

# HOUSING AND LAND USE COMMITTEE

Council of the County of Maui

## MINUTES

July 23, 2025

Online Only via Teams

**RECONVENE:** 9:04 a.m.

**PRESENT:** Councilmember Tasha Kama, Chair  
Councilmember Nohelani U‘u-Hodgins, Vice-Chair (In 9:08 a.m.)  
Councilmember Tom Cook, Member  
Councilmember Gabe Johnson, Member  
Councilmember Alice L. Lee, Member  
Councilmember Tamara Paltin, Member (In 9:17 a.m.)  
Councilmember Keani N.W. Rawlins-Fernandez, Member  
Councilmember Shane M. Sinenci, Member  
Councilmember Yuki Lei K. Sugimura, Member

**STAFF:** James Krueger, Senior Legislative Analyst  
Ellen McKinley, Legislative Analyst  
Carla Nakata, Legislative Attorney  
Jennifer Yamashita, Committee Secretary  
Ryan Martins, Council Ambassador

Residency Area Office (RAO):

Zhantell Lindo, Council Aide, Moloka‘i Residency Area Office  
Roxanne Morita, Council Aide, Lāna‘i Residency Area Office  
Mavis Oliveira, Council Aide, East Maui Residency Area Office  
Bill Snipes, Council Aide, South Maui Residency Area Office  
Clyde “Buddy” Almeida, Council Aide, Makawao-Ha‘ikū-Pā‘ia Residency Area Office

**ADMIN.:** Chris Nāhulu Nunokawa, Deputy Corporation Counsel, Department of the Corporation Counsel  
Kristin Tarnstrom, Deputy Corporation Counsel, Department of the Corporation Counsel  
Laksmi Abraham, Director of Communications and Government Affairs, Office of the Mayor  
Matt Jachowski, Executive Assistant, Office of the Mayor  
Ana Lillis, Deputy Director, Department of Planning  
Greg Pfof, Administrative Planning Officer, Department of Planning  
Marcy Martin, Director, Department of Finance  
Richard E. Mitchell, Director, Department of Housing  
John Stufflebean, Director, Department of Water Supply  
Kekai Robinson, Deputy Director, Department of ‘Ōiwi Resources

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**OTHERS:**     Resource Personnel

Jordan Ruidas, Lead Organizer and Founder, Lāhainā Strong  
Laurnyn Rego, Strategic Advisor and Manager, Lāhainā Strong  
Caitlin Miller, Executive Director, Maui Vacation Rental Association  
Kara Beltran, Mortgage Loan Officer, SecurityNational Mortgage Company  
Donna Ting, Broker and President, Tri Isle Realty & Development Co., Inc.  
Jeff Gilbreath, Executive Director, Hawai'i Community Lending

Others (250)

**PRESS:**     *Akakū: Maui Community Television, Inc.*  
                  *KHON2 News*

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CHAIR KAMA: . . .*(gavel)*. . . Will the recessed Housing and Land Use Committee meeting of June 9th, 2025, come to order. It is now 9:04 a.m. on July 23rd, 2025. I am Tasha Kama, Chair of the Housing and Land Use Committee. This online meeting is being conducted in accordance with the Sunshine Law. Members, when your name is called, if you're not with me in the Council Chamber, please identify by name who, if anyone, is in your workspace with you today, and minors do not need to be identified. I want to say good morning and aloha kakahiaka to Chair Lee, so she'll give us our morning greeting.

COUNCILMEMBER LEE: Good morning, Chair. And in celebration of the Obon season, ohayou gozaimasu. I just want to remind the Members that we're going to be practicing for our Obon dances coming up. Thank you.

CHAIR KAMA: Did we vote on that?

UNIDENTIFIED SPEAKER: . . .*(laughing)*. . .

CHAIR KAMA: Nah, kidding. I want to say good morning to our Committee Council Vice-Chair, Yuki Lei Sugimura --

COUNCILMEMBER SUGIMURA: Ohayou gozaimasu.

CHAIR KAMA: -- and ohayou gozaimasu.

COUNCILMEMBER SUGIMURA: Ohayou gozaimasu. Good morning, everybody. Nice to see so many people here from the Administration. Let's hope we have a productive meeting, and looking forward. Thanks.

CHAIR KAMA: And Member Tamara Paltin will be with us, but she'll be a few minutes late. I want to say ohayou gozaimasu from [sic] Councilmember Gabe Johnson, and tell us a little bit more.

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COUNCILMEMBER JOHNSON: [*Spoke in Japanese*] Lānaʻi District Office [*spoke in Japanese*]. Good morning, everybody. I'm here and ready to work. My name is Gabe Johnson. There's no testifiers at the Lānaʻi District Office. Mahalo.

CHAIR KAMA: Thank you. I want to say aloha kakahiaka and ohayou gozaimasu to Councilmember Keani Rawlins-Fernandez.

COUNCILMEMBER RAWLINS-FERNANDEZ: Aloha kakahiaka kākou. Aloha kakahiaka, Chair.

CHAIR KAMA: Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: There are currently no testifiers at the Molokaʻi District Office...oh. Oh.

COUNCILMEMBER JOHNSON: Wait, that's right. I started it.

COUNCILMEMBER RAWLINS-FERNANDEZ: He tricked me.

COUNCILMEMBER JOHNSON: I started it . . .(*inaudible*). . .

COUNCILMEMBER RAWLINS-FERNANDEZ: He...he trapped me. I followed his lead.

UNIDENTIFIED SPEAKERS: . . .(*laughing*). . .

COUNCILMEMBER RAWLINS-FERNANDEZ: There are no testifiers today. We're completing what, our number six day?

UNIDENTIFIED SPEAKERS: . . .(*laughing*). . .

COUNCILMEMBER RAWLINS-FERNANDEZ: And ohayou gozaimasu.

CHAIR KAMA: . . .(*laughing*). . . Well, thank you for that. We...I think we needed to laugh early in the morning. Let us say good morning to Councilmember Tom Cook. Aloha kakahiaka and ohayou gozaimasu.

COUNCILMEMBER COOK: Aloha kakahiaka. I'm not going to try and pronounce it because I'm going to ruin it. And so, I'm looking forward to today's meeting. The Kihei Office is still in the process of getting set up, so there's no testifiers over there today. But I'm excited to see everybody, and I'm looking forward to our collaboration. Thank you.

CHAIR KAMA: Okay. Good. And we'll say good morning to Member U'u-Hodgins when she arrives. And I want to say good morning and ohayou gozaimasu to Councilmember Shane Sinenci.

COUNCILMEMBER SINENCI: Aloha kakahiaka, Chair, and ohayou gozaimasu. There are no testifiers in Hāna --

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UNIDENTIFIED SPEAKERS: . . .*(laughing)*. . .

COUNCILMEMBER SINENCI: -- or no testimony. Can we just do that?

COUNCILMEMBER LEE: Nobody's paying attention.

UNIDENTIFIED SPEAKERS: . . .*(laughing)*. . .

COUNCILMEMBER SINENCI: However, if, Chair, Staff can enable my camera, I'll turn on my camera. Thank you.

CHAIR KAMA: . . .*(laughing)*. . .

COUNCILMEMBER SINENCI: Everybody's texting me.

CHAIR KAMA: Okay. I'm not going to pre...I'm not going to preempt Member U'u-Hodgins. I'm just going to say aloha kakahiaka and ohayou gozaimasu.

VICE-CHAIR U'U-HODGINS: Aloha, Chair. Ohayou gozaimasu. Sorry for my tardiness. It's the unofficial bring your kid to work day. So, you know, I'll be in and out because he's cruising in my office. But thank you.

CHAIR KAMA: Thank you. Okay. And we have with us, from the Department of Corporation Counsel, Deputy Corp. Counsel Nāhulu Nunokawa. Aloha kakahiaka.

MR. NUNOKAWA: Aloha kakahiaka and ohayou gozaimasu, Chair and Councilmembers.

CHAIR KAMA: And we have from the County Administration, the Mayor's Office, Laks Abraham, the Director of Communications and Government Affairs. Ohayou gozaimasu.

MS. ABRAHAM: Ohayou...ohayou gozaimasu, Chair. Aloha, Councilmembers.

CHAIR KAMA: And we have the Executive Assistant, Matt Jachowski. Aloha and ohayou gozaimasu.

MR. JACHOWSKI: Aloha kakahiaka and ohayou gozaimasu.

CHAIR KAMA: And we have with us the Director of Planning, Kate Blystone. Aloha kakahiaka and ohayou gozaimasu.

MS. BLYSTONE: Aloha kakahiaka, Chair, and ohayou...I'm sorry. I did not listen carefully enough.

CHAIR KAMA: She made an attempt.

MS. BLYSTONE: Aloha kakahiaka. Mahalo.

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CHAIR KAMA: . . .*(laughing)*. . . And we have the Administrative Planning Officer, Greg Pfof. Aloha kakahiaka and ohayou gozaimasu.

MR. PFOF: Aloha, Chair.

UNIDENTIFIED SPEAKERS: . . .*(laughing)*. . .

CHAIR KAMA: And we have with us from the Director of Housing, Richard Mitchell. Aloha kakahiaka and ohayou gozaimasu.

MR. MITCHELL: Aloha, Chair and Members, and ohayou gozaimasu.

CHAIR KAMA: There you go, there you go, getting good. And we have with us the...the Director of Finance, Marcy Martin. Aloha kakahiaka and ohayou gozaimasu.

MS. MARTIN: Aloha.

UNIDENTIFIED SPEAKERS: . . .*(laughing)*. . .

CHAIR KAMA: And we have from the Corporation Counsel, the Deputy Corporation Counsel, Kristin Tarnstrom. Aloha kakahiaka and ohayou gozaimasu.

MS. TARNSTROM: Aloha, Chair.

CHAIR KAMA: This isn't a test or anything, people. I just want you to know that.

UNIDENTIFIED SPEAKERS: . . .*(laughing)*. . .

CHAIR KAMA: It's just the greeting of the day. And we have the Deputy Director from the Department of Water Supply, James Kimo Landgraf. Aloha kakahiaka and ohayou gozaimasu. And he's supposed to be online, but available as requested. Okay. I think he'll show up later. We also have with us the Deputy Director of 'Ōiwi Resources, Kekai Robinson, in the galley [sic], and she'll be available with us as needed. Thank you. And we have our external resources to my left, Caitlin Miller, the Executive Director of Maui Vacation Rental Association. Aloha kakahiaka and ohayou gozaimasu.

MS. MILLER: Aloha. I'm nervous, so we're going to stick with that.

UNIDENTIFIED SPEAKERS: . . .*(laughing)*. . .

CHAIR KAMA: Okay. And we have Lauryn Rego, the Strategic Advisor and Manager of Lāhainā...with Lāhainā Strong. Aloha kakahiaka and ohayou gozaimasu.

MS. REGO: Aloha kakahiaka and ohayou gozaimasu.

CHAIR KAMA: Thank you. And we have Kara Beltran, our Mortgage Loan Originator from SecurityNational Mortgage Company. Aloha kakahiaka and ohayou gozaimasu.

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MS. BELTRAN: Aloha kakahiaka and ohayou gozaimasu.

CHAIR KAMA: Thank you. . . .*(laughing)*. . .

MS. BELTRAN: Thank you.

CHAIR KAMA: And we have Donna Ting with the Real Estate Broker and President of Tri-Isle Realty and Development Company. Aloha kakahiaka and ohayou gozaimasu.

MR. KRUEGER: Oh, Chair?

CHAIR KAMA: Yes.

MR. KRUEGER: Apologies. We...we haven't seen...we invited Ms. Ting to this meeting, but we haven't seen her join yet or come in person. But we'll be on the lookout --

CHAIR KAMA: Okay.

MR. KRUEGER: -- for her, Chair.

COUNCILMEMBER LEE: Housing Director.

CHAIR KAMA: Okay. Thank you for letting me know that. Also, Jordan Ruidas will be available later on during the day when she arrives. Staff will let me know, and I'll let you all know. Yes? She's here? I didn't see her. Oh, okay. Sorry. Sorry. Okay. So, you're here. Good. Well, make yourself comfortable. I think it's going to be a long day. . . .*(laughing)*. . . And so, we have with us our Committee Staff, Mr. James Krueger, our Senior Legislative Analyst. Aloha kakahiaka and ohayou gozaimasu.

MR. KRUEGER: Good morning, Chair and Members.

CHAIR KAMA: And we have with us Ellen McKinley, our Legislative Analyst. Aloha kakahiaka and ohayou gozaimasu.

MS. MCKINLEY: Good morning, Chair and Members.

CHAIR KAMA: And we have Jennifer Yamashita, our Committee Secretary. Aloha kakahiaka and ohayou gozaimasu.

MS. YAMASHITA: Good morning, Chair and Members.

COUNCILMEMBER LEE: Chair?

CHAIR KAMA: And we have with us Carla Nakata, our Legislative Attorney. You can say hello from up there. She's right there consulting. So, thank you, Members, for attending today's HLU...

COUNCILMEMBER LEE: Chair?

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CHAIR KAMA: Yes?

COUNCILMEMBER LEE: Over here. Did you introduce our Housing Director? I didn't hear it. You did? Okay. Just wanted to make sure you got recognized.

MR. MITCHELL: Thank you.

UNIDENTIFIED SPEAKER: Yeah. . . .*(laughing)*. . .

COUNCILMEMBER RAWLINS-FERNANDEZ: You wanted him to say ohayou gozaimasu --

COUNCILMEMBER LEE: Yeah.

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

CHAIR KAMA: You don't want him to do that, right? But he's here. He's here. You do? Oh, okay. You can do that in person. Okay. James, who's outside taking testimony? Is it Lei, or is it...

MR. KRUEGER: Apologies, Chair. We...we don't have anyone stationed out there.

CHAIR KAMA: That's right, sorry. Look at you guys, see? Look at you guys. Tricking the Chair. This is not a good time to trick the Chair, Mr. Johnson. It's too early in the day. And you didn't have to follow him, Ms. Keani Rawlins-Fernandez. Okay.

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

CHAIR KAMA: So, Members, we have one agenda *[sic]* today, and it's Amending Chapters 19.12, 19.32, and 19.37 of the Maui County Code, Relating to Transient Vacation Rentals in Apartment Districts. We are scheduled to meet today until 4:30 this afternoon. During the reconvened meeting held on June 25th, we closed oral public testimony. I should have read that first, right? . . .*(laughing)*. . . But we will continue to accept written testimony into the record. I am planning to recess this meeting for one mid-morning break around 10:20 for 15 minutes, for lunch around noon for an hour-and-a-half, and for mid-afternoon break around 3:00 p.m. for another 15 minutes. If we do not reach a majority recommendation to Council by 4:15, we have time available tomorrow, July 24th, to continue our discussions. I hope that by providing this information now that members of the public are better informed as to how I will be managing our meeting time, and I ask for your full cooperation and participation. *(pause)* Oops. Lots of notes here. As of June 9th, the Council has been in full possession of Bill 9 to do with, as we decided, is the best course of action moving forward for all of Maui County. So, I've been in receipts *[sic]* of emails that unfairly criticized our Council, when all we've done was receive the Mayor's proposal and listened to our community. So, during this process, as we move forward, the Council is going to engage

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in deliberations, and make informed decisions regarding the bill. So, be patient with us as we work through all of our discussions, and we have...and we delve into questions for our resources who are in the front of you. And if anything, if you want to talk about us, talk about us to God, lift us up to him so that we'll make the right decisions for all of us. Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh. Go to Member Paltin.

CHAIR KAMA: Oh, I see her. Aloha kakahiaka and ohayou gozaimasu, Member Paltin.

COUNCILMEMBER PALTIN: Aloha kakahiaka and ohayou gozaimasu. Streaming live and direct from Lahainaluna High School. I just registered my unnamed minor for school, and he's in the vehicle with me, and I'm going to drop him off and be on my way. But I'm just listening to what's going on.

CHAIR KAMA: Okay. Thank you. Okay. So, thank you for being with us...and you're coming in, right, Member Paltin?

COUNCILMEMBER PALTIN: Yeah. As soon as I drop off this unnamed minor, I'll be driving into Wailuku.

CHAIR KAMA: Okay. Thank you. Okay. So, at this time, Members, I will be calling on you for the questions that you have for the Administration and our invited guests. I will start with Committee Vice-Chair U'u-Hodgins, followed by Council Chair Lee, Council Vice-Chair Sugimura, and then Members in your seating order in the Chamber. Each Member will receive a single five-minute block of questions and answer time, which will take us to our mid-morning break. And at this time, I'd like to let our resources know that, you know, when you hear the question, please try to answer it right away because five minutes goes really quick for our Members. And Members, so that your time is used wisely, if you hold back on your commentaries, and just go directly to your questions, I think that'll be very helpful, too. So, thank you. Yes, Member Cook?

COUNCILMEMBER COOK: Thank you, Chair. I would like to just request that both the Members and our resource people use the mic correctly. If it's...these mics are really cool because you can move them around.

UNIDENTIFIED SPEAKER: Yeah, we shouldn't laugh too much too . . . *(inaudible)* . . .

COUNCILMEMBER COOK: And so...and so you can basically...so everybody can hear.

CHAIR KAMA: Thank you.

COUNCILMEMBER COOK: And I would appreciate it personally. Thank you.

CHAIR KAMA: Okay. Thank you. I'd like to ask the people in the audience not to speak. Because you're right, our laughter and your speaking takes up time. So, thank you so much for that. I appreciate it. So, Members, let's start with questions from our Committee Vice-Chair, Nohelani U'u-Hodgins.



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VICE-CHAIR U‘U-HODGINS: Thank you, Chair. This question is going to pick up where we left off in our last meeting, when I had a question about lending to a potential buyer, and if there’s any difficulties with lending. So, I got a letter from Laks from Hawai‘i Community Lending, and I’m assuming that the rest of the Councilmembers had time to review that letter? No. Was that letter posted from Hawai‘i Community Lending regarding the difficulties of getting a mortgage on a property that’s under litigation? Okay. Just make sure that the rest of the Councilmembers are on the same page.

CHAIR KAMA: Staff will check. Staff will check, Member U‘u-Hodgins.

VICE-CHAIR U‘U-HODGINS: Okay. To summarize, then, we got a letter from Hawai‘i Community Foundation discussing the difficulties of getting a mortgage when a property is under litigation. So, I just kind of wanted to talk through that. And then I wanted to discuss, which I didn’t think about the last time we spoke about this, was the potential difficulties of the property to qualify for a mortgage to do whatever necessary improvements to the property, as again, these properties are quite old. So, Ms. Beltran, I wonder if you could, as the Members are looking through their documents, kind of walk us through the process of what happens when the property is under litigation, and somebody wanted to qualify for a mortgage to buy a property.

CHAIR KAMA: Members, the document is on Granicus number 95.

VICE-CHAIR U‘U-HODGINS: Thank you.

CHAIR KAMA: 95.

VICE-CHAIR U‘U-HODGINS: 95. It’s from Hawai‘i Community Foundation, where it discussed some of the issues with lending.

CHAIR KAMA: Ms. Beltran?

VICE-CHAIR U‘U-HODGINS: Thank you.

MS. BELTRAN: Council Chair and Members of the Council, my name is Kara Beltran. I’ve been a mortgagee licensee in the State of Hawai‘i since 1986. We’ve been members of the Maui community. I’ve raised three children, I have 11 grandchildren. So, I’m very happy to be here. Thank you very much for the invite. The simple answer to your question is, yes. If there’s litigation in a complex, there will be difficulty. There is a process that we have to go through as lenders. We have to work directly with the attorneys that are there on behalf of the condominium complex. We have to do a deep dive. So, there’s going to be a stall in the process because we have to go through that procedure. But at the end of the day, the decision is going to be placed upon the underwriting team. They’re the ones that are responsible for analyzing all of that information, and making a recommendation to the lender of whether or not it is safe to proceed. So, that is the simple answer to the question. Yes, there will be difficulty.

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VICE-CHAIR U'U-HODGINS: Thank you. Can you tell me what information you're going to be looking for to...for you to know it's safe to proceed so that the potential buyers can know what they need to come with to qualify for a mortgage in these times?

MS. BELTRAN: The agencies...the agencies have designed a condo questionnaire. There's a full warranty condo questionnaire, which comprises of like six pages. There's a lot of questions. Most AOAOs don't like answering those questions.

VICE-CHAIR U'U-HODGINS: Okay.

MS. BELTRAN: As a result, we try to rely on the RR105C, which again, doesn't provide all of the answers.

VICE-CHAIR U'U-HODGINS: Wait, what...can you say that again? What is that? The R0105...RR --

MS. BELTRAN: RR105C.

VICE-CHAIR U'U-HODGINS: -- 105C.

MS. BELTRAN: It's a condominium document that's provided by the AOA or the HOA. For those of you who might not be familiar, that's the homeowners' association. When we get that condo questionnaire, we have to go through all of the questions. And unfortunately for us, litigation is never a fun question.

VICE-CHAIR U'U-HODGINS: Sure.

MS. BELTRAN: Because at that point, we have to stop what we're doing, and we have to communicate with the attorneys that are involved. As you're probably aware, attorneys don't like to give all that information. I mean, it's like pulling teeth. So, I have to get involved. I have to communicate as effectively as I can in order to talk them off the ledge, and get them to give us something. And hopefully, the something that they end up giving us is going to be satisfactory and enough. The problem, of course, if you're venturing into uncharted territory, such as possibly what this situation is here, is that most banks don't want to be the first ones to take the fall. And so, therefore, they're going to most likely walk away from it, and say no. The other thing is that when you're dealing with first-time homebuyers, first-time homebuyers are coming to the table with very little down payment. In most cases . . . *(timer sounds)* . . . zero. That's risk. And risk on risk usually equates no at the end of the line.

VICE-CHAIR U'U-HODGINS: Okay. Thank you. I heard my bell. I'll save the rest of my questions for my next round. Thank you, Chair.

CHAIR KAMA: Thank you. Chair Lee?

COUNCILMEMBER LEE: Same person. I was actually going to ask Donna Ting some questions to find out what the market is like, but I don't see her online. You as a mortgage broker...are you a mortgage broker? Is that what you are?

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MS. BELTRAN: I'm a mortgage banker.

COUNCILMEMBER LEE: Banker. Okay.

MS. BELTRAN: I'm a mortgage banker.

COUNCILMEMBER LEE: Yeah. Have you been working on a lot of condo loans lately? Like especially West Maui and...and South Maui?

MS. BELTRAN: Yes.

COUNCILMEMBER LEE: So...

MS. BELTRAN: And that's because 50 percent of our sales on the island is condos. So, at any point in time, we're always doing condo loans.

COUNCILMEMBER LEE: So, right now, I understand that the market...I mean, the interest rate is hovering around 6.8 percent; is that correct?

MS. BELTRAN: It's been...it's been fluctuating between 6.25 and 6.8. You are correct.

COUNCILMEMBER LEE: Okay. And generally, 20 percent down is the requirement. Do you still have that program where you can put 3 percent down?

MS. BELTRAN: I think that's...unfortunately, that's the biggest misconception about down payments, is that people think that you need 20 percent down. With first-time homebuyers, the minimum requirement is only 3 percent down payment, and that's a provision by Fannie Mae and Freddie Mac. If you're a veteran, God bless you, you can purchase a home with zero down payment.

COUNCILMEMBER LEE: Okay. That's fine. My time is short. So, would you say the average sales price is about 500,000? Or what is it? I should ask you, what is the average?

MS. BELTRAN: I believe the median price of a home on Maui is over \$1 million.

COUNCILMEMBER LEE: No, I meant the condos.

MS. BELTRAN: I imagine...I imagine condos are probably going to fall about the same, but that's the median. Now, if you're talking about average, and if you're talking about trying to compartmentalize it to just...

COUNCILMEMBER LEE: The lower end. How about the lower end?

MS. BELTRAN: Yeah, the lower end for...for --

COUNCILMEMBER LEE: Yeah.

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MS. BELTRAN: -- first-time homebuyers, and I would probably likely agree with you. Yes  
...*(inaudible)*...

COUNCILMEMBER LEE: About five, 600,000?

MS. BELTRAN: Yeah. But again --

COUNCILMEMBER LEE: Okay.

MS. BELTRAN: -- I...I...I'm trying to avoid getting into not my lane. And unfortunately, Donna's not here. But as an experienced mortgage lender who sees a lot of deals crossing my desk, I'm going to base it on that, and I'm going to say that.

COUNCILMEMBER LEE: I'm just trying to get to what would be the...the average or normal monthly payment, yeah, for something like that, and what would be the average income a person would have to have to qualify for that type of loan?

MS. BELTRAN: If we're...if we're talking about a half a million dollar price point, then yes, the AMI, or the...the median income, right?--the average median income, the AMI, of 110,900 --

COUNCILMEMBER LEE: Yeah.

MS. BELTRAN: -- will pretty much fall in at about 445,000 sales price with a 3 percent down payment at the prevailing rate.

COUNCILMEMBER LEE: Okay. So, you're saying that person could only qualify for something around \$445,000?

MS. BELTRAN: That's correct. I've done the math.

COUNCILMEMBER LEE: Okay. Let's use that number, \$445,000. Now, how much would be the monthly mortgage payment? And...and is there a P&I involved, and any extra payments?

MS. BELTRAN: That's a really good question. So, here's the breakout. The total mortgage payment's going to be \$4,127. We're going to have to budget \$100 for the HO6, about \$200 for the mortgage insurance, about \$100 for the taxes, if we're lucky. And because so many different condos, so many HOAs, I'm just going to take a broad stroke and budget \$1,000. Because Kihei Villages, I think their HOA is like 800 bucks. All of the HOAs have gone up significantly because of the cost of insurance. That being said, if you take \$4,127 and you allocate it, you're only going to come up with \$445,000 sales price with a 3 percent down payment, working it all the way back to the anchor, which is the area median income.

COUNCILMEMBER LEE: Okay. So, we're looking at this person is going to have to pay somewhere in the neighborhood of \$5,500 a month for this unit, right?

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MS. BELTRAN: That 4,000....the \$4,125 is already including the \$1,000 --

COUNCILMEMBER LEE: Oh, okay.

MS. BELTRAN: -- HOA dues.

COUNCILMEMBER LEE: Okay. So...so, 4,500. Okay. So...and my...my question to you now is, the 3 percent down...3 percent down, right? And then do you normally give 30-year loans on a 60-year-old house...condo?

MS. BELTRAN: 30 year...that's correct. 30 years is the typical loan if it's not leasehold.

COUNCILMEMBER LEE: Okay.

MS. BELTRAN: The only time the 30-year fix is going to change and get reduced is if it is a leasehold property. Because at that point, Fannie Mae, Freddie Mac, all the agencies have . . .*(timer sounds)*. . . a strict rule.

COUNCILMEMBER LEE: Okay. All right. Thank you.

CHAIR KAMA: Member Sugimura?

COUNCILMEMBER SUGIMURA: Yeah, thank you. Thank you very much, Chair. I think I want to go back to you and continue on with the line of questions. So, the units that we're talking about, the 6,127 short-term vacation rental, which is in question with this bill, are those considered litigation? Are those considered to be in litigation? Which was your opening concern.

MS. BELTRAN: If you don't mind repeating the question again, I didn't quite get it.

COUNCILMEMBER SUGIMURA: So, I might not be understanding in total what you're saying, but you initially said that banks do not want to take on loans for properties in litigation. So, my question to you is--and maybe I need to ask somebody else on this panel--are these...are these units, the short-term vacation rental in question, are they considered in litigation? Is that a problem for lenders?

MS. BELTRAN: I think that's a really good question. Because I personally don't know how the AOAOs will answer that question. So, I will defer to the condo questionnaire. When the condo questionnaire arrives at the desk of the AOAO people, how are they going to answer that question? If they say no, we're not in litigation...no, we don't have any pending litigation...then no one's the wiser, and we should be able to close on it as long as all the other questions are favorable. Because whether or not there's litigation is just one out of a bunch of questions.

COUNCILMEMBER SUGIMURA: Okay. Interesting. So, it depends on circumstances then. And for First-Time Homebuyers Program, I guess it would be the Housing Department. Qualifications for people to qualify, and what is your list like, and is there a waiting list

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for first-time homebuyers? We heard a lot of testimony. We've been receiving thousands of testimony over this past year. Would...how do people qualify?

MS. BELTRAN: So, you have myself, and I'm in the general market.

COUNCILMEMBER SUGIMURA: Yeah.

MS. BELTRAN: In the general market, all day long, we do service the first-time homebuyer. There are no restrictions. You know, if they meet the first-time homebuyer guidelines, then they can participate.

COUNCILMEMBER SUGIMURA: Okay. So, my then next question is to the Department. What are the qualifications? Do you have a wait list? Is it available? Do you have enough to provide first-time homebuyer--grants, they are, right?--to the...really, thousands or hundreds of people that we have heard from, or some of?

MR. MITCHELL: Thank you, Member Sugimura, for the question. I don't have in front of me all of our qualifications for the First-Time Homebuyers Program. We can certainly submit that to the Committee so the Committee can see that, and provide you with the amount of funds we have available currently for the program, since that was also part of the question. And you also asked whether there is a current wait list. I can also submit that to the Committee in writing, which we will do.

COUNCILMEMBER SUGIMURA: Okay. So, it's something that you could do by tomorrow --

MR. MITCHELL: Yes.

COUNCILMEMBER SUGIMURA: -- if we continue this meeting? Okay. Very good. And...and then the properties then, the way that your First-Time Homebuyers Program would operate is that if I qualify for first-time homebuyer funds, then I have a certain amount of time to then go after or try to find an available property; is that correct? Or maybe you can give us the whole rundown.

MR. MITCHELL: Sorry, Member Sugimura. Could you repeat the question, please?

COUNCILMEMBER SUGIMURA: How does a person then use the First-Time Homebuyer Program?

MR. MITCHELL: Once they're awarded the funds, they are given approximately 45 days to find a property that allows them to use the funds. And if they're unable to, then they cycle out of the program, and the next person is given the opportunity. So, we would need to probably look at that length of time to make sure that people are given sufficient time to find property within the program.

COUNCILMEMBER SUGIMURA: Okay. So, in your letter to us...thank you very much. The letter dated is July 1 regarding your housing. And you mentioned the First-Time Homebuyer Program, that the Department plans on evaluating

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ways...evaluating ways to expand its current down-payment assistant [sic] program to facilitate the acquisition of the former TVRs by residents. So, can you expand on that?

MR. MITCHELL: We've not begun that process of looking at how to liberalize the program, but we will do that.

COUNCILMEMBER SUGIMURA: So, what does that mean, please?

