October 14, 2025

MEMO TO: Members of the Housing and Land Use Committee

F R O M: Nohelani U‘u-Hodgins, Chair Nohelani U‘u-Hodgins
Bill 9 Temporary Investigative Group

SUBJECT: **TEMPORARY INVESTIGATIVE GROUP ON TRANSIENT VACATION RENTALS IN APARTMENT DISTRICTS FINAL REPORT** (HLU-4(1)) (PAF 25-226)

The Bill 9 Temporary Investigative Group of the Housing and Land Use Committee, having met on September 15, 16, 17, 19, 23, 27, and 29, 2025, makes its report as follows:

I. Background

By correspondence dated August 13, 2025, HLU Committee Vice-Chair Nohelani U‘u-Hodgins transmitted a legislative proposal to establish a Temporary Investigative Group on policies and procedures for Transient Vacation Rental uses in Apartment Districts.

Under Section 92-2.5, Hawai‘i Revised Statutes, the Bill 9 TIG was formed, as described in the legislative proposal, by the Housing and Land Use Committee on August 20, 2025.

HLU Committee Vice-Chair U‘u-Hodgins was designated as the TIG Chair, Councilmember Tamara Paltin as the TIG Vice-Chair, and Councilmembers Tom Cook and Shane M. Sinenci as TIG voting members.

The TIG was required to submit a report of the group's recommendations to the HLU Committee by December 31, 2025.

II. Purpose and scope

The Bill 9 TIG was directed to make findings and recommendations to the Committee on:

Received at 10/14/2025 HLU Committee meeting
from TIG Chair U'u-Hodgins

1. Identifying Apartment District properties where continuing Transient Vacation Rental uses may be appropriate, even if the Council enacts an ordinance phasing out TVRs as permitted uses in the A-1 and A-2 zones. "Properties" includes individual units or entire buildings.

2. Summarizing forecasted economic and social impacts of TVR uses being phased out in the Apartment Districts.

3. Suggesting Council-initiated bills to approve a Change in Zoning, Community Plan Amendment, or Conditional Permit for the identified properties.

4. Suggesting improvements to Chapter 19.510, Maui County Code, "Application and procedures," to make applications for a Change in Zoning, Community Plan Amendment, or other land-use entitlements more cost efficient and time efficient.

The TIG was tasked with evaluating Apartment District properties permitted to have TVR uses to:

- Identify current uses on the properties;

- Consider uses likely to occur on the properties if TVR uses are phased out;

- Analyze how phasing out TVR uses will impact the surrounding community and the County as a whole; and

- Determine whether TVR uses should be allowed to continue on properties through the appropriate land-use-designation changes.

The TIG was authorized to work with the Planning Director to:

- Review the Department's application and review processes for land-use-designation changes to consider the timeliness of applications;

- Identify factors that may hinder processing of applications; and

- Consider policies and procedures to expedite the processing of applications.

The TIG was also authorized to:

- Research other municipalities' land-use processes; and

- Conduct interviews and discussions with:

  - County officers and personnel;

  - Individuals with expertise on Apartment District properties and the impacts of phasing out TVR uses in the Apartment Districts; and

  - Representatives from the following groups:

    - Apartment District and other property owners;

    - Officials in other municipalities;

    - Land-use planners;

    - Housing advocates;

    - Economists; and

    - Businesspersons in real estate, hospitality, and other industries.

Finally, the TIG was requested to:

- Identify Apartment District properties on which TVR uses should be allowed to continue and recommend the appropriate land-use-designation changes;

- Identify, and rank in order of importance, changes to Chapter 19.510, Maui County Code, to improve application and review processes;

- Identify which beneficial changes to policies and procedures require legislative proposals and action by the Council; and

- Identify which beneficial policies and procedures can be accomplished by Department of Planning administrative action.

III. Rules, procedures, and dissolution

The Bill 9 TIG conducted its meetings and discussions under the authority of:

- The legislative proposal that established the TIG; and

- HRS Subsection 92-2.5(b), which states: "Two or more board members, but less than the number of members which would constitute a quorum, may be assigned to:

  (1) Investigate a matter relating to the official business of their board, provided that:

    (A) The scope of the investigation and the scope of each member's authority are defined at a meeting of the board;

    (B) All resulting findings and recommendations are presented to the board at a meeting of the board; and

    (C) Deliberation and decision-making on the matter investigated, if any, occurs only at a duly noticed meeting of the board held no less than six business days after the meeting at which the findings and recommendations of the investigation were presented to the board."

Accordingly, Subparagraph A's requirements were satisfied at the HLU Committee's meeting of August 20, 2025. Subparagraph B's requirements are to be satisfied at the Committee's meeting of October 14, 2025. And Subparagraph C's allowances are to be scheduled by the Committee.

The TIG is dissolved upon presentation of its findings, recommendations, and legislative proposals to the HLU Committee; therefore, the TIG is now dissolved.

IV. Meetings

Present at every meeting were all four TIG members and staff from the Office of Council Services and Department of the Corporation Counsel.

Additionally, the TIG met with the Mayor, Managing Director, staff from the Department of Planning and the Department of Finance, businesspersons in real estate, housing advocates, and loan officers.

The TIG's meeting discussions were scheduled as follows:

- September 15, 2025:

  TIG rules and procedures, planning for future TIG meetings, allowable uses in Apartment Districts, changes in zoning, Community Plan amendments, conditional permits

- September 16, 2025:

  TVR use in Apartment and Hotel Districts, Apartment District Properties allowed to be used for short-term occupancy, timeshares, leaseholds, units originally built for workforce or affordable housing

- September 17, 2025:

  Economic impacts to Maui County if TVR uses are phased out in the Apartment Districts

- September 19, 2025:

  Sea Level Rise Exposure Area; economic and social impacts to Maui County if TVR uses are phased out in the Apartment Districts, including housing availability

- September 23, 2025:

  Mortgage and loan processes; economic and social impacts to Maui County if TVR uses are phased out in the Apartment Districts, including housing availability and attainability

- September 27, 2025:

  Impacts of phasing out TVR uses on the surrounding community and the County as a whole; Department of Planning's application and review processes for land-use-designation changes, including identify factors that may hinder processing of applications and considering policies and procedures to expedite the processing of applications

- September 29, 2025:

  Application and review processes for land-use-designation changes, beneficial policies and procedures that can be accomplished by Department of Planning's administrative action, economic and social impacts to Maui County if TVR uses are phased out in the Apartment Districts, recap of TIG's recommendations

The Bill 9 TIG also conducted site visits around Maui Island.

