

May 5, 2025

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MEMO TO: Members of the Budget, Finance, and Economic
Development Committee

F R O M: Yuki Lei K. Sugimura, Chair *Yuki Lei K. Sugimura*
Budget, Finance, and Economic Development Committee

SUBJECT: **SOUTH MAUI RESIDENCY AREA MEETING REGARDING THE
FISCAL YEAR 2026 BUDGET** (BFED-1)

On April 14, 2025, the Budget, Finance, and Economic Development Committee held a public meeting at the Kihei Community Center regarding the proposed FY 2026 Budget. Present for the meeting were: Committee Chair Yuki Lei K. Sugimura, Vice-Chair Tasha Kama, and members Tom Cook, Gabe Johnson, Tamara Paltin, Keani N.W. Rawlins-Fernandez, Shane M. Sinenci, and Nohelani U'u-Hodgins. Committee member Alice L. Lee was excused. The meeting was called to order at 6:03 p.m. and adjourned at 9:31 p.m.

Your Committee received oral testimony from 49 individuals. Unless otherwise indicated, the following testimony was received in support of funding for the organization, program, or project noted:

1. Thirteen individuals testified in support of continued funding for Maui Economic Development Board, Inc., including strong backing for the STEMworks Hawai'i programs in local schools.
2. Six individuals testified in support of the Kihei North-South Collector Road, alternate and emergency evacuation routes, improved street lighting, speed management (including speed bumps), and sidewalk improvements.
3. Tom Rietz, Member, Kihei Community Association, testified in support of affordable workforce housing, including conducting a housing gap analysis, determining infrastructure needs (water, sewage, roads), and developing a ten-year strategy.
4. Kahu Wayne Higa and George Burnette testified in support of \$2.7 to \$3 million in funding for the restoration of Ka'ahumanu Church in Wailuku.

5. Eight individuals testified in support of continued and expanded funding for Maui AIDS Foundation's clinical services, HIV and STI testing, and mental health programs.
6. Five individuals, including John Starmer, Science Director, Maui Nui Marine Resource Council, testified in support of continued funding for Hui o 'Āinakūko'a and watershed restoration projects, including the Waiohuli Kai Wetland and Kūlanihāko'i corridor, and a \$225,000 request for marine resource and watershed protection.
7. Susel James, President, Kīhei Little League, testified in support of increased funding for South Maui parks, including maintenance, flood mitigation, safe bleachers, functional scoreboards, and adequate restroom facilities.
8. Nālani Kaninau testified in support of funding for mental health services for pre-wildfire homeless residents.
9. Gylan Solay testified in support of incorporating hempcrete in affordable housing projects.
10. John Laney, President, Kīhei Community Association, testified in support of increased funding for road infrastructure, including a Kīhei mauka collector road.
11. Three individuals testified on property tax and rental policies, including support for increased taxes on non-owner-occupied properties valued over \$2 million, keeping property taxes low for owner-occupied properties, and a proposed ban on short-term rentals.
12. Frank Barbosa testified in support of funding for sidewalks along Ohukai Street, and one individual urged prioritization of water quality and infrastructure investments in South Maui.
13. Cristina De Leon, Member, Teran James Young Foundation, testified in support of the Kēōkea Eco-Village project for houseless individuals.
14. Anna Merritt testified in continued support of the MEO Head Start program and wraparound services.

15. Max Tornai testified in support of increased funding for the Ka Ipu Kukui Fellows Program.

Your Committee also received the attached written testimony.

For questions relating to the South Maui residency area meeting, please contact OCS staff (Keone Hurdle at ext. 7659, or Maria Leon at ext. 7866).

If you have any questions relating to the FY 2026 Budget, please contact the Committee staff (Kirsten Szabo at ext. 7662, James Krueger at ext. 7761, Jarret Pascual at ext. 7141, Clarissa MacDonald at ext. 7135, or Pauline Martins at ext. 8039). Thank you for your cooperation.



in your neighborhood

PO Box 1902
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(808)215-9228
www.GrowSomeGood.org

FY26 County Council Budget Hearing

Garden Coordinators and Program Support Staff

Grow Some Good

April 14, 2025

Aloha County Council,

My name is Sophie Sellers, and I am the Special Projects and Operations Coordinator for Grow Some Good. I'm so grateful to be here with you today, inviting you to see how your continued support can nurture a more resilient, connected future for our island. As many of you know already, we are a nonprofit dedicated to strengthening local agriculture and ensuring access to nutritious, affordable food for our community.

Our gardens aren't just patches of soil—they're places where communities take root and grow stronger. They're open-air classrooms where keiki, families, and neighbors come together, digging in with their hands, learning real skills, and feeling the healing power of working the land. At Grow Some Good, we weave together food production and community engagement, growing healthy crops while cultivating tight-knit neighborhoods from childhood all the way through adulthood. These school and community gardens are living lessons in stewardship, showing us how to care for our environment and honor the balance between people and nature.

But it's not just about growing food—it's about rediscovering the joy of using what grows well here on Maui. This year, we've brought that joy to life with kids' cooking classes and farm-to-table workshops. Participants of all ages learned to cook with Maui-grown produce like 'uala, ulu, and bananas, turning simple ingredients into dishes that reconnect us to where our food comes from. Through them, we're planting the seeds for a more resilient local food system, from seed to table.

