

19.12.020 Permitted uses.

Within the A-1 and A-2 districts, the following uses are permitted:

- A. Any use permitted in the residential and duplex districts.
- B. Apartment houses.
- C. Boarding houses, rooming houses, and lodging houses.
- D. Bungalow courts.
- E. Apartment courts.
- F. Townhouses.
- G. Transient vacation rentals in buildings and structures meeting all of the following criteria:
 - 1. The building or structure received a building permit, special management area use permit, or planned development approval that was lawfully issued by and was valid, or is otherwise confirmed to have been lawfully existing, on April 20, 1989.
 - 2. Transient vacation rental use was legally conducted in any lawfully existing dwelling unit within the building or structure prior to September 24, 2020 as determined by real property tax class or payment of general excise tax and transient accommodations tax.
 - 3. The number of rooms or units allowed for transient vacation rental use may not increase beyond those allowed for such use as of January 7, 2022. Existing transient vacation rentals may be reconstructed, renovated, or expanded if no new rooms or transient vacation rental units are added.
 - 4. The property owner or operator holds general excise tax and transient accommodations tax licenses and is current in payment of State and County taxes, fines, or penalties assessed in relation to the transient vacation rental.
 - 5. The planning director and director of finance must maintain a publicly available list of all transient vacation rental units allowed under this section to the best of the departments' knowledge at the time the list is posted. The list is informational only and is not a confirmation of zoning or allowable uses. Inclusion of a property on the list does not establish any right to operate a transient vacation rental unit, and no person may rely upon the list to establish the right to operate as a transient vacation rental unit. Any interested person must consult the department with respect to any specific property's ability to operate as a transient vacation rental unit.
 - 6. Advertisements for transient vacation rental use must include the subject property's registration number, which is the subject property's tax map key number, without punctuation marks.
 - 7. A declaration in accordance with section 19.12.025 must not have been filed.
- H. Bed and breakfast homes, subject to the provisions of chapter 19.64.
- I. Short-term rental homes, subject to the provisions of chapter 19.65.

(Ord. No. 5502, § 3, 2023; Ord. No. 5473, § 2, 2022; Ord. No. 5301, § 3, 2021; Ord. No. 5126, § 3, 2020; Ord. No. 4315, § 3, 2016; Ord. No. 4168, § 5, 2014; Ord. No. 4167, § 2, 2014; Ord. No. 4076, § 1, 2013; Ord. No. 3622, § 3, 2009; Ord. 1797 § 8, 1989; prior code § 8-1.6(b))

RECEIVED AT HLU MEETING ON 6/25/2021

The Hatchet vs. The Scalpel

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STR owners:

"This isn't the way to do it. You're using a hatchet where you should be using a scalpel."

What they aren't talking about/don't know:

Legally, this body *has to* treat all Minatoya properties the same, or we leave ourselves open to legal challenge. What we do to one, we HAVE TO do to all.

Solution:

Use the scalpel on the *other side* of passing Bill 9.

Why it's important to pass Bill 9 NOW:

We know that a "reasonable phase out time" is required for this ordinance to stand up to legal challenge. Let's say that's 3 years. The longer we wait to pass Bill 9, the longer it takes to start the clock.

So:

Step 1: Pass Bill 9, start the clock.

Step 2: Give all Minatoya properties who believe they legitimately should be upzoned to hotel and continue operating as short term rentals, one year from the passage of Bill 9, to make a case to this administration.

Data that can be used to evaluate "suitability for long term residents:"

- Historical owner occupancy rates
- Estimated future assessments to deal with sea level rise, sewer upgrades, etc.
- HOA/Insurance fees, and whether those would come down if the property was taken OUT of short term rental use
- Historical unit-sale price data. If the cost of units over time has been inflated only because of the potential for STR use, that's not the true value of the unit, and will come down once the STR permission is removed.

Step 3. Administration decides which properties they believe should be hotel-zoned, and initiate the zoning change on behalf of those properties.

- Allows one year for us to collectively use the scalpel, while the phase out clock is ticking.
- Assuming the phase out period is three years, this gives the administration and the properties the remaining 2 years to go through the upzoning process. Totally possible if we make this a priority.
- Eliminates some of the cost and burden of upzoning from these properties that we hear referenced in owner-testimony so often.
- "County doesn't like to rezone properties unless 100% of owners agree"
 - Put that on the property owners. Tell them they can get county support rezoning if they all agree in the first year. If 100% can't agree, then the building will have to shoulder the burden of upzoning themselves, and the few that didn't want to agree the first time will be outvoted anyway, so it's incentive for them to agree now.
- Relieves already-struggling residents of Minatoya properties of the "burden to prove" their buildings *are* suitable for long term residents, and puts the burden to prove these units are unsuitable for long term residents on the industry looking to continue making a profit, and the county, where it should be.