V. Findings and recommendations

The TIG found the following potential economic and social impacts of TVRs being phased out as permitted uses in the Apartment Districts:

- The economic impact to the County, especially as it relates to Real Property Taxes, is difficult to predict because classifications, tiers, and rates may change over time.

- Assuming the current RPT classifications, tiers, and rates remain the same, the economic impact to the County would be largest—i.e., decrease the County's RPT revenue the most—if all units become owner-occupied. The impact would be smallest—i.e., decrease RPT revenue the least—if all units become non-owner-occupied.

- In the immediate future, the County may not see a large economic impact to its RPT collections; however, phasing out TVR uses in the Apartment Districts may impact General Excise Tax and Transient Accommodations Tax revenue as property owners long-term rent, sell, or vacate their units.

- Similarly, fewer TVRs could result in a reduction in tourism, which could also impact hospitality-related jobs.

- On the other hand, Maui County residents seeking permanent housing have time to prepare for long-term rental or home ownership by meeting with loan officers and taking advantage of homebuyer education classes offered throughout the County.

- Additionally, many Apartment District TVRs are in West Maui, where a large number of residents were displaced by the August 2023 Maui Wildfires. Limited water availability impedes development of new West Maui housing, but housing may still become available to displaced residents if TVR owners choose to sell their properties after a phase out.

- The TIG discussed ways to mitigate the potential financial losses or encourage the full-time use of Apartment District properties for residential purposes, including through an empty homes tax.

- The TIG acknowledged that, although the intent of phasing out TVR uses in the Apartment Districts is to increase housing availability for Maui County residents to live in, both local and out-of-state investors could purchase properties placed on the market.

- The TIG also acknowledged that properties subject to litigation are (1) less likely to be sold; and (2) less likely to be bought by local residents because banks typically only authorize cash transactions on those properties.

The TIG noted that property owners wishing to continue TVR uses may apply for land-use-designation changes.

By unanimous, affirmative votes the TIG established the following recommendations:

Recommendation #1:

Urging the Department of Planning to introduce legislation establishing H-3 and H-4 Hotel Districts

Purpose and scope:

- Identifying Apartment District properties where continuing Transient Vacation Rental uses may be appropriate, even if the Council enacts an ordinance phasing out TVRs as permitted uses in the A-1 and A-2 zones. “Properties” includes individual units or entire buildings.

- Councilmembers may work with the Planning Director to review the Department of Planning's application and review processes for land-use-designation changes to consider the timeliness of applications, from initiation to final approval or denial, identify factors that may hinder processing of applications, and consider policies and procedures to expedite the processing of applications.

- Identify which beneficial policies and procedures can be accomplished by Department of Planning’s administrative action.

Summary:

- The original purpose and intent of Chapter 19.12, Maui County Code, which established Apartment Districts, was:

    - To provide higher density housing options generally established within or near the urban core of a town to provide residents with access to jobs, services, amenities, and transportation options. Uses within the Apartment Districts are appropriately located near, and are compatible with, uses in the various business, residential, public/quasi-public, and park districts.

    - To provide a transition between residential districts and business districts.

    - That residential buildings and structures within the Apartment District be occupied on a long-term residential basis.

- The County could establish H-3 and H-4 Hotel Districts that are like-for-like with the A-1 and A-2 Apartment Districts, respectively, except that TVR uses would be permitted outright.

- Apartment District properties on which TVR uses should be allowed to continue could then be rezoned into the H-3 and H-4 Hotel Districts without changing the properties' allowable uses.

- Introduction of the legislation by the Department of Planning would result in the proposed legislation going to the Planning Commissions first, without an initial referral by Council, expediting the process and minimizing personnel resources for establishing the new Hotel Districts.

Recommended action: The TIG recommends introduction of a resolution urging the Department of Planning to introduce legislation establishing H-3 and H-4 Hotel Districts in Section 19.14, Maui County Code, that are like-for-like with the A-1 and A-2 Apartment Districts, respectively, except that TVR uses would be outright permitted.

Barriers to implementation: None.

Recommendation #2: Council-initiated land-use-designation changes

Purpose and scope:

- Identifying Apartment District properties where continuing Transient Vacation Rental uses may be appropriate, even if the Council enacts an ordinance phasing out TVRs as permitted uses in the A-1 and A-2 zones. "Properties" includes individual units or entire buildings.

- Suggesting Council-initiated bills to approve a Change in Zoning, Community Plan Amendment, or Conditional Permit for the identified properties.

- Identify which beneficial changes to policies and procedures require legislative proposals and action by the Council.

Summary:

- Exhibit "2," attached, notes Apartment District properties allowed to be used for short-term occupancy and the recommendations for which continuing TVR uses may be appropriate.

- Properties with market values not attainable by most Maui County residents would be appropriate to continue TVR uses.

- Properties where any portion of the property is located in the full SLR-XA or would already be impacted by sea-level rise would not produce long-term housing options for residents and would therefore be appropriate to continue TVR uses.

- Properties that are entirely or almost entirely made up of timeshare units would not be required to phase out TVR use and, therefore, should be located in the Hotel District or resort and hotel-related community plan areas.

- TVRs in Apartment Districts located on Molokai were not recommended to be phased out regardless of what occurs countywide.

- Owners of property not included in Exhibit "2" who are wishing to continue TVR uses may still individually apply for land-use-designation changes.

- Owners of properties that are listed in Exhibit "2" but prefer to apply for upzoning of their properties may be excluded from Council-initiated comprehensive zoning and individually apply for land-use-designation changes.

