. Pfof, Director Mitchell, and Fire Captain Vaas. The Department of Planning has a brief presentation for us on this Bill. Before they present, I would like to give Council Chair Lee the opportunity to provide any opening comments, as she is the one who reintroduced this Bill. Chair, you have any comments for us before we begin with Planning?

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COUNCILMEMBER LEE: I think you covered all the bases. I just wanted to...to say that I believe...I'm...I'm asking for everybody's support, but I believe some Members may have a couple of ASFs, which I haven't seen.

CHAIR U'U-HODGINS: Okay. Thank you very much. Planning, would you like to begin either your presentation or if you have any comments?

MS. TAKAKURA: Good morning and thank you, Chair U'u-Hodgins. I just want to say we support providing more opportunities for housing, especially in the residential areas where there is typically adequate infrastructure. And, of course, we would like to comply with State law. And I'll pass it over to Greg, who will walk you through this Bill and the Commission's decisions and proposals. Thank you.

MR. PFOST: Thank you, Jacky. Good morning, Committee Members. I have a brief PowerPoint presentation here to give you some background on accessory dwelling units and...and this law and what the Planning Commissions did. So, next slide, please. You may recall that the Council adopted Resolution 25-203 back in November, referring this item to the Planning Commission. The Planning Commissions heard this item in February and March of this year. The main purpose of this Bill is to comply with Act 39, which is a law signed by the Governor in the Legislative Session of 2024, and it's now codified in HR Section 46-4.8. Next slide, please. A little bit of background on Act 39. As I mentioned, it became effective on May 28th, 2024. It allows for two accessory dwellings per residentially-zoned lot within the State. The County must adopt an ordinance by December 31st, 2026, and that's why we're here today. There are certain requirements and exceptions built into the law that the Counties can consider, and those are...and I'll roughly just real quickly go through those. The accessory dwellings must comply with the underlying development standards required in the...in the district that they are located, such as height requirements, setback requirements, parking requirements, and so forth. The County may deny any permits if insufficient utility infrastructure is not available to service the demand caused by the accessory dwellings. Defines a residentially-zoned lot as being exempt in rural or low-density residential developments, and open space preservation areas. It does not apply to areas outside of the State urban district, and it allows for the County to still have their powers related to issuing SMA permits and so forth. It also does not apply to any areas in the urban State district that are at high risk of flooding, lava, or fire. Also, private covenants that were recorded prior to the effective date of the Act may still restrict accessory dwellings. Next slide, please. A little bit of background on accessory dwellings and how we treat them in Maui County Code today. Prior to this Bill, prior to the Act, is they're permitted in a variety of zoning districts, mostly residential, of course, but a variety of other ones as well. We regulate them according to the underlying development standards within those zoning districts, as I mentioned, regarding the height, building setbacks, and so forth. But they're also regulated in relationship to Chapter 19.35, which is a Chapter within our code that specifically addresses accessory dwelling units. And within that chapter it talks about how many accessory dwelling units you can have in Maui County and also some other standards that apply to them specifically. And you'll note in this slide that currently, the number of accessory dwelling units that are allowed per lot on Maui is one lot...one per every lot that is less than 7,500 square feet, and two for lots that are 7,500 square feet or greater. On Lānaʻi and Molokai only one is permitted on lots 7,500 square feet

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or greater. That is current law within our code. Chapter 19.35 also then has a variety of standards that apply specifically to accessory dwelling units. They have a maximum size requirement, and you may recall there was a recent change that the Council approved increasing that size requirement on the smaller units. While they can be attached or detached to the main dwelling unit on the lot, they have to have a separate entrance, and they can have no interior connection to the main dwelling unit. They cannot be used as a bed-and-breakfast, short-term rental home, or a transient vacation rental use; they're only for long term rental or ownership. They are required to have parking spaces, and those are required based upon the bedroom count, and that, actually, you may recall, is also a recent change that the Council did in...applying residential developments to bedroom count as opposed to size of residential dwelling...dwellings. And importantly, they must have adequate public facilities, and this is already within 19.35 related to they must have adequate sewer disposal, fire protection, and street access related to fire access as well. Next slide, please. So that's all within our existing code that we implement today. The amendment that's before you is pretty straightforward, although it is 30 pages in ordinance because it affects a lot of our project districts. And so, we've had to change a lot of our project districts because some of our project districts did not previously indicate that they had allowance for accessory dwellings. And so, we had to add that in because some of our project districts have residentially zoned lots, by State law, so we had to now allow this project districts to have accessory dwelling units. That's why the ordinance is so long. But mainly what the proposed revision does is it increases the number of accessory dwelling units per lot, regardless of the lot size or regardless of island location. So now it's up to two accessory dwellings per lot. Next slide, please. As Jacky had mentioned, when the Department reviewed this Bill, the Department was recommending support of the proposed Bill to the Planning Commissions because the Department felt that it was consistent with State law and Maui County General Plan, which has a variety of policies that encourages more housing to the provision of accessory dwellings. When the Department did review the...the ordinance that was prepared and forwarded to the Planning Commission, we had 13 recommended modifications to the Planning Commission. Six of them, one, two, three, five, six and seven, were non-substantial recommendations. I don't think I need to go through those in any detail here. All of these recommendations were...are within your packet, within the report to the Planning Commission, defined in more detail, but briefly, regarding recommendation number four, was removing Lānaʻi Project Districts one and two because they are low-density and State law does not apply to low-density residential subdivisions. Excuse me. Recommendations number 8 and number 11 affect...currently in our Code, zero lot line districts do not allow for accessory dwellings, but they are residentially-zoned lots, so we had to amend those two sections and recommend that zero lot line districts now allow for accessory dwellings. Regarding recommendations nine and ten, it...those affect the Waikapū Country Town District and the Maui Research and Technology Park District because those two project districts have residentially-zoned lots. And so, they had limitations on the number of accessory dwellings that could be placed in those project districts, but because of State law, we're removing those limitations and that's...that's a requirement. Regarding number 12, affecting our rural districts, so currently in our rural district, we permit accessory dwelling units. However, as I mentioned, State law excludes rural districts from...from the State Act. And so, what the Department was recommending, that in rural districts we maintain the same

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requirements of one unit per lots under 7,500 square feet and two units for lots 7,500 square feet or greater, so taking more of a conservative approach in keeping with the existing code. Additionally, in Lānaʻi and Molokai would only allow for one unit of lot 7,500 square feet in rural districts. So that was the recommendation number 12 that we were making to the Department. I might note that the Amendment Summary Form that is before you, that made some minor modifications, does not include that, but I've been talking to OCS Staff, and we would recommend that, making those changes to reflect that rural change. And then finally, the last recommendation, number 13, that the Department was recommending, was to add a Section D to Section 19.35.090 that would require that a determination of adequate water supply be added to the infrastructure requirements in addition to sewer, in addition to fire access, and so forth so that before accessory dwelling units would be allowed, they would be assured that there would be adequate water supply before we issue permits for those. Next slide, please. Within your packet, there is a comment letter from the Department of Fire and Public Safety, issuing some comments. Their letter is dated December 22nd. While the Department of Fire and Public Safety did not believe that there was a conflict with the current fire code, they did have some concerns about the increase in units will increase fuel load to properties and surrounding community. That the increase in units should consider infrastructure improvements, water supply, and roadways, maintaining building separation and setbacks from properties is important, and should be applicable only to those neighborhoods that already meet or is specifically designed to meet this density level. So those are concerns expressed by the Fire Department. As I noted, some of the changes and provisions that we were recommending in the Department's recommendations, such as addressing water supply, some of the existing infrastructure requirements requiring proper street access in and the fire for...for fire concerns, have already been addressed in the existing code or proposed cuts. So I think some of these concerns are...are addressed, and we can discuss those further if you like. Next slide, please. As I mentioned, we took this to the Planning Commissions in February and March. All three Planning Commissions recommended approval of the...of the proposed bill with the Department's 13 recommended modifications. The various Planning Commissions did have some comments. For example, the comment to Council for the Maui Planning Commission was to ensure that Departments have the ability to provide or opportunity to provide a property owner who are seeking early consultation regarding availability of public facilities that are required to service the lot prior to their permit submittal so that folks can come in and actually talk to somebody in the Department: "Hey, do I have enough water supply? Am I...am I going to get a permit?" before they actually start preparing plans. So that was a comment from the Maui Planning Commission. The Molokai Planning Commission, while they recommended approval, they expressed some concerns about impacts to existing septic systems, and wastewater impacts due to the additional units, and potential increase runoff due to development, and whether there was...whether or not this would lead to more short-term rentals and not enough enforcement. The Lānaʻi Planning Commission, while they recommended also approval of Department's modifications, they had a comment to the Council that the Council consider the comments provided by the Maui and Molokai Planning Commissions. That concludes my presentation, with the exception of one minor change that I would recommend, that, if it's okay, I would like to read into the record. There was a...as...as I mentioned regarding parking of accessory dwelling units, it's now by bedroom count. The existing parking requirements within the accessory dwelling

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section in 19.35 indicate that accessory dwelling units only...or implies that they are only required to have one accessory dwelling unit, one parking space per accessory dwelling unit. Whereas Chapter 19.36B, the parking regulations we just changed, changed that to bedroom count. So in order to make sure we're clear on exactly that it's to the bedroom count, the Department is recommending that there be a change to 19.35.070 that would read as follows: "An accessory dwelling shall have a carport, garage, or other off-street parking space to be used by residents of the accessory dwelling," and adding, "in accordance with Chapter 19.36B," in other words referring to the parking requirement section and then continue with the existing language: "The carport or garage shall not exceed a total floor area of 500 square feet." And that concludes my presentation. Thank you.

CHAIR U'U-HODGINS: Thank you very much. Do we have any other...Remi, Director Mitchell, did you want to make any comments? Did you have any comments before I move on to testimony and discussion?

MR. MITCHELL: Thank you, Chair, for the opportunity. No comments from the Department of Housing. We did submit our comments in writing. Thank you.