MR. MITCHELL: To make it more accessible.

COUNCILMEMBER SUGIMURA: So, in other words, then, the...if the bill passes, the 6,127 units then would become eligible for the First-Time Homebuyers Program by "liberalizing" the...the process?

MR. MITCHELL: Then we would...we would look at the program, and see how we could adjust the program to make it more available to more potential buyers, yes.

COUNCILMEMBER SUGIMURA: Okay. So, we're on the verge of passing something. Is...when is the Department going to be ready with an answer for this question? Seems like an important plan.

MR. MITCHELL: I can't give you a fixed date, Member Sugimura, but we will --

COUNCILMEMBER SUGIMURA: I don't need a fixed...

MR. MITCHELL: -- move as quickly as we can . . . *(timer sounds)* . . . to adjust the program.

COUNCILMEMBER SUGIMURA: Thank you.

CHAIR KAMA: Thank you. We're going to skip over Member Paltin until she arrives, and we're going to continue with Member Johnson.

COUNCILMEMBER JOHNSON: Thank you, Chair. So, I guess we'll....I'll stick...I have a bunch of questions, so I'll stick with the discussion that's on the floor right now. The CBG-DR [sic] program has a deferred mortgage program within it, in addition to our existing program. Can anyone speak on that? I...I read up to 600,000 is...is available in...in the CBG-DR [sic] funds. Does anybody have any information on that?

CHAIR KAMA: In the housing pot. That's what you're asking, Member Johnson?

COUNCILMEMBER JOHNSON: Yeah. If...

CHAIR KAMA: What's available in the housing pot?

COUNCILMEMBER JOHNSON: It's within the CBG-DR [sic] 1.6 amount of billion dollars. It's in addition to our existing County program. You guys can speak on that? Oh, Miss...Ms. Laks?

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MS. ABRAHAM: Thank you for that question, Councilmember. I can speak to the fact that the CDBG-DR program does have a First-Time Homebuyer Program included. It plans to launch on August 11th, and the Single-Family Homeowner Reimbursement Program provides up to \$400,000 to eligible homeowners who have completed reconstruction of their home that was destroyed.

COUNCILMEMBER JOHNSON: So, folks who had their houses burned down can...are eligible for up to 600 grand for first-time homebuyers. All those renters in Lāhainā--because there was a lot of renters in Lāhainā--are eligible for up to 600 grand for a first-time homebuyer's loan or grant? Or is it...say the number again.

MS. ABRAHAM: It is a 600,000 for First-Time Homebuyer Opportunity Program. And then there's also a Single-Family Homeowner Reimbursement Program that provides up to 400,000 to eligible homeowners who have completed reconstruction of their home that was destroyed in the wildfires.

COUNCILMEMBER JOHNSON: Okay. Thank you for that. So, that is in addition to what the County is doing already. I'm going to pivot to another question because I'm limited on time. I want to speak on the Haggai Institute, and that model. And maybe Director can speak on that for...the idea of...you know, these HOA fees are so big, and no one can afford these. But right now, the State owns the Haggai Institute, and the County pays HOA and maintenance fees. Is that a model that the Department of Housing would look at if we do move forward with this bill? We could find units, we could find buildings, and follow that same model. And that whole discussion on no one can afford HOA fees, no one can afford these units, is out the door. Director?

MR. MITCHELL: Thank you, Member Johnson, for the question. I might need clarification, but let me initially respond.

COUNCILMEMBER JOHNSON: Sure.

MR. MITCHELL: The Haggai Institute, now renamed Hale 'O Lā'ie, is, as you indicated, owned by the State, but there is a long-term ground lease with the County. The County was due to take over that lease effective July 1, and then redevelop the property for teacher housing, workforce housing, affordable housing.

COUNCILMEMBER JOHNSON: Sounds great.

MR. MITCHELL: So, that's what we're in the process of doing. So, it sounds to me as if you're suggesting is the model of taking over properties as a ground lease, right?

COUNCILMEMBER JOHNSON: Well, as it just...

MR. MITCHELL: A model that we could continue doing.

COUNCILMEMBER JOHNSON: The County being a buyer of some of these units, are...is that something that your...your Department's interested in?



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MR. MITCHELL: Thank you for the clarification. That's...that's a different question. Yes, I think the County should look into considering whether acquisition of either units or buildings is a viable option, but that will require some financial analysis because it's a much larger cost than --

COUNCILMEMBER JOHNSON: Sure.

MR. MITCHELL: -- just a unit-by-unit acquisition.

COUNCILMEMBER JOHNSON: So, I'm on limited time, so I'm going to kind of pivot again. The idea that we might do what Director is speaking on requires big financial...big money from the County. Right now, as O'ahu's having a discussion on an empty homes tax, that's something that us, as a County, can look at as...putting on empty home taxes on anyone who wants to keep those condos empty. We'll put an empty home tax on them, and they will help buy down those house...buy...buy those units that the Director of the Housing Department would...would look at, and that would help fund it. So, that's kind of like...we...we have a very big bill here, but there should be some companion bills coming along with it. We can't just have one tool, and using on...on a complex issue like this. We need to have a lot of companion bills following this bill behind because we don't want to leave this bill on an island. So, I just wanted to point that out, that the...we're looking at the...Honolulu's vacancy tax as another method. . . .*(timer sounds)*. . . And that's my time, so I'll wait for second round. Thank you, Chair.

CHAIR KAMA: Okay. So, Member Johnson, I just want to ask a question of you, and you can think about it too. Were you suggesting that...that the...the...the money that we get from the empty home taxes be a special fund to fund whatever it is that you're looking at?

COUNCILMEMBER JOHNSON: Thank you for the question, Chair. Right now, I'm working on an empty homes tax for Maui County.

CHAIR KAMA: Okay. Okay.

COUNCILMEMBER JOHNSON: Now, that being said, the...we have an Affordable Housing Fund already --

CHAIR KAMA: Yes.

COUNCILMEMBER JOHNSON: -- that the result of the fund is, it must have an affordable housing unit.

CHAIR KAMA: Yeah.

COUNCILMEMBER JOHNSON: So, we could even use Affordable Housing Fund to pay the HOA fees if that unit is an affordable housing unit...affordable unit. So, I think there's many...there's pots of monies out there. We might have to beef it up, of course, for an HOA --

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CHAIR KAMA: Okay.

COUNCILMEMBER JOHNSON: -- you know, but that's...I hope that answers your questions, Chair.

CHAIR KAMA: Yeah. Thank you.

COUNCILMEMBER JOHNSON: Thank you, Chair.

CHAIR KAMA: Thank you. So, let's continue with Member Keani Rawlins-Fernandez.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. And I, too, will stick with the line of questioning that we're currently on. Mahalo to Member U'u-Hodgins for submitting these questions ahead of time because we all knew that this meeting was coming up for weeks. And if we wanted any of our resource folks to bring specific information, then I would have hoped that other Councilmembers would have made that request before today's meeting. But here we are. And we're hyper-focusing on one program, the County-funded First-Time Homebuyers Program, and mahalo, Member Johnson, for...for highlighting another program that can help our residents afford, you know, whatever units in order to continue to live here and have a community. In addition to, you know, Federal funds, are there other programs? And I don't know if...who would like to, either the Housing Department or Mayor's Office, regarding programs that can also help residents to afford the housing that would be...become available with the passage of Bill 9. Hawai'i Community Lending has highlighted another program in their testimony, and unfortunately, they're not here at the moment. And when they do come, Chair, I'd like to request the Executive Director of Hawai'i Community Lending, Jeff Gilbreath, to serve as a resource person, if there's no objections. Oh, he is here?

UNIDENTIFIED SPEAKER: Oh, I was...

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh, if...if he...when he arrives. One of the programs that he highlighted in his testimony is the Deferred Payment Loan Program. So, expanding that, as Member Johnson mentioned, that there are other programs that, one, we can strengthen and build up, and we can also invest more funding toward. I see Director Mitchell ready to sling that mic. So, Director Mitchell.

MR. MITCHELL: Thank you, Member Rawlins-Fernandez, for the question. Thank you, Chair. I wasn't sure whether Laks wanted to jump in before me. I can...can't see you here, but I can go ahead, if it's okay with you. So, in the letter that Member Sugimura referred to, dated July 1st, 2025, that's on Granicus, I referred to several Department of Housing programs that included the Rental Assistance Program and the Voluntary Deed Restriction Programs, along with the First-Time Homebuyers Program, all of which can be used singularly or in concert to assist with the acquisition and the occupation of the units as they phase out. My position, as Director of the Department of Housing, is that if the bill passes, we will look at all of those programs, and find ways to make them available to the community if they choose to either buy, or choose to rent, or acquire the properties. Thank you.

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COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo...oh, Director Mitchell. Okay. I don't see anyone else going for the mic. So, I'll...I'll follow-up with a question that I think you started answering for Member Johnson, which was regarding the ground lease, and I don't think that was mentioned in your correspondence to us. I'd like to invite you to elaborate on what you were starting to...to say.

MR. MITCHELL: And so, thank you again for the question, Member Rawlins-Fernandez. So...and forgive me for my stuffiness. I deliberately came in today despite being out a little sick.

COUNCILMEMBER RAWLINS-FERNANDEZ: Thank you for coming in, regardless of whether you feel --

MR. MITCHELL: Yeah.

COUNCILMEMBER RAWLINS-FERNANDEZ: -- under the weather.

UNIDENTIFIED SPEAKER: . . .*(inaudible)*. . .

MR. MITCHELL: Well, I'm using just this mic, so I don't get anyone else. . . .*(laughing)*. . .

UNIDENTIFIED SPEAKER: . . .*(inaudible)*. . .

MR. MITCHELL: Yeah. That model requires, if we're following it, the initial investment from the State. I mean, the State, by my recollection, invested 45 million-plus to acquire the facility, with the notion the County would ground lease it, and redevelop it with a long-term lease. And that's a model of collaboration that I think it can be fairly effective going forward, particularly when it comes to acquiring an entire facility. I want to go back to, just as a tangent, the issue of HOA dues, which isn't related to ground leases, though. Those are very flexible, depending on the services provided by the facilities. So, if they have a pool, if they have a rental management company, if they have...you name the services they might provide, those fees will go up. And so, one has to be really careful about saying, well, you can use fund X to pay for these without also saying, well, do we need all these things if it's going to be converted from TVR usage as a facility to long-term renting, or long-term acquisition. I would say, if we're going to ground lease those facilities, then you start looking at all those things that may not be necessary to reduce the costs. Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Director Mitchell. I...I don't know if there would be anyone here that would be able to speak to this, as you stated. . . .*(timer sounds)*. . . Okay. I will hold that question. Chair, I believe Mr. Gilbreath may now be in the audience. May I request that he serve as a resource person for the Committee?

CHAIR KAMA: If you don't mind, Member Rawlins-Fernandez, I'd prefer that he not. Because we've already asked all these guys to come, and they came last meeting, and they all had to sit outside and wait. But I'm okay with just having who we have today because

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I think a lot of us had positioned our statements or our questions for this group of people. And I think Member...I mean, not Member, but Director Mitchell had already answered the question about if the bill passes, that he will certainly gather every program together and try to make it all work for all of our people. So, that's why. So --

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay.

CHAIR KAMA: -- but it's always up to the body, Member...

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. The reason I'm asking for him specifically is because that's who Member U'u-Hodgins directed her questions to, which is on Granicus. And some...some of the points...oh, go ahead.

VICE-CHAIR U'U-HODGINS: I didn't direct my question to him.

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh, okay.

VICE-CHAIR U'U-HODGINS: I just asked it, and then I think he responded.

COUNCILMEMBER RAWLINS-FERNANDEZ: In the meeting?

VICE-CHAIR U'U-HODGINS: Yeah, I asked it in my last meeting. So, I just wanted to clarify that.

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh, okay, okay, okay.

VICE-CHAIR U'U-HODGINS: Yeah, I just asked out loud.

COUNCILMEMBER RAWLINS-FERNANDEZ: I misunderstood.

VICE-CHAIR U'U-HODGINS: Yeah.

COUNCILMEMBER RAWLINS-FERNANDEZ: Got it.

VICE-CHAIR U'U-HODGINS: And then he provided an answer, which I appreciated. But yeah, that's what happened.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Yeah. So, some of the points that is made...some of the points that are made in his transmittal is not aligned with some of the comments that were made in the meeting today. So, you know, for balance, I would prefer that we be able to hear both perspectives. So, that's the reason. And if you would prefer that...I mean, if no one else has questions for him, that's fine. But when it's my turn again, I'd like to ask him questions. Mahalo, Chair.

CHAIR KAMA: Okay. So, I think this body owns the bill. This body owns the process, right? So, I would, again, defer to this body because we are the Committee. And whatever we choose to do, we will do it together. So, with that, Member Johnson.

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COUNCILMEMBER RAWLINS-FERNANDEZ: I appreciate that.

COUNCILMEMBER JOHNSON: Chair, I have no objections --

CHAIR KAMA: Okay.

COUNCILMEMBER JOHNSON: -- to making him a resource. You don't have to ask him a question if you don't want to. But if we do, and it comes up --

CHAIR KAMA: Correct.

COUNCILMEMBER JOHNSON: -- it's a great time.

CHAIR KAMA: Absolutely.

COUNCILMEMBER JOHNSON: Thank you.

CHAIR KAMA: Okay. What about...let's everybody weigh in. If you...if...if...Member Lee.

COUNCILMEMBER LEE: I'll defer to you because you're the Chair of this Committee. And, you know, whatever you decide is fine with me.

COUNCILMEMBER PALTIN: I have no objections.

CHAIR KAMA: Okay. Anyone else? So...

COUNCILMEMBER RAWLINS-FERNANDEZ: Member Paltin said she has no objections.

CHAIR KAMA: Right, I heard that. Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair --

CHAIR KAMA: Yeah.

COUNCILMEMBER RAWLINS-FERNANDEZ: -- I also recognize that there...there is limited space up here. So, if...again, if no one else has any questions --

CHAIR KAMA: Yeah.

COUNCILMEMBER RAWLINS-FERNANDEZ: -- for him --

CHAIR KAMA: So...

COUNCILMEMBER RAWLINS-FERNANDEZ: -- then perhaps we can...you know, when...when I have a question --

CHAIR KAMA: Yeah.

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COUNCILMEMBER RAWLINS-FERNANDEZ: -- or if anyone has --

CHAIR KAMA: Yes, yes.

COUNCILMEMBER RAWLINS-FERNANDEZ: -- questions for him, he can --

CHAIR KAMA: Yes.

COUNCILMEMBER RAWLINS-FERNANDEZ: -- come up to the podium.

CHAIR KAMA: That's why we mentioned that Office of 'Ōiwi is here. And she's in the galley [*sic*] because...you're right, space was limited. So...and I'm okay with having Mr. Gilbreath. If you all don't have questions, you're right, then you don't have to ask him anything. But if you do, and you...it's burning, then you should have the opportunity to ask. So, I'm okay with that.

COUNCILMEMBER COOK: I have no objections him being a resource person.

CHAIR KAMA: Yeah. Okay. So, this is what needs to get done. We have to...we have to waive Rule 18(A), right, of the rules to allow Mr. Jeff Gilbreath to be a resource to us. Because the others were at our July 2nd meeting, all of our resources were already made resources back then. So...but he wasn't then. So, we have to make him a resource.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. So...so, we wouldn't waive 18(A). We would just designate him a resource person under --

CHAIR KAMA: Yeah. Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: -- Rule 18(A).

CHAIR KAMA: Under the Rule 18(A).

COUNCILMEMBER RAWLINS-FERNANDEZ: Yeah.

CHAIR KAMA: Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair.

CHAIR KAMA: Okay. So, the Chair's going to go ahead and designate Mr. Gilbreath. Mr. Gilbreath, if you don't mind taking a seat in the audience somewhere. And if you have questions, we'll just have to, I guess, call upon you only because of seating, so...

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. No objections.

CHAIR KAMA: Thank you. Okay. Sorry about that. I think we're going on to Mr. Cook; is that right?

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COUNCILMEMBER COOK: Thank you, Chair. My question's for the Administration. Please describe the criteria that was used to determine which properties would meet the goals and objectives of the legislation, because there's a lot of properties.

CHAIR KAMA: Where are you directing the question --

COUNCILMEMBER COOK: I'll repeat it.

CHAIR KAMA: -- to, Mr. Cook?

COUNCILMEMBER COOK: What...what was the...describe the criteria that was used determining which of these properties would meet the goals and objectives of the legislation. My understanding of the goals of...so, Laks.

MS. ABRAHAM: Thank you for that question, Councilmember Cook. All Minatoya properties are the target of this bill.

COUNCILMEMBER COOK: So, what's the plan for the properties that don't meet the near-term housing for our local residents?

MS. ABRAHAM: Could you explain your question a little further, Councilmember, please?

COUNCILMEMBER COOK: I'll package it up as both. The criteria for meeting the goals and objectives of the legislation, which is to provide housing for our local residents, which we desperately need, that I'm totally supportive of. And then, what is the plan for the housing that...that the units that don't meet the criteria?

MS. ABRAHAM: I think the answer to your question is, based on our criteria, Councilmember, all the Minatoya properties meet our criteria. It's simply a land use issue. And any STR that is operating in a Apartment District is currently the target of this bill.

COUNCILMEMBER COOK: Thank you. So, my concern is, how do we deal with the legal potential lawsuits, financial compensation, and loss of tax revenue, and the economic loss of business and jobs risk assessment by doing that?

MS. ABRAHAM: Well, first off, I'd just like to elaborate that any property that feels that they would like to be exempted from this rezoning can apply for a rezoning to a Hotel District if they'd like to pursue that channel. And to answer the rest of your question, which is a very large question, we could take that in pieces if you like. If you wanted to speak specifically to the tax revenue that was lost first, we could start there...if that works?

COUNCILMEMBER COOK: Please.

MS. ABRAHAM: I'll pass that question to Director Martin.

MS. MARTIN: Thank you. So, as explained in several communications, this bill may result, you know, in a revenue decrease, provided there weren't offsets. But this revenue change isn't in a silo. It's...it's in exchange for something, and something that's been

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very costly to the County, and in terms of the housing insecurity. So, the expectation is the plan, you know, is to provide more housing units. And then in the long run, that should offset the expenses of the tax revenue. And, you know, given the most, you know, simple thought is that these Apartment District units are located near our employment centers. So, what does that look like to the County in ten years when you have a couple thousand people living close to where they work? You know, will that reduce expenses? So, it's...it's part of a larger plan to make improvements to our housing crisis.

COUNCILMEMBER COOK: Thank you. In the...in the long run, I'm really supportive. I hear that. It's just my concern is in the...the transitional period. I just see more harm to the community, and the economy will be far greater than the...than the...the near-term that the Administration is accounting for. I'm very supportive of the housing criteria. I like the concept of basically using tax revenue to assist the homeowner, homebuyers, and to...for the Department to do...create...be as creative as possible to accommodate and enable homes to be available in the very near-term because that'll make a successful...this would make an successful endeavor if we can get 1,000...1,000 homes in the near-term, and people in them, and we subsidize...we make it happen. That's success. My concern, especially for my district, from what I hear, is what happens in the interim? Because the potential, if there isn't...if there is an opportunity to rezone, is, the Administration have a plan . . . *(timer sounds)*. . . or willing to like facilitate and enable that? So, it's not...right now, it's really difficult. So, that's the end of my question, and I'll save my time for the rest.

CHAIR KAMA: Did you want someone to respond before, Mr. Cook?

COUNCILMEMBER COOK: If they...if they wanted to answer, it's fine, but my time's up.

CHAIR KAMA: Yeah, your time is up. Did you want to respond now? I think now would be a good time.

MR. JACHOWSKI: I want to address first the economic loss that you talk about. So, there's a common fallacy in this discussion that our baseline is an acceptable baseline, and the baseline now of not having affordable housing means we literally have the highest levels of crowding in our housing in the nation, as well as families leaving all the time. So, the economic cost that you refer to, there are economic costs to making a decision like this, but there's also economic costs that we're paying right now to our families that cannot stay. And finally, regarding the Change in Zoning process being difficult, it's also very difficult just to bring on more resident housing, period. All...all housing in Maui County, every step of it appears to be difficult. You know, this process has dragged on for months here. Actually, a year, I think, since it was last announced. So, I think improvements can be made in...in government processes, but we have to acknowledge that all solutions to the housing crisis, and all aspects of housing in Maui County, are difficult. And there's nothing unique about the Change in Zoning being an especially difficult thing compared to other housing challenges.

COUNCILMEMBER COOK: Thanks. I'll save that for my next round.



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CHAIR KAMA: Thank you. So, we're going to go to Member Sinenci.

COUNCILMEMBER SINENCI: Mahalo, Chair. And mahalo for being here this morning to answer our questions. Ms. Abraham mentioned rezoning to Hotel, possibly, for some of these properties. So, my question would be for Director Blystone. What would this process and timeline look like? And how many of these Minatoya properties have dual, I guess, designations, both...zoning for Hotel as well?

MS. ABRAHAM: So, I think we want to do the second...the last part of your question first, if that's all right. So, I'm going to turn it over --

COUNCILMEMBER SINENCI: Sure.

MS. ABRAHAM: -- to Greg, and then I'll come back and answer the first part.

COUNCILMEMBER SINENCI: Okay. Thank you.

MR. PFOST: There are five properties on the Minatoya list that have dual-zoning designations of either having a community plan designation or a zoning designation of Hotel Resort.

COUNCILMEMBER SINENCI: So, they already can operate as a hotel? They wouldn't need to go through a process?

MR. PFOST: The...actually, no, they would need to go through a process.

COUNCILMEMBER SINENCI: Okay.

MR. PFOST: So, they're currently zoned as Apartment zoning district. And so, they may have a community plan designation as Resort Hotel, but their zoning designation is Apartment. So, they would theoretically need to change their Apartment designation to Hotel.

COUNCILMEMBER SINENCI: Okay.

MR. PFOST: Vice versa, if they have a zoning designation of Hotel, they might have a community plan designation of multifamily, so they should be changing, so...

COUNCILMEMBER SINENCI: Okay. Thank you.

MR. PFOST: They currently can operate, though, as transient vacation rental because they are constructed prior to 1989. And that's the key...key, as far as all the properties on the Minatoya list, is they were constructed prior to 1989. That's the requirement in the Code.

COUNCILMEMBER SINENCI: And then are these five properties, are they within kind of like the Hotel zones or Resort zones?

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MR. PFOST: Generally, yes. We haven't taken a deep dive look into them, but I know generally...I know some of them are kind of operating generally as...as that, but we haven't taken a deep dive into exactly how they operate. So, our recommendation, as put into some of the correspondence we put forward, is recommending that they go through the zone change process so that we can get into that kind of detail.

COUNCILMEMBER SINENCI: And for those that may consider this rezoning, is there a...like a streamlined process for them to go through?

MS. BLYSTONE: Mahalo for your question. So, let me...let me answer that in a couple different ways.

COUNCILMEMBER SINENCI: Sure.

MS. BLYSTONE: So, there are two...there are two different ways to initiate the zoning change. You could, as Councilmembers, and do it all the time, propose a Change in Zoning. I would recommend that the Council make some decisions about how you decide to recommend a Change in Zoning for this kind of property because it's a little . . . *(inaudible)* . . .

COUNCILMEMBER SINENCI: What would be the advantage of us doing it?

MS. BLYSTONE: It goes much faster. So, there is...we have a timeline in which...that we have to respond to that. So, we have to go through Planning Commission and then bring it back to you for your decision. When it comes back to you, you have some criteria that you need to evaluate to determine whether or not this Change in Zoning is appropriate. And I want to read those to you, if that's all right with you.

COUNCILMEMBER SINENCI: Sure.

MS. BLYSTONE: So, the Council may grant a Change in Zoning if all the following criteria are met. And this is Section 19.510.040 of our Zoning Code, just so you know. The proposed request meets the intent of the General Plan and the objectives and policies of the community plans of the County. The proposed request is consistent with the applicable community plan land use map of the County. The proposed request meets the intent and purpose of the district being requested. The application, if granted, would not adversely affect or interfere with the public or private schools, parks, playgrounds, water systems, sewage and solid waste disposal, drainage, roadway and transportation systems or other public requirements, conveniences and improvements. The application, if granted, would not adversely impact the social, cultural, economic, environmental and ecological character, and quality of the surrounding area. And if the application Change in Zoning involves the establishment of an agricultural district--I'm not even going to read that because that's not applicable to this one. So, once we get...if the Council initiates that, then we would go through that process. If the applicant initiates it, then they have to provide us a bunch of things--and Greg, you may have those at hand--but they have to provide a bunch of things to us to help us process that application. So, it takes us...it takes the applicant a little bit longer, but they do some due diligence with their own...with their own research in order to provide that to us. So,

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once it goes to Planning Commission, we discuss it with Planning Commission, and then we make a recommendation to Council, and Council is the one who decides to do the Change in Zoning.

COUNCILMEMBER SINENCI: Would it include an environmental impact statement?

MS. BLYSTONE: Not for...yeah, not for a Change in Zoning, but if there is a required community plan amendment, that would trigger an environmental assessment.

COUNCILMEMBER SINENCI: Okay. And...

MS. BLYSTONE: But only if initiated by the applicant, not if it's initiated by Council.

COUNCILMEMBER SINENCI: They bypass that if the Council initiates the...the change?

MS. BLYSTONE: Correct. That's correct.

COUNCILMEMBER SINENCI: Okay. And then are there other options for...for some of these owners . . .*(timer sounds)*. . . beside the hotel zoning? And I can wait, Chair, for...for my next round.

CHAIR KAMA: Well, Mr. Sinenci, Ms. Paltin hasn't arrived yet, and so we're going to go to another round, at least until our next morning break, if it's okay. And because you're on the hot seat, we're going to let you go another round, and then we'll go around this way if it's okay.

COUNCILMEMBER SINENCI: Oh, okay. So, if --

MS. BLYSTONE: Can you repeat the question? Yeah.

COUNCILMEMBER SINENCI: -- the Director can...yeah.

MS. BLYSTONE: Can you repeat the question? I'm sorry.

COUNCILMEMBER SINENCI: Are there other options that some of these owners can...can consider as far as rezoning?

MS. BLYSTONE: I'm not sure what you mean by that.

COUNCILMEMBER SINENCI: What is a small business residential?

MS. BLYSTONE: Oh, you mean as in...as in other places to do that use, other designations in which to do that use? I'd have to do a little research to think that through. I mean, Hotel would be our preference because it's very, very clear. Like that is...if you're intending to operate as a hotel, you should be called as such. Yeah.

COUNCILMEMBER SINENCI: Okay. And...and some of the...and I guess maybe...maybe I'll...I'll shift to the condominium association, would that be? Have...has there been any

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talk amongst the...the associations, as far as all the owners, if zoning would change?  
Have you heard anything?

MS. MILLER: Thank you, Councilmember, for that. I just want to clarify. I'm with Maui Vacation Rental Association, so I don't represent the individual HOAs or AOAAs in terms of association management. However, I can answer a little bit of that, where there has been a lot of talk in terms of applying for rezoning. However, because there's not an expedited process, and the process is so cumbersome, it's actually been advised by people in Planning to not apply yet until they see how the turnout of this bill comes. And to date, I am not aware of any complex that has applied for rezoning that was actually approved for rezoning. The only instances where rezoning has been approved has been instances where it's been initiated by the Council. And so, at this point, it doesn't seem like it's a genuine offer from the County in order for the rezoning process. Because if you are within the sea level rise exposure area, you are going to trigger a lot of additional work that has to be done in terms of environmental impact, and then also, managed retreat plans. And so, if you all could answer managed retreat, I'm sure the associations would appreciate it. But to date, that is where everyone stands, but there is a lot of talk of it.

COUNCILMEMBER SINENCI: The discussions are...are starting about possible rezoning?

MS. MILLER: Correct. But I think most people want to see how this goes because the preference is obviously that Council takes the initiative to go through and see what properties seem appropriate for rezoning to Hotel. Although I would caution Council against swapping everything into Hotel zoning. You should match taxes. And right now, short-term rental taxes are separate than Hotel-zone taxes unless you're going to honor Hotel-zone taxes.

COUNCILMEMBER SINENCI: Yeah. And so...so, they kind of want to see a step-by-step process, should...should that be the option for them, yeah?

MS. MILLER: Yes, correct.

COUNCILMEMBER SINENCI: Okay. All right.

MS. MILLER: Thank you.

COUNCILMEMBER SINENCI: Thank you, Chair.

CHAIR KAMA: Thank you. Chair Lee?

COUNCILMEMBER LEE: For Planning, how many...on average, how many Change in Zoning applications do you process every year?

MS. BLYSTONE: Mahalo for your question. It varies. So...

COUNCILMEMBER LEE: On average.

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MS. BLYSTONE: I don't...I couldn't even...I would say maybe three or four, but --

COUNCILMEMBER LEE: Three or four.

MS. BLYSTONE: -- that's just because that's what we're responding...we're responding.

COUNCILMEMBER LEE: Okay. And then it normally comes to us, and, you know, we don't have that many either. So, now we're talking about 6,000?

MS. BLYSTONE: No. So, that's the number of units. It wouldn't be on a unit-by-unit basis, it would be full buildings. So, full buildings would come in.

COUNCILMEMBER LEE: I know. But individual people own the individual units, so I don't know that they can...everybody will be on the same page as to whether they want to sue, or what plans they might have. So, we're...we're talking essentially 6,000 people will be involved in a Change in Zoning, possibly. And right now, we handle about three or four per year, right?

MS. BLYSTONE: Correct. But like I said, we would not process a Change in Zoning for individual units. We would only do on the whole building.

COUNCILMEMBER LEE: Yeah. Okay.

MS. BLYSTONE: So, it wouldn't be 6,000.

COUNCILMEMBER LEE: But even...even the individual units, we're talking about several hundred, right?

MS. BLYSTONE: How many buildings? I think that number is 90 buildings. It's around 90 buildings total.

COUNCILMEMBER LEE: 90 buildings. 90 buildings.

MS. BLYSTONE: Yeah.

COUNCILMEMBER LEE: Okay.

MS. BLYSTONE: And not all of them, like you said, would get on the same page and be able to come in for...

COUNCILMEMBER LEE: Right. And then now, my question would be for Donna Ting. I thought I saw her. Okay.

CHAIR KAMA: She should be in.

COUNCILMEMBER LEE: Hi, Donna, welcome. Just wanted to...because you're active in real estate, what is the status of the condo market currently in South and West Maui? You know, average, I'm not talking about the multimillion dollar or the bottom basement.

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What's in the middle? How many units, for example, are available in the 400 to \$600,000 range, let's say?