We are proud to be included as part of the Maui County Food and Nutrition Security Plan for 2025-2030. Our ongoing programs directly align with the plan's goals, improving access to nourishing, culturally relevant foods and supporting local producers to expand food production. By nurturing hands-on agricultural education and distributing over 1,979 pounds of fresh produce and 3,000 student-grown plant starts this year, we're helping to cultivate the next generation of food stewards while strengthening

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SOUTH MAUI FROM
SOPHIE SELLER

community ties to the land. Together with the county and other organizations' efforts, we're working together toward a Maui where everyone has access to healthy, affordable food that is grown in our own backyard.

Your support has been the heartbeat of this work. County funding helps our Garden Coordinators and Program Support to tend these spaces, guide hands-on learning, and bring people together. It's what allows us to expand our reach further, by adding new school garden coordinators and staffing for workshop hours at the farm. With your continued investment, we can keep nurturing these efforts and reach even more of our community.

In the end, our gardens are so much more than places to grow food—they're spaces of healing, learning, and belonging. Through our mission to strengthen local agriculture and ensure access to nutritious, affordable food, we're growing not just crops, but stronger, more connected communities across Maui. They stand as proof of what we can do together; building a future where every child has access to nutritious food, where families rediscover their ties to the land, and where we all come together to help our island thrive. Mahalo for your ongoing support of Grow Some Good as we cultivate this vision of a resilient, flourishing Maui.

Sincerely,

Sophie Sellers

Special Projects and Operations Coordinator

In May 2024, Maui Mayor Richard Bissen proposed that the exception that had allowed Transient Vacation Rentals (TVR) for condos on the Minatoya List be eliminated. The County Council asked that this issue be studied to determine the impact on the Maui economy and Maui tax collections.

The latest news is the release on March 31, 2025 of the University of Hawai'i Economic Research Organization study, "An Economic Analysis of the Proposal to Phase Out Transient Vacation Rentals in Maui County Apartment Districts." (22 pages, quite readable with charts and graphs)

[https://uhero.hawaii.edu/wp-](https://uhero.hawaii.edu/wp-content/uploads/2025/03/EconomicAnalysisOfProposalToPhaseOutTVRsMaui.pdf)

[content/uploads/2025/03/EconomicAnalysisOfProposalToPhaseOutTVRsMaui.pdf](https://uhero.hawaii.edu/wp-content/uploads/2025/03/EconomicAnalysisOfProposalToPhaseOutTVRsMaui.pdf)

Summary on Maui Now: "UHERO analysis of vacation rental phase-out forecasts mixed results, widespread impacts" <https://mauinow.com/2025/03/31/uhero-analysis-of-vacation-rental-phase-out-forecasts-mixed-results-widespread-impacts/>

YouTube that contains a short video with the UHERO study author Trey Gardner describing the results:

Jesse G. Wald: MAUI Vacation Rental (STR) Ban Update - Economic Study Released from University of Hawaii !!! <https://www.youtube.com/watch?v=MWtrxUG5l38>

Some highlights of the impacts from the report in Maui Now:

"Tourism Industry Impact

- Eliminating all TVRs (transient vacation rentals) in apartment zones could reduce visitor accommodations by 25% and visitor days by 32%.
- Total visitor spending is projected to decline by \$900 million annually (-15%).
- The decline in spending also results in the loss of 1,900 jobs (-3% of total payroll jobs).
- Real gross domestic product could decline by 4%.

Housing Market Impact

- The policy could add up to 6,127 units to the long-term housing stock — a 13% increase, equivalent to a decade's worth of new housing development.
- Condo prices are projected to decline by 20% to 40%, improving affordability but also reducing household wealth and property tax revenues.
- Affected TVRs are disproportionately owned by out-of-state investors (85%), but market-wide price declines also impact owner-occupants.

Tax Revenue Impact

- Property tax revenues could fall by up to \$60 million annually by 2029 due to both changes in tax class and decreasing valuations.
- General excise tax and transient accommodations tax revenues are projected to fall by 10% and 8% respectively, totaling to an additional \$14.8 million."

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SOUTH MAUI from GORDON BRADLE

The UHERO report is clear and well written. There are many important details, here I will focus on two. I believe the big headline from the UHERO report should be:

Mayor Bissen's proposal will reduce the value of all Maui condos by 20% to 40%

There was some question whether the 20% to 40% reduction in the report applied to only the Minatoya List condos or to all condos. I called the UHERO office 808-956-2325. I talked the head of the report team Trey Gardner on April 9 for 20 minutes. He told me that the **analysis applied to all condos regardless of zoning.**

The shock of removing 6,127 condos from TRV would be as severe as the condo prices decline in the 2008 – 2012 period. Like 2008 – 2012, there would be many more sellers than buyers. Initially many owners of the Minatoya List condos would be forced to sell at lower prices; owners of other units would then be forced to accept lower prices for their units. The downward spiral would continue until the number of condos for sale was reduced to the level it was before Mayor Bissen's proposal (around 173 new listings per month). The report analyzes 3 scenarios: (A) 6,000 additional condo units are offered for sale between March 2025 and August 2026 resulting in 40% decline; (B) 6,000 additional units are offered but the extra inventory is absorbed more quickly resulting in 25% decline; and (C) 2,600 additional condo units are offered for sale resulting in 20% decline (UHERO report pages 9 – 10). The report estimates that similar to 2008, it will take to the end of the decade for condo prices to recover (UHERO pages 9 – 10).