Recommended action: The TIG recommends the following:

1. Council-initiated Changes in Zoning from A-1 or A-2 Apartment Districts to H-3 or H-4 Hotel Districts, respectively, once the H-3 and H-4 Hotel Districts are established, for the properties noted in Exhibit "2."

2. Changes to community-plan designations for properties noted in Exhibit "2" and located in South Maui as part of the Council's review of the South Maui Community Plan update.

3. Council-initiated changes to community-plan designations for all other properties noted in Exhibit "2."

Barrier to implementation: The length of time for land-use-designation changes to be reviewed and approved will likely extend beyond the current Council term.

The recommendations noted above further the following General Plan objectives:

- "Increase the inventory of long-term housing units, whether owner-occupied or long-term rental, and whether single-family or multi-family." (West Maui Community Plan, page 58)

- "Limit the number of visitor-accommodation units and facilities in Community Plan Areas." (Countywide Policy Plan, page 73)

- "Maintain a sustainable balance between the resident, part-time resident, and visitor populations." (Countywide Policy Plan, page 73)

VI. Summary

Under HRS Section 92-2.5, the Bill 9 TIG was established on August 20, 2025, to investigate and make findings and recommendations on policies and procedures for Transient Vacation Rental uses in Apartment Districts.

Through the course of seven meetings including various resource personnel, the TIG found the following potential economic and social impacts of TVR uses being phased out in the Apartment Districts:

- The economic impact to the County, especially as it relates to Real Property Taxes, is difficult to predict because classifications, tiers, and rates may change over time.

- Assuming the current RPT classifications, tiers, and rates remain the same, the economic impact to the County would be largest, or decrease the County's RPT revenue the most, if all units become owner-occupied; and the economic impact would be smallest, or decrease RPT revenue the least, if all units become non-owner-occupied.

- In the immediate future, the County may not see a large economic impact to its RPT collections; however, phasing out TVR uses in the Apartment Districts may impact General Excise Tax and Transient Accommodations Tax revenue as property owners long-term rent, sell, or vacate their units.

- Similarly, fewer TVRs could result in a reduction in tourism, which could also impact hospitality-related jobs.

- On the other hand, Maui County residents seeking permanent housing have time to prepare for long-term rental or home ownership by meeting with loan officers and taking advantage of homebuyer education classes offered throughout the County.

- Additionally, many Apartment District TVRs are in West Maui, where a large number of residents were displaced by the August 2023 Maui Wildfires. Limited water availability impedes development of new West Maui housing, but housing may still become available to displaced residents if TVR owners choose to sell their properties after a phase out.

- The TIG discussed ways to mitigate the potential financial losses or encourage the full-time use of Apartment District properties for residential purposes, including through an empty-homes tax.

- The TIG acknowledged that, although the intent of phasing out TVR uses in the Apartment Districts is to increase housing availability for Maui County residents to live in, both local and out-of-state investors could purchase properties placed on the market.

- The TIG also acknowledged that properties subject to litigation are (1) less likely to be sold; and (2) less likely to be bought by local residents because banks typically only authorize cash transactions on those properties.

The TIG noted that property owners wishing to continue TVR uses may apply for land-use-designation changes.

The TIG also unanimously voted to make the following recommendations:

1. Introduction of a resolution urging the Department of Planning to introduce legislation establishing H-3 and H-4 Hotel Districts in Section 19.14, Maui County Code, that are like-for-like with the A-1 and A-2 Apartment Districts, respectively.

2. Council-initiated changes in zoning from A-1 or A-2 Apartment District to H-3 or H-4 Hotel Districts, respectively, once the H-3 and H-4 Hotel Districts, for the properties noted in Exhibit “2.”

3. Council-initiated changes to community-plan designations for properties noted in Exhibit “2” and located in South Maui during its review of the South Maui Community Plan update.

4. Council-initiated changes to community-plan designations for all other properties noted in Exhibit “2.”

The TIG is dissolved as of the issuance of this report on October 14, 2025.

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Attachment

Exhibit "1"

August 13, 2025

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MEMO TO: HLU-4 File

F R O M: Nohelani U'u-Hodgins, Vice-Chair Nohelani U'u-Hodgins
Housing and Land Use Committee

SUBJECT: **TRANSMITTAL OF LEGISLATIVE PROPOSAL RELATING TO TEMPORARY INVESTIGATIVE GROUP ON POLICIES AND PROCEDURES FOR TRANSIENT VACATION RENTAL USES IN THE APARTMENT DISTRICTS** (HLU-4)

The attached legislative proposal pertains to Item 4 on the Committee's agenda.

paf:jgk:25-205b

Attachment

Temporary Investigative Group on Policies and Procedures for Transient Vacation Rental Uses in the Apartment Districts

Housing and Land Use Committee (HLU-4)

Purpose of investigation:

The investigation's purpose is to make findings and recommendations on:

1. Identifying Apartment District properties where continuing Transient Vacation Rental uses may be appropriate, even if the Council enacts an ordinance phasing out TVRs as permitted uses in the A-1 and A-2 zones. "Properties" includes individual units or entire buildings.

2. Summarizing forecasted economic and social impacts of TVR uses being phased out in the Apartment Districts.

3. Suggesting Council-initiated bills to approve a Change in Zoning, Community Plan Amendment, or Conditional Permit for the identified properties.

4. Suggesting improvements to Chapter 19.510, Maui County Code, "Application and procedures," to make applications for a Change in Zoning, Community Plan Amendment, or other land-use entitlements more cost efficient and time efficient.

Scope of investigation:

The investigation's scope is as follows:

1. The Temporary Investigative Group may evaluate Apartment District properties on which Transient Vacation Rental use is a permitted use to:

    a. Identify current uses on the properties.

    b. Consider uses likely to occur on the properties if Transient Vacation Rental uses are phased out.

    c. Analyze how phasing out Transient Vacation Rental uses will impact the surrounding community and the County as whole.

d. Determine whether Transient Vacation Rental uses should be allowed to continue on the properties through the appropriate land-use-designation changes.