MS. TING: You want the exact number?

COUNCILMEMBER LEE: Well, no. Do we have a number of those already on...on the market? Do you know if there's...

MS. TING: Very few in that price range.

COUNCILMEMBER LEE: Can you get closer to the mic?

CHAIR KAMA: Bring the mic closer.

MS. TING: Oh, I'm sorry.

UNIDENTIFIED SPEAKER: Right here.

COUNCILMEMBER LEE: Very few, so...

MS. TING: Very few. But one thing that I would say to the County Council, that in the last year, according to Paul Brewbaker, who is the economist for our...our board, anyway, our...our sales have gone down 28 percent in the last year.

COUNCILMEMBER LEE: Okay.

MS. TING: So, the prices are moving down, and it's a combination of a number of things. The interest rate.

COUNCILMEMBER LEE: Okay. All right. So, what I'm getting at...I'm trying to get at is, I'm wondering what is the volume of condos on the market for sale available right now? So, you...you're saying very few.

MS. TING: In that price range.

COUNCILMEMBER LEE: In that price range.

MS. TING: Yeah, I mean, in that price range. I mean, for instance...okay, and I'm using this one, it's not real, Harbor Lights. You cannot get a loan in there because there's too many lawsuits against the HOA, so lenders won't lend on it. So, unless you have cash to go in there, you can't buy it. Okay. There is...

COUNCILMEMBER LEE: Okay. You know, you say prices are going down.

MS. TING: 28 percent.

COUNCILMEMBER LEE: Okay. So, what are the major causes of prices going down, and why aren't people scooping them up? I mean, why aren't the local people is...if prices are

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going down, why aren't local residents buying, or are they buying, or who's buying these units?

MS. TING: Well, my experience is, if they're in the resort area, local people don't...it...it doesn't work for them. There's only one parking place per...you know, per unit. I mean, I have the statistics. There are 672 studios. There are 4,349 one-bedrooms. There are 3,437 two-bedrooms. And there are 463 three-bedrooms, and there are 9 four-bedroom units.

COUNCILMEMBER LEE: Are these all for sale right now on the market?

MS. TING: No, these are in the Minatoya.

COUNCILMEMBER LEE: Oh, I see, I see.

MS. TING: These are in the Minatoya.

COUNCILMEMBER LEE: Okay. Okay.

MS. TING: And the Minatoya...because there's so many condominiums...there's so many condominiums. And as I said when I last spoke, one of the things that really . . . *(timer sounds)* . . . one of the things that really changes is the fact that the Minatoya list was done...those buildings were built in the '70s, the '80s, and the '90s, and there are a lot of assessments that are being...in addition to the taxes and the HOAs --

COUNCILMEMBER LEE: Okay.

MS. TING: -- there...there are a lot of assessments that are being made, and it's difficult to come up with that kind of money.

COUNCILMEMBER LEE: Thank you. Thank you.

CHAIR KAMA: Thank you, Chair Lee. Member Sugimura?

COUNCILMEMBER SUGIMURA: Thank you, Chair. I want to continue on with that conversation, Donna Ting. So, you were going through your counts --

MS. TING: Yeah.

COUNCILMEMBER SUGIMURA: -- for the Minatoya list, and I didn't hear what you said on there are nine units.

MS. TING: There are nine four-bedroom units on the Minatoya list.

COUNCILMEMBER SUGIMURA: Okay. And then, do you know how many parking stalls? Is it primarily one?

MS. TING: It's primarily one parking stall.

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COUNCILMEMBER SUGIMURA: Okay. And if a...if a unit has assessments, which are, you know, whatever--change the roof, change piping, whatever that is--does that make it harder, then, to go through the loan process? Or maybe this is...

MS. TING: It does. Because...I'll just give you an assessment on a building that I know about, okay, personally. Okay. So, Īao Gardens, which is right down the street, that's not on the Minatoya list, okay, but the assessment--because they built a wall last year--was 7,000...\$7,250 --

COUNCILMEMBER SUGIMURA: Per.

MS. TING: -- per unit, okay, in order to pay for that wall. And so, we have the maintenance fee, which is like \$853. We have whatever the taxes are, and then you have this assessment that you have to pay. And for us, we got to pay it over three months, but still, it's a considerable amount of money. If you were to rent the units, you're probably looking at \$2,500. So, that's barely going to cover the...the cost of the maintenance and the insurance.

COUNCILMEMBER SUGIMURA: So, based upon that information, does it make it...and the Minatoya list, and the ages of these properties...and do many of them have the...these kind of assessments from your list that you're looking at, or is that not available?

MS. TING: Okay. So, the thing about assessments is that the...the condo people do not like to give out what the numbers are if you're not an owner, okay? They consider that private information. One of the biggest assessments, though, this year, was the insurance. That was catastrophic for many, many units, and there are buildings that don't have 100 percent coverage because they couldn't afford it. It was just too costly. Because, you know, condominium...they're buying insurance for the whole project, you know, not just you buying one from State Farm Insurance. They're buying for the whole project. And so, if there are problems with the infrastructure, they take all that into consideration. If the roof has not been replaced in 20 years. They take all of that. And the prices on the insurance...oh, my God, that's a real issue that has to be taken up with the Legislature.

COUNCILMEMBER SUGIMURA: Thank you. So, do you have information that you could share with the Committee?

MS. TING: I...I will...I will give it to you at break.

COUNCILMEMBER SUGIMURA: Oh, okay. Then we can pass it on to the...the Chair.

CHAIR KAMA: Yeah.

COUNCILMEMBER SUGIMURA: Yeah. Thank you.

CHAIR KAMA: . . .*(inaudible)*. . . Staff.

COUNCILMEMBER SUGIMURA: Thank you. Thank you, Chair.



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CHAIR KAMA: I want to say again, welcome to Member Paltin. So, Member Paltin, our Members are on round two of a five-minute question and answer. And this is where you're at right now. So, Members, if you don't mind, I'm going to put ten minutes on the clock for Member Paltin. And then...and then --

COUNCILMEMBER SUGIMURA: We'll take a break.

CHAIR KAMA: -- and then right after that, then we'll take our mid-morning break, if that's okay with everyone.

MR. MITCHELL: Chair Kama?

CHAIR KAMA: Yes. Yes.

MR. MITCHELL: Would you mind if I followed up --

CHAIR KAMA: No, right ahead. Follow-up.

MR. MITCHELL: -- with Member Sugimura's questions --

CHAIR KAMA: Yes.

MR. MITCHELL: -- before?

CHAIR KAMA: Sure.

MR. MITCHELL: Thank you. Member Sugimura, you asked me a few questions earlier about the Department's First-Time Homebuyers Program. You asked how many people were on the wait list currently. We have 300 people on the wait list. You also asked how much...how...how....what amount in funds do we have available for the program. We have \$970,000 available for the program currently. You also asked something that's harder to calculate, what will we need to expand the program in the event of TVRs...phase-out TVRs coming on the market. That's much harder to calculate, but we currently provide 30,000, and we would obviously try to assess whether that's a sufficient amount, and what the total amount might be needed to expand the program. This, by no means, is intended to cover all of the questions you asked. You asked several, but I wanted to make sure I got those answers for you. Thank you.

CHAIR KAMA: Thank you, Director Mitchell. And so, you're up, Ms. Paltin.

COUNCILMEMBER PALTIN: Thank you, Chair. My first clarification would be for Ms. Martin. In a previous question, it was mentioned that if the...the properties were a Change of Zoning to Hotel, that they may pay Hotel taxes, and not Short-Term Rental taxes; is that true?

MS. MARTIN: Thank you for that question. No. The Hotel classification is reserved for hotel operations, and that's defined in the...in the Code as separately. Then if it's a

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condominium, which is a single-family home, if it was given the entitlement with the Hotel zoning, it would be TVR/STRH. And currently, we do have a lot of properties that are condominiums zoned Hotel in the TVR/STRH class.

COUNCILMEMBER PALTIN: So, if a property changes zoning to a Hotel, they still likely would pay Short-Term rental property taxes?

MS. MARTIN: Yes.

COUNCILMEMBER PALTIN: Okay. Thank you. My next clarification, I think, would be probably for Ms. Blystone. When Member Sinenci had asked about the Change in Zoning process, is it only the applicant or the Council that can initiate? Can the Administration initiate as well?

MS. BLYSTONE: Mahalo for your question. So, that...the Administration can also initiate changes in zoning.

COUNCILMEMBER PALTIN: And I think Mr. Pfof had...or not asked...mentioned that there were five properties that the Planning Commission or the Planning Department had recommended they go through the Change in Zoning process?

MS. BLYSTONE: Mahalo for your question. So, we did not recommend they go through the Change in Zoning process. We just identified them, that their situation was a little different as a result of their community plan designation, as...as a result of the balance of zoning and community plan designation, that they're just a little bit muddier.

COUNCILMEMBER PALTIN: Not in alignment?

MS. BLYSTONE: Yeah.

COUNCILMEMBER PALTIN: Okay. And then wasn't there something else with there being properties, or where there were multiple zoning designations on the...the property? And you had a recommendation on those as well?

MS. BLYSTONE: Yeah. I'm going to turn it over to Greg to respond to that, if that's all right.

COUNCILMEMBER PALTIN: Sure.

MR. PFOF: Thank you for the question. Yes, there...of the five properties, they have...some of them have multiple zoning designations. For example, one has an Apartment, Business Resort, Open Space, and a Planned Unit Development zoning designation. So, they have multiple designations.

COUNCILMEMBER PALTIN: And...and you're--sorry, I'm in the same boat as Mr. Mitchell. Your...did you give a recommendation, when there's multiple zonings, that they try and get those into alignment in some way?

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MS. BLYSTONE: Yes. It's a good idea to have your parcel all one zone, if possible. Otherwise, you're subject to different conditions, depending on...you may want to build a building across the entire parcel, but you're subject to those different conditions.

COUNCILMEMBER PALTIN: And I think we had heard--I forget what the individual unit that was named was called--but where their community plan was Hotel, and their zoning was Apartment. In order for them to do any kind of changes, like redo the roof or something, do those need to be in alignment?

MR. PFOST: No, not to do any changes to your building. No, they don't.

COUNCILMEMBER PALTIN: Oh, okay.

MR. PFOST: Yeah.

COUNCILMEMBER PALTIN: But what would it...what kind of things are limited if they're not in alignment?

MR. PFOST: Well, there are restrictions in the Apartment District. If you add new rooms or short-term rental, you cannot then continue to do short-term rental, so there's a restriction there. But in regards to doing anything like improvements or maintenance, those are okay to do. You can...there's no nonconforming issue or anything like that. You can do kind of maintenance improvements.

COUNCILMEMBER PALTIN: Okay. Thank you. And then I...I think this question would either be for Laks or Kate. But...and maybe I'll start off with Kate, is that...like you said a Council-initiated Change in Zoning is one of the easier ways because there's less criteria, and that the Council should develop criteria that we're looking for if we would do a Council-initiated Change in Zoning. Maybe Ms. Tarnstrom or Ms. Nunokawa...Mr. Nunokawa can weigh in. But we had previously looked at a parcel, I believe, when Kelly King was on the Council, and ultimately, we decided against intervening because not everyone...there were a faction that wanted Hotel, and there was a faction that wanted it to stay. And so like one of my criterias [sic], and I imagine the Administration is, that there was 100 percent buy-in for any Council or...or Council-initiated Change in Zoning. Is that a legal thing, or a Planning thing?

UNIDENTIFIED SPEAKER: . . .*(laughing)*. . .

MS. TARNSTROM: Thank you for the question. As far as what the Council wants to consider when it proposes a Change in Zoning, I think that...I don't know if that needs to be by Code or anything, but you, as a Councilmember, could initiate a Change in Zoning for a unit [sic], and that could be your personal criteria.

COUNCILMEMBER PALTIN: You mean not a unit, a property?

MS. TARNSTROM: Sorry, yes, a property.

COUNCILMEMBER PALTIN: Okay.

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MS. TARNSTROM: But in the Code, there's no requirement as to ownership. So, whatever...when the association came in and initiated a Change in Zoning, there's no ownership of the unit members. There's no percentage requirement that they agree except as to what's in their own bylaws and what the association requires. So...but I believe if you initiated it yourself, that you could use your own criteria unless that's laid out by the Council as standardized criteria, if that makes sense. I think that would have to happen by Code amendment, probably.

COUNCILMEMBER PALTIN: Okay. Thank you. So, I think this one would be for Laks. We're all here, this is you guys' show, your idea, you're running with it. Not saying I'm not supportive or I am supportive, but I did watch the South Maui town hall, and the Mayor said, you know, there's 7,000 units, maybe 5,000 of the 7,000 are currently in short-term rental, and that properties that would like to change zoning can change zoning, whether it's they initiate it, we initiate it, or you initiate it. And I think Mr. Jachowski said that there was a certain numbers, if they...they converted to either long-term...if they converted to long-term rental or owner-occupied use, that it would make it worthwhile. You know, because, for example, I think the County paid close to 40 million just for 89 units to be rebuilt in Lāhainā at Kaiāulu O Kupuohi, you know, another 33 million to try and get 240 workforce housing at Pulelehua. So, this is kind of the trade-offs I think Mr. Jachowski was talking about. But does the Administration have a criteria or a plan of some of the properties that they think should be rezoned as Hotel, and should those that they think are more likely to be used as long-term residential, or are we just taking it one day at a time?

MS. ABRAHAM: Thank you for the question, Councilmember Paltin. The Administration acknowledges, certainly, that some units may be better suited for long-term houses...long-term housing versus others. However, for the sake of the...the bill that we're currently pushing forward, the intention is to apply the bill to all units, and to empower each individual property to assess if they feel they need to transition zoning, and rezone on their own accord if they feel that's the best approach for them. But yes, we certainly acknowledge that some of these...these...some of these properties are better suited as visitor...visitor housing, but that's going to be up to each individual property to be able to decipher.

COUNCILMEMBER PALTIN: So, the Administration has no plans on initiating Change in Zoning, not even for those five properties that are not in alignment?

MS. ABRAHAM: Currently at this time, no, we do not.

COUNCILMEMBER PALTIN: Okay. How much more minutes do I have?

CHAIR KAMA: James?

COUNCILMEMBER PALTIN: Three?

CHAIR KAMA: 50 seconds.

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COUNCILMEMBER PALTIN: Huh?

CHAIR KAMA: 50 seconds.

COUNCILMEMBER PALTIN: Oh, 50 seconds. I'd...I'd like to ask Ms. Rego for her input on what she's heard so far.

MS. REGO: Wow, thank you for such a broad question. What I've heard so far is, it feels really sad, that hearing so much that I think local people can't afford condos when condos are the most affordable housing units in the County. So, that's my takeaway so far.

COUNCILMEMBER PALTIN: Okay. Thank you. And would you say that where there's a will, there's a way? . . .*(timer sounds)*. . .

MS. REGO: I would.

COUNCILMEMBER PALTIN: Thank you.

CHAIR KAMA: Thank you, Member Paltin.

COUNCILMEMBER PALTIN: Thank you. I heard the bell.

CHAIR KAMA: Yeah. So, it is 10:28, Members. We'll take our morning break until...what did I say? Oh, how long was our break, was...10:00 or...

COUNCILMEMBER LEE: 11:30?

UNIDENTIFIED SPEAKERS: . . .*(laughing)*. . .

CHAIR KAMA: How many? Ten? Oh, 15. Okay. Members, let's come back at 10:43. 10:43. HLU is now in recess. . . .*(gavel)*. . .

**RECESS:** 10:28 a.m.

**RECONVENE:** 10:48 a.m.

CHAIR KAMA: . . .*(gavel)*. . . Thank you, Members, for returning on time. You know I'm only kidding, right? So, the HLU meeting...recessed meeting will now reconvene at 10:48 a.m. And now we're going to continue with Member Johnson.

COUNCILMEMBER JOHNSON: Thank you, Chair. And thank you for allowing us a break to come back refreshed and ready to go. So, I'm just going to start doing some questions for...start off with Director Mitchell. Director, I'm trying to find solutions to some of the concerns that folks have, and I want to talk about buying down interest rates. Is the Department have the capacity, the political will, the desire to create a program that we could actually buy down interest rates, and how would we go about doing that?

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MR. MITCHELL: Thank you for the question, Member Johnson. Let me start by saying I'm in favor of an all-solutions approach to the housing crisis, and I'm not taking anything off the table. We don't have anything like that that I can refer to as an example of how we would do a program like that. The process of buying down, as you know, includes applying for a mortgage, and then discussing with your...your banker whether you wish to buy down, buy points to reduce the interest rate. That's something I would gladly look into --

COUNCILMEMBER JOHNSON: Okay.

MR. MITCHELL: -- with Corporation Counsel, and see how we could facilitate a program like that, and what the criteria would need to be. But we don't have anything like that that I can look into.

COUNCILMEMBER JOHNSON: Okay.

MR. MITCHELL: Thanks.

COUNCILMEMBER JOHNSON: I'm going to turn over to Mr. Gilbreath, if he's on...if he's in the audience. If you could come to the podium, Mr. Gilbreath, I want to ask you kind of the similar question. If you heard the question, I...I don't have to repeat it, but if you want it repeated, I will.

MR. GILBREATH: No, I'm good. How you doing?

COUNCILMEMBER JOHNSON: Okay.

MR. GILBREATH: It's good to see you.

COUNCILMEMBER JOHNSON: It's very good to see you, Mr. Gilbreath.

MR. GILBREATH: Yeah. Buying down interest rate, not an issue. In fact, the deferred payment loan program, the way it is, right, there's nothing really that constrains us, right, Director Mitchell, that we could actually...we could actually use that program to do that. But yeah, I'm in favor of the same thing, all solutions on the table, but not a problem.

COUNCILMEMBER JOHNSON: Does your organization do anything like that?

MR. GILBREATH: We have...we have delivered deferred payment loan programs both for Maui County and Hawai'i County, and we have bought down interest rate on Hawai'i Island, but we haven't done it with...with the buyers in this program. We've used it for down payment.

COUNCILMEMBER JOHNSON: If you did it on Hawai'i Island, can you give us a feedback, or a review, or an overall summary? Did it work well? Were people getting into the homes, or was it any kind of concerns?

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MR. GILBREATH: No, it works well. I mean, I think for everybody, the...the mortgage lender themselves get the points that they need, the family gets the interest rate that's affordable for them. We're already, as the...the second lender, negotiating the deal with the first lender, so that that conversation is happening. And so, it's...it's a --

COUNCILMEMBER JOHNSON: So...

MR. GILBREATH: -- win-win, really, for everybody.

COUNCILMEMBER JOHNSON: Let's get specific on this example. Here in Maui County, the Minatoya list, we saw the average price of...of a condo, 700K. What is...what would we have to pay per unit to buy down those interest rates per unit?

MR. GILBREATH: Oh, I don't know. I don't know if I can get there with you today --

COUNCILMEMBER JOHNSON: Okay. Okay.

MR. GILBREATH: -- but happy to follow-up on that to give you guys some examples. Like show you like an Excel sheet that kind of breaks it down.

COUNCILMEMBER JOHNSON: Yeah. I would love that because --

MR. GILBREATH: Okay.

COUNCILMEMBER JOHNSON: -- you know, come budget season, if we need to beef up a program that's already existing, we could say we need X amount of dollars, and this money will help them buy down those interest rates. We...we've been waiting for interest rates to go down for...you know, after presidential...each one, it just hasn't gone down.

MR. GILBREATH: Yeah.

COUNCILMEMBER JOHNSON: So, in the meantime, I'm trying to find creative solutions. And it sounds like we're almost there, we could almost do it already with the deferred mortgage payment program.

MR. GILBREATH: Yeah.

COUNCILMEMBER JOHNSON: So, maybe we can continue on with that decision as...or discussion as it goes on, but just putting it out there, that is a solution, and I...I love it.

MR. GILBREATH: Absolutely.

COUNCILMEMBER JOHNSON: Thank you, Mr. Gilbreath.

MR. GILBREATH: Yeah.

COUNCILMEMBER JOHNSON: So, the fast track Change in Zoning, Councilmember Sinenci mentioned it real quick. He said that we don't...because if the Council initiates it, we

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don't follow the community plan. Can you kind of clarify on that? I was a little confused because I thought community plans were...would need a little bit more of a step. Can you explain, Director?

MS. BLYSTONE: Mahalo for that clarifying question. No, they...they would not be subject to the requirement for an environmental assessment.

COUNCILMEMBER JOHNSON: Okay.

MS. BLYSTONE: They will have to follow the community plan.

COUNCILMEMBER JOHNSON: Okay. That's...that's good clarification. Thank you, Director. I'm going to pivot one more time because I...I only have limited time. This is again for you, Director Blystone. So, in regards to the Change in Zoning, Chair Lee's talked about...it sounds like a monumental task, right? It sounds like a big task. Would you be open to contracting out that kind of work? Because I...I...we always hear capacity, and we're overwhelmed, and we're dealing with this X, Y, and Z. Would your Department consider contracting out someone to help folks do Change in Zoning?

MS. BLYSTONE: Absolutely.

COUNCILMEMBER JOHNSON: Would you need a budget amendment? Do you have the funds for that kind of thing? Would you want to initiate it? Do you need the Council's support on anything . . . *(timer sounds)*. . . like that?

MS. BLYSTONE: Not at this time, but if we do see that the...the load is becoming more than our Staff can handle, we are certainly quick to pivot and recognize that, and identify a vendor for that service.

COUNCILMEMBER JOHNSON: All right. Well, we're here to help. Thank you, Chair.

MS. BLYSTONE: Mahalo.

CHAIR KAMA: Thank you. Member Rawlins-Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. Before my time has started, Staff, I have a question for you, Chair. What's your plan for the format of our meeting today? How many rounds do you anticipate us going until we exhaust all our questions? Because we know we can, you know, discuss hypotheticals for days and days and days. So, what...what...what's your intention?

CHAIR KAMA: So, the day...the day's going to end at 4:30, for sure. So, hopefully, if you all get your questions answered to the degree that you're ready to...to begin your deliberations, then we can begin that. But I'm not certain that we're going to end that today. That's just my sense of how the questions are going, and where we want to end up.



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UNIDENTIFIED SPEAKER: I see you all as stakeholders, but is there anybody representing the people on your side? Is there . . .*(inaudible)*. . .

CHAIR KAMA: I'm sorry, you're not allowed to speak, and we want to ask you if you would just please sit down and take your seat, or we're going to have to take you outside. Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay.

CHAIR KAMA: I'm sorry.

UNIDENTIFIED SPEAKER: . . .*(inaudible)*. . . everyone to be happy . . .*(inaudible)*. . .

COUNCILMEMBER RAWLINS-FERNANDEZ: So, for...for today...

CHAIR KAMA: If...if...I'm sorry, Member --

COUNCILMEMBER RAWLINS-FERNANDEZ: Go ahead.

CHAIR KAMA: -- Rawlins-Fernandez. If you get another outburst, we're going to remove you from the room. Thank you. I'm sorry. Go ahead now.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. So, for today --

CHAIR KAMA: Yeah.

COUNCILMEMBER RAWLINS-FERNANDEZ: -- you're just going to continue to...we're just going to --

CHAIR KAMA: Keep asking questions --

COUNCILMEMBER RAWLINS-FERNANDEZ: -- keep asking questions?

CHAIR KAMA: -- until you've exhausted them, until you feel like, in your na'au, that you've got all the information that you need to make your decisions. Then we'll go into deliberations. It might be today, might be not, I don't know.

UNIDENTIFIED SPEAKER: No, you told . . .*(inaudible)*. . .

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay.

CHAIR KAMA: Okay. Please remove her from the room.

UNIDENTIFIED SPEAKER: . . .*(inaudible)*. . .

CHAIR KAMA: Ryan, please.

UNIDENTIFIED SPEAKER: . . .*(inaudible)*. . .

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CHAIR KAMA: Thank you.

UNIDENTIFIED SPEAKER: Screw those guys. Take care of the people. You're being allowed to stay there and . . . *(inaudible)*. . . is to take care of the people.

COUNCILMEMBER LEE: Quick recess.

CHAIR KAMA: Recess until 11:00. . . *(gavel)*. . .

**RECESS:** 10:56 a.m.

**RECONVENE:** 11:00 a.m.

CHAIR KAMA: . . . *(gavel)*. . . The recessed meeting of...of June 9th, 2025, of HLU is now again reconvened. It is now 11:00 a.m. And we're going to go back to you, Member Rawlins-Fernandez.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. And mahalo, Ms. Makka, for underscoring the urgency of passing Bill 9 as quickly as possible. Our people are dying and are moving away. And that really hurts to continue to sit here and to debate this, and to...to discuss questions that may not even inform someone's vote or not, and stalling. So, I just...I would just like to urge all of us to act with a little more urgency. So, mahalo, Chair. I would like to call...okay, we can start my time. And I will compose myself. I'd like to call up Mr. Gilbreath. Mahalo for joining us, Mr. Gilbreath. Before you arrived to the meeting today, we discussed testimony that you submitted...the questions. What are the constraints on mortgage lending when a property is under litigation? And what are...what can the County do to ensure the properties are...are bought and owned by local residents?

MR. GILBREATH: Yeah.

COUNCILMEMBER RAWLINS-FERNANDEZ: So, I was hoping that you could speak to that. If you could share the difference between a direct lender and a mortgage banker. How, you know, we can protect the mortgage...or how do you protect the mortgage from a cloud on title? And what are the ways that homebuyers can reduce perceived risk to the mortgage lender?

MR. GILBREATH: Okay. All right.

COUNCILMEMBER RAWLINS-FERNANDEZ: And I can repeat any of the questions.

MR. GILBREATH: Here we go. All right. No, no worry. Basics, a mortgage banker versus a direct lender. Direct lenders have an underwriting team. They make the decision. They determine the risk. They make the loan. Mortgage bankers originate the loan. They look for a direct lender. And their underwriting department makes the decision and the perceived risk. Our organization, our nonprofit, is both a mortgage broker, mortgage banker, and a direct lender. So, we have an underwriting team that underwrites loans,

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typically for low- and moderate-income families. Some of the hardest properties, Hawaiian Home Lands, leasehold properties, properties that folks consider can't be financed. Second question?

COUNCILMEMBER RAWLINS-FERNANDEZ: How do you protect the mortgage from cloud on title?

MR. GILBREATH: Sure.

COUNCILMEMBER RAWLINS-FERNANDEZ: And I guess the cloud, meaning active litigation.

MR. GILBREATH: Sure, yeah. So, that's...that's something that our underwriting department would do proper due diligence for. I think there was some questions to subject-matter expert earlier. And we'd follow that...that process. I would just note that we work closely with title for title search and title insurance. This is to protect the homebuyer, as well as the lender, in the event that that litigation impacts the title...and...and, you know, if anything happens and the decision's made on that litigation. So, that title insurance is really there for that protection. So, if you have to use it, that's when you use it.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo. And the...the last question is, what are the ways homebuyers can reduce perceived risk to the mortgage lender?

MR. GILBREATH: Sure. I mean, we're a nonprofit lender, but I would say money speaks, especially for for-profit lenders. And I would say, you know, this...this conversation around down payment assistance, deferred payment loans, buying down interest rate, I think that's all really helpful. You put enough money upfront in the deal, that helps reduce the perceived risk. That's...that's the basics of it. You may not have to put 20 percent down, but if you do, you're definitely going to reduce the risk for the lender. And so, that's a way we can...you know, another way I think the County can help address that.

COUNCILMEMBER RAWLINS-FERNANDEZ: Such as the deferred payment loan program.

MR. GILBREATH: Yeah, deferred payment loan program. The...the first-time homebuyer grant, right, Remi? Yeah.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Mahalo. And then Hawai'i Community Lending is a nonprofit, as you said. So --

MR. GILBREATH: Yeah.

COUNCILMEMBER RAWLINS-FERNANDEZ: -- your organization's motivation, or purpose, is not to make profit for shareholders, investors, et cetera, it's to help people.

MR. GILBREATH: Yeah. It's...it's to create social impact. We heard the...the comments in the galley [sic] and what you shared, and, you know, our whole focus is on getting local people on to land and into homes. I would also say that you have nonprofit credit unions that function very similarly, have...have a larger balance sheet than us, and can do more

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loans. And you also have local banks that are direct lenders that do portfolio loans, that are doing really creative things like out in Lāhainā, where they're doing construction to mortgage financing with a one-time close. And this is something that they're building off-the-shelf that we've been working with them on. I think there's a way...I...I really believe the local financial institutions, if we understand the issue, we're willing to jump in and help. Like that's what we're here for, right? So, I just...I want to note that our local institutions have a commitment, and...and I...I don't think anything's impossible.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo for your responses. Appreciate the work that you folks do.

MR. GILBREATH: Of course.

COUNCILMEMBER RAWLINS-FERNANDEZ: My next set of questions is for Mr. Jachowski. You know, we're...we're talking . . .*(timer sounds)*. . . a lot about the...all right. Okay. Next round, I have a set of questions for you. Mahalo, Chair.

CHAIR KAMA: . . .*(laughing)*. . . Tom Cook, go right ahead.

COUNCILMEMBER COOK: Thank you, Chair. Yeah. I'm not real happy...or I'm not satisfied with my first round of questions from the Administration. I feel that this is a...this is a huge legislative issue that is going to affect our economy in many, many ways. I am not here for the transient vacation rental people. I'm not here for the owners. I'm here for the community. My community, people at the barbershop, every...all different kind of people are worried about it. South Maui relies on their business circulation of money...local residents, visitors, both, okay? And the jobs that are perceived to be displaced, that's what I'd kind of like to get a better sense from the Administration. Have they looked at and addressed how deep the job displacement is going to be, and the economic impact to the community, and how we are going to be able to subsidize housing? Anyway. So, of the 7,000 units, how many units do you foresee going to satisfy this? Because the ones that aren't going to satisfy it are the ones that we have potential legal costs. I'm not...I mean, you know, people say, but we're going to have a legal cost to defend it. We're going to have an issue with being able to purchase them because they might have cloud on the title because of the issues. We're going to have an issue with whether people are going to come, and our income's going to go down. So, besides just like chance 'em, can you give me some explanation of how we're going to address the units that are not going to meet the goals and objective of the legislation?

MR. JACHOWSKI: So, the first thing I want to say is referencing the UHERO report. They acknowledge that there will be a reduction in incomes as a result of this from the economic impact, but that housing affordability will increase more than the reduction in incomes. And that's the most important thing about this, right? There's no other solutions on the table that increase housing affordability for this number of units on the island. That was the...the main thing I wanted to respond to.