Below are the charts that show the condo market starting in 2000 with the 3 scenarios shown.

Trey Gardner acknowledged that house prices would also decline, but since the study did not look at house prices, he would not estimate what the decline might be.

Since Mayor Bissen's proposal in May 2024 and the public hearings in the summer of 2024, the prices of Minatoya condos have gone down significantly (about 25%) as buyers are afraid what the Council might do. The prices on other condos have also declined somewhat. The report states that "None of these scenarios describes a best-case or worst-case outcome" (UHERO report page 11). Also, the report was completed before the Trump tariff announcements this month that could impact Canadian and international travel and also increase the risk of a recession.

The report analyzes the impact of the Mayor's proposal on tax revenue for the County. I believe the headline for this part of the report could be:

Mayor Bissen's TVR proposal blows up 2025 budget planning

The Mayor proposes taking up his TVR proposal after the budget process is completed in June. If passed, the Council would have to immediately identify \$74.8 million dollars to cut out of the budget. This would impact all the budget plans.

Throughout the year, the Mayor remained steady in his support for eliminating all of the 6,170 Minatoya List condo units. Recently at a public meeting in Kihei, he stated that perhaps there were many condos on the Minatoya List that should be regarded as "hotel" and thus TVRs should not be banned. He said that someone could identify possibly 2,000 units that were built as "workforce housing" in the 1960s and

1970s and then only eliminate TVR for them. The UHERO study would have to be calibrated to any lower number of condos and recomputed. Scenario C from the UHERO report analyzes 2,600 units being put on the market; this would result in a 20% decline in the price of all the condos on Maui. The Mayor indicated that the 2,000 units would likely be in West Maui – this might have a much bigger impact on West Maui prices.

The UHERO report describes several world-wide cities that have eliminated some TVRs. The 5 cities only eliminated 1% of their TVRs, for Maui 1% would be about 130 units (units not buildings), this could be absorbed without impacting the condo market. Eliminating 2,000 units would be better than 6,731 units, but still a big impact.

The UHERO report includes other important issues such as loss of 1,900 jobs in various industries, decline in visitor spending, etc. I thought the two issues discussed here apply broadly to all of the residents of Maui.

Impact of Mayor's proposal on rents for low-income families

"As a state, Hawai'i has the highest home prices and among the highest rents in the nation. Within Hawai'i, housing in Maui County commands the highest prices, with the median single-family home price currently at \$1.3 million and the median condo selling for \$925,000. Among renters, over half of Maui residents are "rent burdened," meaning they devote more than 30% of household income to rent. Over a quarter of Maui renters spend more than half of their income on rent." UHERO report page 2

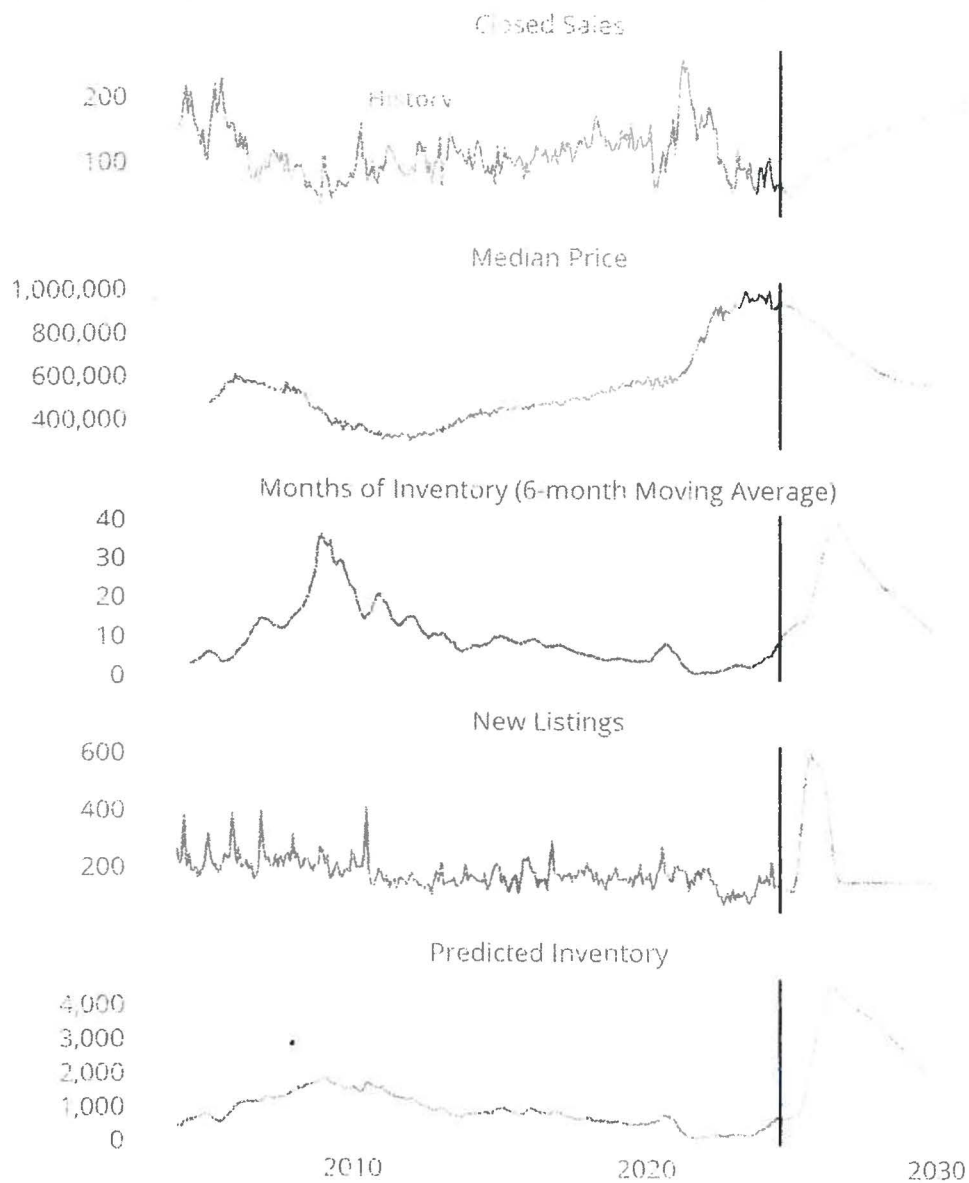
The impact of the Mayor's proposal on Maui rents is discussed at length in the UHERO report. Certainly, rents will decline with the availability of previous TVR condo units and the decrease in the values of all the condos on Maui. The impact is complex because lower condo values would lead to economic pain and job loss in the whole County. This decrease in rents will certainly benefit high income Maui residents and people considering moving to Maui. It is not clear how this would benefit low-income families especially as the proposal is estimated to slow the tourist economy and cost the County 1,900 jobs.