2. The Temporary Investigative Group may work with the Planning Director to review the Department of Planning's application and review processes for land-use-designation changes to:

   a. Consider the timeliness of applications, from initiation to final approval or denial.

   b. Identify factors that may hinder processing of applications.

   c. Consider policies and procedures to quicken the processing of applications, including those implemented by other municipalities.

3. During its investigation, the Temporary Investigative Group may:

   a. Conduct interviews and discussions with County officers or, with the applicable agency head's approval, County personnel, including personnel from the following agencies: Department of Planning, Department of Finance, Department of Housing, and Department of the Corporation Counsel.

   b. Conduct interviews and discussions with individuals with expertise on Apartment District properties and their uses and the impacts of phasing out Transient Vacation Rental uses in the Apartment Districts.

   c. Consult with representatives from the following groups: Apartment District and other property owners, officials in other municipalities, land-use planners, housing advocates, economists, and businesspersons in real estate, hospitality, and other industries.

   d. Research other municipalities' land-use processes.

4. At the investigation's conclusion, the Temporary Investigative Group is requested to:

   a. Identify Apartment District properties on which Transient Vacation Rental uses should be allowed to continue and recommend the appropriate land-use-designation changes.

   b. Identify and rank in order of importance changes to Chapter 19.510 to improve application and review processes.

c. Identify which beneficial changes to policies and procedures require legislative proposals and action by the Council.

d. Identify which beneficial policies and procedures can be accomplished by Department of Planning administrative action.

Duration and general rules:

1. Discussion of matters on the investigation's purpose and scope is restricted to only those Councilmembers appointed as Temporary Investigative Group members by the Housing and Land Use Committee.

2. The presence of three members, whether in person or online, for a discussion called and convened by the Chair, or in the absence or disability of the Chair, the Vice-Chair, is a quorum of the Temporary Investigative Group.

3. Discussion of matters on the investigation's purpose and scope is restricted to discussions called and convened by the Chair, or in the absence or disability of the Chair, the Vice-Chair;

4. Three affirmative votes are required to establish a recommendation.

5. The Temporary Investigative Group will submit a report of the group's recommendations to the Housing and Land Use Committee by December 31, 2025; and

6. The Temporary Investigative Group may be referred to as "the Bill 9 TIG."

7. The Temporary Investigative Group will be dissolved after presentation of its report to the Housing and Land Use Committee.

Membership:	**Authority:**
Nohelani U'u-Hodgins, Chair	Call, convene, and facilitate discussions; request staff assistance from the Council Chair and the Administration; draft the report to the Housing and Land Use Committee; establish and enforce parliamentary procedure.

Tamara Paltin, Vice-Chair	In the Chair's absence or disability, the Vice-Chair assumes the Chair's duties.
Tom Cook, member	Voting member.
Shane M. Sinenci, member	Voting member.

paf:jgk:25-205a

EXHIBIT "2"