MS. ABRAHAM: Thank you, Councilmember. I'd also like to address the fact that we're making the assumption that these units will remain empty. Yes, there's currently tourists that are utilizing those services, those businesses in those neighborhoods. However, if they

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were to be replaced with local residents, they would also be utilizing those same small businesses, accessing those same resources in those community, and ideally, would replace the...the amount of revenue that was lost. So, we don't see this as a complete loss. Obviously, there'll be a transition period. But given the circumstance that we're facing currently, we're already experiencing great economic loss with people not being able to be housed. And coming from our Administration, our number one priority continues to be housing local people. So, in order for us to change that trajectory, there is going to have to be some kind of transition. And with that transition, I acknowledge that yes, there will be some, you know, unintended consequence that...that we'll have to maneuver through. However, with that said, once these units are replaced with local residents living in them, they will continue to contribute to those communities economically to try to turn that tide. So, that's the way that we're perceiving that.

COUNCILMEMBER COOK: Thank you. I completely 100 percent agree with you, in that local residents and...and as many units as we can get, is going to help. My challenge is with the ones that aren't. The...if we know, if...I mean, we can kind of just calculate and see how many and what type of units are not going to meet the criteria, for a variety of reasons, I'm going to...I'll be an advocate of us working towards either rezoning, or excluding, or something. And I'm just hoping that the Administration would be receptive to that. I concur. If we can get 1,000, 2,000, 3,000, it'd be great. But out of 7,000 units, if we have a substantial portion of properties that are not going to meet the goals and objective of this, and are going to result in a lowering of taxes...because one of my concerns is just rich people come and buy them, and they're non-owner occupied. And we can jack that price up some, but it's a substantial tax loss from the existing one with no employment necessarily. And we can't stop people from buying it. We've tried that before. I mean, it'd be great if we could finesse that. But that's my concern. We're going to create this vacuum. We're going to replace it with a bunch of people who own it who don't meet the goals and objectives. And we're going to miss this golden opportunity to make a strategic modification and movement towards what we're trying to accomplish without basically severely impacting, in a negative way, what we already have that is a substantial . . . *(timer sounds)*. . . part of our tax revenue.

MR. JACHOWSKI: Can I answer that?

CHAIR KAMA: Yes, you may answer that, Mr. Jachowski.

MR. JACHOWSKI: I...I think you bring up a good point, which is important, which is that Bill 9 by itself is not enough, right? I think anytime you're trying to build a solution, you can't let the perfect be the enemy of the good. And you have to do the...you have to solve a big part of the problem, and recognize that it doesn't solve everything, and then add on additional parts to that solution, right? So, like you talk about, part of the solution is probably to increase the taxes on non-owner-occupied units to disincentivize leaving them empty. There's going to be other solutions that we've talked about, right, with the Housing Department, creating more opportunities to...to defray the costs of locals purchasing these units. And I think that that is the work of the County Council and the Administration. But you can't do any of this work if you don't have the baseline of Bill 9 in there, right? A full solution is going to be Bill 9, plus these other things the Housing Department is doing, plus, you know, these...these property tax increases on

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empty units. And...and so on and so forth. So, I think you bring up a really good point, and that's what's going to have to happen.

COUNCILMEMBER COOK: Thank you, Chair. Thank you for that answer.

CHAIR KAMA: You're welcome.

COUNCILMEMBER COOK: It sounds like Bill 9, with appropriate amendments, we can all make this work. Thank you, Chair.

CHAIR KAMA: Member U'u-Hodgins?

VICE-CHAIR U'U-HODGINS: Thank you, Chair. I just want to say before I start answering...or asking my questions is, my questions are genuinely out of concern on how to understand how to make this work. If I wanted to stall time, I could. I could soapbox all day. But literally, I have questions so that the fallout of this, economically and legally, doesn't just rest on our shoulders, and we go, okay, figure it out, guys...which is why I was asking about lending. My fear is that we aren't going to be able to provide--not we collectively--because we are not going to have the money to do that, to be able to provide a mortgage. Because I don't know anybody with 400 or \$750,000 in their back pocket. So, we can grant our way out of this, probably, maybe, but we won't have the money to do so in a few years because we're talking about losing money right now. So, to continue on some of the line of questions--but I do have more questions about probably what due diligence this Administration has done on the properties we're discussing, on what kind of maintenance is going to be required so that people can qualify for flood insurance, hurricane insurance, and any other mortgage insurance that we might need to have that is a cost on top of our mortgage. But I'm going to save that right now because I really want to ask about--Nāhulu, you and I, we spoke about the variance of Kū'au Plaza. So, they already have a variance that this County gave them in 1966 to operate. Can you tell me if we can leave them in, or do we need to legally take them out? And if there's any other property that has a variance.

MR. NUNOKAWA: So, we're actually still looking into that. We're going through all the documents, but we haven't been able to track down the original.

VICE-CHAIR U'U-HODGINS: I have it. I can get to you.

MR. NUNOKAWA: Oh. Yeah, that would be helpful. We're trying to figure out how exactly it's defined, and whether it falls under the definition of TVR, or if it's defined differently. And trying to figure out that to see if it falls under this. I think...in the bill that K.T. drafted, I think that it falls outside of there, but I just want to do a little bit more --

VICE-CHAIR U'U-HODGINS: Okay.

MR. NUNOKAWA: -- analysis to confirm that.

VICE-CHAIR U'U-HODGINS: I'll read to you here. It says approve granting of Interim zoning variance to Mr. Watanabe to operate a hotel resort, including restaurant and bar,

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miniature golf course, and other uses at the Kū'au Estates in Pā'ia. So, there's no restaurant and bar, at least to my knowledge. There's no golf course. So, they're doing that part. We discussed zoning earlier. My concern is that if we don't legitimately provide a pathway to figure out those with multi-zonings, we're going to be leaving a crack in the door for somebody else to kick down. And I know that we discussed some of that, but I do think this weakens the bill if we don't figure that out, and at least have a vigorous discussion. If not, then why? So, I can give this to you with all of this. The Planning website previous, they took this list down, but it did list Kū'au Plaza as varianced and godfathered, where everybody else lists ordinance and zoning. And then later, in the new version of the list on the Planning Department website, it's changed its community designation to Multifamily, which includes why it's being now discussed in the Minatoya list. But that is my concern. I can give you all of this. This is from March 23rd in 1966, and then it was re-discussed in 1997 for this exact reason. So, my other question to you is, not only does Kū'au Plaza has a variance, and if it ever expires, but is there any other properties that also operate under a variance that we should be aware of? And if not, can we find out?

UNIDENTIFIED SPEAKER: No, you go for it.

MR. NUNOKAWA: So, I talked to Planning, and had a discussion with them on your question, but because the variance process is not the...it's not a typical process, especially for this sort of action, they didn't believe that there were any, but they couldn't confirm. They weren't sure whether there were any other properties that might have been approved in this way. But the feeling was that if there were, then they probably would notify once it was determined that they were under the same sort of situation.

VICE-CHAIR U'U-HODGINS: Who's going to notify? The Planning Department's going to notify the properties, or should they notify you folks that they have a variance like in this case?

MR. NUNOKAWA: That the owner would notify because they're the ones who have the knowledge that that's how it was approved.

VICE-CHAIR U'U-HODGINS: Okay. Okay. I will give this to you, and you can read. And then afterwards, I would appreciate the answer of whether or not they need to be removed from this existing list. Thank you. Sure. Oh, wait, I didn't actually look at everything . . . *(timer sounds)* . . . but I think those are the two letters. Okay. I heard my bell. I can save my questions for the...the RR105C, is that what it's called? I want to know what that includes, and what are the other conditions to granting a mortgage for the condo properties. Thank you, Chair.

CHAIR KAMA: Thank you. We're going to continue with Mr. Sinenci.

COUNCILMEMBER SINENCI: Thank you, Chair. I had my second-round opportunity, and so...and I did ask some questions that were pertinent to...to some emails I received. So, I can defer to my Councilmembers if they have any more questions, Chair. Thanks.

CHAIR KAMA: Thank you, Mr. Sinenci. But if something piques your interest later, feel free to jump back in. Okay. Chair Lee?

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COUNCILMEMBER LEE: Thank you. I have tons of questions. Because honestly, Administration, it seems that somebody had an idea, made a proposal, but didn't get all the fundamental information and a strong basis for this proposal. Because what we're hearing...oh, we're still trying to figure that out, or we're going to add programs that we didn't think about, or this is a part of a bigger scheme. You know, that is not very reassuring to people like us, who have to make a decision which will cost us tens of millions of dollars. So, I'll ask you, Laks, when you were creating this proposal, how many people did you think we're going to retain the ownership and not convert, just...just keep their units and not convert? How many were going to actually sell their units, and how many were going to convert? Those three categories. Surely you must have come up with some numbers.

MS. ABRAHAM: When we initially came up with this proposal, Chair, we certainly thought about those things. The...the questions that you're proposing are somewhat subjective, and we wouldn't...we wouldn't be able to project that number without actually moving forward with this type of legislation. That's part of what makes it really difficult. And I'd also like to point out that, given the...the effort that we've taken on over the last year in preparing for Bill 9, we have looked at every potential angle, and every potential impact that we could think of within our task force. That's why you see such a profound panel in front of...of you of our entire Administration. I think that we can strongly speak to the tax loss. I think that we can also strongly speak to the importance of this bill. And as Matt had mentioned earlier, it's impossible to put forth a perfect bill. This is a step in the right direction, and obviously we're going to have to figure some of these things out as we move forward. But without the initial step, we can't even begin to have those conversations.

COUNCILMEMBER LEE: Okay. But this...this step that you're describing is very expensive, and could be very costly to important programs. Because without money, the County will have to cut certain programs. Now, Matt...Matt, when did you join the group?

MR. JACHOWSKI: Earlier this summer, I don't remember the exact date.

COUNCILMEMBER LEE: This summer?

MR. JACHOWSKI: Yeah.

COUNCILMEMBER LEE: Okay. So, you weren't part of the initial group that put this proposal together?

MR. JACHOWSKI: No. In fact, I hadn't even heard of the Minatoya list until the Lāhainā Fires.

COUNCILMEMBER LEE: Okay. Okay. And you...you did mention something about the need for housing is...is really what...the driver of this proposal, right? Laks, too?

MS. ABRAHAM: Correct.



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COUNCILMEMBER LEE: Okay. So, what I'm talking about is, what if a lot of the...the units that are sold are bought by mainlanders, people on the mainland...not local people, but people on the mainland?

MR. JACHOWSKI: That's why it's so important to use other policies, like tax policy, to disincentivize that.

UNIDENTIFIED SPEAKER: . . .*(inaudible)*. . . leasehold. It's up to them, it's their obligation to help them. Their leases could be terminated. . . .*(inaudible)*. . . It's their obligation is to help the people. They could be terminated then they . . .*(inaudible)*. . .

UNIDENTIFIED SPEAKER: Recess.

CHAIR KAMA: Recess until 11:26. . . .*(gavel)*. . .

**RECESS:** 11:24 a.m.

**RECONVENE:** 11:26 a.m.

CHAIR KAMA: . . .*(gavel)*. . . The HLU Committee meeting will reconvene. It is 11:26 a.m., and we're back at Chair Lee.

COUNCILMEMBER LEE: All right. Just in case people were wondering what I was talking to Matt and Laks about, I did mention that a lot of us are open to compromise, and I was hoping that they would also be open to some kind of compromise. When...when you're dealing with nine different people, you're not dealing with the same, you know, people thinking alike. Everybody's different, and everybody has a different point of view. And so, I'm just saying that...are you open to compromise? And if so, along which lines?

MS. ABRAHAM: Thank you, Chair, for that question. Certainly, we're open to compromise. It just...it just depends on to what extent. If that compromise involves, you know, furthering the crisis, furthering the...the situation that we're in with local people not being able to access housing, then certainly, we would have to take that into consideration as the primary driver of our decision. However, we...we are open to compromises . . .*(timer sounds)*. . . that are going to allow people to purchase property here as local residents.

COUNCILMEMBER LEE: Thank you.

CHAIR KAMA: Thank you. Member Sugimura?

COUNCILMEMBER SUGIMURA: Thank you, Chair. So, in your letter, I think it was July 2nd, Ms. Blystone...Director Blystone, you mentioned...you brought up the 43 properties that are in the sea level rise area. So, can you speak to that, and what would that impact this project...or how would this impact this project, or this bill?

MS. BLYSTONE: Mahalo for your question. So, that was actually from our May 22nd letter, so it took us a second to...to track down the...to track down the answer. So, we provided

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you with a list of properties that were...had very minimal, so a smaller portion of the property would be affected. So, many of these structures had...or many of these properties have multiple structures on them. So, we...we kind of broke it down by that. I apologize, is...what was your specific question?

COUNCILMEMBER SUGIMURA: So, I think...

MS. BLYSTONE: And it's on page 6 of our May 22nd letter.

COUNCILMEMBER SUGIMURA: So, I have a July 2nd letter that I'm referencing. Could be wrong. But I think in it...July 2nd, 2023, this is from...yeah, Planning.

MS. BLYSTONE: What page?

COUNCILMEMBER SUGIMURA: And it is on page number 7. And you reference that there are...I'm going to put my glasses on.

MS. BLYSTONE: Oh, I'm so sorry.

COUNCILMEMBER SUGIMURA: We're moving forward with policy change that ends up not being effective due to the location of existing buildings near shoreline, and impacts of sea level rise/climate change. As noted in the answer number 4, the Department...oh, it is going back to May 22nd, 2025, response letter to HLU Committee. There are approximately 43 projects, representing approximately 2,404 units, that have some type of exposure to 3.2 feet shore level...sea level rise exposure area. The Council may consider the information during the policy decision. So, what is the impact of that to this Bill 9?

MS. BLYSTONE: So, it depends on what...thank you for your question. And it depends on what the Council chooses to...to impact, and how they want to use this information as part of your decision-making process. You could say that, you know, you want to set a threshold of how much exposure we want, or remove those...those buildings from the bill. It is really up to the Council to make that decision. We've provided you all the information we have, and...and...and it's up to you.

COUNCILMEMBER SUGIMURA: And so, you would have a list of those real property taxes that are impacted, the 43 projects?

MS. BLYSTONE: Yes. In order to create this list, we...to create the...the table that's on page 6 of the May 22nd letter, we did access that information. So, we can provide that if needed --

COUNCILMEMBER SUGIMURA: Okay. Thank you.

MS. BLYSTONE: -- the specific units.

COUNCILMEMBER SUGIMURA: Okay. Thank you very much. So, Chair, if you could ask for that information, or Staff could ask for that information of the real property tax of

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the...RPTs of the 43 properties...projects. And...and I guess that would be a policy decision, to include it or not. And I will tell you that one of the things that came to my mind is that we have come...projects have come before us asking us to possibly use the community facilities district to allow them to have...you know, the...the impact of the sea level rise not destroying their properties. And I just wonder...because we have heard from the community and, you know, a specific area, if we include those properties in...as...as part of this Bill 9, what does that mean in terms of future obligations that we would have with the CFD process? So, that was one of the questions I had. Because there was a huge cry from those...those particular projects, but I'm not too sure what all the 43 projects are. So, that...that was one that...appreciate, you know, the details. So, if you could provide more facts on that, and in relationship to what was discussed earlier, so you're saying that Bill 9 is one aspect of a solution, and that there are more to come. So, I think the reason why we have so many questions is, what is the more to come, you know? What other projects...and this Administration, this is all the leaders in the County of Maui. So, you must have talked about that before you proposed this, or you must have a comprehensive package that you're thinking of, and I wish you could...if you could share it with us.

MS. ABRAHAM: May I respond to that? Thank you, Chair. Thank you, Councilmember. Yes, we certainly did. As outlined in a letter dated July 1st . . .*(timer sounds)*. . . from our Director of Housing, he outlined specifically what our housing plan around addressing the housing crisis looks like, and also, how this specific bill fits into that picture. He did elaborate on specifically what programs would be utilized to support this bill as well. But I'll defer to our Director of Housing to elaborate further.

MR. MITCHELL: Thank you, Chair. Thank you, Laks. And thank you, Member Sugimura. Before I elaborate further, I'd like to supplement my supplemental response to your earlier question about the First-Time Homebuyers Program. The one piece I didn't discuss here, and I intended to put in writing, but since you asked me again during the recess, I will discuss here, was, what are the criteria for that program? And I think it's helpful to discuss it here because then everyone in...in the Chambers and watching the meeting can actually hear it. One, you must be a Maui County resident. Two, you must be a U.S. citizen. Three, 18 years or older. Four, you cannot be a previous first-time homebuyers grantee. Five, you must complete a homeowner education class. Six, the income eligibility is 140 percent of the area median income or less. Seven, you cannot have assets greater than \$75,000. Let me rephrase that. Must not have assets of \$75,000 or less [*sic*]. Eight, must not have 50 percent or greater interest in a fee simple or leasehold land at least three years prior to the application date that you're submitting for the program. And I can put those in writing, but those are the criteria. So...

COUNCILMEMBER PALTIN: Chair, point of information. You said you can't have assets \$75,000 or less?

MR. MITCHELL: Must not have assets of 70,000...75,000 or less. So, must have greater than...

UNIDENTIFIED SPEAKER: No.

MR. MITCHELL: Must not have assets of 75,000 or less [*sic*].

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COUNCILMEMBER PALTIN: So, if you don't have any assets, you don't qualify? Should be 75,000 or more.

CHAIR KAMA: Or more.

MR. MITCHELL: The phrasing of this is a little weird. It should have assets of 75,000 or more. The phrasing of it is weird here.

COUNCILMEMBER PALTIN: You mean to have assets of 75,000 or more to qualify for First-Time Homebuyers?

MR. MITCHELL: Correct. So...so, I'm looking at that element of the criteria, and...

COUNCILMEMBER PALTIN: I think we should check on that. Because --

CHAIR KAMA: That's a lot. I mean --

COUNCILMEMBER PALTIN: -- that doesn't --

CHAIR KAMA: -- that's over and above your paycheck.

COUNCILMEMBER PALTIN: -- makes sense.

MR. MITCHELL: Let me just make sure Staff got that to me correctly.

CHAIR KAMA: You want a recess, Mister...

MR. MITCHELL: The phrasing of it's a little weird. Must not have assets of 75,000 or less. I think it might be must have assets of 75,000 or less. You can't have assets of 75,000 or more.

COUNCILMEMBER PALTIN: Yeah, that makes better sense. Thank you.

MR. MITCHELL: I think that makes sense. But I'll clarify that clarification.

COUNCILMEMBER PALTIN: Thank you.

MR. MITCHELL: And the last one, I don't think there's any concern with that one. Must not have a 50 percent or greater interest in...in fee simple or leased...leasehold land at least three years prior to the application date that you're submitting for the program. Okay. Laks deferred to me on the broader discussion about the Administration's --

COUNCILMEMBER SUGIMURA: The broader plans.

MR. MITCHELL: -- broader program. The July 1 letter that I submitted describes several things, which I won't read here, but we've talked about, that the Bill 9 is part of a larger plan, and you need something to...as the hub, on which you're going to put the spokes

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of this wheel of other elements. In this July 1 letter, I referred to a suite of policy solutions. And before even Bill 9 was proposed, you may recall during last year, I was saying to the Council, in a variety of HLU meetings, this is not a rifle shot-type of action that we should take to solve the problem. We have to do a lot of different things. What you've heard today included maybe looking at, say, revising tax policy as a way of adjusting for homes that are empty. You increase the taxation for homes that are empty as a way of incentivizing getting more homes on the market. If you look at the letter I sent on July 1, that's included...that suggestion's included under Section 1, Suite of Policy Solutions. I mentioned land use changes to allow housing in commercial districts, which we've already done in part. The expansion of the accessory dwelling unit programs. The Council, in the last budget cycle, placed additional monies in the Office of Recovery for a similar program, you know, the one...similar to the one that's in the Department of Housing. I also indicated we should look at the greater use of deed restrictions. The Council, in the last cycle, passed a bill that allows for a voluntary deed restriction program. And that allows the County then to provide potential...or homeowners with funds, in exchange for deed restrictions, to...to take care of things in their home. Talked about the expansion of community land trusts. The continued acquisition of County land, where the County goes through the entitlement process and the infrastructure development. I talked about further County fee reductions for affordable housing developments. And there's a...there's a laundry list, which I...I won't rattle off here. I also, in Section 2, talked about the relationship between the economy and housing. It's really hard to fix the housing crisis if all we think we have to do is accelerate supply. If, by HUD standards, 75-plus of our community is in jobs that are low-income jobs--recreational, tourism, restaurant--with a market that's being stressed by outside buyers, you have to fix the economy as part of the challenge. You have to find ways to diversify the economy to make sure incomes are coming up commensurate with the way home costs are going up. I flag that here because that's a larger policy discussion that has to be had both here at the Council, and at the State Legislature. I alluded to...in Section 3, I listed all the various projects that we're funding through the Affordable Housing Fund and the General Fund, and that that's equating to approximately 1,200 affordable housing units. I then refer to, in Section 4, the TVR bill and its role, and itemize several jurisdictions across the nation that have gone through this challenge, and have weathered the storm of phasing out TVRs intentionally because of the impact to the community. And then finally, in Section 5, I talked about a variety of housing programs that we will need to adjust should Bill 9 pass. The Rental Assistance Program, the First-Time Homebuyers Program. Again, I alluded to voluntary deed restriction programs, the 'Ohana Assistance Program, and more. And in Section 6, we talked about the kama'āina housing priority that the Administration has been advancing. We talked about it in terms of infrastructure, and the need to deal with the infrastructure first. You cannot build unless you've got the infrastructure in place...unless you've got water, unless you've got sewer. It's really critical to make sure we have that as a priority. So, when we talk about this bill, this bill cannot be seen in isolation. And we're not proposing currently all the things that I've itemized in my letter for discussion today. We're saying they're all part of the act...because we have to continue focusing on in order to fix the housing crisis. And then finally, I ended by saying, and I'm going to use a metaphor, and the Councilmember will know who said it, that this is like filling a bucket with holes. We are trying to put housing in this bucket and fill this bucket up, and we have to plug the holes. And we know what a big hole is,

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and that big hole is the commodification of our housing market. It is a problem in communities, particularly high-tourism communities. So, we have to plug the hole so we can start fixing the housing crisis. Thank you.

COUNCILMEMBER SUGIMURA: Okay.

UNIDENTIFIED SPEAKERS: *(Applause)*

CHAIR KAMA: I'm going to ask the people in the galley [sic] not to snap their fingers or to clap, please. Thank you.

COUNCILMEMBER SUGIMURA: I don't know why the timer didn't go off.

CHAIR KAMA: Yes, go ahead. Sure.

MS. ABRAHAM: Thank you, Chair. I just wanted to add on to what Director Mitchell had mentioned, and just to point out very clearly that what we're asking you to do with Bill 9, this is not new. This has been done throughout the world. It has been done throughout the United States in places like Irvine, California; Vail, Colorado; South Lake Tahoe, California; and also Santa Monica, California. There is a roadmap in place with each one of these locations that have done this type of thing before. We are building and talking to many of those communities on the way that they implemented this type of legislation in their own communities, and trying to find a fit that will best meet the needs of our specific community here. So, the proof in the pudding exists. It's just that it requires the first step of passing this bill so we can start to piece together the process to be able to make this work for our community. Thank you.

CHAIR KAMA: Okay. Member Paltin, are you ready?

COUNCILMEMBER PALTIN: I'm ready, Chair. Thank you. And thank you, Mr. Mitchell.

CHAIR KAMA: But you only have five minutes this time.

COUNCILMEMBER PALTIN: Oh, only five minutes.

CHAIR KAMA: Yeah. . . .*(laughing)*. . .

COUNCILMEMBER PALTIN: Okay. Ready, set, first question for Ms. Ting. I'm sorry, I was driving. Did you provide a breakdown of bedroom sizes of units on the Minatoya list? And if so, would you mind repeating them?

MS. TING: Sure. I don't have bedroom sizes. Sorry, but it...it varies.

COUNCILMEMBER PALTIN: Yeah. No, I don't mind the sizes.

MS. TING: On the Minatoya list, studios, there are 671. Okay. One bedrooms, 4,349. Two bedrooms, 3,437. Three bedrooms, 453. Four bedrooms, 9.

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COUNCILMEMBER PALTIN: Thank you so much. And then I think my next question would be for Mr. Jachowski. Is it true that you said that one- and two-bedroom housing is in highest demand per FEMA, CNHA, and Maui Hale Match statistics?

MR. JACHOWSKI: Yeah, that's true. So, you actually have extensive testimony submitted by CNHA that speaks to this as well. But when they were trying to house fire survivors, you know, a big part of that application process was finding out what kind of housing people needed. And one- and two-bedroom housing was the most common housing sizes needed by the displaced families.

COUNCILMEMBER PALTIN: Is it also true that 72 percent of Maui households are one- to three-...one- to three-person households?

MR. JACHOWSKI: That is the data from the U.S. Census Bureau's American Community Survey, yes. And that's also been cited by UHERO as well.

COUNCILMEMBER PALTIN: And then in the presentation, it says there's approximately 13,000 TVR units on Maui, which...or Maui County, I'm not sure. But that's 21 percent of all the housing units. But there are 10,084 units that are actively listed, a delta of 2,916 units. Did you have data on that delta? How many are on the Minatoya list, and how many are not?

MR. JACHOWSKI: Oh, so we don't have that delta. The 10,000-ish actively-listed transient vacation rental units, that comes directly from our State Department of Business, Economic Development, and Tourism. They use a contractor to track what's being listed on Airbnb, Vrbo, and similar websites. And, you know, not all TVRs are listed for rental on every single day, which is why that 10,000 number is lower than the 13,000 number.

COUNCILMEMBER PALTIN: Got it. Thank you. And then I had a question on slide 54 of your presentation, where it says Minatoya complexes with owner-occupants, and it has 81 down to 73 percent based on like the decade or year. Those percentages, does it represent just whether a Minatoya complex has one owner-occupant in it?

MR. JACHOWSKI: Yeah, that's correct. So, we have property tax data that splits out these categories back to 1993. There's property tax data prior to 1993, it just doesn't split out the categories of owners, but...yeah. And the purpose of this data is to address the assertion that we've heard many times that no...no sane owner would want to live in these units. But actually, we have historical data that in over 80 percent of these units, at least as recently as 1993, and these numbers were probably higher earlier, right, because we know many of these units were built...well, they had to all be built before 1989, and many of them were built much earlier. Many of them had owner-occupants historically.

COUNCILMEMBER PALTIN: Okay. Thank you. I think my next question would be for Ms. Blystone. Is it fair to say that ordinances adopted in 2014 were the start of the codification of the Minatoya list?

MS. BLYSTONE: Yes.

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COUNCILMEMBER PALTIN: Okay.

MS. BLYSTONE: The whispering in my ear says yes.

COUNCILMEMBER PALTIN: Okay. The whispering in my ear says thank you.

UNIDENTIFIED SPEAKERS: . . .*(laughing)*. . .

COUNCILMEMBER PALTIN: And then, Mr. Jachowski, I'm...being familiar with computers and software and things like that, my...my research says that the Airbnb platform started in 2007, but it gained popularity from like 2011 through 2015. Do you know like when it became most popular here in Maui County?

MR. JACHOWSKI: Oh. I don't know when it became most popular in Maui County, but what we can do is we can look at the affordability of condo units over time, and we see that, in fact, condo units in South Maui . . .*(timer sounds)*. . . and West Maui used to be just as affordable as condo units in Central Maui. But then once you hit the mid-...like around 2005 and on, then all of a sudden...South Maui and West Maui, all of a sudden, the units became a lot more expensive, and they became a lot less affordable. So, clearly, there's an association with when Vrbo and...the timing of when Vrbo and Airbnb came online, and these condo units becoming less affordable than comparable units in Central Maui.

COUNCILMEMBER PALTIN: Thank you. Did you say 2015?

MS. JACHOWSKI: No, 2005 and post.

COUNCILMEMBER PALTIN: Oh, okay. Thank you. I heard the bell. Thank you, Chair.

CHAIR KAMA: Thank you. Member Johnson?

COUNCILMEMBER JOHNSON: Thank you, Chair. I have some questions, but I'm going to kind of start with kind of the way I've been looking at this issue. My mother, after she was a construction worker for many years, she became a nurse at the Cleveland Clinic, and it wasn't the best floor for her. It was the most extreme example of folks who were suffering with multiple medical conditions. You couldn't get on her floor if you only had cancer. You had to have cancer and a heart attack, and you had to have another problem. So, she had these extreme cases all the time. It really reminds me of the way our economy is now. We are not just a sickly economy, we have multiple issues wrong with our economy, multiple problems that's killing our...that's making our folks leave. But you prioritize, you triage...you...you triage, you...you...you take the first thing that's going to kill the patient immediately. And I really feel Bill 9 is that because we have to stop the bleeding. Our people are leaving. We have to stop the commodification. The prices keep going up, and they ain't going to stop going up. So, I think that's why this is a bill that I'm going to support. Okay. Now, my questions. About the economic diversity. Some of our Councilmembers have concerns about that. I'm the Chair of ADEPT, and the D in ADEPT is economic diversity. How are we preparing our



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South Maui and West Maui communities for folks who may lose their job? I know Ms. Abrahams [sic] talked about a transition period, the three- to five-year transition period. Are we doing job training programs? Are...shameless plug, Maui County's hiring. So, once again, the...the lack of teachers...schools are hiring. There are other jobs out there. So, I want to kind of find out what is our plan to diversify our economy in this three- to five-year transition? That would be either Ms. Abraham, I would...I think, or maybe Mr. Jachowski, or anyone who would like to address that.

MS. ABRAHAM: Thank you for that question, Councilmember. I...I would take the first part of your question with diversifying the economy. I just would like to point out, first of all, that we want to make sure that everyone understands that out of the 15,000 units on...the STR units, TVR units on Maui...in Maui County, if we were specifically to say that we were going to phase out, you know, 6,000, give or take, of those units, we also have to keep in mind that there's still another 9,000 units that can accommodate these type of jobs. So, arguably, those jobs would shift to possibly accommodating an increase in stays for those other units, the 9,000 remaining. The other thing that I'd like to point out is, many of these jobs are transferable to hotel positions. We have no shortage of job needs in the hotel industry. As you pointed out, here at the County, we have 700 vacancies as we speak. We are in an economy that does have many opportunities available. From a diversification viewpoint from this Administration, our goal is to diversify jobs in a direction that we are going to be creating futures that are more sustainable for our local residents, ideally pushing them into jobs such as the hotel...sorry, excuse me...the medical industry, agriculture, things that have a sustainable impact with our...with our community and our economy, but also will be able to...you know, also education --

COUNCILMEMBER JOHNSON: Yeah.