It is necessary to read the full report to evaluate the impact of the Mayor's proposal on rents.

Disclaimer: My wife and I are Hawaii residents who own and lived in a condo at the Spinnaker in downtown Lahaina that was destroyed by the August 8, 2023 fire. The Spinnaker is on the Minatoya List; approximately 20 of the 57 units were TVRs. We bought the condo in 2016 – it had been foreclosed and sold "as is". We purchased a condo in Kihei in January 2024. It does not allow TVRs. This is the only real estate we own.

Gordon Bradley. Gordonbradley808@gmail.com

Figure 2: History and Predicted Trend in Housing Market Statistics, 2000-2030



IN THIS COPY, DIFFICULT
TO SEE THE 3 SCENARIOS
REFER TO REPORT TO SEE CLEARLY

Table 8: Estimated home prices by scenario, indexed to January 2023

Scenario	Jan 2023	Jan 2024	Jan 2025	Jan 2026	Jan 2027	Jan 2028	Jan 2029
A	1.000	1.060	1.012	0.911	0.786	0.687	0.633
B	1.000	1.060	1.011	0.900	0.785	0.749	0.770
C	1.000	1.060	1.012	0.935	0.897	0.903	0.920

TESTIMONY AT THE MAUI COUNCIL BUDGET SESSION IN KIHAI ON 4-14-25

I am Tom Rietz, Kihei Kapuna and Kihei Community Association member. I have lived here full time for almost 15 years since 2010. In that time it is **VERY** clear that affordable/work force housing is the biggest issue facing Maui. I recommend that the budget line items related to affordable/work force housing be augmented and based on a Housing Gap Analysis showing the needed number and types of units required over the next 10 years. This would augment the current 71,801 housing units in Maui, documented by the University of Hawaii Economic Research Organization (UHERO)

I don't know what that number would be, but the Maui Housing Initiative estimates that an additional 13,949 units are needed to meet current demand. UHERO also estimates that the Maui population will increase from 165,000 to 186,000 by 2030 or 12.7%, worsening the problem!

More specifically I recommend the following:

1. Conduct the above mentioned Housing Gap Analysis.
2. Determine the infrastructure needed to support this increase, which includes, but is not limited to, water, sewer, roads and all utilities, etc.
3. Develop a 10 year strategy to fund at least 75% of all future housing and related infrastructure needs,
4. Focus on ways to make these homes affordable, unlike the UHERO's estimated \$1,050,000 cost for a Median single-family home price. Land Trusts are one way to make homes more affordable to perpetuity.
5. Convert most of the 10,084 active short-term vacation rentals (STRS), but exclude from that count condos that have high HOA fees.
6. Focus County Housing and Planning staff on meeting West Maui housing needs, and delay indefinitely any future plans for luxury homes, until there are sufficient affordable/work force housing available to keep our Maui residents from having to seek work on the Mainland.

Mahalo for allowing me to present these recommendations.