CHAIR U'U-HODGINS: Thank you. Thank you. Before moving on to discussion, let's do some testimony for this item, HLU-12. Staff?

MR. STACKHOUSE: Chair, there is currently no one else...no one else who is signed up left to testify. Somebody...

CHAIR U'U-HODGINS: I see somebody raising their hand now.

MR. STACKHOUSE: Chair, there is one person signed up to testify by the name of Jonathan [sic] Johann Lall.

CHAIR U'U-HODGINS: Uh-huh. Go ahead, Mr. Lall.

. . . BEGIN PUBLIC TESTIMONY FOR ITEM HLU-12 . . .

MR. LALL: Aloha. Johann Lall, testifying on my own behalf. One of the things that was brought up in the Planning Department's presentation was cesspool capacity or septic capacity, and I'm not too familiar with the State law and what restrictions you guys have or what freedom you have but one way to deal with that would be, I guess, when these permits are going in for approval, that the Planning or the Public Works Departments would send them to DOH for review because they manage those permits. So maybe they're already part of that process, I'm not sure, but that would be my one comment. Thank you.

CHAIR U'U-HODGINS: Thank you. Any clarifying questions? Seeing none. Do we have any other testifiers?

MR. STACKHOUSE: Chair, there is no...there's currently no one else who is signed up to

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testify. If somebody would like to testify in the Chamber, please let Staff know or on Microsoft Teams, please raise your hand. This is the final call. Three...two...one. Chair, it appears that nobody wishes to testify.

CHAIR U‘U-HODGINS: Thank you. And we will begin discussion with a three-minute round. But before we do, I’m going to introduce Member Sugimura. Good morning.

COUNCILMEMBER SUGIMURA: Good morning. Sorry for my tardiness.

CHAIR U‘U-HODGINS: Good morning. Sorry. Before we move on to discussion...actually, without objection, I will now close oral testimony. Written testimony will continue to be accepted. Thank you very much.

COUNCILMEMBERS: No objections.

. . . CLOSE PUBLIC TESTIMONY FOR ITEM HLU-12 . . .

CHAIR U‘U-HODGINS: Members, if you have any question, please feel free to raise your hand. The ASF was passed out, it’s unfortunately not necessarily highlighted, there was a lot of changes to go over. But if you have any questions, please raise your hand. Member Cook.

COUNCILMEMBER COOK: Thank you, Chair. My question for Planning, for interpretation, because of lot sizes and the setbacks, to have individual structures, is it possible to add two connected units as long as they don’t...none of them have common access? Would that be one way to basically be able to get three units on one of these lots?

MR. PFOST: Yes. They can do that, yes.

COUNCILMEMBER COOK: Okay. And the one-story-to-two-story aspect, the one-story, two-story setbacks would --

MR. PFOST: Yes. Those would apply, yes.

COUNCILMEMBER COOK: -- still apply? And my next question, I guess, is also to Planning. The mandatory State requirements for additional dwelling units to have adequate infrastructure, how will that come in to play for projects that are being proposed? Would they be looked at for potential maximum density, or would they be proposed for simply what they’re proposing to build?

MS. TAKAKURA: Thank you for the question. So anytime a building permit comes through to Public Works, DSA, it’s routed to all the Departments, including Water Supply, Wastewater, and so forth, and they do...they make that determination about adequacies. So that’s already existing in the process. So if there...if it was inadequate, then they...they...I don’t think the permit can move forward.

COUNCILMEMBER COOK: Okay. For clarification, one of the things that’s occurred in the

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past, when I was talking to a previous Director of Water Supply, subdivision in Wailuku where they had, you know, all single-family residences, and then half of them successfully could build an ohana. And then when the other half started coming in, they said you have to upgrade the water line. And I didn't...I didn't understand that, and they clarified to me, well, they put in an 8-inch waterline, the Water Department requested 50. You know, they did put in a contingency, but they didn't plan on everybody having an ohana, even though technically they could do it. So I'm just wondering, as far as clarification with the public and also for the Departments, not to get pushback, we're making this rule, but then potentially we're approving projects that don't enable it. I'm just wondering if...if that's being thought of at all.

MR. PFOST: Yeah. That's a really good question. And that actually...that same issue came up during the discussion that the Maui Planning Commission, and we actually had Department of Water Supply there available as well. And it...it really was like when you...when you reach that threshold of not having enough water supply to be able to service. And I think that example is a very good one, and it's...it's kind of like the Department of Water Supply is going to have to, when it reaches that point, it then will have to indicate that we can no longer issue additional accessory dwelling unit permits in this particular area. And that was basically the response. And...and so, that was...you know, we...we added...part of the . . .*(timer sounds)*. . . proposal is...is adding the requirement that adequate water supply be provided or shown. So when it gets routed to those departments, those departments will have the ability to review that before a permit is issued. So I think that issue is going to be addressed, but it will be more of a broader announcement if there is lack of water supply for any particular reasons, such as maybe the lines not large enough, or there just isn't enough water.

COUNCILMEMBER COOK: Thank you. I heard the bell. I'll wait for my second round. Thank you.

CHAIR U'U-HODGINS: Thank you, Member Cook. Members, do you have any other...Member Paltin followed by Member Johnson.

COUNCILMEMBER PALTIN: You know, the cesspool conversion situation, so if they wanted to build an ADU, but they still have a cesspool, would that need to be addressed first?

MR. PFOST: That's a...I'm...I'm not exactly sure. I know that the...within the existing code in 19.35.090 Public...Public Facilities required for accessory dwellings, the first section just says adequate sewage disposal system, this kind of gets at the speaker's comment.

COUNCILMEMBER PALTIN: Okay.

MR. PFOST: As well that this will be secured in writing from the Department of Environmental Management by public sewer for a public sewer system and the State of Hawai'i Department of Health for individual wastewater systems.

COUNCILMEMBER PALTIN: Thank you for your part.

MR. PFOST: So this requires their review, so whether or not they have to replace or not, I'm

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not sure.

COUNCILMEMBER PALTIN: The Chair says they will. And then, like, I mean, like what they were saying about septic systems, a lot of times it's based on bedrooms. And so, if you're adding another ADU, that's going to be, like, more than the bedrooms that your system is designed for. And so, that'll have to be addressed as well?

MR. PFOST: That would have to be addressed at permit...before permit issuance.

COUNCILMEMBER PALTIN: Okay. And then the part about private covenants, prior to May 28, 2024, may still restrict ADUs. So there's no private covenants going forward that could restrict ADUs?

MR. PFOST: That would be correct. So it's just the ones that are prior to the...the Act being effective --

COUNCILMEMBER PALTIN: Wow.

MR. PFOST: -- whether we restrict ADUs.

COUNCILMEMBER PALTIN: Okay. And then the change that you said for 19.35.070 that would refer to 19.36B, we won't have to go the Planning Commission...back to the Planning Commission about that? Was that already addressed in...by the Planning Commission the first time, or no because it was only recently passed prior to it going to the Planning Commission? Or how does that work because sometimes we're not allowed to add things that the Planning Commission didn't consider?

MR. PFOST: I...I think I'd have to maybe ask Corp. Counsel to opine, but all it...this amendment that I read in the records, is more of a clarity, of just clarifying that --

COUNCILMEMBER PALTIN: For the ease of other...

MR. PFOST: -- yeah, because 19.36B that was passed by the Council applies --

COUNCILMEMBER PALTIN: Right.

MR. PFOST: -- to accessory dwellings.

COUNCILMEMBER PALTIN: Oh okay.

MR. PFOST: And it's just that this section in 19.35 is kind of --

COUNCILMEMBER PALTIN: . . .*(inaudible)*. . .

MR. PFOST: The language is kind of...yeah, it doesn't really say...it says a parking space shall be provided, but it doesn't...I'd prefer that it references 19.36B for clarity, to make sure that we're talking about the same thing.

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COUNCILMEMBER PALTIN: Okay. So, nonsubstantive.

MR. PFOST: So, I think it's non-substantial.

COUNCILMEMBER PALTIN: I think I had an ASF. Would now be the time to distribute it?

CHAIR U'U-HODGINS: My plan was to exhaust some of this discussion, and then do that afterwards, and then either work off of probably my ASF because it had a little bit more changes and then incorporate your language.

COUNCILMEMBER PALTIN: Okay.

CHAIR U'U-HODGINS: And then discuss some of the changes as they, Planning Department, just proposed.

COUNCILMEMBER PALTIN: Okay.

CHAIR U'U-HODGINS: If that's okay. But you're welcome to speak to some of it.

COUNCILMEMBER PALTIN: Okay. I introduced an ASF because I recalled a project that we did in Kihei that . . . *(timer sounds)* . . . specifically prohibited ADUs, and I guess the advice was that the County would supersede on that. And so, it's just saying, like, you know, County, whatever, supersedes, not saying that we couldn't amend the condition of the change in zoning that limited to no ADUs, but just saying that our condition of zoning supersedes the State mandate.

CHAIR U'U-HODGINS: Okay.

COUNCILMEMBER PALTIN: And we can go into further detail when we go to the ASFs.

CHAIR U'U-HODGINS: Okay. Sounds good. When I needed to do permits, Member Paltin, when we had to do a project that was on a cesspool, we had to send it to DOH because it's a private wastewater system. And then they do...they review your plans for an IWS. So you have to make that change in order for them to approve and for the rest of everybody to approve. And then, typically, when you have your IWS, you do accommodate for bedrooms, but the standard advice is to go bigger than what you need if your space can allow it, especially if you have the leach field capabilities. So hopefully, that was considered, you know, to have some space. And then yes, they will...they will need to comply with State law because I think we have until 2050, and that's how they plan on doing it. It's a incremental as people adjust their house. Member Paltin...I'm sorry, Member Johnson, did you have questions?