MS. ABRAHAM: -- would offer careers that would allow people the type of income that they need to be able to live and thrive here. So, while I do understand that there will be some...some of these potential 6,000 units that will have people displaced from positions, we do believe that with this type of diversification, which we are pushing through the Office of Economic Development, paired with the fact that there are jobs available in our community now, that we can address this transition.

COUNCILMEMBER JOHNSON: Thank you. Do you have...does the Department or Administration have a specific plan? Like these are the plans to diversify our economy, this is what we're going for? And if you don't have one, do you need funding to create a plan?

MS. ABRAHAM: Certainly. There...I would have to defer to the Office of Economic Development, and I'm sorry that I don't have that information for you, but if you'd like to put that in writing through --

COUNCILMEMBER JOHNSON: Sure.

MS. ABRAHAM: -- the Administration, we'd be happy to clarify further.

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COUNCILMEMBER JOHNSON: I just think we need resources for our people, and a big change, a big shift in our community. We can't just leave them hanging. So, I'd like to know concrete steps that we're going to be doing . . . *(timer sounds)*. . . to weather the storm that we're...we're going to be creating. Thank you so much. Thank you, Chair.

CHAIR KAMA: Thank you, Mr. Johnson. Member Rawlins-Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. Member Cook alluded to some amendments. Chair Lee mentioned some compromises, and I think it would really help us to focus our discussion and be more productive if we kind of moved on from just open-ended questions that can last for weeks, I'm sure. I think this will be my last round of questions, and I'd really like us to move on to discussing the proposed amendments that Councilmembers have in mind, including your own...including yours, Chair.

CHAIR KAMA: So, do you want us to do that now --

COUNCILMEMBER RAWLINS-FERNANDEZ: Sure.

CHAIR KAMA: -- to just check the temperature of --

COUNCILMEMBER RAWLINS-FERNANDEZ: I'm down to do it right now.

CHAIR KAMA: -- where the group is at? Okay. So, Members, what Member Rawlins was...was asking, that's what I was going to ask just before we break for lunch, is that, have you exhausted all of your questions, or do you feel like you still need to ask more questions before we enter into our deliberations and vote? Yes, Member...

UNIDENTIFIED SPEAKER: . . . *(inaudible)*. . .

COUNCILMEMBER COOK: And I'm the guy that talked about the mic. . . . *(laughing)*. . . I didn't even turn 'em on. I'm just so excited to be with you all. I would like to continue the questions, and the...and the spirit of the questions is really to...before we get into the discussion, and is to basically just sort of get in alignment with the Administration. I want to say that. It's not like a negative thing. So, the questions are...I have some more legal questions, I have some more zoning issues, I have some finance issues. I don't want to just be...you know, drag it out, ad nauseam *[sic]*, but this is really a big deal. I do have some proposed amendments, but I'd like to get a little better clarification from the Administration so that they can be more in alignment. So, I would prefer to continue the questioning after lunch, and approach the...

CHAIR KAMA: I think...I think...

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair, I didn't mean one or the other, that we --

CHAIR KAMA: Yeah.

COUNCILMEMBER RAWLINS-FERNANDEZ: -- stop asking questions --

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CHAIR KAMA: Yeah, yeah. I know.

COUNCILMEMBER RAWLINS-FERNANDEZ: -- because I think that we may have questions when proposed amendments are --

CHAIR KAMA: Yes.

COUNCILMEMBER RAWLINS-FERNANDEZ: -- brought up, and I...I...I don't want to excuse our panel.

CHAIR KAMA: Yeah. . . .*(inaudible)*. . .

COUNCILMEMBER RAWLINS-FERNANDEZ: I'd like our panel, sorry --

CHAIR KAMA: Yes, because they will need to . . .*(inaudible)*. . .

COUNCILMEMBER RAWLINS-FERNANDEZ: -- to remain with us, but instead of just...you know, it just really feels like it's lacking focus, and we can go down any rabbit hole, and I would like us to...bring us back to Bill 9. And then, you know, I know you can relate anything to housing and economics, and that's where some of the questions feel like it's going. And I'd...I'd like us to kind of like be a little more on task, and then, you know, kind of focus our questions a little more. And I think that's one way that we'd be able to focus our questions. So, when the proposed amendments, you know, are...are, you know, stated for everyone to discuss, we can ask our panelists the...the questions.

CHAIR KAMA: Okay. Member U'u-Hodgins comments, anything?

VICE-CHAIR U'U-HODGINS: I do have more questions about lending during litigation, as I said earlier, but I think we're going to go to lunch soon after Member --

CHAIR KAMA: Yeah. Yes. After...yes.

VICE-CHAIR U'U-HODGINS: -- Rawlins-Fernandez's...okay.

CHAIR KAMA: Well, I think we're going to go to lunch right after --

COUNCILMEMBER LEE: Now.

CHAIR KAMA: -- we finish this discussion. Member...Chair Lee?

COUNCILMEMBER LEE: I have many more questions.

CHAIR KAMA: . . .*(inaudible)*. . . Member Paltin?

COUNCILMEMBER PALTIN: Yes.

CHAIR KAMA: Member Johnson?

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COUNCILMEMBER PALTIN: Oh.

COUNCILMEMBER JOHNSON: Thank you, Chair.

CHAIR KAMA: Go ahead.

COUNCILMEMBER PALTIN: Well, if I have more questions?

CHAIR KAMA: Yes.

COUNCILMEMBER PALTIN: You know me, I can ask questions all day, but --

CHAIR KAMA: Yeah.

COUNCILMEMBER PALTIN: -- I'm...I'm okay to start discussions. Like sometimes, if other people ask questions --

CHAIR KAMA: Yeah.

COUNCILMEMBER PALTIN: -- it like sparks a burning question, but I'm okay to start discussion or whatever. You can --

CHAIR KAMA: Okay.

COUNCILMEMBER PALTIN: -- I don't know if you want to just have the people that still have just questions, shoot their questions, and then go into discussion or what, but I'm okay to start discussions.

CHAIR KAMA: Okay.

COUNCILMEMBER PALTIN: I...I could ask questions all day, but I won't.

CHAIR KAMA: . . .*(laughing)*. . . We won't hold you to that. Member Johnson?

COUNCILMEMBER JOHNSON: I'm ready to move forward, Chair.

CHAIR KAMA: Okay. Thank you. Okay. So, Members, we're going to take lunch at...by the time I finish talking, it'll be 12:00.

MR. MITCHELL: Chair?

CHAIR KAMA: Yes.

MR. MITCHELL: Remi here.

CHAIR KAMA: Yes. Oh, I'm sorry, go ahead.

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MR. MITCHELL: Clarify my clarification on my clarification.

CHAIR KAMA: Go ahead.

MR. MITCHELL: We're all collectively correct. You cannot have assets of more than 75,000. So...so, it's must be a Maui County resident, U.S. citizen, 18 years or older, not a previous first-time homebuyer's grantee, must complete the homeowner education class, income eligibility is 140 percent AMI or less, must not have assets of 75,000 or more, and must not have a 50 percent or greater interest in fee simple or leasehold land at least three years prior to the application date. There you go.

CHAIR KAMA: Okay. Thank you. Okay. So, Members, it is definitely 12:00, and we're going to recess our lunch break until 1:30. HLU is now in recess. . . .(gavel). . .

**RECESS:** 12:00 p.m.

**RECONVENE:** 1:31 p.m.

CHAIR KAMA: . . .(gavel). . . May the...may the recessed HLU Committee meeting of June 9th, 2025, come back to order. It is now 1:31 p.m. And I think we left off prior to lunch with Member Rawlins-Fernandez; is that correct?

COUNCILMEMBER RAWLINS-FERNANDEZ: Yes. Mahalo, Chair. Okay. All right. (pause) Okay. So, my next question is, and this one will be for Mr. Jachowski. He's there? Okay. Perfect. All right. So, I was briefly reminded that a lot of...the things that we've been hearing about the market comes from those worried about investor returns, which is not Council's kuleana. The focus should remain on the benefits of...what benefits the residents, and what is going to stabilize the housing market, as Director Mitchell mentioned before the recess. Earlier, Ms. Ting talked about a 20 percent reduction in the market, and this is also something that you touched upon in your presentation, which feels like decades ago now. Would you please refresh our memories on those points?

MR. JACHOWSKI: Yeah. Thanks, Councilmember. So, in terms of the recent reduction in prices, it's important to set our baseline. And the baseline that that reduction is based on is 2024, which is when we had the most expensive housing prices in history on Maui. If you rewind to the year 2020, right, right as we were entering the COVID, and you use that as a baseline, in just the first two years after 2020, these condo prices...these Bill 9 condo prices increased 50 percent in two years, and they've increased an additional 10 percent over that baseline since then. So, we have to understand that our past five years, five, six years of property price growth is pretty extraordinary in terms of our history of housing. These Bill 9 condos, if you go back just 10, 20 years, well, it's...it's already the case that these condos are the most affordable housing on Maui, but they have been the most affordable housing on Maui for decades. So, just referencing my earlier presentation, back in the first decade of the 2000s, 2000 to 2009, 50 percent of these condo sales on Maui were affordable to our local residents. That has since dropped in the past five years to only 21 percent of these sales being affordable to our residents, but you need to set that against our single-family home sales. Our

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single-family home sales, only 5 percent of our single-family home sales in West Maui and South Maui are affordable to our residents. So, these condos are the most affordable housing on the island, and they have been historically the most affordable housing on the island. And you just go to pre-COVID times, and they were significantly more affordable than they are today.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo. And then, you know, we're hearing about the...the...the AOA fees assessments, and that type of capital improvement projects are not unique to condo complexes. Any kind of home, single-family dwelling, would also need to cover, like, some of these costs as well?

MR. JACHOWSKI: Yeah. We just don't call them assessments when it's your single-family home. We...we just call it home maintenance. Yeah.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo. And then my next question is for Planning. Okay. Okay. So, Councilmember...oh, well, I guess Chair Lee described Bill 9 as kind of like a knee-jerk kind of, you know, not thought through. But in the transmittal that we received from the Planning Department, we have the TVR use in the Apartment Districts from page 4 through 6 that does a really thorough job of outlining the history of TVR use in the Apartment District. So, I appreciate that, that...you know, figuring out the balance that we're trying...well, that former councils, past councils, past administrations were trying to strike that...that balance of transient use and residential use in the Apartment District, which...you know, fast forward to today, there is no balance. There can't be a balance when, you know, the profits...the profit margins are...are too attractive, and too large. And in...on page 6, it, you know, outlines four different ordinances in 2020, 2021, 2022, 2023. I think that was probably from myself and Member Paltin in trying to, again, you know, regulate and...and find . . .(timer sounds). . . some kind of a way to ensure that our residents are able to live there as they once did. I did hear the...the timer, Chair. Is it still five minutes? My five minutes --

CHAIR KAMA: Yes.

COUNCILMEMBER RAWLINS-FERNANDEZ: -- feels very fast. I think I have a faster five minutes than...than the other Councilmembers. . . .(laughing). . .

CHAIR KAMA: . . .(laughing). . . Are you filing a complaint? Nah. No.

COUNCILMEMBER RAWLINS-FERNANDEZ: . . .(laughing). . . Mr. Krueger? But I guess I'll...I'll just pose the, you know, short end of the question, which is, was this like a knee-jerk kind of a reaction with the Administration, or is this something that was kind of on the radar for some time?

MS. BLYSTONE: Mahalo for your question, and I...I will be brief. But it was not a knee-jerk reaction at all. This is certainly something, just...even before I was Planning Director, that has been on my mind. Because as we have discussed, we can't build our way out of this problem, so we have to redistribute our resources, or redistribute our built environment to meet the need. And so, one of the ways to look at it--and frankly, the

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way the Planning Department thinks about this bill--is you are all deciding whether or not transient vacation rental is an appropriate use in the Apartment District. That's how Planning thinks about this bill. And what we're saying is that the Administration is saying, no, we don't think it's an appropriate use. Times have changed. And as you can see in the description that I...I cannot take credit for--Greg over here is an incredible detailed researcher, and found the entire history of this. And it has been on the Council's mind, that how do we...how do we balance our...our resources with our needs of our people? And so, it was not a knee-jerk reaction. This was something, certainly, that I had been thinking about, and the Administration had been thinking about for a while.

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

CHAIR KAMA: You're welcome. Member Cook?

COUNCILMEMBER COOK: Thank you, Chair. Talk about zoning. It was mentioned earlier, but I was curious. Have any properties ever been rezoned from Apartment to Hotel?

MS. BLYSTONE: We'd have to do some research to confirm...in the history of time?

COUNCILMEMBER COOK: Yeah.

MS. BLYSTONE: I...I...

COUNCILMEMBER COOK: No, but I'm just saying, it's not a common occurrence.

MS. BLYSTONE: No, but I...if I may --

COUNCILMEMBER COOK: Yeah.

MS. BLYSTONE: -- continue a little bit, it's not a common occurrence because of the back and forth that was talked about in our transmittal, that we were trying to figure out how to handle these transient vacation rentals. And up until this point, this is how we handled it, to answer that question.

COUNCILMEMBER COOK: Thanks. I mean, my understanding of a lot of these properties have...have evolved, like it was...you know, that's...that's, to me, the situation we're finding ourselves in. We have a community like South Maui. I mean, I remember when South Maui, there was hardly anything there, and it grew, and at one point in time, it was like the fastest-growing place in America or something. I mean, it really grew. And so, we're somewhat playing catch-up and refining. I think it's great that we're doing what we're doing. I'm just hoping that we can be...we can finesse it. And so, as far as rezoning...and you're the Planning Director --

MS. BLYSTONE: Last I checked.

COUNCILMEMBER COOK: -- how steep a hill is that?

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MS. BLYSTONE: For them to go through the rezoning process. Like I said earlier, I mean, I think there...there's...there's the harder way, and then there's the way that the Council can initiate. So, it really is going to be up to the applicant, though, to make the strongest case for why they should be rezoned, and then they have to prove that to you all, right? So, they have to prove it to a certain extent to the Planning Commission, but they just make a recommendation, and then they have to prove it to you all. If I may address your comment earlier, too, if that would be all right with you. So, part of the reason why South Maui grew so fast is because of the Kihei 701 Plan, right? In that plan, they identified all of these areas for growth. And if you look at that plan though, the areas for Hotel are smaller than the areas that have evolved to be transient vacation rental use. So, I just wanted to make that point to you, that the intention was for that to be predominantly Residential, not Hotel.

COUNCILMEMBER COOK: No. And I get it, that a lot of Canadian buyers, six months a year, renting it out when they're not here...but I mean, I get it. Okay. I guess for Ms. Ting, are...from your real estate experience, are you familiar with any of the properties in Kihei that were built when the hotels were built, for like employee housing? And I'm keying that into the...somebody told me something, that it was...the reason that a lot of the units have one stall, one...one parking stall, is because the hotel said, don't worry, we're going to shuttle people. So, I don't know if that's true or not, and it's like from the early '70s, but if you know of anything, let me know. If not, it's okay.

MS. TING: The only employee housing that I know of was Kilohana, and it's just totally changed. You know, people that worked at the hotel bought there, and they were houses, single-family residences. That's the only one I know.

COUNCILMEMBER COOK: Thank you. So, as far as the...as far as the taxes, you're great at taxing, a lot of taxation. You've always been able to answer these questions for us. It seems like we're serving up...there's so many variables to be able to predict...accurately predict and account for how much revenue we're going to have. That's one of the things that concerns me. So, doing it all at once is problematic. Do you think phasing it...what's...as far as what would make it easier for the tax office to be able to manage all this? I guess this is the case. How do you...what happens to taxation when there's people who are litigating and all of this flux, and if...if we're saying you can't be...use this in the future, is that a problem with taxing?

MS. MARTIN: Well, you know, we reassess every year. So, we will take a fresh look every year. And as long as the properties have the entitlement to do the TVR use, and they're doing the TVR use, they would be classified as TVR. At any point in time, these properties qualify for the home exemption and the long-term rental exemption. There was a question if someone lives on the property and then also rents it out short-term, that's Commercialized Residential . . .*(timer sounds)*. . . but when the amortization period ends, then they would be reclassified. And we've talked a lot about the properties either going vacant or becoming homes, but ideally, many of these will be long-term rentals as well, and they will meet kind of a gap need in that area.

COUNCILMEMBER COOK: My time's up. Thank you.



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CHAIR KAMA: Member U‘u-Hodgins?

VICE-CHAIR U‘U-HODGINS: Thank you, Chair. I do want to discuss that RR105C. And I said this the last time, I didn’t even get to it, but before I do, during our lunch recess, I had a quick discussion with Ms. Rego, and we talked about another property that also had a variance. I think that was...maybe on paper, it’s Kā’anapali Hale, but we call it Kā’anapali Villas.

UNIDENTIFIED SPEAKER: Yeah, Maui Kā’anapali Villas.

VICE-CHAIR U‘U-HODGINS: Maui Kā’anapali Villas. Did you guys had a...have a chance to look at that as well? Corp. Counsel, maybe Planning.

MS. TARNSTROM: Thank you for the question, Councilmember. I just wanted to note, before we get into the specifics, that the CD1 version of the Mayor’s bill would state...states that the right to do TVRs directly under the Zoning Code would be removed, but if you have other lawful authority to operate a transient vacation rental, that would still be respected and moved forward. So, if there are appropriate other lawful authorities, such as a short-term rental home permit, or a conditional use permit that people have, that wouldn’t be disturbed, but it would be removed from the Zoning Code. A variance might fall under that exact thing.

VICE-CHAIR U‘U-HODGINS: Okay. So, then the list you folks gave us that include Kū‘au Plaza and the Kā’anapali Villas then, should be removed because they are operating under a variance? They’re not going to be impacted by this decision, but by putting them on the list, it does create confusion.

MS. BLYSTONE: If I may?

VICE-CHAIR U‘U-HODGINS: Please.

MS. BLYSTONE: Mahalo for that...for that question. So, I’m going...I’m going to turn it over to the lawyers to answer specifically, but it’s really important to keep in mind that this is not a Minatoya list bill. This is about transient vacation rental use in the Apartment District.

VICE-CHAIR U‘U-HODGINS: Sure.

MS. BLYSTONE: So, the list doesn’t really matter. What really matters is whether or not there’s an existing...

VICE-CHAIR U‘U-HODGINS: Well, we are basing a lot of our decision on that list. So, regardless if it is Apartment District zoning, it is because of the Minatoya. So, I get what you’re saying, I do. Nonetheless, majority of our decisions are based on the Minatoya list. If not, we wouldn’t have said that name so many times. And I honestly...like I kind of feel bad right now because we’ve said Minatoya so many times. It’s become synonymous with removing housing from our local community. So, I hear you, I politely disagree because that is the basis of what we’re talking about. However, my question

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is then, if it's not impacted, are we going to remove it from the list, or what? Because we...we...we heard all of this. Are you guys going to reach out to Kā'anapali Villas and Kū'au Plaza, and be like, hey, I know you guys are on the list, but don't worry about it? Because right now, they're worried about it. And those might be the people that might sue us in a little bit.

MS. TARNSTROM: Thank you for the question. I don't imagine--this is not from a legal perspective--that we would reach out to them. It's up...the...the ordinance says what it says. If it doesn't apply to them, it won't apply to them. They will be able to establish they have a proper variance. They will tell us they have a proper variance. They will be operating under a distinct legal authority that is separate from just Title 19. So, I don't know if that answers your question. I have no control over the short-term occupancy list.

VICE-CHAIR U'U-HODGINS: I hear you. My...my concern with that is, that means we've had very little communication with the people and the...and the condo properties to get to where we're at then, if we didn't know that they had both variances. Which kind of brought up my other question that I had, is like what kind of due diligence do we have to kind of get to this point that we're not asking our local community to put their hard-earned money in buildings that are 30-something years old, that may be by the ocean, that may need all kinds of repair? And I hear what Member Rawlins-Fernandez is saying, and I don't disagree, like our homes also need repair. So, that part makes sense, except I cannot ask my dad to make a repair on a condo property. You know, we're not mowing our own lawn. I mean, we probably could, we could figure this out, and we could make a community situation where everybody takes turn to do your yard work, sure. But that's not what we're talking about when we talk about condo properties. I wish I didn't have to clean my own yard, but that's not what we're talking about right now. So, what kind of due diligence...like I really appreciated the SLR-XA comment, and your numbers there. I think then that equals up--oh, shoot, where did it go?--to about 39 properties that are in the significant or full. So, what should we do in those moments? Because it is so difficult to get a permit to fix up those things. If we are having a difficult time in litigation getting a mortgage, maybe this is a good time to ask our lenders and our bankers. If we are in a flood area, like 39 units . . . *(timer sounds)* . . . are, and they need a mortgage, and we're under litigation, how would they go about borrowing money--and I can wait for my answer, but I'm going to get the question out--how would they go about borrowing money, and then assessing their condo unit owners so that they could make necessary improvements to their building...if at all possible, if they get a flood permit? I think I might need to wait because I...I heard my bell, but that's like the third time I was trying to ask that question. But I think...like Member Rawlins-Fernandez, everybody else gets microwaved, treadmill minutes of five minutes, and then we get like two-and-a-half seconds. No, I'm just joking.

UNIDENTIFIED SPEAKER: . . . *(laughing)* . . .

UNIDENTIFIED SPEAKER: . . . *(inaudible)* . . . violin.

VICE-CHAIR U'U-HODGINS: . . . *(inaudible)* . . .

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CHAIR KAMA: . . .*(laughing)*. . . Mr. Sinenci?

COUNCILMEMBER SINENCI: Thank you, Chair. And I...I don't think I will use all my five minutes, so maybe you guys can use some of mine.

UNIDENTIFIED SPEAKERS: . . .*(laughing)*. . .

COUNCILMEMBER SINENCI: But we started this discussion this morning with just some of the legal aspects, and I did want to go back to Corporation Counsel. And again, I'm at that point where, okay, the reassurance, not just for myself, but for the public and our constituents, the...the validity, the strength of Bill 9, when it comes to what's the...the amortization period, how does that help in...in the strength of this bill? And I guess maybe some precedent set as far as takings. Are...are we...how much of that goes...I know it's a bunch, but whatever you can answer will reassure me.

MS. TARNSTROM: Thank you for the question. I'll also give Nāhulu an opportunity to speak. There's not a lot I can get into that's in open session regarding potential liability to the County. I can say that our Department has thoroughly reviewed this bill for the last year, and are confident that it's legal under the both State statute, under the Federal and State Constitution, under all existing precedent. We feel very clear on that. Of course, I feel like that's all I can really say in open session. I do want to make one comment, if...if I can use a little of your time, just about...this question about cloud on title. I just want to clarify, when we're talking about that, that's kind of a term of art that's related to a cloud of ownership or possession. And so, any old lawsuit doesn't necessarily go to ownership of possession. Homeowner associations are often in litigation. They can be in litigation for foreclosure. They can be in litigation to collect fines. There are lawyers that specifically work on HOA litigation. And so, just because there's one more suit does not mean that there's going to be a cloud on title. Since this is a land use question, it should not at all come on the ownership of the units or of the association. So, it shouldn't be considered a cloud on title, from my perspective. And I'm sorry to use your time to throw that in there. I just wanted to make that super clear for everyone.

COUNCILMEMBER SINENCI: Thank you. Thank you, Chair.

CHAIR KAMA: Good going. . . .*(laughing)*. . . Chair Lee?

COUNCILMEMBER LEE: Thank you. Okay. So, I wanted to ask Ms. Donna Ting again about the units in the 4 to \$600,000 range. Since you're active in real estate, how many have been on the market, and where? What parts of Maui?

MS. TING: Okay. I just did South Maui...South Maui and West.

COUNCILMEMBER LEE: Okay. Just those two then.

MS. TING: Yeah. So, right now, there's 173 units, they start at 129,900.

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COUNCILMEMBER LEE: Where?

MS. TING: In Lāhainā.

COUNCILMEMBER LEE: Okay. West Maui.

MS. TING: Yeah, West Maui. The high...highest days on the market is 748 days. The average is 132. The average sold is 477,790...that's the average price sold.

COUNCILMEMBER LEE: The average sales price?

MS. TING: Yeah.

COUNCILMEMBER LEE: Okay. So, do...do you also happen to know who's buying those units? Are they local residents? Are they from Oklahoma? I mean, you know where.

MS. TING: I just sold one from somebody from Oklahoma. . . .*(laughing)*. . . It's funny you should say that, with the dead armadillos. I would say it's a mixture. It's a mixture because a lot of local people that realize that rents are going up are purchasing them because of the tax advantage in buying. But everybody's sort of waiting for the interest rate to drop. I mean, I think that's why things have just sort of plateaued. Because it isn't easy to...to stomach that you're paying rent, \$3,000...and you're buying something, and you're going to be paying 4,300 even though it belongs to you. Some people have a hard time with that.

COUNCILMEMBER LEE: Well, is that the average amount, mortgage payment for 4,300?

MS. TING: Can...can...when...she's...can she help?

COUNCILMEMBER LEE: Sure.

MS. TING: Kara.

COUNCILMEMBER LEE: Sure.

MS. BELTRAN: Yes, 4,300 is pretty average for condominiums at that price point of 445 with 3 percent down payment, considering mortgage insurance taxes, HO6 coverage for . . .*(inaudible)*. . . and also budgeting \$1,000 for HOA because that's the average . . .*(inaudible)*. . .

COUNCILMEMBER LEE: Okay. I...I...you answered me...answered that question this morning, but did you also answer how much that person would have to make to be able to afford 4,300?

MS. BELTRAN: I actually worked it backwards from the area median income of 10...110,900. So, yes, 110,900 a year, or 94, 9,500 per month, puts you at being able to qualify for a \$4,300 mortgage payment at the prevailing rate of 6-1/2.

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COUNCILMEMBER LEE: Okay. So, have you done a lot of mortgages lately?

MS. BELTRAN: I've been doing mortgages for 40 years. I think I've closed over 5,000 transactions. Now...

COUNCILMEMBER LEE: Oh, okay. I didn't want your resume.

MS. BELTRAN: Oh. But in the past one year, we've seen quite a devastation to the numbers across the board--Countywide, Statewide, nationwide. So, my team...I do lead a team, and I purposely stopped originating so that my team could survive, right? Because you got to lead by example so that I'm not competing with my team. And I think last year, my team of one...two...three of us, we closed something like 30 units.

COUNCILMEMBER LEE: Okay. Because the...this proposal that we are under deliberation today, it has to do with...one of the main drivers of this proposal is to free up housing, yeah? So...

MS. BELTRAN: I understand. And...you know, I mean, I've been kind of sort of following this whole situation myself online through my friends and whatnot, and when I was asked to be here today as a resource, I thought, okay, I'm going to be there as a resource, and I'm just going to stick to the facts. So, as a resource, working things strictly from the area median, which is taking this area here on Maui and determining what's the...what's the midline base of income, it is 110. So, using that, if I were sitting across the table with Lāhainā families in order to pre-approve them, 50 percent of them will be above that...hallelujah, they'll be able to buy something, no problem. But the other 50 percent will be below that. They will lose ground. They will be the ones that will encounter problems. Earlier, Councilman Johnson was talking about the 321 (*phonetic*) buy-down. The thing about the 321 buy-down is that it decreases the payment at the onset, but that's not what we're allowed to qualify you at. We have to qualify you at the note rate. So, while . . .(*timer sounds*). . . reducing your payment might help you for one, two, three years, it doesn't matter. At the end of it you're going to have to repay it back. And most importantly, I love the idea of somehow, some way, if the County could defer the HOA dues. But in the eyes of all the agencies--Fannie Mae, Freddie Mac, FHA, USDA--I've asked the question...if we were to defer the HOA dues for 36 months and beyond, would we then be able to qualify the people without having to pull in the HOA? And the answer is no. You still got to qualify with that.

COUNCILMEMBER LEE: Okay. Oh, my time is up. But while we're waiting, be thinking along those lines on solutions. Okay. Thank you.

CHAIR KAMA: Good one. Member Sugimura?

COUNCILMEMBER SUGIMURA: I think all of us want to help, but it's...it's a big jump forward. I like having the mortgage people, the people who are in the business, here in the audience...I mean, as resource. Because you really know how to make it happen. And I wonder how difficult it will be for those who are testifying that we want housing, we want housing, and I wonder how many people are financially...have prepared for this moment. And...any suggestions?

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MS. BELTRAN: So, in the 40 years I've originated loans, I can honestly tell you that when I talk to like 100 people, only about maybe 15 of them will be ready. So, the odds are very...it just is, that's the way the numbers roll. So, if you're looking at, say, 2,000 families in Lāhainā that are going to be in need of a house, the real question is, whether or not the families of Lāhainā have begun to go through their pre-approval process. Because it takes the incubation period to nurture and incubate you to get you ready to purchase a home, on average, 6 to 12 months. And if you're absolutely not ready, and if you're starting from ground zero, it will take us, on minimum, 24 months to nurture and incubate you and get you ready. So, if we're talking about this whole situation here of getting these condominiums ready for you, the question is whether or not you're ready for home ownership, and whether or not you're ready for the condos. So, if you haven't been pre-approved, I'm going to encourage you to get with a mortgage loan originator ASAP, and get pre-approved. That, more than anything, is important. And when you're on social media and you hear loan originators, that's what we sing all day long, is get pre-approved. It costs you nothing. It's free. And any mortgage loan originator today would just absolutely fall in love with you if you came walking through their door. Because we're hungry for business. We want to help you. You know, Lāhainā people, you've always been special to us. So, don't hold back. Come talk stories. We want to help you guys get ready.

COUNCILMEMBER SUGIMURA: Financial literacy, right, is what you're talking?

MS. BELTRAN: Absolutely.

COUNCILMEMBER SUGIMURA: Very good. How does Bill 9 ensure fair access to housing for local families and workers? How does it ensure that?

UNIDENTIFIED SPEAKER: Who are you asking?

COUNCILMEMBER SUGIMURA: Whoever. I...I don't know if Laks wants to answer, but...

MS. ABRAHAM: I can do my best to answer that question, but...Chair, may I make a clarification based on the last --

CHAIR KAMA: Sure.

MS. ABRAHAM: -- point that was made? I just want to point out that phrasing of the proposal as one to free up housing is a mischaracterization. That phrasing tees up regulatory taking arguments. This bill's purpose is to transition TVRs...TVR use in Residential Districts. So, I just wanted to make that clarification, that we are not trying to free up housing. We are trying to transition land use here. So, I just wanted to make that point. And I'm sorry, Councilmember Sugimura, could you...could you repeat your question?