PROJECT PROPERTY	MASTER TMK	ADDRESS	YR BLT	COUNTY ZONING	COMMUNITY PLAN DESIGNATION	NUMBER OF UNITS	LOCATION
HANA KAI-MAUI	140050400000	4865 Uakea Rd	1974	A1	MF	19	Hāna (East Maui)
MAUI ELDORADO	440080210000	2661 Kekaa Dr	1968	A2	H	205	Kāʻanapali (West Maui)
HALE KAANAPALI	440060110000	45 Kai Ala Dr	1587	A2/H/OS	H	258	Kāʻanapali (West Maui)
KAPALUA BAY VILLAS	420010240000	500 Bay Dr	1977	A2	MF	141	Kapalua (West Maui)
MAUI SCHOONER	390010040000	980 S Kihei Rd	1980	A2	MF	58	Kīhei (South Maui)
MAUI KAMAOLE	390041430000	2777 S Kihei Rd	1988	A1	MF	28	Kīhei (South Maui)
MAUI KAMAOLE II	390041440000	2777 S Kihei Rd	1989	A1	MF	48	Kīhei (South Maui)
KIHEI BAY SURF	390011070000	715 S Kihei Rd	1980	A1	MF	118	Kīhei (South Maui)
GRND CHAMP VILLAS	210081040000	155 Wailea Ike Pl	1989	A2	MF/OS/PD	188	Kīhei (South Maui)
MAUI VISTA	390180030000	2191 S Kihei Rd	1980	A2	MF	280	Kīhei (South Maui)
MAUI KAMAOLE III	390040820000	2777 S Kihei Rd	1994	A1	MF	240	Kīhei (South Maui)
1178 ULUNIU RD	390070020000	1178 Uluniu Rd	1935	A1	MF	1	Kīhei (South Maui)
1440 HALAMA ST	390090030000	1440 Halama St	1946	A1	MF	1	Kīhei (South Maui)
1470 HALAMA ST	390090250000	1470 Halama St	1960	A1	MF	1	Kīhei (South Maui)
2131 ILIILI RD	390050390000	2131 Iliili Rd	1946	A1	MF	1	Kīhei (South Maui)
INDO LOTUS BEACH HSE	390050220000	2216 S Kihei Rd	1970	A1	MF	1	Kīhei (South Maui)
MOANA VILLA	390070250000	1158 Uluniu Rd	1973	A1	MF	1	Kīhei (South Maui)
MY WAII BEACH COTTAGE	390050120000	2128 Iliili Rd	1870	A1	MF	1	Kīhei (South Maui)
1194 ULUNIU RD	390070010000	1194 Uluniu Rd	1964; 1979	A1	MF	2	Kīhei (South Maui)
KAPU TOWNHOUSE	390090050000	69 Kapu PI	1980	A1	SF	2	Kīhei (South Maui)
WAIOHULI BCH DUPLEX	390090100000	64 W Lipoa St	1977	A1	MF	2	Kīhei (South Maui)
KIHEI BAY VISTA	390011430000	679 S Kihei Rd	1989	A1	MF	60	Kīhei (South Maui)
HALE KAMAOLE	390040840000	2737 S Kihei Rd	1974	A1/A2	MF	188	Kīhei (South Maui)
KAMAOLE SANDS	390040040000	2695 S Kihei Rd	1983	A2	MF	440	Kīhei (South Maui)
1444 HALAMA ST	390090020000	1444 Halama St	1968	A1	MF	4	Kīhei (South Maui)
WAILEA EKAHI II	210080600000	3300 Wailea Alanui Dr	1976	A1	MF/PUD	92	Wailea-Makena (South Maui)
WAILEA EKAHI I	210080640000	3300 Wailea Alanui Dr	1976	A1/BR/OS/PUD	MF/OS	100	Wailea-Makena (South Maui)
WAILEA EKAHI III	210080650000	3300 Wailea Alanui Dr	1976	A1/H1/OS/PUD	MF/OS	104	Wailea-Makena (South Maui)
WAILEA EKOLU	210080770000	10 Wailea Ekolu Pl	1979	A1/OS-GC/PUD	MF	148	Wailea-Makena (South Maui)
PALMS AT WAILEA I	210080820000	3200 WaIlea Alanui Dr	1990	A1	MF/OS/PD	150	Wailea-Makena (South Maui)
KAANAPALI ROYAL	440080230000	2560 Kekaa Dr	1980	A2	MF/OS	105	Kāʻanapali (West Maui)
LAHAINA BEACH CLUB	430060060000	3711 Lower Honoapiilani Rd	1971	A2	MF	12	Lahaina (West Maui)
KAHANA OUTRIGGER	430050310000	4521 Lower Honoapiilani Rd	1981	A1	MF	4	Lahaina (West Maui)
KAHANA OUTRIGGER	430050200000	4521 Lower Honoapiilani Rd	1981	A1	MF	8	Lahaina (West Maui)
PIKAKE	430060630000	3701 Lower Honoapiilani Rd	1966	A2	MF	12	Lahaina (West Maui)
LOKELANI	430060160000	3833 Lower Honoapiilani Rd	1971	A2	MF/OS	36	Lahaina (West Maui)
HALE KAI I	440010420000	3691 Lower Honoapiilani Rd	1967	A2	MF	40	Lahaina (West Maui)
MILOWAI-MAALAEA	380140220000	50 Hauoli St	1977	A2/M1	LI	42	Māʻalaea (South Maui)
HONO KAI	380140020000	280 Hauoli St	1972	A2/A1	MF	46	Māʻalaea (South Maui)
LAULOA MAALAEA	380140160000	100 Hauoli St	1979	A2	MF	47	Māʻalaea (South Maui)
MAALAEA KAI	380140210000	70 Hauoli St	1974	A2	MF	79	Māʻalaea (South Maui)
ISLAND SANDS	380140150000	150 Hauoli St	1975	A2	MF	83	Māʻalaea (South Maui)
MAUI SANDS II	440010710000	3559 Lower Honoapiilani Rd	1969	A2	MF	20	Lahaina (West Maui)
HALE MAHINA BEACH	430060410000	3875 Lower Honoapiilani Rd	1981	A2	MF	53	Lahaina (West Maui)
HALE ONO LOA	430060440000	3823 Lower Honoapiilani Rd	1969	A2	MF	67	Lahaina (West Maui)
KULEANA	430080040000	3959 Lower Honoapiilani Rd	1972	A1	MF	18	Lahaina (West Maui)
HONO KOA	430060140000	3801 Lower Honoapiilani Rd	1980	A2	MF	28	Lahaina (West Maui)
PAKI MAUI III	440010500000	3615 Lower Honoapiilani Rd	1978	A2	MF/OS	28	Lahaina (West Maui)
PAKI MAUI I & II	440010510000	3601 Lower Honoapiilani Rd	1975	A2	MF/OS	80	Lahaina (West Maui)
KULEANA	430080050000	3956 Lower Honoapiilani Rd	1974	A1	MF/OS	100	Lahaina (West Maui)
PAPAKEA	440010550000	13543 Lower Honoapiilani Rd	1977	A2/H2	MF/H2/OS2	364	Lahaina (West Maui)
MAUI HILL	390040810000	2881 S Kihei Rd	1981	A1	MF	140	Kīhei (South Maui)
MAUI SUNSET	390010020000	1032 S Kihei Rd	1974	A2	MF	225	Kīhei (South Maui)

Exhibit "3"