The current fear mongering that this is a hatchet where we need a scalpel is a stall tactic that puts the burden of change on the already struggling residents, when it should be on the industry, and investors looking to continue to profit off of these units.

West Maui Vacation Rentals in Apartment Districts as of 2014

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	TMK	Project Name	Total #	Homeowner	Apartment	Timeshare	STRH	TVR %
1	42001024	KAPALUA BAY VILLAS	141	3	18	0	120	85%
2	42001028	KAPALUA GOLF VILLAS	186	10	32	0	144	77%
3	42001030	KAPALUA IRONWOODS	39	2	36	0	1	3%
4	42001032	THE RIDGE	161	13	36	0	112	70%
5	42006001	COCONUT GROVE KB	36	2	33	0	1	3%
6	43003108	NAPILHAU VILLAGES I	76	45	31	0	0	0%
7	43003110	NAPILI VILLAS PH I	100	55	45	0	0	0%
8	43003122	NAPILI VILLAS PH III	40	17	23	0	0	0%
9	43003123	NAPILI VILLAS PH II	44	24	20	0	0	0%
10	43005009	KAHANA REEF	88	7	13	0	68	77%
11	43005020	KAHANA OUTRIGGER	8	0	0	0	8	100%
12	43005021	KAHANA OUTRIGGER	4	0	0	0	4	100%
13	43005029	KAHANA VILLAGE	42	1	2	0	39	93%
14	43005031	KAHANA OUTRIGGER	4	0	0	0	4	100%
15	43005082	KAHANA GATEWAY	73	0	73	0	0	0%
16	43006004	MAUI LANI TERRACES	159	36	122	0	1	1%
17	43006005	HALE ROYAL	85	43	42	0	0	0%
18	43006007	NOHONANI	28	0	1	0	27	96%
19	43006012	MAKANI SANDS	30	4	3	0	23	77%
20	43006013	KALEIALOHA	67	7	17	0	43	64%
21	43006014	HONO KOA	28	0	0	28	0	100%
22	43006016	LOKELANI	36	4	3	0	29	81%
23	43006036	LEINANI APTS	30	12	18	0	0	0%
24	43006041	HALE MAHINA BEACH	53	2	5	0	46	87%
25	43006044	HALE ONO LOA	67	3	10	0	54	81%
26	43006063	PIKAKE	12	2	2	0	8	67%
27	43006069	BREAKERS	60	15	45	0	0	0%
28		WEST MAUI BREAKERS	24	0	24	0	0	0%
29	43008001	MAHINAHINA BEACH	32	8	22	0	2	6%
30	43008002	POLYNESIAN SHORES	52	2	3	0	47	90%
31	43008004	KULEANA	18	1	3	4	10	78%
32	43008005	KULEANA	100	6	9	29	56	85%
33	43008006	HOYOCHI NIKKO	17	0	1	0	16	94%
34	43009002	NOELANI	50	1	4	0	45	90%
35	43016006	NAPILI RIDGE	132	35	84	0	13	10%
36	43016055	71 WENA PLACE	2	2	0	0	0	0%
37	43016057	US DUPLEX	2	2	0	0	0	0%
38	43016059	91A/91B HUI ROAD F	2	0	2	0	0	0%
39	43016060	95 HUI ROAD F CONDO	2	0	2	0	0	0%
40	43021082	VILLAS@ KAHANA RIDGE	117	63	54	0	0	0%
41	44001034	MAUI PARK	288	0	288	0	0	0%
42	44001038	WEST MAUI TRADES	96	15	81	0	0	0%
43	44001041	HONOKOWAI PALMS	30	6	18	0	6	20%
44	44001042	HALE KAI I	40	5	7	0	28	70%
45	44001050	PAKI MAUI III	28	0	3	1	24	89%
46	44001051	PAKI MAUI I & II	80	6	8	5	61	83%
47	44001052	MAUI SANDS I	56	4	8	0	44	79%
48	44001055	PAPAKEA	363	10	18	36	299	92%
49	44001066	HONOKOWAI EAST	51	12	39	0	0	0%
50	44001071	MAUI SANDS II	20	3	0	0	17	85%

Sales History of just a few Minatoya Units

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~~pulled from public records while listening to these unit-owners testify that
"these units are too expensive for housing for local people."