COUNCILMEMBER JOHNSON: Yes. Thank you. Thank you, Chair. Thank you, Department, for being with us today. I...I got some questions in regards to Lānaʻi. Now, I...I understand that you guys said that they're taking away the lot size, but then number 12 says we're going to keep Lānaʻi's lot size. Can you clarify on...on that? I know you're going at a blazing speed, Mr. Pfof, but if you've been to Lānaʻi, you know, some of our old plantation houses are, like, 600 square feet and very small, and the lot sizes on

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Lānaʻi, I mean 5,000 square feet, it's...it's a lot of our...our lot sizes. So if it...if it keeps the old one, then we're missing the mark, but I'd like to hear Mr. Pfof on that because it sounded like we're...I'd like to hear what you say.

MR. PFOF: Yes. Thank you for the question. The modification number 12 specifically was focused on rural lots. Jacky and I were just looking whether or not there's actually...are rural lots on Lānaʻi. We...we were actually weren't able to find any. I'm not sure if there are rural lots on Lānaʻi. But this only affects rural lots and...and what we were indicating is...what I was...what the Department was recommending was that State law does not...the two dwelling use does not apply to rural lots, it only applies to lots that are in urban districts. So the Department was taking more of a conservative approach and then keeping the existing standards that we have right now for rural lots, which would be one dwelling unit per less than 7,500 square feet or one dwelling unit for 7,500 square feet or great...two for 7,500 square feet or greater, as opposed to just allowing two blanket is what...what...what it would happen in all the other residential zoned districts. So I'm not sure if number 12 actually applies to Lānaʻi if there are no rural lots on Lānaʻi anyway, so.

COUNCILMEMBER JOHNSON: Okay. So what, we're not urban lots are we? I mean, what is the...if it's not rural, then what are we be?

MR. PFOF: Mostly...mostly residential district in Lānaʻi City...

COUNCILMEMBER JOHNSON: Residential, yeah?

MR. PFOF: Yeah. And then and project district as significant portion of is obviously conservation and agriculture on Lānaʻi, but --

COUNCILMEMBER JOHNSON: Right.

MR. PFOF: -- within Lānaʻi City, it's mostly residential and in other areas, but I don't think the --

COUNCILMEMBER JOHNSON: Okay.

MR. PFOF: -- there are any rural.

COUNCILMEMBER JOHNSON: So that's good news. I just wanted to make sure that we were hitting that mark because of how small our lot sizes are on Lānaʻi. But our houses aren't big, right, so I think there's room for us to have that really work well. Okay. Thanks for that, that was my big question, I wanted to sort that out. Thank you, Chair.

CHAIR U'U-HODGINS: Thank you, Member Johnson. I see Captain Vaas's hand up, so I'll let him go, and then I see Chair Lee's hand up as well.

MR. VAAS: Hi. Good morning, everyone.

CHAIR U'U-HODGINS: Good morning.

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MR. VAAS: You can hear me okay?

CHAIR U‘U-HODGINS: We can. Thank you.

MR. VAAS: So just before it...it gets washed over, I just wanted to make a comment on the back of Councilmember Cook’s comment about infrastructure and when...what happens when we reach that...that limit. So Planning did a great job of...of considering our comments and basically saying, like, as long as the infrastructure for public safety is...is there and they’re good, I think what...what can happen is at one point they get this tipping point, so, you know, after there’s so many units, all of a sudden Fire say’s, oh, now the infrastructure isn’t good anymore. And one of the things is that may happen in the future in a code change from us, and I just kind of giving a heads up, is that the original access was for 20 parcels, so at 20 parcels, you need a second access. And that was, you know, back in the day where we had two units, possibly, per parcel. So as we now allow three and four units, we’re gonna be revisiting that second access requirement, especially in light of, you know, what happened in...in Lahaina. So if we were to equate that, before, 20 parcels equaled about 40 dwellings. Now, 20 parcels could be 60 to 80 dwellings. So what I’m talking about here with the tipping point is this, as we make these amendments based on dwellings, not parcels, you could have a street where you’re good, you’re good, you’re good, and then all of a sudden you say, no, sorry you don’t have a second way out, and you can’t build that...that second or third dwelling. So that...that could be coming down the pipe, and it’s something that we just want to make sure that...that’s how Fire Department would look at it when we review about access. And the same goes for Water Supply. Most of Lahaina we’re...you know, a lot of areas, we’re trying to get to a 1,000 gpm with cooperation from the Water Department, and that’s the minimum for a typical house. So I think we’ll be okay there until they tell me no, we no longer have the 1,000. But just another note, that in areas that are sure with less than a 1,000 gpm, which I don’t believe they’re the type of lots you’re talking about, they also wouldn’t meet the requirement. So Fire Department does have the ability to help some people by doing alternative things like setbacks and sprinklers to overcome some access issues, but we certainly would never develop an entire neighborhood based on that. That’s more for our rural people who don’t...don’t have the means. You know, we typically review a subdivision, conditions are set there, limitations are set there, and then we just review individual building permits after that. What we’re doing with this is we’re changing the limits of that subdivision without reviewing that subdivision. So now it falls on the individual owner or person who introduces that permit to...and they won’t have the means to improve the infrastructure. So that’s just one kind of caution that I think we need to consider. I don’t know if it’ll change this Bill at all because we are saying it needs to meet it. But again, like Mr. Cook said, there’ll be circumstances where people are convinced they can do this or possibly even invest in a property with...thinking they can put three or four dwellings and then come to find out when they do their permits maybe they’re not going to meet it. So I think we need a little transparency there for people. That’s all.

CHAIR U‘U-HODGINS: Thank you, Captain Vaas. I appreciate those comments. Chair Lee.

COUNCILMEMBER LEE: I have a question for Planning. I think, Mr. Pfof, you mentioned

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the R-0 zone, that's something, for your information, was created back in 1989, 1990, by my committee. And those lot sizes are very small, 3,000 to 6,000 square feet. So did you say they were exempt, or people are still allowed to add two dwellings to something as small as that?

MR. PFOST: Yes. Thank you. Yes. On the R-0 districts, whether it's the overlay or the existing district, both of those actually do not allow accessory dwellings right now.

COUNCILMEMBER LEE: Okay.

MR. PFOST: It's stated that in code and the...but the problem is, is that State law applies to all residentially-zoned lots. And both of those districts are on residentially-zoned lots within our R-1, R-2, or R-3. So the proposed amendments in...before you are to change those to the overlay district and the R-0 district to now allow accessory dwellings, allow two accessory dwellings, just like any other residentially-zoned lot. I agree that those lots...typically, you are correct, are...are relatively small. And so, that may create a problem for the property owner whether or not they can get accessory dwellings on that property, but we have to, at least in my opinion, per State law, have to at least allow it to occur. Whether or not they can do it or not, I'm not sure.

COUNCILMEMBER LEE: Right.

MR. PFOST: Given the size of the lot.

COUNCILMEMBER LEE: Okay. This...thank you, for that clarification. And the other clarification is, although the State law and County law allows for ohana dwellings or these ADUs on certain sized lots, I think it should be noted for everyone that CC&Rs prohibit ADUs in many...in many of the new subdivisions. So I think this, what we're passing now, applies to the older subdivisions, like Dream City, Pukalani, those where they have, you know, 10,000 square foot lots, 12,000 square foot lots, et cetera. But as far as any subdivision that was built in the last 10, 15, even 20 years, probably prohibits ohana dwellings. And...and that's a contract that we signed as buyers of the...into the subdivision. So I think...I hope that's not going to be a problem because we...we knowingly signed, volunteered to prohibit us ourselves . . . *(timer sounds)* . . . from adding...you know, adding ADUs or ohana dwellings. You have a comment on that?

MR. PFOST: Thank you. You're exactly right in that the State law...and importantly, the State law does not apply to any subdivisions that have CC&Rs that restrict accessory dwellings. So...so you are correct that those...those subdivisions, the newer subdivisions, within their CC&Rs, will still prevail over State law.

COUNCILMEMBER LEE: Thank you.

CHAIR U'U-HODGINS: Can I ask a question, just a follow-up? And then I saw Member Cook, his hand was up. I think that's what Member Paltin was discussing earlier. Now, going forward, when we continue to, you know, permit homes and projects to provide homes for our local people, is that a condition we can no longer apply anymore because of the State law?

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MR. PFOST: That's correct. It's...it's really that subdivision, when they create their CC&Rs, that they should not be putting that requirement within their CC&Rs because that would be a violation of State law.

CHAIR U'U-HODGINS: Okay. So the subdivisions in the last 20-some-odd years, we're going to acknowledge that, you know, we cannot retroactively change those conditions, but moving forward --

MR. PFOST: That is...that is correct.

CHAIR U'U-HODGINS: -- that's no longer applicable conditions.

MR. PFOST: That is correct.

CHAIR U'U-HODGINS: Okay. Thank you. Member Cook. Sorry to interrupt.

COUNCILMEMBER COOK: No...no. Thank you, Chair. Thank you. Little sidebar, I think for the zero lot lines, they might be able to do a second story and pull that off over a carport or something as an option. So addressing, like, the infrastructure aspect of it, and this is really...I'm looking at it from a policy perspective, and I'm really glad we're having this discussion, and I'm hoping that these questions will help us address the impact from all of the different Departments. Like, so to account for and enable plan density requirements for new housing that this is basically striving to encourage, the density is going to require new infrastructure be accounted for, that'll add additional costs, but if we account for it early, it eliminates delays and costly further upgrades. So is this a possible policy, possible use of affordable housing GET funds to cost-share public policy, and the...the discussion of this is basically for the community to how much are we buying into this additional density, and how much we supporting this additional density policy if we're going to cooperate with the additional cost for potential infrastructure that's not necessarily needed, but the law technically allows for it, and the law encourages it, but you don't have to do it, and a developer probably wouldn't do it because of the cost factors. So I'm just proposing that that's something that we consider in these discussions, that the County utilize affordable housing funds to enable people to put in bigger...what it is is bigger pipes, bigger valves, and it's a lot cheaper then than later. So any... has there been any discussion of that with the Departments, and what is your feedback?