TOM RIETZ
858-245-9605
tomrietz077@gmail.com

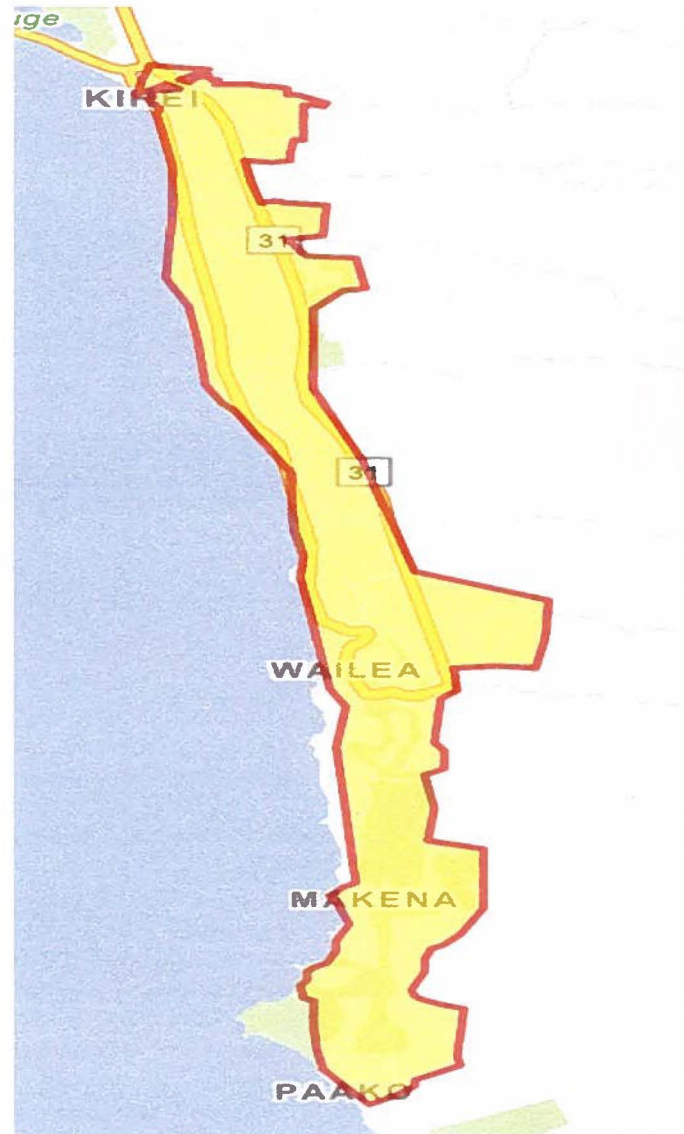
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SOUTH MAUI

South Maui Budget Needs for Road Infrastructure

Prepared by the
Kihei Community Association
April 2025

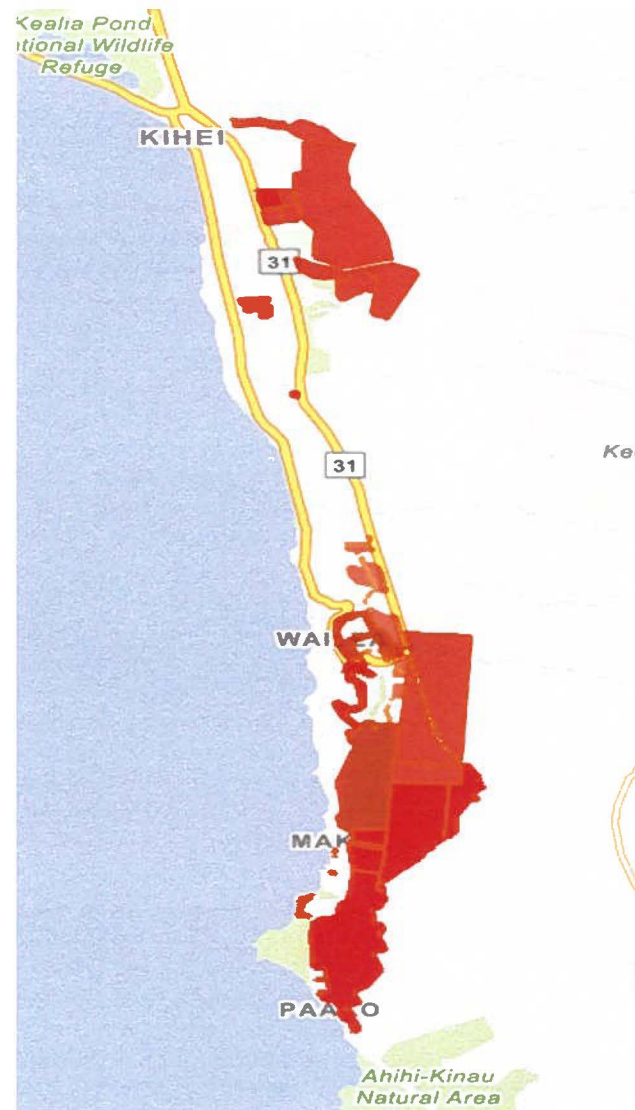
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SOUTH MAUI JOHN LANEY