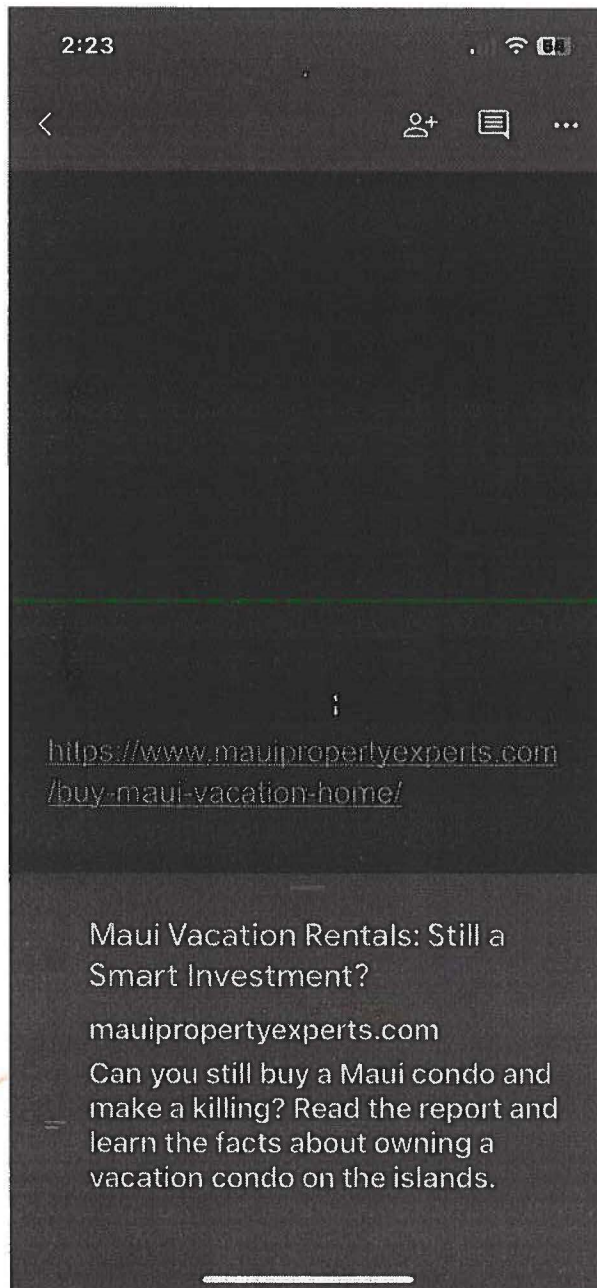
Address	Year purchased	Purchase Price	Owner Mailing Address	Take-away thoughts, after reviewing the property files
73 N. Kihei Rd. Unit 603 (sugar beach)	2024	\$800,000		These units are not inherently "too expensive for locals." Costs are artificially driven up by Minatoya.
	2021	\$549,000		
	2011	\$285,000		
	1991	\$37,816		
150 Hauoli St Unit 410 (sugar beach)	2021	\$560,000		These units are not inherently "too expensive for locals." Costs are artificially driven up by Minatoya.
	2014	\$385,000		
	1998	\$170,000		
2695 S. Kihei Rd Unit 408B6	2000	\$215,000	Out of state	This unit could be rented long term, or sold at what they bought it for and would still have made a massive profit
Owner A 2895 S. Kihei Rd	2015	\$262,000		This unit could be rented long term, or sold at what they bought it for and would still have made a massive profit
Owner A 2219 S Kihei Rd	2015	\$185,000		This unit could be rented long term, or sold at what they bought it for and would still have made a massive profit
Owner B 715 s. Kihei rd, unit 102 (kihei bay surf) I have friends that used to	2017	\$249,000		This unit could be rented long term, or sold at what they bought it for and would still have made a massive profit