MR. PFOST: I think that it is definitely a policy issue on...on how the Council would like to move forward in helping to support the production of accessory dwelling units, especially in those areas that perhaps don't have the infrastructure. Like you mentioned, in that example of the water line not being large enough, whether or not the Council wants to take that on and do something about that in order to provide that. I can't comment on whether or not the use of affordable housing funds can be used towards that. That's, I think, another Department. Probably Housing Department might want to comment on that. But...but yeah, I think that's definitely a bigger policy issue, and the Council should consider how to support this and allow them to further.

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MS. TAKAKURA: And I just want to add this is one step in the process for allowing more housing, but another step would be when you consider the annual budget and the infrastructure to work with the Department . . . *(timer sounds)*. . . You know, they're going to know where the inadequacies are and if those could be funded, and that will open up the opportunity for more housing. Thank you.

COUNCILMEMBER COOK: Did Department of Housing have any comments?

MR. MITCHELL: Thank you, Chair. And Thank you Member Cook. And thank you for your observation. It's sort of a two-phase issue. When a project is being initially developed, that's the time the developer would anticipate the number of units that could be on a lot, that could be on just a number of lots, and seek affordable housing funds for the infrastructure component. The second is, after the project is finished, the developer is gone, and then you have the problem of some number of homeowners discovering belatedly that we have inadequate water infrastructure. That's a different challenge, and I think that requires a different solution because, one, we need to have what is typically called a participation agreement for all the homeowners to participate in the cost related to expanding the system for the entire development. It shouldn't really fall on one or two, or three of the homeowners who happen to have hit that...that wall where they can no longer build their ohana because now they've maxed out the infrastructure. So that's a slightly different discussion that I think is a policy issue. Thanks.

COUNCILMEMBER COOK: Thank you. I heard the bell.

CHAIR U'U-HODGINS: Members, does anybody else have any other questions? Member Rawlins-Fernandez.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. I don't think I heard this yet. But along the same lines, so then...and this will also be a different discussion for later but should be on our radar because of the State law requiring us to do this. Will...in future subdivision approvals, will the infrastructure that will then be required envision two ADUs on all the lots that have main dwellings? Is that something that was...yeah, Member Cook is nodding his head. So I don't know if that was, like, something that was also discussed.

CHAIR U'U-HODGINS: I think that's kind of what Member Cook was alluding to, and then how we're going to support that policy moving forward, but --

COUNCILMEMBER RAWLINS-FERNANDEZ: All right.

CHAIR U'U-HODGINS: -- if you guys wanted to acknowledge if it was previously discussed, maybe in Planning Commissions, if at all.

COUNCILMEMBER RAWLINS-FERNANDEZ: Right, because Member Cook is talking about the challenge of the subdivisions that were already approved without the necessary --

CHAIR U'U-HODGINS: Yeah.

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COUNCILMEMBER RAWLINS-FERNANDEZ: -- infrastructure to support that level of development.

CHAIR U‘U-HODGINS: Yeah. Sounded like --

COUNCILMEMBER RAWLINS-FERNANDEZ: And then . . . *(inaudible)*. . .

CHAIR U‘U-HODGINS: -- he meant a little bit of both. Yeah.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay.

CHAIR U‘U-HODGINS: Yeah. Was that previously considered in any Planning Commissions or from you folks as well? I know you just said it’s a policy issue, but.

MR. PFOST: Yeah. The...thank you for the question. The...the Planning Commissions were really concerned more about that individual property owner trying to come forward, at least the Maui Planning Commission, trying to come forward and wanting to do an accessory dwelling unit and then being told after they draft their plans, and...and had a consultant get on board, an architects being told by an agency within the County that, oh sorry, so sorry you don’t have...we don’t have enough water or enough sewer to be able to accommodate your...so the Maui Planning Commission was just, I think, moving forward or requesting that the Council consider that, that the Departments be available to meet with property owners in advance of them doing anything in regards...even before they decide to draft plans, that the Departments be available for people to come in and be able to talk about whether or not there’s enough water resources or sewer resources on that property, or fire related resources. So I think that’s really a comment to the Council in whether or not those Departments...I’m sure those Departments are available to speak to people if they come in to talk about those issues. But we did not get into the discussion of future subdivisions and whether or not those future subdivisions now need to account for a single-family dwelling and two ADUs on every lot. I’m not sure how that...I think that’s really a point of the developer wanting to do that on how much...how much commitment to infrastructure the developer is willing to put forward, whether or not that can support that exactly, that density or not. So that’s the interesting...it’s an interesting discussion point of how future development will occur but that was not discussed on the Planning Commission.

COUNCILMEMBER RAWLINS-FERNANDEZ: All right. For another day, then, I guess. Mahalo, Chair.

CHAIR U‘U-HODGINS: Thank you. Member Paltin.

COUNCILMEMBER PALTIN: The comment...or I’m not sure if it’s a comment, a recommendation from, I think, the Maui Planning Commission about having the Water Department be available to confirm or deny if they have the water infrastructure to build two ADUs on a lot. How do we determine if we hit that, or if we need five or six votes? Is it just a comment or a recommendation?

MR. PFOST: It was...it was just a comment from the...from the Maui Planning Commission,

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it's nothing within the code that was actually structurally put in the code. It was just that, you know, I'll read the comment that the Departments responsible for reviewing permits for accessory dwellings should provide an opportunity for property owners to seek early consultation regarding the availability of public facilities that are required to service the lot prior to permit submittal. So it's just...just a comment that they were concerned about it, hey, just wanted to make the Council aware of that concern and that I'm sure the Departments will have to then...you know, theoretically they should be meeting. I know the Planning Department meets with folks early on in the process to hopefully help them along with the process.

COUNCILMEMBER PALTIN: I guess, then, my comment would be that, you know, whenever, if this Bill becomes a media story, it shouldn't be that, oh, anybody in residential urban can have two ADUs. It would be, like, the caveat. Like, you need to have enough space for your setbacks, you need to enough space for your parking, you need to enough entrances and exits depending on, you know, what the fire code becomes. You need to have water, sewer taken care of because same thing. Like, you know, people just read the headlines and be like, oh, now I can have two ADUs. They start buying the stuff already, and they don't know of the caveats or situation, and I don't know whose role it is to fashion the story in that way, but I think all of the great minds in this room, working together, could probably put together, like, a little cheat sheet. Like, make sure you have this, this, and this taken care of before you contract with someone and order lumber. And put that out with the press release of this Bill if it passes first and second reading or whatever.

CHAIR U'U-HODGINS: Did you want to answer that? I know we discussed that in our pre-meeting, meeting.

MR. PFOST: I was just going to say that is a really good comment, the more advanced notice that we can let people know about accessory dwelling units and what they may face to build them would be...would be great. I know of other jurisdictions that actually put out...actually put out pamphlets and stuff like that on their website that actually informed how to do it. I know jurisdictions that actually create, actually, plans that they could use to actually implement. So there may be that kind of movement in that direction. Important, I just wanted to say that . . . *(timer sounds)* . . . what is really great about this...this State law and our existing code is that we have the Section 19.35.090 that actually says, public facilities required. So if you want to do an accessory dwelling unit you're going to go to this section in 19.35 first, and then you're going to see this section that says you need these public facilities. So it is kind of a forewarning of that you should consider this before you actually do this. And so, I'm sure that will kind of at least cause folks to actually come into the...to the County and go, hey, do I meet these requirements? So, at least that's in the code. But you're right, a press release is --

COUNCILMEMBER PALTIN: Some sort of, like, friendly thing that says...and then even, like, maybe about recent changes. Like, prior, it used to be could have only a 500 square foot. Like, you can have up to, what is it, 720 now or something.

MR. PFOST: Yes. That's 720 max on the smaller size, and then as your lot gets bigger, you can have larger ones.

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COUNCILMEMBER PALTIN: Yeah, because, I mean, we're plugging away here, but I don't know if the guy on the street knows, like, all these new things which are meant to make it better and easier, or whatever, safer. But, like, some sort of lay persons, like, did you guys know this just happened or whatever? But make sure you check this, this, and this.

CHAIR U'U-HODGINS: Thank you. In our pre-meeting, we discussed, like, limitations to certain areas. Like Upcountry, we have a water shortage, so it's very difficult to have it. For you folks in Lahaina, you're going to have to get CWRM involved. For Central Maui there's, you know, wastewater infrastructure concerns. And so, until we get some of those things figured out, where we're going to see the potential use for these ADU lots, it's not going to be like a big boom. But I think people...yeah, I don't want to burst anybody's bubble, but it's going to be quite limiting for a little while. But the fact that we are even, like, allowing it in majority of the areas is good news.

COUNCILMEMBER PALTIN: Yeah. And also, maybe depend on how your existing house and ADU are set up, so it may be better suited for people with empty lots to try and design now if they're going to go vertical. Like, I mean, more...there's more potential.

CHAIR U'U-HODGINS: Yes.

COUNCILMEMBER PALTIN: But if you already have an existing ADU and an existing house, and it takes up majority of your lot, then you're a little SOL unless you, like, go vertical --

CHAIR U'U-HODGINS: Sure.

COUNCILMEMBER PALTIN: -- on an existing thing and then have parking and whatnot.

CHAIR U'U-HODGINS: Yeah. Thank you. Member Sinenci.

COUNCILMEMBER SINENCI: Mahalo, Chair. And yeah, for East Maui, I guess our limitations would be the...the cesspool conversions.

CHAIR U'U-HODGINS: Septic.

COUNCILMEMBER SINENCI: We had a family that wanted to do an accessory dwelling but did not have the capacity, cesspool capacity. So they were even considering knocking down a wall in the main house so that they could, you know, potentially have another...another room in the...in the accessory dwelling. So but to those concerns for Hāna, I mean, if we don't have the capacity, we just can't do an accessory.

CHAIR U'U-HODGINS: Not yet.