COUNCILMEMBER SUGIMURA: So, how does Bill 9 ensure fair access for local families and workers?

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MS. ABRAHAM: I mean, we don't have fair access. We are functioning in a world that has no fair access. So, ideally, what we're trying to do with Bill 9 is create a path that offers a compromise, I would say, to be able to get us to that point. We've been functioning for so long without fair access for our local residents. Bill 9 is an effort to bring compromise to the table to be able to house local residents in a situation where the...the contrast of that argument is that there is no housing for local residents. And that is the trajectory that we're headed on. So, respectfully, the goal here is to rebalance the playing field for local residents so they can access housing. So, I...I see this bill as a tool to be able to finally provide that opportunity in an environment where that...that option has far been gone for years and years. Basically, like the last ten years, it hasn't been a fair playing field. So, I see this bill as an opportunity to bring that balance back to local residents and to the market.

COUNCILMEMBER SUGIMURA: So, we still need to ensure that what the...the last speaker was talking about, having some kind of fair...I don't know what the word is, but ability to financially be able to afford it. And so, if we start...if we pass Bill 9 today, whatever it ends up to be, and now we have 6,172 units available, and everybody comes charging forward, how is...how are they going to have the ability to have a fairness and be...and take the steps forward to have the financial literacy . . . *(timer sounds)*. . . training, and all the things that are needed? What have we been doing?

MS. ABRAHAM: Thank you, Chair. I appreciate that question. Obviously, this is a concern for all of us. This is something that we've been focused on for the last year in prepping for this bill. Ideally, as we...we've mentioned, you know, this is just the first step. There will have to be other legislative proposals in place to be able to do that. We can't speak in black and white on what that path forward will look like because we're going to have to do that unified with the Council. We're going to collectively have to decide what that path forward will look like. What we're saying to you is, without passing this bill, there is no path forward. We're going to continue to be going in the same direction that we have for the last, you know, 20 years. And what we're asking is for the Council to collectively take that step with us, so we can work together to implement, you know, the list of options that Director Mitchell outlined in his letter as far as different types of programs. Some that already exist and have shown successful, such as the Deferred Loan Program, the Rental Assistance Programs...programs like that that we can leverage to actually get people into these homes. And I just wanted to make one other point regarding the association fees and the maintenance fees. I think we collectively have to understand that Maui's overall housing stock is old, across the board. Most of these homes across the board were built in the 1980s. So, whether you're looking at condo maintenance, or you're looking at single-family home maintenance, those costs are a burden for anybody trying to be a homeowner. And what we're...what we're doing is...Bill 9 does look at the fact, you know, obviously, that the maintenance is going to be a challenge. But any...getting people into any type of home right now on Maui, those fees are associated. So, whether it's single-family homes or condos, that's going to be a challenge that we're going to have to look at. We're going to have to work collectively with the Council to be able to come up with programs that are able to address those type of...of fees and...and costs. But again, today is the first step. We have...if this bill passes in the form that it's in, we're going to have three years to be able to figure out what those next steps will look like. And what I can tell you, again and again, is that

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this has been done in other communities. That there is a path forward. We can figure out how to do this collectively. While we can't give you in black and white, you know, exactly what that path will look like, we know that there are tools in place to be able to make this work possible.

COUNCILMEMBER SUGIMURA: Thank you. I have...oh, go ahead, Matt.

MR. JACHOWSKI: Let me just add to that. You know, one of the silver linings of the fire as well is that we've seen a lot of community orgs step up and help with a lot of these housing issues. We have entities like Hawai'i Community Lending, Hawai'i Community Assets, Council for Native Hawaiian Advancement, that have done a lot of these things around like helping people financially prepare, and know what they need to know. And that's one of the...the benefits we'll have moving into a new opportunity like this, is there's already orgs on the ground working with our local community members.

COUNCILMEMBER SUGIMURA: Good.

MS. ABRAHAM: And I would just like to add, if I may, part of the reason why we asked...asked Jeff Gilbreath to be here today is because we are looking at those opportunities to provide ways to get people into these...these type of units. We are looking at those type of programs to be able to find pathways to get people into these units. And as you heard from Mr. Gilbreath earlier, there is a path forward. There are programs in place, and also collaborative programs that we can put in place to put people into these units. So, if we provide the path, there is a way forward.

COUNCILMEMBER SUGIMURA: Thank you for letting me go over my time, Chair.

CHAIR KAMA: Member Paltin?

COUNCILMEMBER PALTIN: Thank you, Chair. My questions will probably be for Ms. Tarnstrom and Mr. Nunokawa. So, the first question I had was going to be a standing question because I heard that Members have amendments proposed. And so, any amendment that gets proposed, my question is going to be, does this make...does the amendment make the bill more easy to defend legally, or harder to defend legally? And if it makes it harder to defend legally, is there another way that we could achieve what the goal is, rather than providing that amendment? So, that's a...going to be a standing question of mine on any amendment that's proposed. The second question I had...I believe it could have been 2019 or 2022 when we made the cap for short-term rental on Moloka'i to be zero within a phase-out period. One of the things that we needed to do was align it with the tax period. Okay, I lied. Maybe this is a question for Ms. Martin. Does this bill currently phase-out period of three years or whatever it is, should we provide a date certain for your assessment purposes in the three years so that it aligns with assessed tax schemes and things, if that's the right word?

MS. MARTIN: That is a relevant consideration. So, assessments as...are as of January 1. So, if a phase-out was, say, August, you know, four months of the tax year, they wouldn't be allowed the entitlement, but you're assessed as of January 1. So, I would consider that in language.



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COUNCILMEMBER PALTIN: So, we should align the phase-out to whatever amount of years, but date certain January 1 to make the assessment period accurate?

MS. MARTIN: Yes. Let me think about if it should be December 31.

COUNCILMEMBER PALTIN: Or maybe Ms. Tarnstrom. Because isn't that something that we did when we did the Moloka'i cap at zero? We tried to align it so that the assessment...or was that not you, lawyer?

MS. TARNSTROM: . . .*(laughing)*. . . Oh, thank you for the question. The...the Moloka'i action with the zero cap on short-term rental home permits, that allowed each permit to sunset out and not be renewed. So, it allowed the full term of the permit, and just stated that they couldn't be removed *[sic]*. And all of those permits ended before the end of that, of whatever year it was. So, the timeline was set at December 31st of that year so that it would encapsulate every existing permit on Moloka'i to sunset out by that time. So, it wasn't technically a phase-out, but it was arranged so that each permit got its full life, if that helps. And I can speak to the amendments, but I can let Marcy finish.

COUNCILMEMBER PALTIN: So, December 31?

MS. MARTIN: I do remember that situation. So, I think that...that new land use should be effective January 1 so that the assessment is clear, and it's, you know, easier for the taxpayer to plan and --

COUNCILMEMBER PALTIN: Okay.

MS. MARTIN: -- more closely aligned with...the taxes will be aligned with the use.

COUNCILMEMBER PALTIN: Okay. So, three years, whatever, two years, four years, five years, January 1st? Okay. And then when we did the zero cap on Moloka'i, we did get sued. When did the lawsuit start? As soon as the bill passed second reading?

MS. TARNSTROM: Thank you for that question. I should look that up. I did represent the County in that suit, and we were successful, but I don't remember the timeline of exactly when they sued.

COUNCILMEMBER PALTIN: Good job.

MS. TARNSTROM: Yeah. Thank you. . . .*(laughing)*. . .

COUNCILMEMBER PALTIN: I'm going to get some cookies for you because I have some.

MS. TARNSTROM: Do you want an answer on the amendments question? Okay. Great. So, that is a very broad question. I understand you want to make it a standing question as amendments are considered. Whether or not it weakens the bill and its defensiveness will depend on the amendment. If it's a simple amendment, such as changing the time, or items that were contemplated by the Maui Planning Commission, those...those are

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tweaks to the bill, if you will, and that probably wouldn't be a problem. Anything more elaborate than that would probably require . . . *(timer sounds)*. . . a really close look. And so, I don't want to get into examples of what may or may not happen on amendments, but there are amendments out there that...that would make it harder to defend, yes.

COUNCILMEMBER PALTIN: Okay. Thank you. I just wanted to state that felt like a full five minutes for me.

CHAIR KAMA: . . . *(laughing)*. . . Thank you for that. Member Johnson?

COUNCILMEMBER JOHNSON: Thank you, Chair. Just to clarify, I wasn't talking about the 321 buy-down. I'm talking about a permanent buy-down until...if that unit actually was sold, then there would be like a grant that...that would come back to the County, and we would issue it out again. And I want...I want to kind of bring up Mr. Gilbreath, and maybe you can speak on...on that kind of model. Does that...does that work? Is that a thing that is done in practice? It's not just only the 321 model being one of the options on the table.

MR. GILBREATH: Yeah. Thank you, Councilmember. Yes, it's a permanent buy-down. You buy points, essentially. That's what we did in Hawai'i County. It wasn't...there's 321, there's 21, there's 10, there's all kinds of...but the permanent buy-down is where you get to the position where you can qualify the individual based on their income, and you're not dealing with the...the issue that was spoken of previously.

COUNCILMEMBER JOHNSON: Thank you, Mr. Gilbreath. You know, it's...for me, it's a philosophical thing, that the County should be a type of investor, but not as a financial return, but in a community return. I don't mind the County putting a chunk of change on someone's down payment if that money keeps those people here. And at the end of the day, if they do sell, it comes back to the County, and we just keep doing that. That sounds wonderful. As far as the financial literacy that seems to be pop...popping up, like I don't want to get...I don't want to shake the cage here, but it's not the people's fault that they can't get the homes because they can't fill out the financial forms. It's because the branch is too tall. The money they're asking for that house is too much. I...I come from Section 8 housing. Before I was a Councilmember, I was living in low-income housing, and I didn't take no classes on that because I knew the houses were out of my range. Why would I take a class, and just feel worse about myself? So, I just didn't. And that's why I think the financial literacy classes are for those folks who are ready, and that unfortunately, because of the system we're in, and the cost of living here, those folks who are ready are leaving. And they'll go to Vegas, and it'll be a whole lot easier for them. So, I think...I don't want the financial literacy class to be, ta-da, we solved all your problems, go take class, now you get the house.

MR. GILBREATH: Yeah. I mean, I think you hit it on the head. Financial literacy is a great tool, but if you got to come up with 100 or \$200,000 to buy that home, or that unit --

COUNCILMEMBER JOHNSON: . . . *(inaudible)*. . .

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MR. GILBREATH: -- it don't matter how much budgeting you've done. It doesn't matter how many workshops you've gone through.

COUNCILMEMBER JOHNSON: Right.

MR. GILBREATH: It is a good tool...absolutely is a good tool. But to your point, like if you don't have the cash in this high-cost market, don't matter.

COUNCILMEMBER JOHNSON: Yeah. Yeah. That's...that was what I wanted to bring up. Thank you, Mr. Gilbreath.

MR. GILBREATH: Sure.

COUNCILMEMBER JOHNSON: Chair, I...I have more time, but I...I don't think I'm going to use it. I...I don't want to keep responding to the conversations as they come along. I think I'm ready to move on to amendments. That's just my two cents. And I think, from what I'm understanding, according to lawyers, the less amendments, the better, is what I'm hearing. Unless there's something out there that...I'm willing to hear, but I'm just going to say that for the record. I want this bill to be strong when it comes out, and I don't want it watered down. Just saying that. So, I'm done. Thank you so much, Chair.

CHAIR KAMA: Member Rawlins-Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. I'm with Member Johnson. I'd like us to move forward. I have a last couple questions for Planning Department. Okay. So, the section that Member Paltin referred to was actually a bill that she introduced, and that's 12...19.12.025. And that was...that section is being proposed to be repealed, where 100 percent of the residents or unit owners in a complex agree to transition or convert from TVR to Residential. I don't think anyone's . . . *(laughing)*. . . used that section since it was passed, I think, maybe two years ago, three years ago...three. It was...

UNIDENTIFIED SPEAKER: . . . *(inaudible)*. . .

COUNCILMEMBER RAWLINS-FERNANDEZ: It was...it was a good effort, and a precursor to this bill. So, I think some of the questions are coming from the assumption that there would be a flood, or a rush for a Change in Zoning initiated by either the Councilmembers or the property owners. From what you've observed up until this point, are there any indications that that is an assumption that's warranted?

MS. BLYSTONE: Mahalo for your question. So, I...I would say that we have gotten a lot of inquiries about the process, for sure, but that is not necessarily equal to folks coming in to do the actual process. They want to understand what their process is, and that's totally fine. There is...I'm going to turn it over to our attorneys to talk through like the...the threshold for when they would be able to go through the process because that's based on their...as far as like the number or the percentage of...of folks agreeing to participate in the process. We have had discussions about that. And I'm...

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COUNCILMEMBER RAWLINS-FERNANDEZ: Oh, it's okay.

MS. BLYSTONE: Okay. If you want that, you can have that.

COUNCILMEMBER RAWLINS-FERNANDEZ: I just wanted the indication of what you are seeing and hearing.

MS. BLYSTONE: Several questions, but no actual movement yet.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. And then...so 19.12.010, purpose and intent of the Apartment zone district. The purpose...A, the purpose of the Apartment District...districts are to provide higher-density housing options than the Residential and Duplex districts. Multiple-family apartment districts are generally established within or near urban core of a town to provide residents with access to jobs, services, amenities, and transportation. So, what you were saying earlier about, do we want the Apartment District to be for residential use, for our community to live there, and not just an extension of the Hotel use, that's the question of Bill 9. And that's...and that's what the purpose and intent of the Apartment District states in our Code right now. And in 1970, the Kihei 701 Civic Development Plan--mahalo, Ms. Rego, for that--it starts off by saying, since World War II, Hawai'i has seen its tourist industry grow from a trickle of activity immediately after the war into a flood that many today believe threatens the survival of the State as a desirable place to visit, and a reasonable place to live. And this was in 1970. They already saw what was happening. And now, here we are in 2025, trying to course-correct. So, Apartment District for residential use, that's what Administration is saying.

MS. BLYSTONE: Yeah. So, it is very clear in the purpose and intent what the purpose and intent of the Apartment District is. And it's not dissimilar from every apartment district in every area across the country, across the world. It is intended for residents. And it says that multiple times.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Director. And Mr. Jachowski, I know we've talked a lot about home ownership, and whether local folks will be able to afford these, especially after the pandemic, when it just artificially inflated our market, pricing our people out. Is owner-occupied the only option here?

MR. JACHOWSKI: Yeah. So, there's...there's three ways you can use these units right now, right? You can be owner-occupied, you can be a TVR, or you can be a long-term rental. If Bill 9 passes, we're just removing the TVR usage. So, that means, you know, these units must either be...well, they must either be owner-occupied, long-term rental, or left empty as a second home, right? And that's where the Council can step in and address this...this third issue. Because we don't want to leave them empty as second homes . . . *(timer sounds)* . . . that doesn't help anyone. But it's not the case that locals have to buy all these units, right? With...with the appropriate tax incentive, the only two options are going to be owner-occupied and long-term rentals. So, we have to keep in mind that long-term renting is a reasonable and desirable outcome as well for these units.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Mr. Jachowski. Mahalo, Chair.

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CHAIR KAMA: Mr. Cook?

COUNCILMEMBER COOK: Thank you, Chair. I just want to...what Laks and the Administration is saying, I really liked what you said. We want this bill to be...we want it to pass. We want it to be effective, we want it to work. So, I'm just saying, I want to convey to everybody, that's my intent. My concern is the question marks as far as like...and this is what I want to ask about like zoning. We have the Wailea-Kā'anapali areas that are Resort, multiple codes, multiple zoning. Is that a problem with us doing an amendment for those? The ones in the sea level rise that have a shelf...what I would call a shelf life...high maintenance, high expense costs, and places where...you know, managed retreat, we're going...we're not going to be pushing people from multifamily...multigenerational housing into it. It's not going to be there. So, I'm just trying to get a handle on the path forward so that we can accomplish these goals. Because those properties generate the taxes that we can use to supplement rentals, to supplement purchases, to buy ground leases, to do all of these things we want to do to basically assist our local population that they...with the wage structure the way it is now, it isn't really an option. And so, we can, and I would be really supportive of, enabling people to have a rental for a couple of years that's subsidized. And during that time, they could qualify for home ownership, et cetera, et cetera. My concern is having a large quantity of properties that are going to be sold, and even if they're high tax for vacant home, they're not going to be equal to or close to the existing tax base that we're generating now. So, I just want to say it. I want people in homes, but I hesitate to be supportive of jumping off a cliff, having faith that this is going to work out. So, can you help me with that?

MS. ABRAHAM: Sure, I'll take a stab at it first. Thank you, Councilmember, for the question. First, I just want to point out the fact that the reason that we're trying to pass this bill in the state that it's in, and keep it very clean, is because obviously we want to be able to defend this bill if litigation were to occur. And the cleaner we keep it, the more viable it will be for us to be able to defend it in...in the court of law. The other piece that I want to point out is that we keep going back to the taxes, which we're talking about, you know, just to revisit the number, about \$60 million of perceived tax revenue that would be lost. That's also made with the assumption that that wouldn't be recouped in a different bracket, such as long-term housing, non-owner-occupied, what be it. And I think Director Martin could elaborate on that a little bit more. But to keep in mind that we are positioned financially to be able to absorb that and continue to move forward. And also, to keep in mind that the amount of money that we're...we're...we're talking about, that \$60 million, would just essentially take us back to the year prior's budget, a budget that we functioned in with that amount of money. Those cuts are possible. We could do that if we had to. But two facts to keep in mind. One, we are financially prudent to be able to absorb that loss; and two, we certainly have ways that we could recoup that funding. I think Director Mitchell...sorry, Director Martin touched on that in her presentation. We have many ways that we could adjust tax amendments, just as we did at the end of the budget session this year, to be able to accommodate that...that...that amount of money. So, it's possible.

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COUNCILMEMBER COOK: I...you've...you've done a good job addressing the County's ability to basically do that. My challenge is the...the people who live in South Maui--the stores, the shops--just like grassroots stuff. I'm not talking about people who are cleaning sheets and mowing yards. It's the...our economy in South Maui, to a great extent, is integrated into what we currently have. And to make a transition, a transition's great, but it needs to be...I think it needs to be phased in. And if it's properties that aren't going to be, you know, applicable to meet our housing needs, lumping...I understand lumping them together for the legality...legal aspects, so that's why I'm kind of asking how...if there's a way to finesse that at all during our amendments. Because I would like to be able to move forward with this, but doing it all and just turning...telling everybody, yeah, too bad, so sad, you just...you got this...you know, if there's not a path forward, I feel like I've failed my community.

MS. ABRAHAM: Councilmember, thank you for the question. I'll take a stab, and then I'll pass it over to you. First of all, I would say, as the Administration, we have the same shared concerns as you do. Obviously . . .*(timer sounds)*. . . the economic impacts are something that, you know, we've thought about a lot. We want to ensure that as...as few people are hurt by the transition of this bill. We want the...the greater good to be impacted, and to be able to benefit from this bill. So, keeping in mind that we recognize that there will be impacts, I have to go back to my earlier answer in the sense that there will be a transition period where there will be a transition from tourists in those areas to local residents that will be able to sustain those businesses. I think that's a very important point that we have to pay attention to. Those businesses may...there may be a down period that they might have to get through, but essentially, once we're able to put local people into these units, they will be accessing the same stores, the same restaurants, the same vendors in that...in that area to sustain that economy. And...and also, important to factor that that type of support economically is much more sustainable, it's long-term, and it's viable for the future of our community. And then I'll pass it over to Kate.

COUNCILMEMBER COOK: If...if...my time's going to run out. Did that bell ring yet?

MS. BLYSTONE: It did.

CHAIR KAMA: Yes.

COUNCILMEMBER COOK: Okay. Go ahead.

MS. BLYSTONE: May I just add a couple plan-ery...plan-ery things, if I can. I'm so sorry. You asked these questions. But, you know, just to tack on to what Laks was saying, that you know, a 24-hour community, 365-day community is a more economically sustainable community. There's no slow times when you have residents living in those areas. So, there's no slow time period. So, that's important. From a Planning perspective we think about that as we want a 365-day community. But I think there's a...there's a habit in legislation that I just want to point out. There is no one bill to rule them all. And so, changing...making changes to...to this bill...you certainly can. And I'm certain we're going to go through many, many iterations of...through the conversation. But we are not jumping off a cliff, as you said. The bill that...that is

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before you, with the amendment that we've discussed, the...the three-year phase-out period is a time period to make other adjustments. If we say, okay, actually, these ones in the sea level rise exposure area, we don't want those to be part of this. We can go through the zoning...the Change in Zoning process if there's the will of the Council to do that, right? So, there are processes that we can do. And I don't think we have to do one bill to rule them all. That's the last thing I wanted to say. Mahalo.

COUNCILMEMBER JOHNSON: Chair, can I jump in for a point of information?

CHAIR KAMA: Sure.

COUNCILMEMBER JOHNSON: It's just to address him. I...it won't take long.

CHAIR KAMA: Yeah.

COUNCILMEMBER JOHNSON: This is just a point of information. We talk about that 60 million loss in tax revenue. I understand Councilmember Cook's concern. If we did a vacancy tax--and this is a PAF by OCS--the tax collected in the first year would be 19 million. Year two would be 36 million. Year three would be 31 million. So, that's not even touching any of the other type of taxes. But if we did institute a vacancy tax for those folks who leave it vacant, we can catch up. So, I just wanted to throw that for a point of information for you. Thank you, Chair.

CHAIR KAMA: Okay. Member U'u-Hodgins?

VICE-CHAIR U'U-HODGINS: Thank you. Thank you, Chair. I'm going to make something clear first. I don't disagree that TVR ownership shouldn't happen in Apartment Districts, which is why we're not talking about an apartment building made yesterday, or tomorrow. We're talking about ones that was built before 1989, which is why the Code reflects exactly that. So, it is a little bit muddy, which is why we're working through all of this stuff. Can I...Director Blystone, you just...I need to understand how this is going to work. So, during our anticipated phase-out year, whether...whatever it is...if it's one year as originally proposed, three as it's currently proposed by Mayor, or five as it's proposed by us, that's when you folks are going to do better due diligence to figure out what, if any, needs to be removed, or during our time when we're getting sued? How is this going to work, as you just described to Member Cook?

MS. BLYSTONE: Mahalo for your question. So, I think it's a policy decision of the Council to decide if there are certain types of...of units that need to be removed --

VICE-CHAIR U'U-HODGINS: Okay.

MS. BLYSTONE: -- from this.

VICE-CHAIR U'U-HODGINS: Okay.

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MS. BLYSTONE: And I don't...my...my comment was, this is probably not the time to do that, that other times would be appropriate. And we would...the Planning Department would happily be able to process those changes to our...

VICE-CHAIR U'U-HODGINS: So, we're going to pass this bill, and then continue to work and massage this current bill? Or...what . . . *(inaudible)*. . .

MS. BLYSTONE: No, it would...we would make additional changes to the...so we would...what I was proposing, and when I said that, I apologize --

VICE-CHAIR U'U-HODGINS: Yeah.

MS. BLYSTONE: -- for not being clear --

VICE-CHAIR U'U-HODGINS: No, no, that's okay. And I just want to understand what you mean.

MS. BLYSTONE: -- was changes to our actual...the zoning on those properties. So, if you said we want everything in the sea level rise exposure area to remain Hotel, then we would come in with a bill to change everything to Hotel. Does that make sense?

VICE-CHAIR U'U-HODGINS: Maybe not all of them, but maybe --

MS. BLYSTONE: Well, that's exactly --

VICE-CHAIR U'U-HODGINS: -- the ones that are like full.

MS. BLYSTONE: -- point. Yeah.

VICE-CHAIR U'U-HODGINS: Okay.

MS. BLYSTONE: Yeah.

VICE-CHAIR U'U-HODGINS: Okay.

MS. BLYSTONE: Mahalo.

VICE-CHAIR U'U-HODGINS: Thank you. I got your email, Ms. Beltran. I couldn't open it, because I'm not in your guys' network, for the...that RR105C.

MS. BELTRAN: I...I did email U'i *(phonetic)* to try to resend it to you in a PDF format, so hopefully that . . . *(inaudible)*. . . soon.

VICE-CHAIR U'U-HODGINS: Okay. I tried to open that one too, and it didn't work.

MS. BELTRAN: We'll fax it to you...just kidding.



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VICE-CHAIR U‘U-HODGINS: I wish I had a fax. But I wonder if you can provide us a little bit information of what is in that report, and then I would like to know if this Administration has been...has access to these reports, and if we could have access to these reports, so we could see what kind of assessments will be put on these property potential owners, or the existing owners for long-term rental. Because we would have to assume, even if you rent it out, and there’s an assessment on the property to do whatever--a wall, as described earlier--then somebody has to pay it.

MS. BELTRAN: Correct. So, there’s a couple of different things that you can do. You can go and get a blank one online just by searching around. You might --

VICE-CHAIR U‘U-HODGINS: Okay. I’ll do that right now.

MS. BELTRAN: -- stumble across somebody’s website, wherein you can obtain a blank RR105C.

VICE-CHAIR U‘U-HODGINS: Okay.

MS. BELTRAN: Aside from that, you can actually go to the website, so the various condominium AOA’s, or HOA’s, and you can click on it, and order an RR105C.

VICE-CHAIR U‘U-HODGINS: Okay.

MS. BELTRAN: It’ll charge you anywhere from 185 to \$250, just for the RR105C itself.

VICE-CHAIR U‘U-HODGINS: Okay.

MS. BELTRAN: It’s an important form because it asks a bunch of questions. It asks you how many units there are. It’ll...it’ll ask you if there’s...you know, if there’s additional phasing. It wants to know whether or not there’s multiple entities that own it...because Fannie and Freddie don’t want to loan on more than anyone that owns 10 percent or more, single entity. It also asks questions like, is there litigation? And they ask if it’s pending...pardon me...they’ll ask if it’s pending or active. So, they know how to ask these questions, right?

VICE-CHAIR U‘U-HODGINS: Okay.

MS. BELTRAN: And then we got to go chase all that information down.

VICE-CHAIR U‘U-HODGINS: Okay.

MS. BELTRAN: They’ll...they’ll...they’ll ask you whether or not the HOA’s got delinquencies, and how many delinquencies are there. Because if it’s 15 percent or more delinquency, they don’t want it. So, the thing about financing is that you’ve got two completely different buckets, right? You’ve got the bucket that’s supported by the government agency. So, Fannie Mae, Freddie Mac, FHA, US...all of those guys. They have their own set of rules. And if it cannot fly there, then your creative MLO is going to take you and put you in this other bucket. These are what we call nonconforming, nonagency,

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non-QM. And they break the rules...or they bend the rules, right? We love our local banks because our local banks, they're banks. I don't think a lot of people know this, but banks, only 10 percent about of their business is mortgage. 90 percent of it is all the other stuff that they make --

VICE-CHAIR U'U-HODGINS: Okay.

MS. BELTRAN: -- a ton of money with.

VICE-CHAIR U'U-HODGINS: Okay.

MS. BELTRAN: So, they're able to be very flexible with mortgages.

VICE-CHAIR U'U-HODGINS: Okay. Good to know.

MS. BELTRAN: They have portfolio loans. I think Jeff --

VICE-CHAIR U'U-HODGINS: Yeah.

MS. BELTRAN: -- talked about it earlier. He made reference to portfolio lending.

VICE-CHAIR U'U-HODGINS: Yeah.

MS. BELTRAN: They're not going to sell it to anybody. They're going to keep it.  
...*(timer sounds)*...

VICE-CHAIR U'U-HODGINS: Okay. Thank you.

MS. BELTRAN: So, there's opportunity there.

VICE-CHAIR U'U-HODGINS: I appreciate that. Did we do any of that? Do we have any RR105C's information for these condo properties? Do we know? Anybody? And the answer can be no.

CHAIR KAMA: ...*(inaudible)*... the answer is...

VICE-CHAIR U'U-HODGINS: So, we don't...we don't have that information?

MS. BLYSTONE: We do not have that information in Planning.

VICE-CHAIR U'U-HODGINS: Okay. Thank you. My concern is, as we just described, the other options that are available. So, not only is lending difficult if somebody was to buy a home, even if they're ready. And I know that our people have the way and the will to figure it out. But if they have to rent and they can't, they need to figure out how to make property changes, and they need to do some sort of...I don't know if any of the ones that by the ocean can do it, wall, like as we described. But they have to replace their plumbing, then that cost gets put on somebody. And so, if they're unable to mortgage...the AOA itself, unable to mortgage the cost of how much that plumbing is

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going to cost, it's going to be difficult to rent out anyway. Because they're going to be hit with an assessment, if they can't mortgage it out, it's going to be, let's say, hypothetically, \$25,000. And if I don't have \$25,000, like most people don't, then you're foreclosing on your unit. Right?

MS. BELTRAN: That's correct. I just wanted to make the observation that with single-family residences, if you have maintenance issues, it's not a concern of the lender when we're trying to pre-approve people. But if you're a member of a homeowners association, and if there are special assessments, and now you're going to have to pay 250 bucks a month, or 500 bucks a month for the special assessment period, in addition to the regular HOA, it's pulled into the equation. Oh, my God, sorry about that.

VICE-CHAIR U'U-HODGINS: It's okay, it's all the P's.

MS. BELTRAN: It's pulled into the equation, and at that point, someone who was qualifying just beautifully yesterday will no longer qualify today because we just stumbled across the fact that there's special assessment in that project. So, that's the difference between a single-family residence and a condominium situation.

VICE-CHAIR U'U-HODGINS: Thank you. I want to make very clear that I'm happy to support some version of this bill. I just don't want to put us in a situation where we're asking our people to put what little money we've saved up until this point in our life into something we cannot afford in the long run. That's all I'm trying to do. I'm trying to make this make the best sense because it should work for all of us. And I'm sure, like most people, we all want a house. We all want to be able to qualify for a house. But as Director Mitchell described, it's very difficult...super difficult. So, we're going to ask everybody to go through this extremely difficult process, to put every dollar they've ever made on the line, for something they probably cannot pass on to their grandchildren...for something that may fall into the water. And so, I want this to make sense. Like I want to figure out what properties make the most sense for our people to live in. Because you're right, our community is bleeding. We can't afford to lose any more. But we also can't afford to put them in financial ruin with what little dollars they have left. So, I just want to figure this out...like legitimately figure this out. Also, there's another variance that wasn't described, which is Mahina Surf. So, I don't know if this is going to be solved today, but I do...I do need some figuring out on how we recognize those three properties. And so, we're not opening that...opening door for litigation because it is...it is on the list you folks provided. I was looking at your older list. So, there's three of them...well, actually two that only has variances, and then the one you...you provided--which is the State one, but it looks like two have County variances. It doesn't have to be answered today because I know it's a very complicated question, and Nāhulu was looking into it. And I don't know if we're voting today or not, to be honest. I would...whatever, but it does...I do need to know how we're going to move forward because it is on the list you folks provided.