Apartment District Properties Allowed to be Used for Short-Term Occupancy

PROJECT PROPERTY	MASTER TMK	ADDRESS	YR BLT	COUNTY ZONING	COMMUNITY PLAN DESIGNATION	NUMBER OF UNITS
HANA KAI-MAUI	140050400000	4865 Uakea Rd	1974	A1	MF	19
WAILEA EKAHI II	210080600000	3300 Wailea Alanui Dr	1976	A1	MF/PUD	92
WAILEA EKAHI I	210080640000	3300 Wailea Alanui Dr	1976	A1/BR/OS/PUD	MF/OS	100
WAILEA EKAHI III	210080650000	3300 Wailea Alanui Dr	1976	A1/H1/OS/PUD	MF/OS	104
WAILEA EKOLU	210080770000	10 Wailea Ekolu Pl	1979	A1/OS-GC/PUD	MF	148
PALMS AT WAILEA I	210080820000	3200 Wailea Alanui Dr	1990	A1	MF/OS/PD	150
GRND CHAMP VILLAS	210081040000	155 Wailea Ike Pl	1989	A2	MF/OS/PD	188
KUAU PLAZA	260120500000	777 Hana Hwy	1973	A2	MF	30
MAKANI A KAI	380140010000	300 Hauoli St	1974	A1	MF	24
HONO KAI	380140020000	280 Hauoli St	1972	A2/A1	MF	46
KANAI A NALU	380140040000	250 Hauoli St	1977	A2	MF	80
MAALAEA BANYANS	380140110000	190 Hauoli St	1987	A2	MF	78
ISLAND SANDS	380140150000	150 Hauoli St	1975	A2	MF	83
LAULOA MAALAEA	380140160000	100 Hauoli St	1979	A2	MF	47
MAALAEA KAI	380140210000	70 Hauoli St	1974	A2	MF	79
MILOWAI-MAALAEA	380140220000	50 Hauoli St	1977	A2/M1	LI	42
MAUI SUNSET	390010020000	1032 S Kihei Rd	1974	A2	MF	225
MAUI SCHOONER	390010040000	980 S Kihei Rd	1980	A2	MF	58
LUANA KAI	390010060000	940 S Kihei Rd	1979	A2	MF	113
WAIPUILANI	390010570000	1002 S Kihei Rd	1975	A2	MF	42
KAUHALE MAKAI	390010750000	938 S Kihei Rd	1976	A2	MF	169
KIHEI BAY SURF	390011070000	715 S Kihei Rd	1980	A1	MF	118
LEINAALA	390011100000	998 S Kihei Rd	1975	A2	MF	24
KOA RESORT II	390011340000	811 S Kihei Rd	1980	A1	MF	54
KIHEI RESORT	390011360000	777 S Kihei Rd	1981	A1	MF	64
KIHEI BAY VISTA	390011430000	679 S Kihei Rd	1989	A1	MF	60
KAMAOLE SANDS	390040040000	2695 S Kihei Rd	1983	A2	MF	440
MAUI HILL	390040810000	2881 S Kihei Rd	1981	A1	MF	140
MAUI KAMAOLE III	390040820000	2777 S Kihei Rd	1994	A1	MF	240
HALE KAMAOLE	390040840000	2737 S Kihei Rd	1974	A1/A2	MF	188
HALEAKALA SHORES	390040970000	2619 S Kihei Rd	1974	A2	MF	76
MAUI PARKSHORE	390040980000	2653 S Kihei Rd	1974	A2	MF	64
KEAWAKAPU	390041390000	2895 S Kihei Rd	1976	A1	MF	18
MAUI KAMAOLE	390041430000	2777 S Kihei Rd	1988	A1	MF	28
MAUI KAMAOLE II	390041440000	2777 S Kihei Rd	1989	A1	MF	48
MY WAII BEACH COTTAGE	390050120000	2128 Iliili Rd	1970	A1	MF	1
WAILEA INN	390050130000	2141 Iliili Rd	1985	A1	MF	6

This list does not grant any entitlement that is not allowed by zoning or any other provisions of the Maui County Code. This list is subject to error; to determine if short-term occupancy is allowed on any property, confirmation should be obtained from the Department of Planning.

Apartment District Properties Allowed to be Used for Short-Term Occupancy

PROJECT PROPERTY	MASTER TMK	ADDRESS	YR BLT	COUNTY ZONING	COMMUNITY PLAN DESIGNATION	NUMBER OF UNITS
LIHIKAI APTS	390050170000	2173 Iliili Rd	1963	A1	MF	8
KIHEI COVE	390050180000	2181 Iliili Rd	1980	A1	MF	6
HALE MAHIALANI	390050210000	7 Kaiau Pl	1976	A1	MF	7
INDO LOTUS BEACH HSE	390050220000	2216 S Kihei Rd	1970	A1	MF	1
KAMAOLE ONE	390050230000	2230 S Kihei Rd	1973	A1	MF	12
HALE ILIILI	390050350000	2172 Iliili Rd	1978	A1	MF	4
PUNAHOA BEACH APTS	390050380000	2142 Iliili Rd	1970	A1	MF	15
2131 ILIILI RD	390050390000	2131 Iliili Rd	1946	A-1	MF	1
1194 ULUNIU RD	390070010000	1194 Uluniu Rd	1964, 1979	A-1	MF	2
1178 ULUNIU RD	390070020000	1178 Uluniu Rd	1935	A-1	MF	1
MOANA VILLA	390070250000	1158 Uluniu Rd	1973	A1	MF	1
HALE KAI O'KIHEI	390080030000	1310 Uluniu Rd	1969	A1	MF	59
LEILANI KAI	390080090000	1226 Uluniu Rd	1974	A1	MF	9
KIHEI GARDEN ESTATES	390080110000	1299 Uluniu Rd	1979	A1	MF	84
ALOHA VILLAS	390080310000	1338 Uluniu Rd	1980	A-1	MF	4
1444 HALAMA ST	390090020000	1444 Halama St	1968	A-1	MF	4
1440 HALAMA ST	390090030000	1440 Halama St	1946	A-1	MF	1
KAPU TOWNHOUSE	390090050000	69 Kapu Pl	1980	A1	SF	2
WAIOHULI BCH DUPLEX	390090100000	64 W Lipoa St	1977	A1	MF	2
1470 HALAMA ST	390090250000	1470 Halama St	1960	A-1	MF	1
WAIOHULI BEACH HALE	390090290000	49 W Lipoa St	1979	A1/PU	MF	52
KIHEI VILLA	390160200000	2135 S Kihei Rd	1973	A2	MF	24
KALAMA TERRACE	390160270000	35 Walaka St	1972	A2	MF	61
SHORES OF MAUI	390170030000	2075 S Kihei Rd	1975	A1	MF	50
KIHEI PARKSHORE	390170100000	2037 S Kihei Rd	1974	A1	MF	16
KANOE APTS	390170170000	2050 Kanoe St	1982	A-1	MF	18
PACIFIC SHORES	390180020000	2219 S Kihei Rd	1979	A2	MF	136
MAUI VISTA	390180030000	2191 S Kihei Rd	1980	A2	MF	280
KAPALUA BAY VILLAS	420010240000	500 Bay Dr	1977	A2	MF	141
KAPALUA GOLF VILLAS	420010280000	500 Kapalua Dr	1979	A2/AG/OS/GC	MF	186
THE RIDGE	420010320000	100 Ridge Road	1979	A2/PK-4	MF	161
KAHANA REEF	430050090000	4471 Lower Honoapiilani Rd	1974	A2	MF	88
KAHANA OUTRIGGER	430050200000	4521 Lower Honoapiilani Rd	1981	A1	MF	8
KAHANA OUTRIGGER	430050210000	4521 Lower Honoapiilani Rd	1981	A1	MF	4
KAHANA VILLAGE	430050290000	4531 Lower Honoapiilani Rd	1978	A1	MF/OS	42
KAHANA OUTRIGGER	430050310000	4521 Lower Honoapiilani Rd	1981	A1	MF	4
LAHAINA BEACH CLUB	430060060000	3711 Lower Honoapiilani Rd	1971	A2	MF	12