COUNCILMEMBER SINENCI: Chair, you mentioned the leach field.

CHAIR U'U-HODGINS: Oh yeah. With your septic tank, you're required to have a leach field.

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COUNCILMEMBER SINENCI: So you do, I mean, but at times you would have to increase the...the leach field?

CHAIR U'U-HODGINS: Depending on the amount of bedrooms, but yes.

COUNCILMEMBER SINENCI: Got it. And this is not just for accessory dwellings, it's if even if you want to expand your...your main house and add more rooms, you would still need the...the capacity for your septic.

CHAIR U'U-HODGINS: Yeah, and conversion if you have a cesspool.

COUNCILMEMBER SINENCI: Got it. Okay. Thank you.

CHAIR U'U-HODGINS: Yeah. I have a quick question, Member Cook, one second. So for the language related to the carport and garage, are we envisioning a individual carport and garage special to the ADUs, or is there an existing carport and garage that can be, you know, utilized with the ADUs?

MR. PFOST: Thank you. The ADU does not need a carport or a garage, it can have an open parking space --

CHAIR U'U-HODGINS: Okay.

MR. PFOST: -- to meet this requirement. So --

CHAIR U'U-HODGINS: Okay.

MR. PFOST: -- this section just talks about if you did have a garage or a carport for an ADU, it has to be a 500...no bigger than 500 square feet. So.

CHAIR U'U-HODGINS: Oh. Okay.

MR. PFOST: -- it does indicate that. But the problem with this section, and reason why we wanted to amend it because it doesn't...it implies that you only need one...one parking space when actually you need more per 19.36B --

CHAIR U'U-HODGINS: Okay.

MR. PFOST: -- and that's why I wanted to just insert in accordance with 19.36B --

CHAIR U'U-HODGINS: Okay.

MR. PFOST: -- so it's...it's clear.

CHAIR U'U-HODGINS: Okay. I'm probably going to take a quick recess, and we discuss where that's going to go after Member Cook...if we've exhausted discussion before we move on to voting. Member Cook.

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COUNCILMEMBER COOK: Thank you, Chair. Kind of building upon or addressing Captain Vaas's comment, and it integrates in with what my earlier one was, foresight. Water for fire mitigation has been...is kind of like the stickler that prevents a lot of things from happening, and I found, working with the Fire Department, they're very pliable and flexible as far as when you can do sprinklers, when you can do things. But what's okay under three conditions, and then all of a sudden, you change it to a fourth condition, and those things no longer apply because they have a different guideline for that density and whatnot. So this is me plugging, again, the County and the Departments upgrading and becoming more progressive in our infrastructure so that when we're doing these things, and we're required...like, for fire, that should be pretty easily justifiable. Public...partial public funding to upgrade pipe size to enable fire...fire prevention. And that's one of the things that, in a development, the developers always going to be, like, trying to make it pencil out. So I'm just sharing with us when we're striving to enable affordable housing, and density, et cetera, one of the ways that we collectively, as the local government and the Council, can enable that is to basically identify some of these cost factors that are really beneficial for the community as a whole, and see if that's something that, through policy, we can help pay for. Thank you.

CHAIR U'U-HODGINS: Thank you. Member Paltin.

COUNCILMEMBER PALTIN: To follow up on Member Cook's point, I would say, foreseeing the public benefit being affordable housing for our people, then we would need to ensure that if we're putting in public affordable housing money, to upgrade the infrastructure, that the rental is then affordable for at least a set amount of time because in West Maui we're seeing, like, you know, \$5,000 one-bedroom and stuff like that. You can rent one room in a house for \$2,000, or things like that, which is not affordable, which I would not support putting affordable housing monies to do that because then they're raking in, like, five grand or two grand for a bedroom, which doesn't necessarily help the rental market. So it's got to track and be enforceable and...and things like that before we're releasing public funds for people to make money.

CHAIR U'U-HODGINS: You can have a quick response, but it is a future discussion we will have in the future.

COUNCILMEMBER COOK: No. I totally concur because exactly what you're saying, that...and in my optimism, we're going to find a balance at some time where these stupid, abusive rentals won't be justified because maybe we'll have more places and people will get more heart. Thank you for bringing that up, I concur.

CHAIR U'U-HODGINS: I think what's also important to note, as it relates to fire safety, is, as you know, now we have fire-rated walls if the homes are close together. We have the requirement for fire extinguishers in certain places. And so, we are a lot more safer now than we were before. And if you're going to permit it now, then you have to follow today's codes, and you're going to need to provide, you know, fire-rated walls and do those sorts of things. But does anybody have any other questions before I take a quick recess so I can figure out where we're going to make those amendments and include Member Paltin's amendment as well. Okay. Seeing no further discussion, I'm going to take a five-minute recess. See you in a few. . . . (*gavel*) . . .

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RECESS: 10:07 a.m.

RECONVENE: 10:25 a.m.

CHAIR U'U-HODGINS: . . . (*gavel*) . . . : Good morning and welcome back to today's HLU meeting. Thank you for allowing us a recess as we kind of navigate all the changes we need to do to pass this Bill. So before I make or request a motion, I'm going to just ask our Members if we have any other discussion before I move on. Okay. Seeing none. Thank you. Members, I will entertain a motion to recommend passage on first reading of Bill 78 (2026), including any nonsubstantive revisions. Thank you. I have a motion made by Member Cook.

COUNCILMEMBER LEE: Second.

CHAIR U'U-HODGINS: And a second by Chair Lee. Thank you. If you...Members, if you don't mind, we do have to make a couple of changes, if you wouldn't mind saving some discussion for a bit. So at this time, I'm going to also entertain a motion to amend Bill 87 [*sic*] by replacing it with a CD1 version attached to my ASF, that was distributed at the beginning of this meeting.

COUNCILMEMBER PALTIN: So moved.

CHAIR U'U-HODGINS: Thank you. I have a motion by Member Paltin. And a second by Chair Lee. Thank you. And then we're going to have one more amendment and then take a vote and then two more amendments. Member Paltin?

COUNCILMEMBER PALTIN: Thank you. I move to insert right before Section 21.

CHAIR U'U-HODGINS: On page 39.

COUNCILMEMBER PALTIN: On page 39. I move to amend Bill 78, CD1, to add before Section 21 and renumber the following as follows: this ordinance does not affect conditional zoning agreements that were executed under Section 19.510.050, Maui County Code, before it's effective date. It's posted on Granicus with a little separate wording that Corp. Counsel...different wording that Corp. Counsel advised that I amend to say instead of conditional zoning ordinances, conditional zoning agreements, and instead of enacted, executed. So that's the amendment, and it's not to say that we couldn't go back and amend --

COUNCILMEMBER LEE: Second.

COUNCILMEMBER PALTIN: -- those agreements...oh, thank you, amend those agreements, but just to assert Council authority.

CHAIR U'U-HODGINS: Thank you. So I have a motion by Member Paltin and a second by Chair Lee. And she, in part, did her discussion during that motion. Any further discussion? Okay. So this...I'm going to do a vote now, and it's going to include the

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ASF, and the changes for the ASF, and Member Paltin's change. So...oh, I'm going to wait one second until Member Cook gets his camera on. Thank you. All those in favor of the two motions made, please raise your hand, and say, "aye."

MR. KRUEGER: Chair, you have seven ayes, two excused, Members Batangan and Sugimura.

VOTE: AYES: Chair U'u-Hodgins, and Councilmembers Cook, Johnson, Lee, Paltin, Rawlins-Fernandez, and Sinenci.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Vice-Chair Batangan and Councilmember Sugimura.

MOTION CARRIED.

ACTION: APPROVE amendment.

CHAIR U'U-HODGINS: Thank you very much. I do have a couple of changes, amendments I'm going to propose as well for the...the Planning Department. So Members, on page 3, I move to amend Section 19.35.050 to include the restructuring to insert the language as discussed for the rural zoning. And...thank you, I'm going to do both at one time. And as well as including a new Section for 19.35.070 to accommodate the parking language, as discussed in Planning's discussion as well. I have a motion made by Member Sinenci. Do I have a...a second by Member Paltin. As for my discussion, we discussed this, we're just making it consistent with rural, as it's currently allowed in the Maui County Code, and to accommodate the new parking language. Any further discussion? Seeing none. All those in favor, please raise your hand and say, "aye."

MR. KRUEGER: Chair, you have seven ayes, two excused, Members Batangan and Sugimura.

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VOTE: **AYES:** **Chair U‘u-Hodgins, and Councilmembers Cook, Johnson, Lee, Paltin, Rawlins-Fernandez, and Sinenci.**

NOES: **None.**

ABSTAIN: **None.**

ABSENT: **None.**

EXC.: **Vice-Chair Batangan and Councilmember Sugimura.**

MOTION CARRIED.

ACTION: **APPROVE amendment.**

CHAIR U‘U-HODGINS: Thank you. Members, does anybody have discussion on the main motion with...as amended? Member Johnson, go ahead.

COUNCILMEMBER JOHNSON: Thank you, Chair. You know, I support this Bill and as amended. And the fact that we can now open up the door for...for more ADUs for our people, in a housing crisis, I think this is, with the swipe of a pen, in many ways, that we are now unlocking, untying the knots that some of our bureaucratic process has left our...our small homeowners without any options. I think this is a good way to do it, and I rise in full support. Thank you, Chair.

CHAIR U‘U-HODGINS: Thank you, Member Johnson. I appreciate those comments, I agree. Member Rawlins-Fernandez.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. I’m supportive of this because we have to be. Because the State is forcing us to be, and for that reason, I resent that.

CHAIR U‘U-HODGINS: . . .*(laughing)*. . . Sorry, I didn’t know my mic was on.

COUNCILMEMBER RAWLINS-FERNANDEZ: I strongly believe in home rule, and I resent the State for eroding our home rule authority regarding the land use and zoning. I’m happy that the Planning Commission and the Administration have, including the Fire Department, found ways to ensure that there are guard rails and safeguards in place since we no longer have that authority because the State took it away. And yeah, support this. Okay. Thanks.