South Maui Cul De Sac



**Only Two
Roads for
all of
40,000+
people in
South Maui**

**7000+
new
homes in
the S Maui
Pipeline!**



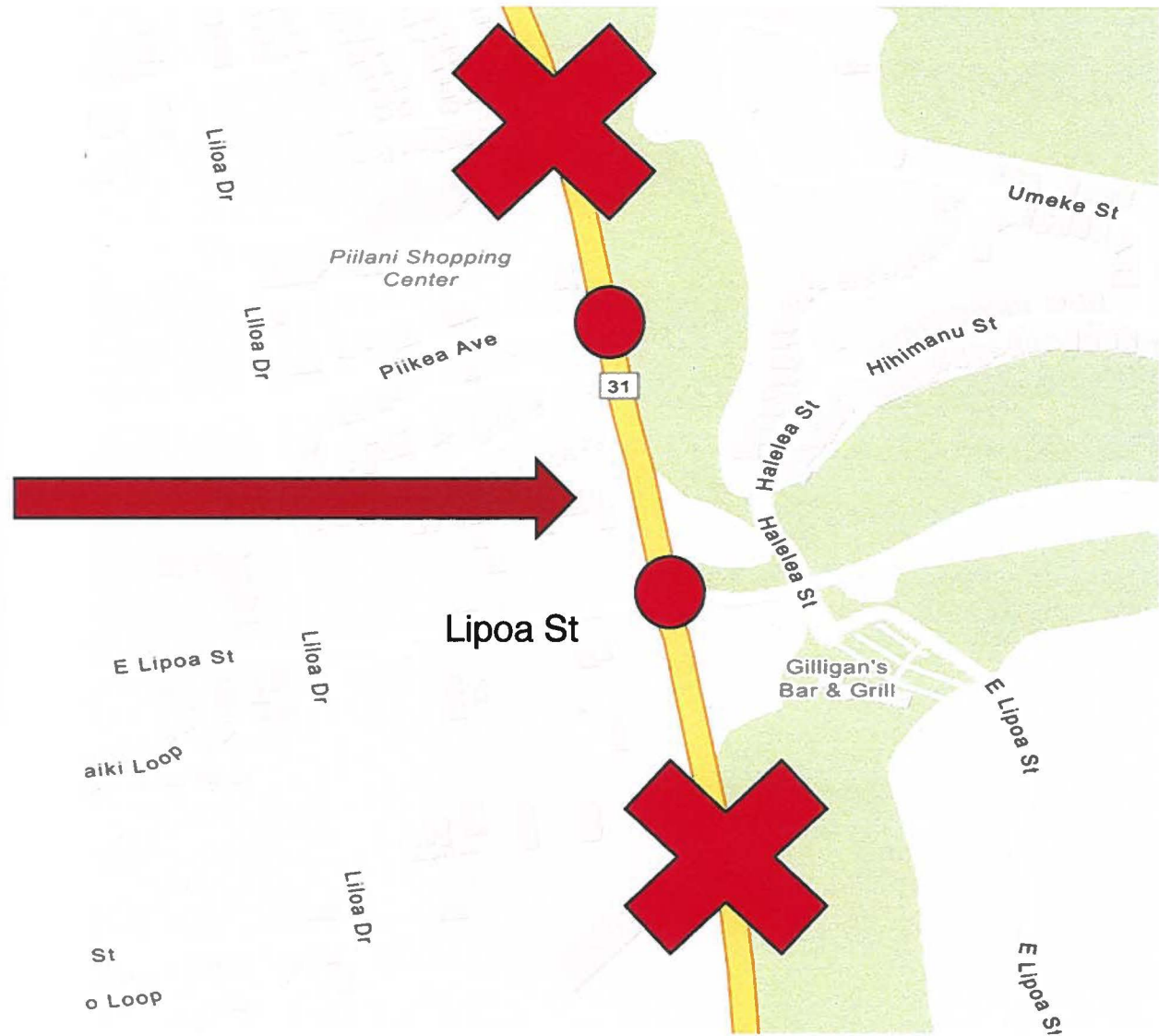
Overview of current plans

- MRTP/Lipoa 509 homes
- Wailea Resort 900 homes
- Liloa Hale 117 units
- Hale o Pi'ikea 223 units
- Kilohana Makai 28 homes
- Kamalani / Hawaiian Homelands 400 homes
- Makena Estates 72 homes
- H2 in Makena 53 homes
- Wailea 670 1,150 homes
- Makena Resort 1,000 homes
- Kihei Mauka 1,500 homes
- Wailea Golf ?
- Piilani Promenade ?