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Apartment District Properties Allowed to be Used for Short-Term Occupancy

PROJECT PROPERTY	MASTER TMK	ADDRESS	YR BLT	COUNTY ZONING	COMMUNITY PLAN DESIGNATION	NUMBER OF UNITS
NOHONANI	430060070000	3723 Lower Honoapiilani Rd	1974	A2	MF	28
MAKANI SANDS	430060120000	3765 Lower Honoapiilani Rd	1974	A2	MF	30
KALEIALOHA	430060130000	3785 Lower Honoapiilani Rd	1973	A2	MF	67
HONO KOA	430060140000	3801 Lower Honoapiilani Rd	1980	A2	MF	28
LOKELANI	430060160000	3833 Lower Honoapiilani Rd	1971	A2	MF/OS	36
HALE MAHINA BEACH	430060410000	3875 Lower Honoapiilani Rd	1981	A2	MF	53
HALE ONO LOA	430060440000	3823 Lower Honoapiilani Rd	1969	A2	MF	67
PIKAKE	430060630000	3701 Lower Honoapiilani Rd	1966	A2	MF	12
MAHINAHINA BEACH	430080010000	4007 Lower Honoapiilani Rd	1979	A1	MF	32
POLYNESIAN SHORES	430080020000	3975 Lower Honoapiilani Rd	1972	A1	MF	52
KULEANA	430080040000	3959 Lower Honoapiilani Rd	1972	A1	MF	18
KULEANA	430080050000	3959 Lower Honoapiilani Rd	1974	A1	MF/OS	100
HOYOCHI NIKKO	430080060000	3901 Lower Honoapiilani Rd	1973	A1	MF	17
NOELANI	430090020000	4095 Lower Honoapiilani Rd	1974	A2	MF	50
MAHINA SURF	430090050000	4057 Lower Honoapiilani Rd	1969	A1	MF	44
HONOKOWAI PALMS	440010410000	3666 Lower Honoapiilani Rd	1965	A2	MF	30
HALE KAI I	440010420000	3691 Lower Honoapiilani Rd	1967	A2	MF	40
PAKI MAUI III	440010500000	3615 Lower Honoapiilani Rd	1978	A2	MF/OS	28
PAKI MAUI I & II	440010510000	3601 Lower Honoapiilani Rd	1975	A2	MF/OS	80
MAUI SANDS I	440010520000	3559 Lower Honoapiilani Rd	1966	A2	MF	56
PAPAKEA	440010550000	3543 Lower Honoapiilani Rd	1977	A2/H2	MF/H2/OS2	364
MAUI SANDS II	440010710000	3559 Lower Honoapiilani Rd	1969	A2	MF	20
HALE KAANAPALI	440060110000	45 Kai Ala Dr	1967	A2/H/OS	H	258
MAUI ELDORADO	440080210000	2661 Kekaa Dr	1968	A2	H	205
KAANAPALI ROYAL	440080230000	2560 Kekaa Dr	1980	A2	MF/OS	105
PUUNOA BEACH ESTATES	450040020000	45 Kai Pali Pl	1984	A1	MF	10
LAHAINA ROADS	450130270000	1403 Front St	1969	A2	MF	41
THE SPINNAKER	460100020000	760 Wainee St	1979	A-1	MF	57
KENANI KAI	510030130000	50 Kepuhi Pl	1983	A-1	MF	120
WAVECREST	560040550000	7142 Kamehameha V Hwy	1975	A2/Interim	MF	126

104 Total Apartment District Vacation Rental Units: **7167**

Legend:

Zoning	Community Plan
A1 or A2: Apartment	B: Business
AG: Agriculture	H: Hotel
B2: Community Business	LI: Light Industrial

 This list does not grant any entitlement that is not allowed by zoning or any other provisions of the Maui County Code. This list is subject to error; to determine if short-term occupancy is allowed on any property, confirmation should be obtained from the Department of Planning.

Apartment District Properties Allowed to be Used for Short-Term Occupancy

PROJECT PROPERTY	MASTER TMK	ADDRESS	YR BLT	COUNTY ZONING	COMMUNITY PLAN DESIGNATION	NUMBER OF UNITS

BR: Business Resort
H, H1 or H2: Hotel
HD1: Historic District 1
Interim: Interim
M1: Light Industrial
OS: Open Space
GC: Golf Course
PK: Park
PU: Public Use
PUD: Planned Development
R2 or R3: Residential

MF: Multi-Family
OS: Open Space
P/QP: Public/Quasi-Public
PD: Project District
PK: Park
SF: Single-Family

Maui County Code Chapter 19.12.020 Apartment Districts Permitted Uses

This list does not grant any entitlement that is not allowed by zoning or any other provisions of the Maui County Code. This list is subject to error; to determine if short-term occupancy is allowed on any property, confirmation should be obtained from the Department of Planning.