CHAIR U‘U-HODGINS: Thank you. Sorry, I didn’t know my mic was on, and I’m so glad you tell us how you really feel all the time. Member Paltin.

COUNCILMEMBER PALTIN: I don’t know if it would be Committee work or a PAF but reiterating the desire to have, like, more education on to the nuance, whether it’s like,

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you know, clearly spelled out in the Committee Report and then the Committee Report sent as, like, a press release or something because, you know, don't want anyone to just read the headline and go out and by some stuff without ground truthing thinking their lot is eligible and the infrastructure is adequate. That happens a lot with people that just been through a fire, or flood, or situations like that. So I just want us to make every effort to fully educate the County residents on how, where, what details. Thank you.

CHAIR U'U-HODGINS: Thank you. I think that was heard and acknowledged by Planning Department, and my HLU Staff can...can help as well, and we can...we can do a press release. Any other discussion? Seeing none. All those in favor of the amended Bill, please raise your hand, and say, "aye".

MR. KRUEGER: Chair, you have seven ayes, two excused, Members Batangan and Sugimura.

VOTE: AYES: Chair U'u-Hodgins, and Councilmembers Cook, Johnson, Lee, Paltin, Rawlins-Fernandez, and Sinenci.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Vice-Chair Batangan and Councilmember Sugimura.

MOTION CARRIED.

ACTION: Recommending FIRST READING of Bill 78, CD1 (2026)

ITEM 13 BILL 84 (2026), AMENDING SECTION 19.64.030, MAUI COUNTY CODE, ON BED AND BREAKFAST HOMES ON MOLOKAI

CHAIR U'U-HODGINS: Thank you very much, Members. Moving on, we have before us the second item on our agenda today, is Bill 84, which would set the cap of five allowed bed-and-breakfast homes on Molokai and specify where they can be located. The Bill also restricts the proximity of one bed and breakfast home to another on Molokai. The Molokai Planning Commission discussed this matter earlier this year and recommended approval. Their recommendation and the Department's report are available on Granicus as item number 2. Assisting us today from the Department of Planner...Planning, I'm sorry, is, again, Director Takakura and Mr. Pfof. Before I ask for their presentation, I'd like to give Member Rawlins-Fernandez an opportunity to provide any opening comments as the introducer of this Bill. So, Member Rawlins-Fernandez, if you please.

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COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. And so, this idea came from the community members that were requesting a cap because there was no cap prior to this. As I mentioned, before, we sent this Bill to the Molokai Planning Commission. And I think Planning Department will go over, in their remarks, you know, the situation. Aloha, Director Mitchell. But anyway, so I'm...I did attend the Molokai Planning Commission meeting. I encouraged them to, you know, discuss the number as the cap of five, the areas that would be considered, and the density. And so, they did have a discussion on that and have transmitted their recommendation that the Planning Department will go over, and I'm fully supportive of that. Mahalo, Chair.

CHAIR U'U-HODGINS: Thank you, Member Rawlins-Fernandez. Planning Department, do you have a presentation? And then we'll go to testimony. Thank you.

MR. PFOST: Yes. Thank you, Chair. I have just a real brief, few slides presentation here that was really, more or less, discussed in...in the opening remarks. By way of background...next slide, please. By way of background, this was Resolution 25-190, was adopted by the Council, forwarding this to the Molokai Planning Commission back in October. The Molokai Planning Commission heard this on January 28th. The purpose of the Bill, as mentioned and as discussed at that October Council meeting, was to establish a density requirement for bed-and-breakfasts to preserve character of neighborhoods in Molokai and really seeking the Commission and community input on what that density of B&Bs would be. Real quickly, just a current code requirements, if you're not familiar with B&Bs, they are permitted in a variety of zoning districts through approval of a permit, either through the Direct...from the Director or the Planning Commission and meeting various certain requirements within Section 19.64, which is specifically focused on bed-and-breakfast home permits. There's a maximum number of B&Bs permitted within Section 19.64 per community plan area, but Molokai is unique in that it has no cap on the number of B&Bs that can be issued, permits that can be issued on Molokai. All other community plan areas do have a cap. Currently, there's been one bed and breakfast permit that has been issued on Molokai, and that was issued back in 2018. Additionally, within the requirements of 19.64, there's no separation requirements for B&Bs except for on Lānaʻi, which has a 300-foot separation and does not allow more than one on a block. Next slide, please. When the Department reviewed this...this proposal, the Department...well, actually, let me talk about the amendment first. The proposed amendment establishes a max cap of no more than five B&Bs on Molokai, so that will be establishing a new cap. And then it would establish a requirement that B&Bs on Molokai not be located within 1,000 feet of each other. When the Planning Department looked at this Bill, we didn't have any comments, we did not see any specific impacts. We believe it's generally consistent with the General Plan, but we really felt it was more of a policy matter for the Community of Molokai to determine what that cap may be and...and would encourage the Molokai Planning Commission to make that determination on behalf of the community and hear community input. Next slide, please. So at the Molokai Planning Commission, which was held in January, they recommended approval of the proposed Bill with some amendments. They did agree with a maximum cap of five B&B permits issued island-wide, and it would be allocated to specific areas on Molokai, and that's noted within the slide that I have here. They also indicated within areas...within these areas, bed-and-breakfast homes must be at least a minimum of 3,000 feet apart, as measured from the property line. So those were

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the recommendations that the Molokai Planning Commission had, and the Department would support those as well. And that concludes my presentation, and if you have any questions, hopefully I can answer them. Thank you.

CHAIR U‘U-HODGINS: Thank you. Before we get into discussion, Staff, is there anybody wanting to testify on this item?

MR. STACKHOUSE: Chair, there’s currently no one signed up to testify.

CHAIR U‘U-HODGINS: Thank you. Members, without...yeah?

MR. STACKHOUSE: We have one testifier.

CHAIR U‘U-HODGINS: Oh. I see. Yeah. I see their hand. Go ahead.

MR. KRUEGER: Chair, the only person signed up to testify right now is Ke Aupuni Ko Hawai‘i Pae Aina.

CHAIR U‘U-HODGINS: Aloha.

. . . BEGIN PUBLIC TESTIMONY FOR ITEM HLU-13 . . .

KE AUPUNI KO HAWAII PAE AINA: Aloha. This is a representative of Ke Aupuni Ko Hawai‘i Pae Aina. And any of the . . .*(inaudible)*. . . any of the decisions that is being made today, the...the royal...for the lands that are being decided on and having you guys make decisions on the Royal Patent Descendants of all the lands have not been notified, have been...have not been notified from the decisions that are being made. And I think...and I’m pretty sure that’s a violation and a violation on international level because the Royal Patent Descendants should have been notified and they weren’t. And how is that possible, making decisions on royal patented lands? And if it...it’s not the people’s land, it obviously is the King’s land, and you guys cannot be making decisions on it because it’s crown lands, government lands, and regular royal patented lands. And again, please notify the descendants of all the lands that you guys are making decisions on because all the decisions that is being made are all on royal patented allodial titled lands recognized already in the TMK. And a bunch of the TMKs, you guys are...so you guys are changing the zoning and stuff like that, it’s supposed to be showing the royal patent also on everybody, and every single person's TMK, and it’s being changed illegally right now. And that’s a very great concern, and I request that you guys please call them descendants of the royal patented lands because those are the specific families that belong to all the...all the different specific lands that you guys are making illegal decisions on. And...and yeah, please, with the TMK part, please check that. That’s a very...that’s one of my biggest concerns, because why is it being changed again? And, yeah, change it back before where it shows the royal patent because supposed to. Yeah. Mahalo.

CHAIR U‘U-HODGINS: Thank you for your testimony. Members, any clarifying questions? Seeing none. Thank you. Next testifier, please.

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MR. STACKHOUSE: Chair, there is currently no one else signed up to testify. Would you like me to issue a last call?

CHAIR U‘U-HODGINS: Yes, please.

MR. STACKHOUSE: If somebody would like to testify in the Chamber, please let Staff know, or on Microsoft Teams, please raise your hand. This is the final call. Three...two...one. Chair, it appears there’s...it appears that nobody wishes to testify.

CHAIR U‘U-HODGINS: Thank you. Members, seeing there are no other individuals wishing to testify, without objection, I will now close oral testimony.

COUNCILMEMBERS: No objections.

CHAIR U‘U-HODGINS: Thank you. And as a reminder, written testimony will continue to be accepted.

. . . CLOSE PUBLIC TESTIMONY FOR ITEM HLU-13 . . .

CHAIR U‘U-HODGINS: Members, any discussion? I don’t really have much either. Okay. Great. Just double, triple-checking before I move on. Okay. Well, at this time, then, I will entertain a motion to recommend passage on first reading on Bill 84 (2026), incorporating any nonsubstantive revisions.

COUNCILMEMBER RAWLINS-FERNANDEZ: So moved.

CHAIR U‘U-HODGINS: Thank you. I have a motion made by Member Rawlins-Fernandez and a second by Member Cook. Sorry. Any further discussion? I love how quick this is going.

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair.

CHAIR U‘U-HODGINS: Yes. Go ahead. Go.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. Okay. So the...the motion that we’re considering includes or does not include the recommendations from the Molokai Planning Commission?

CHAIR U‘U-HODGINS: I believe it does include...it includes.

COUNCILMEMBER RAWLINS-FERNANDEZ: I think...I think I drafted it so that it would.