CHAIR KAMA: Okay. Thank you. Member Sinenci? Okay. Chair Lee?

COUNCILMEMBER PALTIN: Oh. Point of --

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CHAIR KAMA: Yes.

COUNCILMEMBER PALTIN: -- information. Since Member U'u-Hodgins said it doesn't need to be answered today, are we sending it in writing so it gets answered before second reading?

VICE-CHAIR U'U-HODGINS: We could. I did ask Nāhulu this exact question like a week ago, maybe. So, he's been already looking into it. But a part of my question--because I only knew about Kū'au Plaza--was if there was any other ones, and then figure out what to do with those. And then when I asked the question earlier, Ms. Rego was talking to me about the stuff that we were talking about, the Kā'anapali Hale. And then on the older list is also Mahina Surf, which does total to 332 units. So, it's not a significant amount.

COUNCILMEMBER PALTIN: I guess my point of information was, are we going to...all of us get the answer in writing?

VICE-CHAIR U'U-HODGINS: That'd be great. I would appreciate that. Thank you, Member Paltin.

CHAIR KAMA: Okay. So...

COUNCILMEMBER PALTIN: If it would be under your signature, or how that works?

CHAIR KAMA: So, did...so did you send it writing to Mr. Nunokawa, or...

VICE-CHAIR U'U-HODGINS: I didn't. I only spoke to him over the phone --

CHAIR KAMA: Okay.

VICE-CHAIR U'U-HODGINS: -- and then asked now. And then as I asked the question, then more information kind of came in about the variances, but I can absolutely send this Committee an email --

CHAIR KAMA: Yeah, yeah.

VICE-CHAIR U'U-HODGINS: -- and then we can pass it on to Corp. Counsel.

CHAIR KAMA: Okay. Did you get that, James? Okay. He got that. Thank you.

COUNCILMEMBER LEE: Me. Hui.

CHAIR KAMA: Oh, sorry, Chair. Yeah.

COUNCILMEMBER LEE: Okay. So, since we're talking about exemptions, Laks...pardon me?

UNIDENTIFIED SPEAKER: . . .*(inaudible)*. . .

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COUNCILMEMBER LEE: No, no, he...he said he didn't have questions. Okay. So, Laks, did the Administration consider exemptions at some point? Because there was talk about, instead of 6,000, 2,000 units would be affected. This has come across my email several times.

MS. ABRAHAM: Certainly, we did consider exemptions in the discussion of figuring out how to best position this bill to move forward.

COUNCILMEMBER LEE: Wait, wait, wait. I got this email after the proposal was presented to the Council. So, did you have second thoughts about reducing the number from 6,000 to 2,000?

MS. ABRAHAM: Thank you, Chair. I can't speak to the numbers that you're...you're mentioning, but I can speak in general to the fact that our...our task force did certainly consider what exemptions, you know, could possibly be paired with this bill. But it was found, after thorough discussion and research and, you know, just going over every scenario we could think of about how to best position it with potential exemptions, that the best path forward was not to include any type of exemptions for the sake of being able to strengthen legality of the bill. However, with that said, I do want to point out that if the bill is passed in the form that it currently is, we certainly can consider any of those exemptions later on. So, you know, moving forward, if we find out that, you know, we wanted to single out a specific, you know, type of unit, we could consider that. You folks could consider that as well.

COUNCILMEMBER LEE: Okay. How would that be legally acceptable to consider exemptions later on? Is there such a thing?

MS. TARNSTROM: Thank you for the question. If the Council is considering exempting any property, it should have a really good basis to do so, and a reason why...in which case, if that is accepted by the...the Council, that can be considered in a separate bill. It's easier to deal with those after this particular bill is passed and applicable to everyone because there aren't a present bases, from what I understand, to carve out exceptions. The more exceptions you carve out, the harder it is for the Department to enforce, and --

COUNCILMEMBER LEE: Okay.

MS. TARNSTROM: -- harder to defend legally.

COUNCILMEMBER LEE: And the other thing...thank you. And the other thing that apparently you had maybe second thoughts about was the effective date. You changed it to add a year or two on.

MS. ABRAHAM: Thank you for the question. Obviously, we listened to the community. There was a tremendous amount of feedback through the Planning Commission's process, and we...we took that...that feedback to heart, and we really identified all the challenges that were posed in the testimony that was given. We listened to what the community said, the concerns that were brought forth all around, and we fell on a amortization period of

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three years, based on the feedback that we received, as the most balanced way to approach this bill moving forward.

COUNCILMEMBER LEE: Okay. And the Housing Director, in his letter to the HLU Chair, mentioned, on page 6, consequently, phasing out TVRs in Apartment districts is a critical part of the Administration's kama'aina housing priority, as it will make housing attainable for residents. So, again, we come back to attainable kama'aina affordable housing. Is that what you had in mind, Director?

MR. MITCHELL: Thank you, Chair, for the question...Chair Lee, for the question. The...the natural result of changing the zoning will be that there's the high likelihood that some will not choose to change to Hotel Resort zoning, and those units that don't change that way will now be used for long-term residential use. So, yes, that is a high likelihood that will be the result.

COUNCILMEMBER LEE: A likelihood, but based on what information? This is just a guess?

MR. MITCHELL: No, that's not a guess, Chair Lee. I think if one were to take a look at the number of jurisdictions across the country that have reacted to the impact of the e-sharing economy in sharing of housing, and sharing of cars...housing in particular. When Airbnb started--I think in my letter I referred to the year that they started--this whole shift in the economy caught all jurisdictions by surprise. And it took them some time to catch up with the change . . .*(timer sounds)*. . . in order to preserve the housing for their community.

COUNCILMEMBER LEE: Okay. Thank you.

MR. MITCHELL: And once they did that, those units became available for local residents.

COUNCILMEMBER LEE: Okay. My...my whole point is that there's this assumption. And so, that's what I worry about. Because, you know, if we don't have the numbers or the results that you guys are expecting, then we're...we're going to take a tremendous loss. Thank you.

COUNCILMEMBER JOHNSON: Chair?

CHAIR KAMA: Yes.

COUNCILMEMBER JOHNSON: Can I do a point of information for Chair Lee's conversation? Sorry to keep jumping in here, but this is relevant for you, Chair Lee. The Planning Commission's recommendation from Maui Planning Commission on July 23rd, the fourth one they recommended was, the Commission discussed a range of changes in the timeline of the phase-out from immediate to three years outside of West Maui, and the Commission recognized the need for immediacy in West Maui. They also discussed an extended timeline for South Maui for up to three years. So, it was from immediate to three was what the planning commissions recommended...Maui Planning Commission.

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COUNCILMEMBER LEE: Okay. My whole point was there's changes that were after the fact. After the fact, after they made their proposal, sent it to the Council officially, they started to make changes. So, that makes you wonder, did they give this, you know, a good assessment? Had...did they think it through? Was it half-baked? Thank you.

COUNCILMEMBER JOHNSON: I'm just saying it was July 23rd, 2024, was when the Planning Commission had that. I don't know about the timeline for everything else.

COUNCILMEMBER LEE: Yeah.

COUNCILMEMBER JOHNSON: Thank you.

COUNCILMEMBER LEE: Thank you. Yeah, but we got this way before then. Thank you.

CHAIR KAMA: Okay. Member Sugimura?

COUNCILMEMBER SUGIMURA: Thank you. So, you know, we've heard from many of the resources, and I wonder if we could hear from...is it Caitlin, from the Vacation Rental Association? What is your thought? I think we heard from Lāhainā Strong, what her thought was, and I wonder what your thought may be after listening to the experts from the Administration.

MS. MILLER: Wow. Thank you, Councilmember, for that question. I could probably talk for a full day about my thoughts on it, as is the document that I gave you on July 2nd, and all 30 pages of it with data and information on it. I don't think that there's a question on whether or not there's a housing crisis in Maui County. I don't really think anyone can sit here and say there's not, right? The question...and the thing that I represent as the Executive Director of Maui Vacation Rental Association is...is, what is going to be the impact to the community? What's the legal risk to the County? And how do all those things align? A lot of the questions that you've asked today have a lot of data on, so when we start talking about when Airbnb and Vrbo were created, what does it look like? The astronomical pricing increases on housing is not a Hawai'i exclusive. After COVID, between 2019 and 2023, Zillow and Redfin have seen a 40 percent increase in median house prices across the U.S., which would be similar to the data here in Hawai'i, right? So, when you start to look at this, I think the biggest question that you have to consider is, what is going to be the biggest impact to the community members? And when you're talking about the job loss and the community members that this is going to impact. I hear a lot of talk about, well, those jobs can be transferred over a period of time. But you're not talking about transference of jobs, you're talking about elimination of jobs. Because you're going to...not all of those are going to be able to move into the hotel sector, or some people aren't going to be qualified to go into medical or education without continuing education. So, looking at those things and saying, oh, we're going to transfer those, I don't think is a fair assessment. Maybe for some people, it is. I can speak to my personal experience of trying to get prequalified for a home in Maui County, which I did start in 2019. At the time, I think the conforming home loan limit was like 736. And in order to come up with enough down payment, it was still out of reach for us, even at 736, and we couldn't afford to do it. In 2025, that still remains true. Would I love to be able to purchase a house in Maui County? Absolutely. Would I like to

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maintain my income, and what I do, and support the community members that rely on me for their income as a result of the short-term rental industry? Yes, I would like to be able to do that. So, I think it's very complicated. I don't think that there's a clear answer. I think there's a lot of things from a social and cultural perspective that should be considered, and I don't know how to answer that. But what I can say is that I don't think...when the Administration says it's not a one-size-fits-all bill, I absolutely agree, but this bill was introduced in May of 2024. It's been 14 months, and where's the additional policy and legislation? Why hasn't something else been introduced in the interim? Every single Councilmember here sat through HSAC in September of 2024, where a lot of these programs that we're talking about were talked about, and how to implement those. Why haven't we done any of that? So, I understand that there's going to be other things, but it feels a lot like we're going to rip the rug out without a clear action plan. And I get that at some point, you have to try, but at what cost to Maui County? And I'm not expert enough to be able to answer that. All I can say is that there's a lot of information prior to 1981, when these properties were built, that show their legal use. The Minatoya list has been talked about several times over that decade. It wouldn't continue to be a conversation if it wasn't a legal use. If it wasn't a legal use, it would have been phased out a long time ago. So, I don't know. Sorry, I know that's a lot, and I'm not sure which question to answer . . . *(laughing)*. . . but that's kind of how I feel, is that I don't think there's a clear path forward here, other than there's going to be harm on both sides of this for the community.

COUNCILMEMBER SUGIMURA: Thank you very much.

CHAIR KAMA: Member Paltin, we're going to end with you.

COUNCILMEMBER PALTIN: Thank you, Chair. That's great, because I'm ready to vote. You know, so many times we see, when we're voting on horrible new construction projects, whether it's 670 or others, don't let perfect be the enemy of good. You know, and the question was asked, I think, by Ms. Miller, why...why haven't we acted on things that we learned at HSAC? It's not for me not trying, I'll just say that. I mean, deed restrictions, owner-occupied in perpetuity...all the things. Some folks have said, well, what if these units be...are bought up by folks on the continent? Is that so different than the way it is now, with 95 percent ownership on the continent? I think Mr. Jachowski said that the prices really started to skyrocket in 2005 on West and South Maui, and then again with COVID because of the remote work possibilities. So, in those cases, I would say people that owned these units prior to 2005, prior to 2019, 2020, don't have the huge mortgages that we're talking about. It's mostly people within...that bought it when...when it skyrocketed that are going to have huge mortgages, that are going to have huge HOA fees on top of the huge mortgages. And I'm not sure if anyone on the panel has data about how many of these units were purchased after 2005, how many of these units were purchased after 2019. But we have heard a lot from folks that said that this has been in their family for generations, or things like that. And, you know, growing up in Hawai'i my whole life, my mom grew up in Hawai'i her whole life, her mom grew up in Hawai'i her whole life. Hawai'i has changed so dramatically in just those three generations...which is more than 20 years, because we all had kids late. But I think when we talk about units built before 1989, it's a totally different landscape because of not only the codification of the Minatoya list, but the



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social media platforms, the Internet. Like the Internet wasn't around prior to 1989. Rental platforms weren't around prior to 2007. I don't believe they were widely used in Hawai'i prior to 2014. And so, this is the landscape that personally I lived through on Maui, where I knew choke people that lived in Honokōwai, Kahana, Mahinahina...and it was a livable, walkable community. And, you know, even seniors could live there because, you know, they don't want to do too much landscape maintenance. And a lot of things, you know, in...in the world is...is made up of...not like fear-mongering, but there...there is a fear. And I just wanted to point out that there's a fear of not doing stuff too. Because the trajectory that we're on right now is...is not a good trajectory. I tried...as we're amending the conditions for Wailea 670 to allow them to build less workforce housing, I tried to amend the conditions for Pulelehua to let us start building it right now in West Side where housing...workforce housing is needed more than ever. And I couldn't get votes from this Council, you know. So, when...when we're saying that we care about things, we're not doing the things that Ms. Miller said. We're not...we're not acting unified with a single-mind focus on the goal of housing our people. We're not allowing owner-occupied in perpetuity. We're not taking away the speculative commodification of housing. And...and we're leaving the bucket with a huge hole in the bottom, where all of our hard work to get like, say, 80 or 60 housing evaporates in less than 20 years. And I think 20 years is too short . . . *(timer sounds)*. . . you know. If we're using taxpayer money to put people in housing, it's not for speculative commodification. It's not to build generational wealth. It's simply for shelter because our people deserve that. I heard the bell. Thank you.

CHAIR KAMA: Thank you. So, Members, I'm going to assume--and you can tell me if I'm wrong or not--that we've already exhausted...is there any burning-burning questions you all have?

COUNCILMEMBER RAWLINS-FERNANDEZ: No.

CHAIR KAMA: Mr. Cook?

COUNCILMEMBER LEE: Chair?

CHAIR KAMA: Yes.

COUNCILMEMBER LEE: I'll have a couple after the break.

CHAIR KAMA: Okay. That's what I wanted to...that's what I was going for. Okay.

COUNCILMEMBER COOK: So, you want me to wait until after the break, or is my burning question okay?

CHAIR KAMA: You could. That's why I was trying to --

COUNCILMEMBER COOK: Okay. I'll wait until after for my burning...

CHAIR KAMA: -- if you have more questions, we'll do it after the break then.

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COUNCILMEMBER COOK: Because I want my five minutes. Thank you.

CHAIR KAMA: Okay. So, it is now 3:00. We're going to take a break until 3:00...what do we say, 10, 15? 10, 15? Until 3:15. HLU is now in recess until 3:15. . . .*(gavel)*. . .

**RECESS:** 3:00 p.m.

**RECONVENE:** 3:19 p.m.

CHAIR KAMA: . . .*(inaudible)*. . . May the recessed HLU Committee meeting of June 9th, 2025...it is now 3:19 p.m., and we left off with Member Cook. *(pause)* Member Cook?

COUNCILMEMBER COOK: Thank you, Chair. My question regarding the...the legal aspects of the bill. The three...three to five years is structured to a great extent. One, for the people to be able to make...adapt and change if they want to; and then two, as far as the legal aspects of it, since we're giving them time, it's deemed to be more legal. If we do that, and then we subsequently do amendments over the next year or two years that take some of those properties, and upzone them, and modify them, how does that impact the legal strategy?

MS. TARNSTROM: Thank you for the question. I don't think that upzoning various properties would impact the reasonableness of the time frame that's granted with the passage of Bill 9, should it pass.

COUNCILMEMBER COOK: Generally, when you upzone something, you're making it more valuable, so it's not...you're not taking anything, you're giving it to them.

MS. TARNSTROM: Exactly. And they wouldn't have...they wouldn't be subject to this phaseout time anyway because that only applies to the Apartment Districts. And if they successfully are upzoned, it simply wouldn't apply to them.

COUNCILMEMBER COOK: So, if they were Apartment, and they upzoned to Hotel, they would...we could finesse that out of it?

MS. TARNSTROM: Yes. Um-hum.

COUNCILMEMBER COOK: Okay.

MS. TARNSTROM: Yes.

COUNCILMEMBER COOK: Thank you. As far as like...that's my question, so now I got to get my couple minutes to her.

CHAIR KAMA: Okay. Member U'u-Hodgins?

VICE-CHAIR U'U-HODGINS: Thank you. Luckily, I used some of my recess time to talk to our people as well, which I'll just say was really informative. We spoke about having different

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timelines in different areas. So, clearly, the greatest need is in Lāhainā, and what would that look like if we shorten the timeline for Lāhainā? What would that look like if we lengthened the timeline for South Maui? And how could we go through the different criteria to make this make the most sense so our people can afford to buy it? We talked about creating a TIG, maybe, and going through these...with some of these resources here, and going through this RR105C criteria. I was emailed one earlier, and it looks at the project condition, and it shows the project's upcoming improvements. This one in particular includes lights, relatively affordable; walkways, relatively affordable. Unfortunately, it also includes plumbing, which is not affordable, especially if you need an SMA, especially if it's in the flood area...hazard area. So, that's what we were kind of discussing during our recess, what would that look like? What would be the criteria? I did ask...most likely some version of this bill will pass...this bill will pass, and then what happens if we win? What's plan A for all of the...all of the tools that we were talking about as tools in the toolbox? Because this is the hammer, so we're waiting for the screwdriver, and the wrench, and the Phillips, and all the other things. So, what does that look like? And then, what does it look like if we unfortunately pass this...or we'll pass this bill and unfortunately lose? What are we going to be able to do without the hammer? Does it...how effective is a screwdriver and a wrench on its own? So, I thought that was a really interesting conversation. I just wanted to throw that out there, Chair, that we were talking about perhaps doing a TIG, and doing all the ancillary bills required to make this make the most sense for us, as we, the body of the Council, has the fiduciary duty to be financially sound, and ensure that this County remains fiscally solvent. And what that looks like to ensure we balance the emotional aspect of ensuring our people are here. Both of them are a requirement for us to move forward successfully. Not only in this bill, but just...in all our bills. So, I just wanted to throw that out there, what we were discussing in our quick, brief recess. And then also, I emailed you--or rather this Committee--my question about a variance, and how we move forward. Whether we specifically call those out, and we just say it doesn't apply to the ones that have a variance, or if and what...if that's necessary. I think Nāhulu kind of answered my question, but anyways, that is what I...and Member Paltin and I kind of discussed during our recess. I don't know if I have any questions right now, other than...no, I guess I do have one more question. Who would we work with to receive all of these RR105C3s [sic]? Where does that process begin, so we can start weeding out the criteria of what's possible, and what's not?

MS. BELTRAN: I would encourage you to go to the homeowners association websites for all of the different 100 or so condominium projects. Because I would say almost everybody is online.

VICE-CHAIR U'U-HODGINS: Okay. And also, do you want to sit on our table, but we can talk about that later. Thank you.

CHAIR KAMA: Okay. So, I just want to understand. So, the RR105 [sic] is something that you would have to go to every property and get the form...or get the information to put on the form that would tell you what?

VICE-CHAIR U'U-HODGINS: I believe this information already exists.

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CHAIR KAMA: Okay.

VICE-CHAIR U'U-HODGINS: This is the...this is a requirement for them. It's probably --

CHAIR KAMA: Okay. I see.

VICE-CHAIR U'U-HODGINS: -- for lending purposes, for insurance purposes --

CHAIR KAMA: Yeah.

VICE-CHAIR U'U-HODGINS: -- but it gives specific information. For instance, this one is for...I guess I probably shouldn't name it, but I'm reading one now, and it tells you how many people live there, how many owners with an offsite address, how many owners are in arrears of 101...or \$1,175, how many people are delinquent in their payments. Everything we've pretty much discussed that determines whether this property is able to have a mortgage...which again, helps us ensure that these properties stay local. If not, we're creating a windfall for every cash buyer, which I don't want to do.

CHAIR KAMA: Yeah.

VICE-CHAIR U'U-HODGINS: They talk about parking upgrade requirements, the light requirements, what's...what is assessed in the AOA fees...or AOAO fees. You know, they have common area refuse, common area sewer, electricity, all the meters...all of that information. It discussed whether or not there's termites, whether or not there's mold, whether or not they have flood insurance, whether or not they're in a tsunami inundation area, whether they have hurricane insurance. So, this one...this one has flood insurance, but it's not in a tsunami zone. I think those are important aspects to figure out how this is going to make the most sense for us, for our people to be able to afford to buy. But that's just what we're talking about in the next moves after this passes, as we've discussed all day, that this is one tool in the toolbox. So, what are the others, and what does that look like? But we're just throwing that out there. Which, by the way, Planning Director said she's willing to sit on the TIG, so did...we were doing a lot of work in that recess.

CHAIR KAMA: Well, thank you for letting us all know.

COUNCILMEMBER PALTIN: I have a point of clarification --

CHAIR KAMA: Yeah.

COUNCILMEMBER PALTIN: -- question for Ms. Beltran. Is it true that our RR105Cs are \$350 per request?

MS. BELTRAN: Each HOA will determine what the charge is. Earlier, I quoted a range...because I went and I took a real quick look so that I could answer the question. And it ranges anywhere from \$185 to like 400 bucks. So, it would behoove you to go and click because they're very informative, and very detailed. They will tell you how much just the RR105C by itself will cost, relative to what an entire package will cost.

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MS. TING: Don't need an entire package.

MS. BELTRAN: The entire package is quite expensive. They can run anywhere from 4 to \$600. So, the entire package is going to include things like the budget, and minutes, and the reserve study, and a whole bunch more things that we, as lenders, actually require. We don't just pursue the RR105C. The RR105C is just a very important document. And on it, it answers the question of whether or not there's litigation. But the entire package itself is quite costly.

COUNCILMEMBER PALTIN: And as the mortgage person that you are, you can't use the same RR105 [sic] for multiple buyers at the same unit? You can't reuse it? You have to...

MS. BELTRAN: If I have 100 buyers coming to me at the same time, then yes, I can use it for all 100 buyers at that time. So, the R105c [sic] and all of the documents in the packet are only good for 120 days to the point of funding. So, I have 120 days where I can finance as many people that come to me, and I don't have to redo the paperwork. But if that 101st person comes to me, and we're past the expire date, I got to go and do the paperwork all over again.

COUNCILMEMBER PALTIN: Thank you for that clarification. 120 days. 120 days, you said?

CHAIR KAMA: Months.

MS. BELTRAN: 120 days...pardon me if I said months. That's not cool. 120 days, which is four months to funding date. That's correct.

COUNCILMEMBER PALTIN: Thank you.

CHAIR KAMA: Interesting. Member Sugimura?

COUNCILMEMBER SUGIMURA: Yeah, thank you. This is...oh, my computer died, so my computer's charging. But wanted to just say that this is relevant information, so I'm sure the Administration got this. Could we just have access to what you secured when you were doing your research? Did you? Background information on all of these properties...or the 6,000 units as impacted by this discussion. Do we have that?

UNIDENTIFIED SPEAKER: . . .(inaudible). . .

COUNCILMEMBER SUGIMURA: I know, but you would think when they made...well, when you made the proposal, you would want this information so that you could comprehensively understand what, you know, we're talking about, is what I'm thinking. Was it done?

CHAIR KAMA: Go ahead.

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MS. ABRAHAM: Thank you for the question. We're certainly open to reviewing the information. The original intent of the bill was specifically looking at rezoning. So, we didn't take this into account, but we're...we're happy to review it.

CHAIR KAMA: Chair Lee?

COUNCILMEMBER LEE: Yeah. Okay. Need more stats. Donna Ting, can you tell me again how many units are...condo units are available for sale in both West Maui and South Maui, and how long have they been on the market? I'm not talking about the million dollar ones. Let's say 4 to 6 million...4 to 600,000.

MS. TING: Okay. 4 to 600, West Maui and South Maui. There are 173 units available today. Okay. The...the average days on the market is 132 days.

COUNCILMEMBER LEE: And what are the prices?

MS. TING: The prices start at 129,900. That's in Maui Sands in Lāhainā.

COUNCILMEMBER LEE: Okay. Why wouldn't somebody scoop that up? Sounds fairly cheap.

MS. TING: Well, okay. In my experience, people aren't educated about real estate. You know, real estate--Andrew Carnegie said it best, real estate is the wealth builder. You know, it just isn't America, and that's what makes America great, is that everyone can own their own home. You have to plan, it's not a gift.

UNIDENTIFIED SPEAKER (from the audience): . . .*(inaudible)*. . .

CHAIR KAMA: Excuse me, Ryan. Would you please come and...

UNIDENTIFIED SPEAKER: . . .*(inaudible)*. . . burn to death in the streets?

MS. TING: Accidents and tragedies happen everywhere in every community, okay? But what I'm saying is, that's why people came to America, is because they could own land. And you have to be educated, you have to...

COUNCILMEMBER LEE: Okay. Getting back to the pricing.

MS. TING: Yeah.

COUNCILMEMBER LEE: So, there...there appears to be inventory on the market available, and you can't think of any reason why people don't buy them at...since they...some of them are reasonably...seem to be reasonably priced.

MS. BELTRAN: May I?

MS. TING: Yeah, please.

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MS. BELTRAN: I think there's just two very basic reasons why these homes are still on the market. Either the people who want to buy it cannot qualify to buy it, or the people just are not interested in that particular condo. I think nationwide, we're all just kind of going through the whole stagnation in the marketplace. And I think generally speaking, many people are just waiting to see what's going to happen with the interest rates.

COUNCILMEMBER LEE: Well, the reason why I ask you that question is because one of the main drivers, if not the main driver of this proposal, is to allow for more housing on the market, right? Allow for more housing availability on the market. And more than likely, the prices that...the...the quality, the stock that we're looking at, is probably higher than what you're talking about. I don't think any of the units we're talking about run at 100,000 or 200,000. But my concern is, if the lower-priced units that are available now are not selling, what makes us think, by putting this proposal forward, that we're going to be housing a lot of local residents? Do you have any comments on that?

MS. BELTRAN: I agree with you, you know, because we have a total of 170 units that are readily available right now. So, to the question of why aren't our local residents purchasing those homes, I honestly couldn't answer that on behalf of the consumer. I...I would like to say that it's a good question to put out to perhaps the team that's doing the research to find out. You know, why...why are these homes still sitting in Lāhainā not purchased? Is it because it's something you're just not interested in? Is it something that's too expensive? Is it...you know, I think that's a really good question because we have 170 viable units that are readily available. And if...they're very affordable, right, at the 299 to 600 price point, relative to we're not even sure what the new homes are going to be when the Minatoya list hits. They might all start at a million, they might all start at 700.

COUNCILMEMBER LEE: Okay. Thank you.

MS. BELTRAN: So, why aren't we moving these?

COUNCILMEMBER LEE: Right.

MS. BELTRAN: I think that's a very viable question, Chair Lee.

COUNCILMEMBER LEE: I'm wondering if the people who helped with the proposal, Laks, did a survey of some kind first. And starting with the people in Lāhainā, did you survey the people in Lāhainā and ask them . . . *(timer sounds)*. . . what price range could they afford? And did you ask them, would you prefer permanent housing over this type of housing?

UNIDENTIFIED SPEAKER (from the audience): Ask me.

UNIDENTIFIED SPEAKER (from the audience): There you go. That's the expert right there.

MS. ABRAHAM: Thank you for that...thank you for that question, Chair. Could you...I know that you posed that question in two parts. Could you repeat the first part of the question?

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COUNCILMEMBER LEE: Yeah. The first part is, if you did a survey of some kind to see if the people in Lāhainā, what...what income range would...are they at, so you know what pricing they could afford. And did you ask them if they would be interested in buying the...the old TVR units, or were they...did they prefer to have permanent new housing?

MS. ABRAHAM: There were numerous surveys that were done, none specifically that we took into account with this bill. What I can say is, there is an obvious situation in front of us, given the amount of people that we're having to house in temporary housing currently, that at some point, that temporary housing will expire and need to transition into permanent housing. Given that number, and given that data, we can estimate that there will be a large number of families and individuals that will need to transfer into permanent housing, likely within the next three to five years. The other thing that I could add specifically, and I apologize if it's not directly answering your question, there were surveys put out on the type of units that survivors would like to be able to access. And we do know from that information that the number one type of unit that they're looking to access is one- to two-bedroom. And the third piece of information that I would offer is...

COUNCILMEMBER LEE: Did they mention how much they can afford?

MS. ABRAHAM: No. But we did do some data research on what specifically attainable housing would look like, and that's based on Census data. And based on that data, we have estimated that given these type of units--and this comes from the U.S. Census Bureau--one to three households in Maui County, which is 72 percent of all Maui households, could access these type of units. I'm sorry, I'm trying to...and the other piece of data that we were able to...here it is, sorry, excuse me. So, over 11,600 households will be able to afford these units if they were spending 30 percent of their income. So, we know, based on Census data, that there is 11,600 households in Maui County that can access these type of units. We also know, if you look at spending 30...

COUNCILMEMBER LEE: Excuse me. These types of units would cost how much per month?

MS. ABRAHAM: That's to be determined based on what happens with this bill, Chair. Obviously, we've seen--and the UHERO report puts this out as well in their report--that we've seen a decline in the value of all of these units. And I would speculate to add that I agree that the high percentage rates are one of the barriers for people to purchase, but I would also speculate that a lot of homebuyers are waiting to see the outcome of this bill. This bill has a tremendous impact to be able to further drop the prices on these type of units. And if I were a homebuyer, and speaking, you know, specifically from my own point of view, I would wait for the bill to pass first, and see what the impact looks like. Because if the trend continues, the cost will only continue to go down.

COUNCILMEMBER LEE: That's quite a leap of faith. But aren't we talking about 30 percent? So, it would be good to know 30 percent of what, yeah?

MS. ABRAHAM: So, just to...to go back to the point I was trying to make, if you wanted to spend 30 to 50 percent of your income, Census data tells us that 15,500 households



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could stretch to afford these kind of units. And that's basically the data that we've been going off of. So, again, we don't perceive these type of units as affordable, per se. That's not the category that we would put them in. We see them as attainable for some Maui households. But to go back to your...to your earlier point, we look at this as a common picture of supply and demand. As you increase supply, the demand will go down. And with that, the...the costs...the costs will as well.