North Kihei Chokepoint



Lipoa Chokepoint



These are current Kihei Traffic Issues

Two Chokepoints exist now

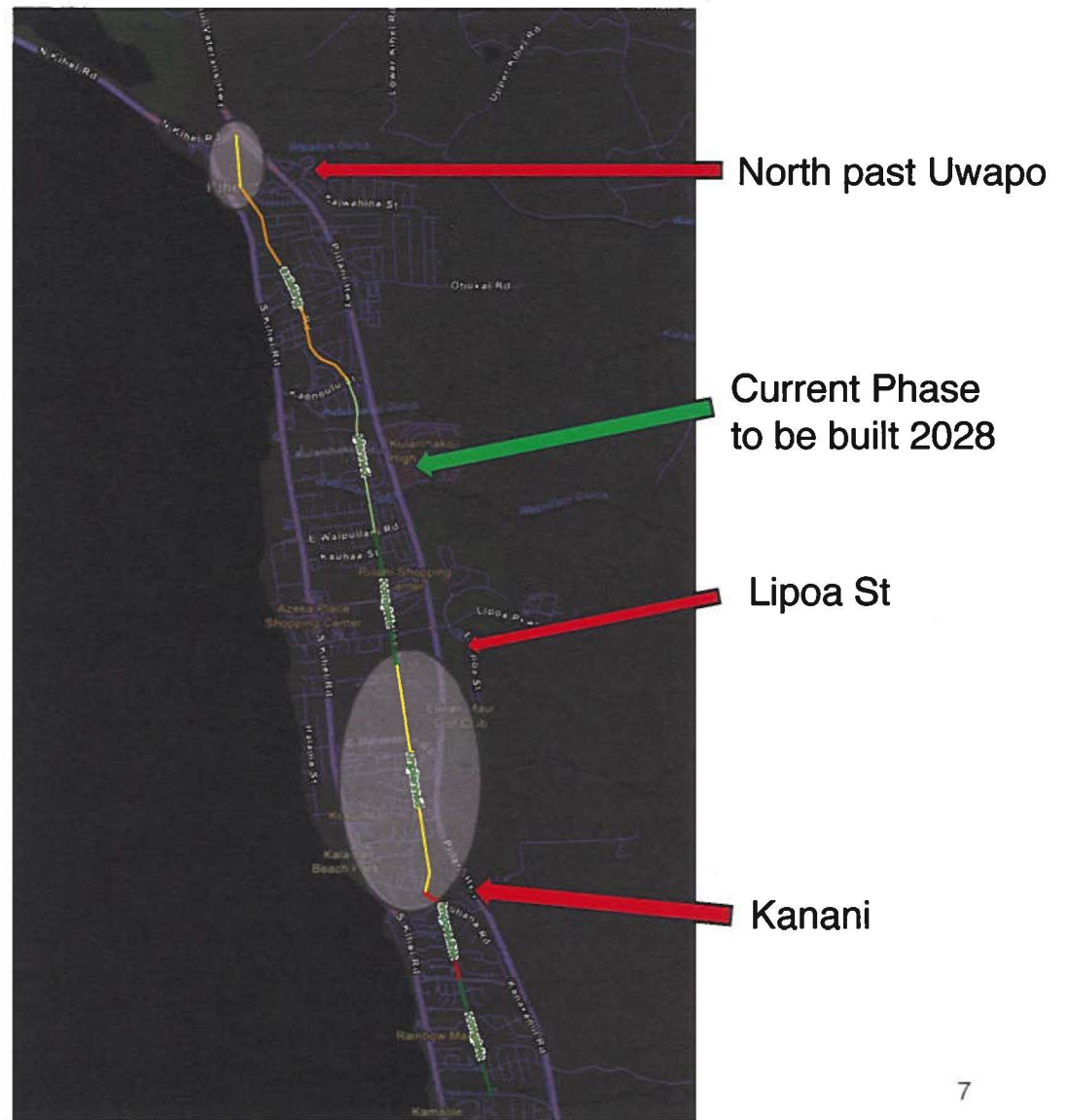
Only one egress for all of S Maui's 40,000 people