live here				
Owner B 2219 S Kihei Rd, unit a-114 (pacific shores) I have friends that used to live here	2020	\$500,000		These units are not inherently "too expensive for locals." Costs are artificially driven up by Minatoya. This unit could be rented long term, or sold at what they bought it for and would still have made a massive profit
	2018	\$347,000		
Owner C 2219 Pacific Shores Unit a-306 (pacific Shores) I have friends that used to live here This complex used to be one of the ONLY affordable places to live in Kihei, not many years ago.	2006	\$335,000	Kailua, O'ahu	This unit could be rented long term, or sold at what they bought it for and would still have made a massive profit.
	2001	\$123,000		
Owner C 2219 Pacific Shores Unit b-114 (pacific Shores) I have friends that used to live here	2017	\$375,000	Kailua, O'ahu	Testified to planning commission May 28, 2024 that he does short term rental in this unit, RPT site classifies this as long term rental tax class This unit could be rented long term, or sold at what they bought it for and would still have made a massive profit.
	2002	\$148,000		
2695 S Kihei Rd Unit 304 B8 Kamaole Sands	2017	\$385,000	Canada	This unit could be rented long term, or sold at what they bought it for and would still have made a massive profit. Redfin/ zillow have units in this building currently valued at \$8-900,000. These units are not inherently expensive. The Minatoya rule is MAKING THEM EXPENSIVE

Can you still buy a Maui condo and make a killing?

This is the clickbait on a google search about short term rentals last week. This is a realtor blog written in 2025. In this current landscape.

We are a game to them. They stand here and talk about job creation and Maui's economy but they are playing monopoly.



Maui Vacation Rentals: Still a Smart Investment?

By Levi Jonathan Mizel

Maui Property Experts

So you're thinking about buying a vacation rental property on Maui, maybe that oceanfront condo you've been dreaming about since your last visit. The location was perfect, and the rental income would help cover the cost.



But is a Maui vacation rental still a good investment in 2025? Well, grab your beach chair and a Mai Tai, because I'm going to answer that question right now.

Reality Check: It's Not All Sunshine and Profit

Let's start with the not-so-sexy stuff.

First is income, in other words, your ability to **rent** the unit when you are not staying on the island. Rental income is important because it helps you defray the costs of owning the property, and even helps you qualify for a mortgage if you are not paying cash.

You may have heard of the **Minatoya List**, which is Maui County's list of condos allowed to offer vacation-rentals in Apartment-Zoned complexes. Being on the list used to mean you were safe. But these days? Not so much.

With ongoing housing shortages and potential regulatory changes, even Minatoya List properties could lose their ability to do short-term rentals if Maui County decides to tighten the rules, which looks to be likely.



That uncertainty has a lot of owners sweating right now, and it's why we recommend that anyone who needs rental-income purchase **only** in a Hotel-Zoned complex, which is approved for short-term use.

Outside of zoning issues, there are also insurance spikes. Thanks to a combo of wildfires, rising construction costs, and changes in weather patterns, insurance today costs more than it did a couple of years ago. That plus higher property maintenance costs leads to **increased HOA fees**.

And let's talk about the buildings themselves. Many Maui condos were built back in the 70s and 80s, which often means deferred maintenance. There are roofs that need to be replaced, plumbing that needs to be upgraded, parking lots that need to be

repaved, and buildings that need to be repainted, all contributing to increased costs, and sometimes leading to **special assessments**.

Oh, and don't forget potentially **lower visitor counts** since the Lahaina fires. With more vacation rental options on the market and fewer tourists, some lower-end units are sitting empty longer than their owners would like.

I don't mean to burst your bubble, but I'd rather you know the truth before we get into escrow and you learn the facts. 😊

The bottom line is that if you're thinking a Maui vacation rental is going to be your golden goose, you might want to reconsider. When you factor in all the costs, maintenance, and fluctuating rental income, your actual cash-on-cash return might not even beat a boring old index fund.

With all that said, if you worry that you missed the boat, you may be looking at the **wrong** end of the equation because...

You Can't Watch the Sunset from an Index Fund!

Okay, now let's flip the script and talk about why people are still buying vacation rentals — because there is a lot more to the story than dollars and cents.

That condo on Maui? It's not just an asset. It's your front-row seat to humpback whales breaching at sunrise. It's where your kids learn how to surf. Where you sip wine on the lanai and watch the sky turn pink and gold while holding the hand of someone you love.

It's **memories in the making**, year after year, with the people you care about most.

Some of my earliest, happiest memories are of family trips to Maui, playing in the waves, sandy towels draped over beach chairs, the smell of salt air mixing with sunscreen as we headed off to explore some new restaurant or attend a Luau.