CHAIR U‘U-HODGINS: It does. And I had to just look at James to double, triple-check, but yes, he said yes.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Okay. I fully support the

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recommendations for the Molokai Planning Commission. I think, you know, learning from past of, like, not having a cap, like, with short-term rental homes, and then having to kind of do it by attrition to a, you know, zero cap in residential areas. And then for bed-and-breakfast because it requires the...the home to be owner-occupied. So then the owner would live on the property, that it was something that was supported by Molokai, although there's only one right now. And so, this is the perfect time so that we're not affecting folks who may have made investments into their property to do B&B and then, you know, claw them back and, you know, do what we're doing to get it to a more appropriate level to preserve our housing inventory. And the other thing that we learned with the short-term rental home cap in other areas on Maui, for example, is that it didn't include density. So like in Pā'ia where entire neighborhoods...well, maybe not entire neighborhoods, but --

CHAIR U'U-HODGINS: Significant portion.

COUNCILMEMBER RAWLINS-FERNANDEZ: Many houses on one street, you know, were taken over by STRHs and it...it undermines and, you know, destroys, basically, the character of the community and, you know, that...that specific neighborhood. And that's what we saw on Molokai and Pūko'o area and Wailua on...in...on the East end of our...of our island. So in learning from that, I'm happy that the Molokai Planning Commission, you know, provided the density recommendations that they did and mahalo to you all for supporting that. Mahalo, Chair.

CHAIR U'U-HODGINS: Thank you, Member Rawlins-Fernandez. Members, all those in favor, please raise your hand and say, "aye".

MR. KRUEGER: Chair, you have eight ayes, one excused, Committee Vice-Chair Batangan.

VOTE: AYES: Chair U'u-Hodgins, and Councilmembers Cook, Johnson, Lee, Paltin, Rawlins-Fernandez, Sinenci, and Sugimura.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Vice-Chair Batangan.

MOTION CARRIED.

ACTION: Recommending FIRST READING of Bill 84 (2026)

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**ITEM 10 BILL 37 (2026), TO ESTABLISH A REAL PROPERTY TAX
EXEMPTION FOR RESIDENTIAL WORKFORCE HOUSING UNIT
DEVELOPMENTS INTENDED FOR HOME OWNERSHIP**

CHAIR U‘U-HODGINS: Thank you. Moving on. Last item of the day, unless anybody needs a short recess. If not, I’m happy to continue. Okay. Great. I see everybody saying no. Members, the last item on our agenda is Bill 37 to create a Real Property Tax Exemption for developers, qualified...of qualified residential workforce housing developments. Assisting us today is Director Martin and Director...oh, Mitchell just left. I’d like to ask Council Chair Lee for any opening comments she may have before I ask Director Martin for her comment. Chair Lee? Chair Lee, your mic is off.

COUNCILMEMBER LEE: I recommend that we file this...this item because I did not get the support of the Finance Department, for one. And what I’m actually trying to do is not create so much of a break for developers, what I was trying to do was not charge workforce housing owner-occupants. New owner-occupants, through no fault of their own, miss the deadline to file for an exemption. So in other words, they have to pay for, I think, nonowner-occupied or some other high category, and it’s not fair because it wasn’t their fault. So I been...I been trying to figure out a way to...to do that, and I still need more time.

CHAIR U‘U-HODGINS: Okay. Then I will go to testimony before we get into discussion because I see your hand, Member Johnson, and then we can continue to discuss. I don’t think we have Director Martin on the line, but we did get her letter if anybody wants to review it. I’m sorry, I see somebody’s hand is ready to testify. If we have any testimony on Bill 37, you’re welcome to go.

MR. KRUEGER: Chair, the only person we have signed up to testify right now is Ke Aupuni Ko Hawai‘i Pae Aina.

CHAIR U‘U-HODGINS: All right.

. . . BEGIN PUBLIC TESTIMONY FOR ITEM HLU-10 . . .

KE AUPUNI KO HAWAII PAE AINA: Aloha. This is a representative of Ke Aupuni Ko Hawai‘i Pae Aina, and I hope my testimony, like...like, I hope you guys is really taking this. I’m the only one that testifying, okay? And I do not...I don’t support anything for the developers, for real because it’s all royal patented allodial titled, and the descendants of the royal patent and allodial titles have not been notified, or either the beneficiaries of the crown lands have not been notified because the descendants and the beneficiaries to the crown lands are all the royal patent holders, descendants and all the royal patent holders. Anyway, and they have...we have not...none of the other kanaka, all the kanaka never been notified at all about any of these...any of these decisions. And we...and they really need to be notified. And making decisions on royal patented allodial titled lands are a violation on an international level. And the TMKs also are being illegally changed, so change the TMKs back to the royal...showing the royal patents, and the land commission awards in the legal information which is illegally being changed.

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And...and them changing all their legal informations are all illegal because the royal patents supersede all of anybody's claims, and exemptions, whatever. If any of the developers are over here getting exemptions, I don't think that's really fair because the first people that should be getting exemptions are the kanaka people, which they are being frauded, literally frauded. Please correct me if I'm wrong. And yeah, that's a really great concern, and I request for you guys to call up all the royal patent beneficiaries of the crown lands and the said lands to whoever owns that royal patented land that is having...being made...you guys making decisions on top of um, yeah. Cause the royal patents, the holders, descendants are supposed to be making the decisions. Yeah. And yeah, and to let access to all the royal patent descendants to the royal patented lands, this royal patented allodial titles. So, like, yeah, that's a really great concern, and I request you guys . . . *(timer sounds)*. . . say something about it or something at least. Hello. Like, what, cause we literally are getting frauded. And yeah, the royal patent are the true titles. Mahalo.

CHAIR U'U-HODGINS: Thank you. Members, any clarifying questions? Seeing none. Next testifier, I saw we have Mr. Croly signed up.

MR. CROLY: Aloha, Council. Tom Croly.

CHAIR U'U-HODGINS: Aloha.

MR. CROLY: I heard the Chair say that she'd like this filed, and I understand her attempt, but I just want to point out that this is the larger issue that we were not able to resolve in the real property tax, you know, committee that we...that we put together, which is there is such a huge difference between what someone's property taxes would be at homeowner and what their taxes would be if they don't get homeowner. You know, it goes up by three times, sometimes even more than that. And particularly, in this situation, this was...this was the greatest frustration I had when I was Chair of the Real Property Tax Appeal Board, that when some folks who were new affordable homeowners came forward and said, hey, we had to be homeowners to buy these homes, right, but now you're treating us in taxes that we're not. And...and we had to charge them, I don't know, in their case it was \$3 to 5,000 in tax that year that they didn't have, you know, that these poor folks didn't have. So...so this was an attempt to kind of piecemeal the...the fundamental problem that we have, which is that the taxes sometimes are out of whack for as much as 18 months. When someone is a homeowner, they have, you know, met all the criteria, but because of our process, because we have a process that says you have to apply by this date, you have to have your tax returns done by this date, and so forth, or if they just forget, they get...they get tagged with this much, much higher taxes. So this problem continues. We made a small fix to it, you know, with the...with the late filing thing, but that really didn't...didn't fix the...the fundamental problem. So I...I just bring it up because I don't want this to get swept away and not addressed. This item, as...as Chair recommends filing it, it doesn't address enough of it, it doesn't address the big picture. I hope someone will pick it up, and that we can address this and you have the Finance Director there with the cooperation of the Finance Department that we can come up with some solution to make the homeowner classification fit the use that's taking place at the time that they're paying the taxes. Thank you, Chair.

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CHAIR U‘U-HODGINS: Thank you, Mr. Croly. Members, any clarifying questions? Seeing none. Thank you very much. Do we have anybody else signed up?

MR. STACKHOUSE: Chair, there is currently no one else who is signed up. Would you like me to issue a last call?

CHAIR U‘U-HODGINS: Please.

MR. STACKHOUSE: If somebody would like to testify in the Chamber, please let Staff know or on Microsoft Teams, please raise your hand. This is the final call. Three...two...one. Chair, it appears that nobody wishes to testify.

CHAIR U‘U-HODGINS: Thank you. Without objection, I will now close oral testimony.

COUNCILMEMBERS: No objections.

CHAIR U‘U-HODGINS: Thank you. Written testimony will continue to be accepted.

. . . CLOSE PUBLIC TESTIMONY FOR ITEM HLU-10 . . .

CHAIR U‘U-HODGINS: We do actually have Director Martin here, so I’m going to let her speak. I would love to, if we have to, Chair Lee, I will follow somewhat of your recommendation, but I would prefer to defer it because I actually fully support this concept and I’m unwilling to give up on the conversation just yet. But, Director Martin.

MS. MARTIN: Thank you, Chair. So yes, Finance worked with the RPTR Committee, and Chair Lee, and Staff in drafting this, and we made it in tandem with the program that already exists for our low-income apartments. So they are afforded the exemption when they receive their restricted covenants. So we know that we can implement, you know, this Bill in a similar fashion by creating an exemption. And, you know, when they do those affordable apartments, we do get advance notice. So one way that would help us just be working on this is that as developers begin to create the affordable projects, that they let the Real Property Assessment Division know what they’re doing, when they’re doing it, and what...what land will be impacted by the covenants, so. Thank you.

CHAIR U‘U-HODGINS: Okay. Thank you. Chair Lee, did you have anything to add to that before I move on to Member Paltin and Member Johnson, who I saw they had their hand up earlier.

COUNCILMEMBER LEE: I just want to thank the Finance Department, Marcy and Kari, for their cooperation and also Tom Croly for encapsulating exactly what we were thinking and trying to do. Thank you.

CHAIR U‘U-HODGINS: Thank you. Member Paltin, you have any questions?

COUNCILMEMBER PALTIN: I was wondering. Like, I know you said you were trying to model it after low-income, affordable apartments, but I wanted to inquire about modeling it

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after Hawaiian Homes. I think they're exempt for the first seven years, and if the issue is missing the deadline, what if they had it modeled after Hawaiian Homes with a one-year exemption for any affordable housing under Residential Workforce Housing Policy 2.96?

MS. MARTIN: Chair.

CHAIR U'U-HODGINS: Please.