COUNCILMEMBER LEE: Okay. The 15,000 households you talked about, are they in South Maui and West Maui?

MS. ABRAHAM: That data is based on income across Maui County, and that's just households across Maui County that would potentially be able to access these type of units.

COUNCILMEMBER LEE: Okay. So, I'm surprised you don't have more information specific to...to West Maui. Because you...you've had tons of community meetings, right?

MS. ABRAHAM: Yes.

COUNCILMEMBER LEE: And so, I would think you would have had a lot of data on what their needs are as far as...let's say jobs, as far as housing, what...what they can afford, transportation, you know, preference where they want to live, things like that. You didn't get those kind...those pieces of information?

MS. ABRAHAM: I apologize...because our data analysis [sic] had to leave to go pick up his son. But what I can tell you, referring back to our presentation, is 50 percent of the households in Kihei--we're talking about South Maui specifically--are owned by offshore investors. These are STRs. And that's half of our housing stock in South Maui. So, I think the...the...the statistic speaks for itself. When you think about the fact that we have a housing crisis, and 50 percent of our South Maui housing is going to TVRs...and then to contrast that, the number's not far off for West Maui. I believe it's around 37 percent.

COUNCILMEMBER LEE: I'm not doubting what you're talking about. What I'm saying is that I think you're talking about a situation that should be improved with regard to ownership. What I'm talking about is affordability, which is different...which is different.

MS. ABRAHAM: Well, all due respect, Chair, in order to get to affordability, we have to increase the amount of units that we have available.

COUNCILMEMBER LEE: No, no. But I meant as far as, you know, surveying goes, you know, affordability in terms of...also, availability of units according to their income, you know. So, that's...

MS. ABRAHAM: I absolutely agree with you, Chair, 100 percent. But we have gone so far off the edge of the realm of affordability. Without a bill, like Bill 9, to be able to rebalance that trajectory, we don't have any chance of getting back to a place of affordability. In order for us to bridge that gap--and that's why I call it attainability because I'm trying to be completely transparent--we have to start somewhere. Increasing the amount of

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capacity that we have in our community will decrease the amount that people are paying for these type of units. And eventually--the goal, of course, is to get us to a place of affordability--but we...we can't jump from one extreme to the other. We have to bridge the gap, and Bill 9 is bridging the gap with attainability, eventually with the idea to get us to affordability. But if we continue to do what we've been doing for the last 30 years, affordability is completely out of reach, and it's going to continue to be out of reach.

COUNCILMEMBER LEE: Yeah. I understand what you're saying, but it kind of, to me, represents also kicking the can down the road. Because what we really need is new housing...new housing. So, I'm...I'm hoping that if we do pass a bill in some form, as you're proposing, that we do not wait to build what we actually need. And that is new, decent, safe, permanent housing for West Maui.

MS. ABRAHAM: Thank you, Chair. I absolutely 100 percent agree with you, and that's why we are currently in the process of not only building temporary housing, but also permanent...permanent housing. And again, Bill 9 is just one piece of the broader housing strategy in...in unit...in unity with many other strategies that we're utilizing to increase housing capacity across the board. And yes, 100 percent agree...our Administration 100 percent agrees that we have to continue building, but as we pointed out, building alone cannot get us across the finish line. We have to do this in tandem with building, with different types of programs that are available, with Bill 9, with the transition of these units increasing capacity. It is a plethora of different types of programs, different types of projects that are going to actually allow us the opportunity to get anywhere close to...to making a dent in this crisis.

COUNCILMEMBER LEE: Thank you.

COUNCILMEMBER PALTIN: Chair --

CHAIR KAMA: Yes.

COUNCILMEMBER PALTIN: -- point of clarification.

CHAIR KAMA: Yes.

COUNCILMEMBER PALTIN: I went to almost all the community meetings that Chair Lee was asking about. What we heard at the community meetings is, many of the people want to return to West Maui. 87 percent of the housing units north of Kā'anapali are short-term rentals. And beyond what Ms. Abraham has said about people waiting for the outcome of this to affect pricing, also, people want to live in a community where they know their neighbors. If they're going to buy into a place where they're going to raise kids possibly, single mothers and whatnot, they don't want to have a revolving door of strangers living next to them. We've heard from many of our kūpuna that since passed away that they just want to die in West Maui, you know? And these types of units would...would be good for kūpuna that cannot keep up a whole entire household and whatnot. So, if they have the community, if they have the right sizing of price that's not affected by the commodification and speculation of generational wealth versus shelter...those are some of the things that I heard from the community at these

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meetings. The other thing that was pretty loud and clear is, they're concerned about the monster houses, and the parking blocking the streets because...because that's what a lot of the problem was in getting out as well. So, parking that blocks the roadways is also what we heard.

COUNCILMEMBER LEE: Right. And, you know, I agree with what you said, except the part that this Council has--well, most of us, not all--has strongly supported the project Pulelehua. And because of the Administration, it has not been able to move forward. So, you know, sometimes we get mixed messages from you guys, and that causes problems. Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair?

CHAIR KAMA: Yes.

COUNCILMEMBER RAWLINS-FERNANDEZ: And a point of information, reading from the Realtors and TVR industries' favorite economist, Paul Brewbaker, page 11, the instantaneous increase of the housing stock would reduce its relative price. So, even their own economists agree that...with what Ms. Abraham was just saying, that the instantaneous increase in the housing stock would reduce its relative price, making it more attainable. Mahalo, Chair.

CHAIR KAMA: Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: That's on page 11.

CHAIR KAMA: Thank you.

COUNCILMEMBER LEE: Yeah. But we already have stock on the market that's not moving, you know.

UNIDENTIFIED SPEAKER (from the audience): . . .*(inaudible)*. . .

COUNCILMEMBER RAWLINS-FERNANDEZ: This would flood with more...

COUNCILMEMBER LEE: More Councilmembers out there?

COUNCILMEMBER RAWLINS-FERNANDEZ: So, that's what this report is commenting on, is, the passage of Bill 9 would be that instantaneous increase of housing stock. And that supply would then flood the market, and reduce the price. That's what Brewbaker is...is saying in his report.

COUNCILMEMBER LEE: I know, but you yourself don't respect Brewbaker. You told me so.

COUNCILMEMBER RAWLINS-FERNANDEZ: But you do, so that's why I'm reading from his report.

COUNCILMEMBER LEE: I never said I listened to him.

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COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Others, then.

CHAIR KAMA: Let's maintain some decorum in the galley [sic], please. Okay. So, Member U'u-Hodgins?

VICE-CHAIR U'U-HODGINS: Thank you. I just have one more question kind of based on what we've all just been discussing. Can you guys tell me if majority of the properties, or the condos that are for sale now, are they fee simple or leasehold?

MS. BELTRAN: We both agree...fee simple.

VICE-CHAIR U'U-HODGINS: Most of them are fee simple?

MS. BELTRAN: Yes.

VICE-CHAIR U'U-HODGINS: Because one of the first questions--so I had to look it up because I don't really know either, is--is the property subject to leasehold? And when we were hearing some testimony--please correct me if I'm wrong--or please let me understand how this leasehold version of ownership works. But can you qualify for a mortgage? What does the renegotiation of the lease look like as...for the entirety?

MS. BELTRAN: That's a really good question.

VICE-CHAIR U'U-HODGINS: And how many properties are leasehold? And I don't...I don't know how that works because we normally deal in fee simple terms.

MS. BELTRAN: So, as soon as we find out it's a leasehold property, we have to get information on the lease itself. So, if the fixed period is long enough to cover the mortgage term plus five years, then we can do it. So, if it's 35 years remaining, we can do a 30-year loan. If it's only 15 years remaining, then we can only do a 10-year loan because there always has to be 5 years beyond the term of the loan.

VICE-CHAIR U'U-HODGINS: And then...thank you for that. Remaining. I was...I attempted to look it up before I ask this question so I could at least sound like I knew kind of sort of what I was talking about. But how many properties are leasehold that--if you know--that we're talking about right now?

MS. BELTRAN: Are you talking off the Minatoya list, how many of those are leasehold?

VICE-CHAIR U'U-HODGINS: Sure.

MS. BELTRAN: Do you know, Donna?

VICE-CHAIR U'U-HODGINS: I know we...I know we had one in testimony, but just in case there's others worth considering, do we...I don't know, do we...do we know?

MS. MARTIN: Yes, we do know. And we can look that up for you.

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VICE-CHAIR U'U-HODGINS: Okay.

MS. MARTIN: So, do you want to provide that to us in writing?

VICE-CHAIR U'U-HODGINS: Yeah. We had the Mā'alaea one --

UNIDENTIFIED SPEAKER: Maui El Dorado.

VICE-CHAIR U'U-HODGINS: -- Maui El Dorado leasehold. I'm running out of paper to take notes. Okay. One in Mā'alaea, one in Maui El Dorado.

COUNCILMEMBER LEE: Why are you asking? Yeah.

VICE-CHAIR U'U-HODGINS: Because you're not...because that's going to depend on whether or not people can get a mortgage.

CHAIR KAMA: Yeah.

VICE-CHAIR U'U-HODGINS: Because you can only buy cash. Typically, those are the cheaper ones, which is why I think there's...thank you. It's disproportionate on what it looks like when people can afford when they say maybe this project...or this property is \$200,000. Sure, it might be \$200,000, but it's in a leasehold situation. So, you're not really owning it. You only have rights to go and put your head there, but you don't own it, and then you have to renegotiate a lease. And so, if we're going to figure out which ones work best for us, we might want to consider whether or not a leasehold property is one that we would want to live in...or do long-term rentals, which would be an option for sure, but see what that looks like. It is one of the very first questions on that condo document that is provided when doing lending.

MS. BELTRAN: I counted 12.

VICE-CHAIR U'U-HODGINS: 12.

MS. BELTRAN: I just rushed through the...flipping it. So, 12 is leasehold.

VICE-CHAIR U'U-HODGINS: Okay. Can we...can...Director, can you confirm that with me after or...

MS. MARTIN: Yes. I think James said they would send us a request, and we will do that.

VICE-CHAIR U'U-HODGINS: Okay. Thank you. That's all I have, Chair. Thank you so much.

CHAIR KAMA: Okay. Anyone else? Yes, Mr. Cook.

COUNCILMEMBER COOK: So, the concept of being able to make properties readily available through the bill with the three-year or five-year amortization, does that meet the goals and objective of that? Is there a way that we could shorten it, like West Maui, a pilot

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project, and have it shorter over there where it would make properties available sooner? Because by passing the bill with three years, does...technically they don't become available for three years because they're...they can still legally continue to use them for three years; is that accurate?

MS. TARNSTROM: Thank you for the question. Yeah, the three-year amortization period would...or phase-out would provide the option to continue to operate short-term rentals up until that very last day. Some people might choose to do something else, and just get that settled as well.

COUNCILMEMBER COOK: Okay.

MS. TARNSTROM: As for separating the timelines for Lāhainā versus the rest of the island, or elsewhere, I want to discuss some of that in executive session. It might bring up some legal concerns, but in general, the...a different timeline, as was proposed originally, is...is...is okay under the law, as long as it's reasonable and you have a good basis for it.

COUNCILMEMBER COOK: Okay.

COUNCILMEMBER LEE: What was that timeline, the first one?

MS. TARNSTROM: Thank you, Chair. The first timeline was six months for Lāhainā, and that was closely after the fires when it was drafted, and then one year for the rest of the island.

COUNCILMEMBER LEE: So, six months is legally acceptable?

MS. TARNSTROM: I know we've discussed this before. Thank you for the question. I'd rather discuss that in executive session, but it...everything kind of sort of depends on the circumstances to...to establish reasonableness.

COUNCILMEMBER LEE: Well, you wouldn't have sent us the bill if it wasn't reasonable, right?

MS. TARNSTROM: Thank you for the question. The...yeah. Yes, we wouldn't have sent it to you if it weren't considered reasonable under the circumstances.

COUNCILMEMBER COOK: Okay. So, thanks. I'll shift gears a little bit. On the...I'm curious, the 12 buildings...that's 12 buildings or 12 units that were leasehold?

UNIDENTIFIED SPEAKER: Buildings.

COUNCILMEMBER COOK: Buildings. And so, how many units would that be?

UNIDENTIFIED SPEAKER: I don't know. We have . . . *(inaudible)*. . .

COUNCILMEMBER COOK: So, I guess what I'm...it's not...the...the...the number isn't as important as trying to...it is, but quantitatively, within this...because that's...I wasn't

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aware of that. So, that brings another category to the potential...got to use the right word, potential...potential variance. Is that...has that taken into consideration the properties that are leasehold that would have to be paid for...bought for cash, that are TVRs, that are in Apartment zoning, are they being dealt with any other...any different, or are they the same as the other properties?

MS. BLYSTONE: I'll take the question. Mahalo for it. So, no. In this bill, that was not something that we discussed or considered. Or as I've said, I think a couple times now, it was to determine whether or not transient vacation rental was an appropriate use in the Apartment District. And so, those finer points, I think, can be discussed in...in other legislation.

COUNCILMEMBER LEE: Can I have a follow-up question?

CHAIR KAMA: Yes.

COUNCILMEMBER LEE: Didn't the Maui Planning Commission recommend the extension over the Mayor's initial deadline? Wasn't it the Maui Planning Commission that first recommended the change?

MR. PFOST: Yes. The commission...the Maui Planning Commission did recommend extending the time period from the original bill as proposed...as the attorney represented, six months, so recommended that it be up to three years. I'd have to look at the language again, but it was up to three years, consider that.

COUNCILMEMBER LEE: Yeah. And didn't the Mayor send a proposal after that, amending his initial proposal?

UNIDENTIFIED SPEAKER: Yes.

COUNCILMEMBER LEE: Yeah. Okay. Thank you.

CHAIR KAMA: Who...who's got their hand up?

UNIDENTIFIED SPEAKER: . . .*(inaudible)*. . .

CHAIR KAMA: Oh, yeah. Okay. So --

COUNCILMEMBER SUGIMURA: So, I just...

CHAIR KAMA: -- did you have questions, Member Sugimura?

COUNCILMEMBER SUGIMURA: Yeah, I just wanted to continue on the conversation of leasehold. So, what difference does that make in terms...is it only a lending situation, or what...what...how does that impact Bill 9?

MS. BELTRAN: It would impact...it would impact the borrower's ability to qualify. Because if we have to shorten the term all the way down to 10 or 15, it's going to quantify the

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principal and interest. Therefore, their monthly payment's going to jump, therefore their debt ratio will jump, and the end result could be that they no longer qualify because of the leasehold. In addition to the term itself shortening, we have to now qualify them with not just the AOA monthly payment, but we have to qualify them with the leasehold monthly payment. And the trade-off oftentimes with these low-cost condominium units is the leasehold payment. So, inevitably, we're going to encounter having to qualify the borrower with the leasehold payment, but the good news is that the...that the price point is significantly lower. So, if someone's having to qualify at a price point of 299 instead of 600,000, that's a nice big drop in the price point that almost always allows them to qualify with the monthly payment of the leasehold payment. But unfortunately, if the term is shortened to like 12 years or 14 or 15, that's the problem we start running into.

CHAIR KAMA: Yeah.

COUNCILMEMBER SUGIMURA: Make it unaffordable? With the qualifying applicant, it might make it financially difficult to qualify?

MS. BELTRAN: Correct. Because when we talk about affordability, we're talking about the monthly payment, right? Every single month, as a local family, you're sitting down and you're trying to figure out, how am I going to make this payment? So, it all comes...makes full circle, and it comes back to that monthly payment. So, it's really important, when we're talking about condominiums, to determine what your total monthly payment is going to be every single month. And if it's leasehold, the leasehold monthly payment comes into play. Sometimes it's 600 bucks, sometimes it's \$700. All of a sudden, now we don't have a qualifying situation. And if we got to shorten the term from 30 all the way down to 15, all of a sudden now the payment's 500 bucks more a month. Now we can't qualify. So, these are discussions that we have, fortunately. If you're working with a very good loan officer, they're going to ask all these questions at the front end, and they're going to make all that determination at the front end so that there's no surprises later on and have you freak out. All of that stuff is going to be taken care of within the first 24 to 48 hours so that you get this nice closing cost worksheet where everything is laid out for you, so that you know exactly what your monthly payment's going to be, you know exactly how much money you're going to need to come to the table to close. If we're negotiating seller's credit, you're going to know...you're going to see exactly how much seller's credit you're going to get. So, today's modern loan advisor, they're being trained...you know, we had that big meltdown back in '08 and '09 and '10 for a reason...so that the whole entire mortgage industry became regulated, so that we wouldn't have these renegade cuckoo loan officers running around telling you something at the front end, and completely changing it at the back end. So, thank you, Jesus, to the SAFE Act of 2010, you don't have to deal with that anymore. So, you get all of that good information at the front end within 48 hours, okay? And then if there's any changes along the way, you get this legal disclosure form that we have to disclose the change. So, I can honestly tell you that it's such a good arrangement that if you haven't gotten pre-approved, if you haven't gone through the process, please make the appointment. There's enough of us on this Island of Maui. I've been here for 40 years. I have a lot of good friends. I have friends in the mortgage industry that we've been all raised up together. I can tell you how great they are. I can tell you all of the



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good mortgage loan originators that work for banks. We're all really good friends, and we all hui together on behalf of the community. When this thing happened to Lāhainā, it hurt every single one of us. We went weeks, months, before any of us could even post anything online because our hearts went out to you, okay? So, I'm sitting here and if my friends are watching this, all of my friends in the mortgage industry, you all know, we all know, we're all here for you. So, as we sit here in this room, somewhat divided, understand that our love and our heart goes out to you. All right? We want to help you. We want to support you. We want to do what's good for you, for everybody in the community. So, thank you.

COUNCILMEMBER SUGIMURA: Thank you.

CHAIR KAMA: Yes, Laks. Laks?

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair?

MS. ABRAHAM: Chair, I just wanted to make a point in regards to the discussion on leaseholds, and point out that not everyone's going to buy these units. I just want to remind the body that, you know, homeownership is not the only way to get local families into these units. We have to remember that leaseholds, ideally...or excuse me, are ideal for rental situations, and likely will...will cost less. So, when we're talking about leasehold properties, I just wanted to...to interject that it's really important to consider that these may be ideal for long-term housing. . . .*(timer sounds)*. . .

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair?

CHAIR KAMA: Yes.

COUNCILMEMBER RAWLINS-FERNANDEZ: So, Bill 9 doesn't create leaseholds. There's a lot of questions that are being asked. And I really...a lot of people took off from work today to be here. And I feel like it's disrespecting everyone's time to...to be going down all these different rabbit holes that aren't really relevant to Bill 9. We've discussed with the Housing Director ideas of different pathways that we can, are, and will continue to take to supplement the effort of Bill 9. And contrary to what Ms. Miller said, we have been doing the things that we discussed at HSAC. We did that in this budget. At this point, it...it feels really like just stalling. And I really want us to just like get on with it so that we can deliberate the proposed amendments that folks have that are relevant to Bill 9. Otherwise, we're going to be discussing all whatever Members who oppose Bill 9 want to bring up at this point. And so, please, Chair...can we please be done with the question portion, and start considering and deliberating the different ideas that Members have that they want to put forward, and then we can vote on it, and then we can move forward. Please.

CHAIR KAMA: So, Members, have you all exhausted all of your questions from all the resources that have been with us all day today? Because if you have, then I want to be able to then, at this time, probably dismiss our external resources. Thank you all for being here with us today. Thank you for being with us, Lauryn, and taking Jordan's place in being here.

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UNIDENTIFIED SPEAKERS: *(Applause)*

CHAIR KAMA: Thank you all, ladies, for being with us. We appreciate your time and your energy.

UNIDENTIFIED SPEAKER: Truly, thank you.

CHAIR KAMA: And we're going to ask the Administration to stay in the event that Members who have amendments may want to have their feedback on that. So, we have 24 minutes, and we can begin. But like I said earlier, when we first started, that 4:30 is the end of today, and we have until 9:00 a.m. tomorrow to come back and finish up. And I think by that time, hopefully, we should be able to vote on all the amendments by that time. Chair Lee?

COUNCILMEMBER PALTIN: Did you say 8:00 a.m. tomorrow?

CHAIR KAMA: 9:00.

COUNCILMEMBER PALTIN: Oh, okay. Sorry, my bad.

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair, I'm sorry. Can we go to 6:00? I...I know we talked about a hard stop at 4:30, but if...if we're like really getting to the point of maybe concluding, like there's an urgency, and you've...you spoke to the urgency as well. So, can we at least try to go to 6:00?

CHAIR KAMA: I don't think one day, Member Rawlins-Fernandez, is going to make urgency any more less urgent or any more more urgent. I think the urgency was before we even got here. So, I'm going to keep the hard stop at 4:30, if it's okay, and we'll just continue. This is the Council's baby--I want to call it that because it's in our hands--and now we have to deal with it the best way we believe that we can deal with it. And we just got to take the time that we need to do it.

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair, you said that this is the Committee's decision. So, again...like I hate to ask all these people to take off from work. I mean, they...our communities come out, and they're like...they really want to...to see us come to some kind of conclusion on this. And they've...they've taken off from work, they brought their babies here, their kids have been...you know, like I just...I want to honor their time as well, Chair.

CHAIR KAMA: I understand that, and I'm sorry that if you...there...there was an expectation what was going to happen today is probably not going to happen today. So, I will apologize for that. But I'm not going to apologize for the work of this entire Committee that takes time for us to delve into this deeply. I mean, we found out so many things today that we weren't aware of. I was happy to hear Laks talk about working collectively. Well, we weren't working collectively when the Mayor made that announcement, and just shook us all up way back when he made that announcement that he was going to shut down these 6,000 short-term rentals. It just threw us for a loop...at least it did

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me. And I didn't feel like we were working then. And since that time, we didn't get anything until he actually sat down with us, talked to us about the bill. But I'd like to just continue to continue on.

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair, we took Wailea 670 until like past midnight, you know, and it really looks like a slap in the face to the community --

UNIDENTIFIED SPEAKERS: *(Applause)*

COUNCILMEMBER RAWLINS-FERNANDEZ: -- by not giving this the same amount of time and commitment.

CHAIR KAMA: I think...

UNIDENTIFIED SPEAKER: . . .*(inaudible)*. . .

UNIDENTIFIED SPEAKER: Point of order. Point of order.

CHAIR KAMA: Member Paltin, and then Member U'u-Hodgins...and then Member Sugimura.

COUNCILMEMBER PALTIN: If we have 21 minutes left, I was hoping everyone could throw their proposed amendments on the floor, and then maybe the lawyers can sort through which ones...if we need to go to executive session on. And then, I mean, if we can stay an hour later, we can go into executive session for that one hour or something, but because when we're in executive session, the crowd can't be here. If...if everyone...because we only can see the amendments in open session because of the Sunshine Law, and I don't want to go in and out, in and out of executive session. So, I know some of the Members have proposed amendments. If we can just get them all out one time real quick, so that...and then I guess the lawyers, if we're going overnight, or if they have time, an hour extra from 4:30, they can start to tell us their executive session stuff. But to make the best use of everyone's time, get your amendments out right now, it would be nice. And if you have it written, that'd be great.

CHAIR KAMA: Member U'u-Hodgins?

COUNCILMEMBER PALTIN: I don't have any.

VICE-CHAIR U'U-HODGINS: Thank you, Chair. One, I do have my seven-year-old in the office, and he can't be with me on the floor. My husband's working today, and my parents are gone. I have no other babysitter. This is what it's like. Like, this is what a working mom also looks like, too. My kid's in the office, and like my staffers are just watching him. I would like to take him home at a reasonable hour. That's not to say I cannot stay for a little bit longer, but I do have a seven-year-old just cruising in my office. I did express my intent for the amendment. I did email it over, and that is the only one I have. Not that I'm not going to have a vigorous discussion on what this is going to look like, but right now, they don't really have an answer for me. So, I wouldn't mind going until tomorrow, and they can provide an answer for me. That's what we're going to do with the variance on --

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CHAIR KAMA: Okay.

VICE-CHAIR U'U-HODGINS: -- those three properties.

CHAIR KAMA: Okay. Okay. Chair Lee, and then Member Sugimura.

COUNCILMEMBER LEE: Yeah. I didn't know that we were going to be moving forward on this, you know, this afternoon. So, I didn't make copies of my amendment. I need to still do that.

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair, was Member U'u-Hodgins' amendment posted to Granicus? You transmitted it to Staff?

VICE-CHAIR U'U-HODGINS: No, no.

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh.

VICE-CHAIR U'U-HODGINS: This is the one that I asked last week. This is the...only about the variances with Kū'au Plaza. So, I asked him last week, and I didn't know about any other properties, which was my question. So, they needed to do a little bit of research. And then my question I just emailed to the Committee was just like what do we do with those variance properties?

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh, okay.

VICE-CHAIR U'U-HODGINS: Do we just specifically call them out?

COUNCILMEMBER RAWLINS-FERNANDEZ: I thought...I thought Ms. Tarnstrom said that if any other legal method allows the continuation of TVR use, then that would supersede the land use change that Bill 9 would be making.

VICE-CHAIR U'U-HODGINS: Yeah, she did. And then during our break, we were...my specific question was, in the Bill 9, do we just call them out and like reference like if you have a variance? Because that part's not. So, I'm...it...like it should be relatively fast-ish, but I think they wanted some time to discuss it, Nāhulu said. But I'm happy to do whatever. Like if you have an answer, and if you have language for us that calls that out specifically, cool. If not, I'm okay to wait for a little while...at least until tomorrow morning.

CHAIR KAMA: Member Sugimura?

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh, Mr. Nunokawa was going to respond to Member U'u-Hodgins.

MR. NUNOKAWA: We do have a few potential options on how to address it, but it's sort of up to the Council on the exact way how to address it. And I think some of these

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considerations would be better discussed in an executive session to go over your authority, and sort of what methodologies you can employ.

CHAIR KAMA: Member Sugimura?

COUNCILMEMBER SUGIMURA: Thank you. I think during discussion, I asked information regarding the 43 properties that are in the sea level rise area that was referenced in the Planning Director's letter. And it was told that I would...we could receive the tax map key information, so I would need that, you know, to propose anything. So, I'm not ready, just based upon I need more information, Chair.

CHAIR KAMA: Okay. Okay. Yes, Member Cook?

COUNCILMEMBER COOK: I can give --

CHAIR KAMA: Yes.

COUNCILMEMBER COOK: -- my proposals to the Corp. Counsel to review. I don't think it's appropriate to do it tonight. I have to leave at 4:30. I made commitments. We scheduled for tomorrow. It wasn't like...this isn't a surprise to the...I...we did not inform the public that we were going to make a determination today. And if they're disappointed because that was represented, okay, that wasn't represented by the body. So, I feel set up, okay, that all of a sudden, I'm not accommodating. I...I...I am set to make this work for the community, okay, but I don't want to rush in the next hour and do this. I want to comprehensively do it. And so, I'm voting to finish this tomorrow and work with Corp. Counsel this afternoon.

COUNCILMEMBER SUGIMURA: Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair, I know that we have tomorrow because I gave up my Committee time to enable us to go into tomorrow if necessary. It wasn't the plan to go into tomorrow. It was just if we weren't able to come to a decision today on your Committee meeting day, that Member Paltin also gave up her meeting time, then...then we're all in this together. We're all trying to figure this out together, and we're all trying to act with a sense of urgency. So, if we could vote today, then I was hoping that the Members, as we discussed at the last meeting, would have worked with Corporation Counsel, and anyone else that they needed additional information from, and not wait until today to ask that...for that information in order to make a decision. Mahalo, Chair.

CHAIR KAMA: James, can I ask you a question? . . .*(inaudible)*. . . We're going to take a recess until 4:18 p.m. . . .*(gavel)*. . .

**RECESS:** 4:16 p.m.

**RECONVENE:** 4:22 p.m.

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CHAIR KAMA: . . .*(gavel)*. . . Will the HLU Committee meeting of June 9th, 2025, please reconvene. It is now 4:22 p.m. So, here's the plan, gang. We're leaving at 4:30. The Chambers, if you're going to leave, make sure that you go down to the 1st Floor because the front door on the 2nd Floor is locked at 4:30. So, you're probably all going to get out of here at 4:30-something. So, get down to the 1st Floor and exit through that. The Staff would like us to clear out the Chambers ASAP because now they have more work for us...for...for them to do. And the plan is, I'm going to recess, and then tomorrow we're going to come back. My ASFs have gone over, Chair Lee's has gone over, I think we're waiting for Tom and Yuki to send theirs over. So, we will reconvene tomorrow with all of our amendments, too, and we'll start with the amendments, beginning with Vice-Chair. Good plan?

COUNCILMEMBER PALTIN: Can I do an audible?

CHAIR KAMA: Member...

COUNCILMEMBER PALTIN: Sorry, I lied on the amendments.

CHAIR KAMA: Oh, yeah.

COUNCILMEMBER PALTIN: My audible would just be to align it with the January 1st assessment period. Whatever, whatever --

CHAIR KAMA: Okay.

COUNCILMEMBER PALTIN: -- but January 1st, so that it makes sense for the taxation purposes. That's my ASF.

CHAIR KAMA: That's right. That's right.

COUNCILMEMBER PALTIN: Audible.

CHAIR KAMA: Did you guys get that, her ASF? Okay. So, Members...

COUNCILMEMBER PALTIN: Whatever the year is, but January 1st. Last day of TVR use would be December 31st. Audible.

CHAIR KAMA: Okay. So...so, it is now 4:24 p.m. The January...the June 9th --

COUNCILMEMBER RAWLINS-FERNANDEZ: Wait. Chair, are we waiting...

CHAIR KAMA: -- HLU meeting is now in recess, to be reconvened tomorrow at 9:00 a.m., same station, same place, same Chambers, same link, same old, same old.

MR. KRUEGER: Oh.

CHAIR KAMA: Okay?

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MR. KRUEGER: So, yes, Chair. Apologies, Chair. Yes, just to clarify, it's the same Microsoft Teams link and connections we're using today.

CHAIR KAMA: Yes.

MR. KRUEGER: And same in-person locations here at the Chamber.

CHAIR KAMA: Thank you. This meeting is now in recess. . . .*(gavel)*. . .

**RECESS:** 4:24 p.m.

hlu:min:250723min-r:ds

Transcribed by: Daniel Schoenbeck

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CERTIFICATION

I, Daniel Schoenbeck, hereby certify that pages 1 through 111 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 28th day of August 2025, in Wailuku, Hawai'i



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Daniel Schoenbeck