Current infrastructure is already insufficient for Peak Usage in Kihei

Now consider Two Solutions

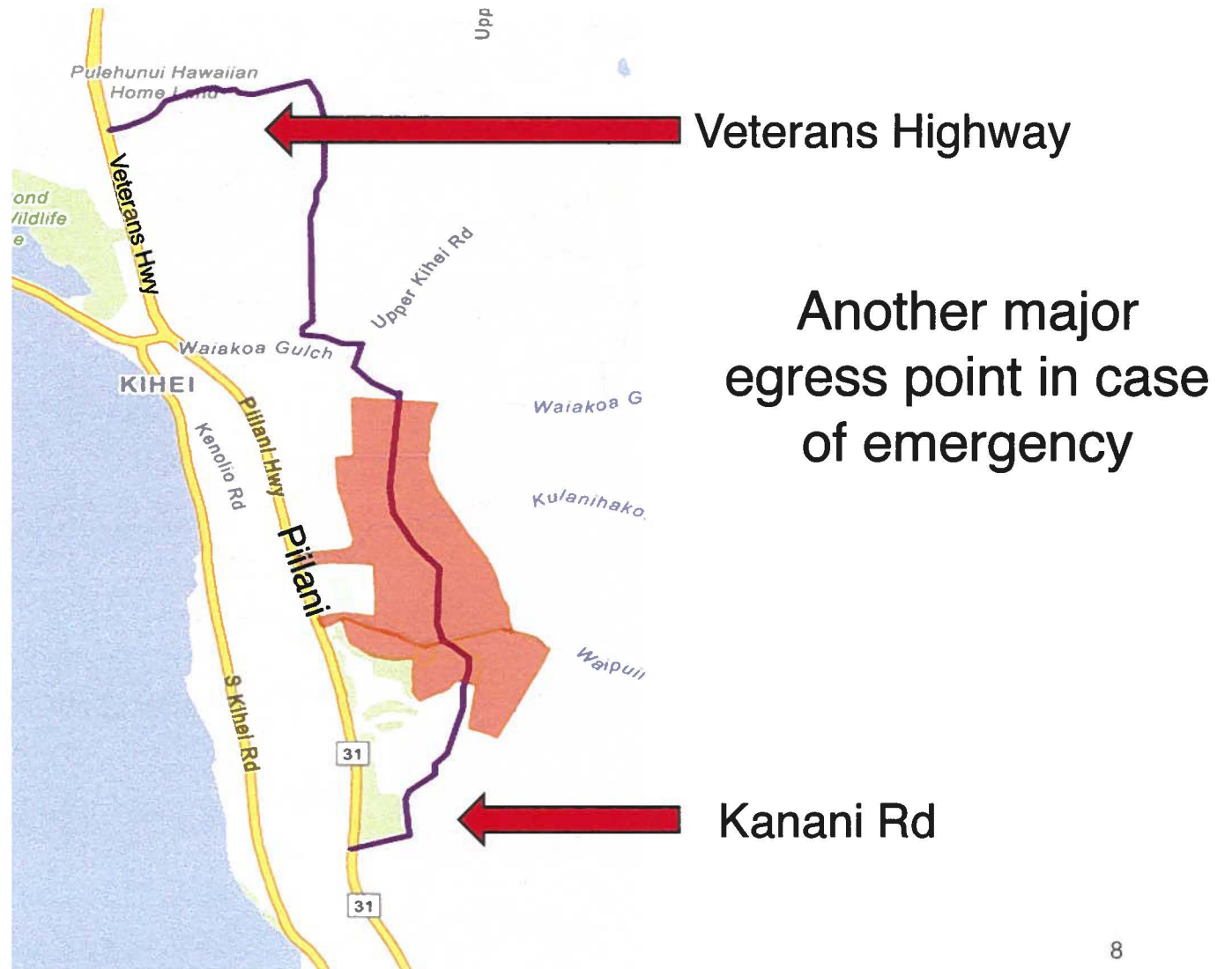
Solution 1: North South Collector Road

Entire NSCR funded from Lipoa south to Kanani



Solution 2: The Kihei Mauka Collector Road

Improve Traffic
flow throughout
South Maui



We need funding for the next phases starting yesterday!

Current NSCR phase won't even get started until 2028!

Let's get the whole thing done within 5-7 years to begin to meet the need for more traffic flow for all of the South Maui Cul de sac!

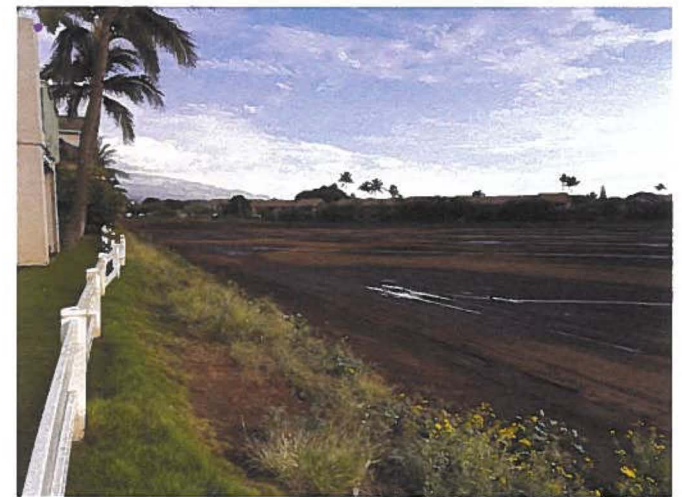
7000 plus homes in pipeline **REQUIRES** these two solutions at minimum!

Flood Mitigation

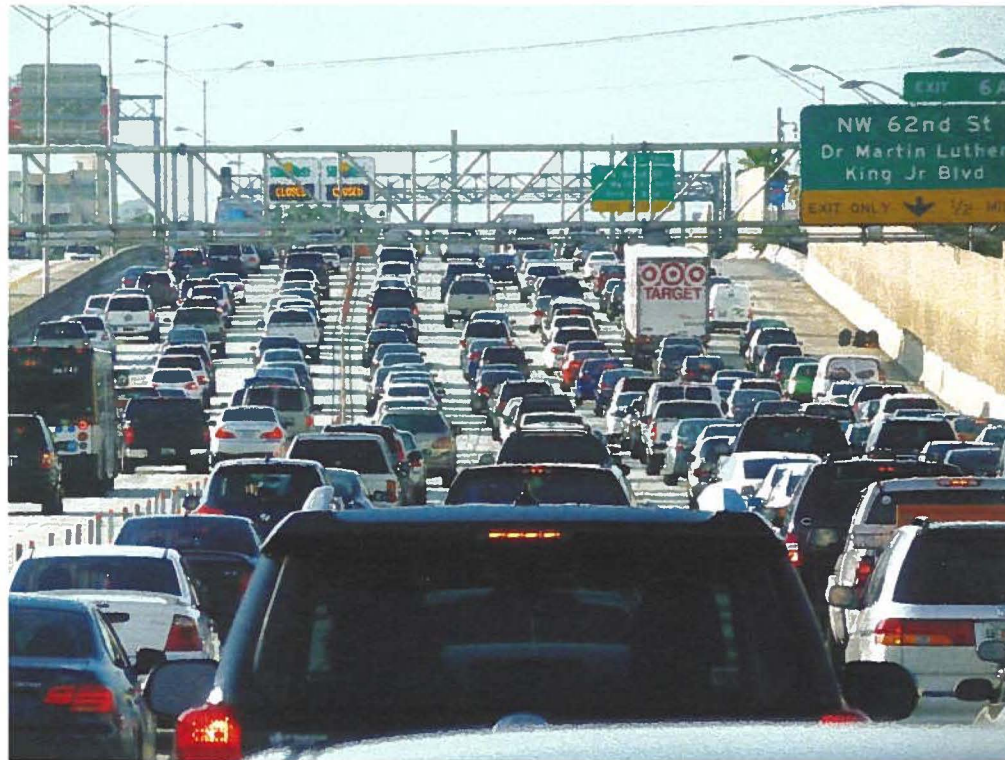
**Budget Money for
Regular
Maintenance!**



Cleared gulches can
contain much of the
sediment, but get filled in
without regular
maintenance



**We can't pave paradise and
make the Pi'ilani a parking lot!**



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