MS. MARTIN: Okay. So when we start with the Department of Hawaiian Homes Land, it starts as government property, so it starts as nontaxable. So when the new owner comes in for their seven years, it's already nontaxable. So, in a way, this kind of does that, it kind of sets the benchmark of how the property starts before the new owner gets in. If that was the desire for the program, you can do it for the full year, which means that the new owner would get the benefit from their portion, and the prior owner would get it for their portion, which isn't really much...financially wouldn't be a big difference from what's being proposed because I think what's being proposed here was minimum tax for the developer. So the financial impact calculated would be about \$325,000 a year. So without that minimum tax, it would increase it by about 30,000, the financial impact.

COUNCILMEMBER PALTIN: Oh. And...and then, I guess, why did Chair Lee say that you don't support this Bill?

CHAIR U'U-HODGINS: Go ahead.

MS. MARTIN: I...I didn't hear that, I must have been walking in --

CHAIR U'U-HODGINS: I think you're right.

MS. MARTIN: -- walking up. It's not that we don't support the Bill. We are working on the half-year exemption right now, which is requiring...we're accepting the applications, but, you know, we have to do some computer system modifications, and...and staffing, and all that. But, you know, we...we are open to discussing this Bill.

COUNCILMEMBER PALTIN: Oh. Okay. I don't know if Chair Lee wanted to say something, but I'll...I'll yield. I don't know...I don't know what's going on. . . .*(timer sounds)*. . .

CHAIR U'U-HODGINS: Okay. I do have Member Johnson waiting to speak, Chair Lee, but you...I can give you a quick minute to just address that comment, and then I'll move on to Member Johnson.

COUNCILMEMBER LEE: Yeah. I...I think we must have had at least four or five different meetings together, separate meetings with Finance, and they didn't like the timing of this Bill. They didn't feel that they had the...the correct software to deal with it, and that they were looking into it, and that's kind of where we left it. But overall, they were supportive, but not now, at this point. Thank you.

COUNCILMEMBER PALTIN: Oh. Thank you. That's much clearer.

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CHAIR U‘U-HODGINS: Okay. Thank you. Member Johnson.

COUNCILMEMBER JOHNSON: Well, yeah, I guess that’s where I was leaning to and thank you, Chair Lee, for clarifying that. Thank you, Director Martin, for explaining that side. I...I think we do need cooperation with Finance if we’re going to do this, and I...I totally support policies that Department is on board with. If you’re saying it’s a staff issue, if you’re saying it’s a software issue, okay, well, let’s...let’s work on that, I’m here to help the Departments, if that’s what they’re saying. I’m just curious, though, because it sounds like is it...is it only us that deals with this problem? What about the Counties within the State, do they all say, you have to wait x amount of months and charge all this extra tax? I mean, or is it just us? I’m...I’m curious, what software are they using? Can we look at other Counties is what I’m saying. Maybe that’s for Director Martin.

CHAIR U‘U-HODGINS: Director Martin.

MS. MARTIN: Thank you, Councilmember Johnson, for bringing attention to that. So all four Counties share the same software. We...we do so, so that we gain the economic benefits and...and the resources. So this does exist for all of the Counties. The difference, really, is that we should be proud of this, that the County of Maui does have a...a large benefit compared to some of the other Counties for the...the home exemption. You know, we have the larger exemption, and the lower owner-occupied rate, but, for example, for the half year, we are going to implement the Big Island’s software changes.

COUNCILMEMBER JOHNSON: Right.

MS. MARTIN: So that’s why it helps to have us all on the same program. But the other Counties do not...so what...what you’re talking about, really, is accessing and billing on the day of acquisition. And so, I’m not --

COUNCILMEMBER JOHNSON: Right.

MS. MARTIN: -- aware of any...you know, even DMV, right, assesses on the date that it was purchased, year after year. They don’t assess daily. So that is a problem, but I do agree that we can work with the other Counties to see how we would address this, and, in fact, I know that Kari has, you know, put this on the all-County agenda to discuss with the other administrators. And --

COUNCILMEMBER JOHNSON: All right.

MS. MARTIN: -- the problem does exist, Statewide, it’s just because of our--

COUNCILMEMBER JOHNSON: Well, the difference --

MS. MARTIN: Yeah, is more.

COUNCILMEMBER JOHNSON: Right. The difference is significant, like what Mr. Croly was mentioning. So okay, fair enough. I...I just think that, you know, we’re pushing for

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more housing for our people, and then they get this big chunky bill that sometimes that's just enough to wipe...wipe them off, where they can't qualify. I mean, it's...I really worry about those bills coming to the people's dinner table, you know what I mean? So I guess, Chair Lee, you went from filing to maybe deferring, I'm not sure. But I...I . . .*(timer sounds)*. . . if this Bill, you know, dead on arrival, and we got to start from scratch, whatever, I just want...you know, anything I can do to help. I mean, anything I can do to make this go forward. I don't know the best ask, but I'd like to hear from you.

COUNCILMEMBER LEE: Thank you. I think I'll leave it up to the Chair of this Committee, sounds like --

COUNCILMEMBER JOHNSON: Okay.

COUNCILMEMBER LEE: -- there's enough interest in...in keeping this alive.

COUNCILMEMBER JOHNSON: Yeah.

COUNCILMEMBER LEE: And if she's willing to take this on, that's super, that's terrific.

COUNCILMEMBER JOHNSON: Okay.

COUNCILMEMBER LEE: But need to...but the one point I want to make, and I've tried to make with the various Departments, is that when we approve an affordable housing project, and we approve the various ranges, and we're saying you have to qualify income-wise, and you have to be an owner-occupant, okay, all of that is done well in advance. Why can't the Housing Department notify the Finance Department that these are coming up and that they qualify for automatic exemptions? See, to me it's simple, but to them it's not. So God bless you, Nohe, and good luck to you.

CHAIR U'U-HODGINS: Oh, thanks, Chair. I was going to give you the opportunity to massage it, but we can keep...we can continue to massage it.

COUNCILMEMBER PALTIN: Godspeed.

COUNCILMEMBER LEE: I could do it too. Whatever...whatever you want.

COUNCILMEMBER JOHNSON: Thank you.

CHAIR U'U-HODGINS: Yes. Oh. Yeah, go ahead.

MS. MARTIN: Chair, thank you. And I'm going to reiterate what Council Chair Lee has said, that that is an area that we can improve on, and I think if, you know, if it's communicated to us in advance, just like we did with the deed-restricted property, if we know that something is deed restricted, we can already be, you know, massaging the value to...to where it should be. So, advance notification, we would be happy to receive advance notification, and we would do our best to, you know, value it as it should be, given the type of use that it is. So, thank you for bringing that up.

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CHAIR U‘U-HODGINS: Thank you. I have one quick question, and then I see Member Rawlins-Fernandez’s hand is up. When do you think this software that you need is going to be available? The software that’s been referenced in discussion.

MS. MARTIN: So, okay, the...the updates for the half-year exemption, we hope to get it in time so that the people who are applying right now can get it when its due.

CHAIR U‘U-HODGINS: Okay.

MS. MARTIN: If...if we can’t, we think we can manually make that work. But as far as billing and valuing real property daily, I’m not...it’s not just a software problem.

CHAIR U‘U-HODGINS: Okay.

MS. MARTIN: It’s also a systematic kind of notification and...and a very large code change, so.

CHAIR U‘U-HODGINS: Okay. Well, we’ll continue to work with you, then. Thank you very much. Member Rawlins-Fernandez, I saw you had your hand up.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. And Aloha, Director Martin. Mahalo for your comments. So the Bill that I introduced and was passed unanimously by this Council to adjust the valuation of a property based on the deed restriction that caps its resale value would...could apply now to the new housing projects. So we...and because the County holds, would hold the deed restriction to that and enforce it. So we would just transmit to Real Property Tax Division the houses that would be price-capped via deed restriction, and then their...the valuation would be adjusted, and not only would it provide that more appropriate property tax to the future owner but would also limit the carrying cost to the developers so there isn’t as...yeah, the carrying cost to developer as well.

CHAIR U‘U-HODGINS: Please. Thank you.

MS. MARTIN: Yes. It would be a similar process, but it would be the County instead of the land trust type applicants.

COUNCILMEMBER RAWLINS-FERNANDEZ: So we can already do this. We don’t need additional legislation to do that.

MS. MARTIN: Yes.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Mahalo, Director. Mahalo, Chair.

CHAIR U‘U-HODGINS: Of course. Any other discussion. I’m going to defer this at the request of Chair Lee and continue to work on it with Finance and get Housing involved in this conversation as well. So, any objection to deferring this item? Seeing none.

COUNCILMEMBER LEE: No objections.

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CHAIR U‘U-HODGINS: It is deferred.

COUNCILMEMBERS VOICED NO OBJECTIONS (excused: KB).

ACTION: DEFER pending further discussion.

CHAIR U‘U-HODGINS: All right, Members, this concludes the HLU meeting for today. Before this meeting ends, though, I would like to wish my husband a happy anniversary and my cousin Kasey a happy birthday. I will tell my husband that it is our ninth year, so either it’s pottery or leather. So I guess a new Le Creuset pot or a nice purse is accepted. Just joking, not really.

COUNCILMEMBER RAWLINS-FERNANDEZ: Happy anniversary.

CHAIR U‘U-HODGINS: Thank you. I appreciate that. Thank you. He is a sweetheart; I won the lottery with that one, so I guess I shouldn’t ask for anything else. At this time, it is 11:09 a.m. and this HLU meeting is adjourned. See you folks later. Bye . . . (*gavel*) . . .

ADJOURN: 11:09 a.m.

hlu:min:260603min:cvk

Transcribed by: Cheryl von Kugler

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CERTIFICATION

I, Cheryl von Kugler, hereby certify that pages 1 through 37 of the foregoing represents, to the best of my ability, a true and correct transcript of the proceedings. I further certify that I am not in any way concerned with the cause.

DATED the 16th day of June 2026, in Wailuku, Hawaii

A handwritten signature in cursive script, reading "Cheryl von Kugler", written over a horizontal line.

Cheryl von Kugler