Exhibit "4"

RICHARD T. BISSEN, JR.
Mayor

KATE L. K. BLYSTONE
Director

ANA LILLIS
Deputy Director

RECEIVED

4: 25

OFFICE OF THE COUNTY CLERK

DEPARTMENT OF PLANNING
COUNTY OF MAUI
ONE MAIN PLAZA
2200 MAIN STREET, SUITE 315
WAILUKU, MAUI, HAWAIʻI 96793

November 22, 2024

APPROVED FOR TRANSMITTAL

Mayor 11-22-24 Date

Honorable Richard T. Bissen, Jr.
Mayor, County of Maui
200 South High Street
Wailuku, Hawaiʻi 96793

For Transmittal to:

Honorable Alice Lee, Chair
and Members of the Maui County Council
200 South High Street
Wailuku, Hawaiʻi 96793

Dear Chair Lee and Council Members:

SUBJECT: AN ORDINANCE AMENDING CHAPTERS 19.12, 19.32 and 19.37 RELATING TO TRANSIENT VACATION RENTALS IN APARTMENT DISTRICTS

On May 2, 2024, the Mayor issued a press release proposing to repeal Transient Vacation Rental (TVR) use in the Apartment Zoning Districts with the intended purpose of expanding the availability of long-term rental units to island residents. As shown in the attached draft bill, the Mayor's proposal is to phase out TVR use in West Maui by July 1, 2025 and throughout the remainder of the County by January 1, 2026. The Mayor subsequently directed the Planning Director to transmit a bill for an ordinance that would remove TVR use from the Apartment Districts to the Planning Commissions for their review and transmittal of their findings and recommendation to the County Council.

Background Information

The attached report to the Planning Commissions was provided by the Department with its analysis. Within that report is a detailed "Background Information" section covering "General Plan Housing Policy Direction," "General Plan Visitor Serving Policy Direction," "TVR Use in the Apartment Districts," "Short-Term Rental Homes," "The Minatoya List" and "Code Changes to Parking Requirements." The report also provides a "Discussion" section on "Issues, Alternatives and Recommendations." Also attached are presentation slides that were prepared by a consultant to the Mayor's office (Mr. Matt Jachowski) that were provided to each Commission. The presentation slides provide data and context to the Mayor's request, and it is anticipated that the same or similar presentation will be provided to the County Council when this item is scheduled for a future agenda.

Planning Commission Recommendations

Public hearings were held by the Maui Planning Commission on June 25, 2024 and July 23, 2024, the Moloka'i Planning Commission on July 10, 2024, and the Lāna'i Planning Commission on July 17, 2024. A significant amount of correspondence was received by the planning commissions and a significant amount of testimony was provided to the Maui Planning Commission during both of their meetings. Hence, all Planning Commission minutes and correspondence are provided in the list of attachments below with links to those specific documents.

While the Department recommends that the Council read all of the planning commissions' meeting minutes, the following is a brief summary and action taken during each commission meeting:

- **Maui Planning Commission Meetings:**
  - June 25, 2024: The June 25th meeting began with presentations from the Mayor, the Planning Department, and a consultant to the Mayor's office, Mr. Jachowski. The Commission heard testimony from approximately 150 public speakers, which lasted the entire day. Public testimony was not completed and the Commission continued the public hearing to a future meeting.

  - July 23, 2024: The July 23rd meeting continued with public testimony from approximately 140 public speakers. The Commission then closed the public hearing, deliberated on the item, and took the following action with a vote of 5-0:

    - Recommend adoption as requested with an increase in the phase-out time period.
    - Requested that the Council consider the economic impacts of the proposal using the anticipated University of Hawai'i Economic Research Organization (UHERO) study.
    - Requested that the Council consider the social, cultural, environmental, and quality-of-life impacts of the proposal.
    - The Commission discussed a range of changes in the timeline of the phase-out from immediate to 3 years outside of West Maui. The Commission recognized the need for immediacy in West Maui. They also discussed an extended timeline for South Maui of up to 3 years.
    - Requested that the Council consider excluding those properties that are community plan designated for hotel use and those properties that are already partially hotel zoned.

- **Moloka'i Planning Commission Meeting:**
  - July 10, 2024: The Commission received a presentation from the Mayor, the Planning Department, and Mr. Jachowski. The Commission heard testimony from seven public

speakers, closed the public hearing, deliberated on the item, and took the following action with a vote of 5-0:

- Recommended adoption of the request, with the following comments:
  - If the countywide request is not approved by the County Council, then the County should move forward with the same request for Molokaʻi only.
  - That the UHERO study include or a separate forecast analysis study be prepared that addresses an island-specific housing strategy that prioritizes and supports the regeneration and surplus of water and other natural resources to collect specific data in order to provide the County with accurate statistics in order to build responsibly.

- **Lānaʻi Planning Commission Meeting:**
  - July 17, 2024: The Commission received a presentation from the Mayor, the Planning Department, and Mr. Jachowski. The Commission heard testimony from 2 public speakers, closed the public hearing, deliberated on the item, and took the following action with a vote of 6-0 and 1 abstention.

    - Recommended that the Maui County Council request the additional studies that were referenced in the Commission's discussion, and to consider the suggestions that the Commission made on all the issues they found were unaddressed prior to moving forward.

      While the Department recommends that the Council review the Commission's minutes to fully understand the context of their deliberation and issues as noted in the recommendation above, for summary purposes, the Department prepared the following list of issues raised by Commissioners:
      - If units are sold, is there any guarantee that they will be purchased by Maui residents?
      - If units are rented, will the county be able to cap rents or will there be a rent subsidy so that they are affordable?
      - What are fiscal impacts to Transient Accommodations Tax (TAT) and General Excise Tax (GET)?
      - Will there be any financial assistance to TVR owners to incentivize them to find long-term tenants?
      - Instead of pursuing the request, could the County raise taxes on TVRs to a point where it would be more profitable for the owner to rent long-term instead?
      - Should the Commission wait until the UHERO study is completed so it understands the economic impacts before it makes a recommendation to Council?
      - What is the specific plan to make sure these units will be made available

from the owners and are rented at an affordable level to Maui residents?
- Are the phasing out dates workable since the UHERO study has yet to be released and Council still needs to take action?
- Are we moving forward with a 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?
- Is it good policy to enact a law/ordinance that may not be realistically implemented since the proposal provides opportunity for units but does not guarantee them?

Additional Information:

UHERO Study Status: As of the preparation of this report, the anticipated UHERO economic analysis on the proposed ordinance has yet to be completed. As last reported it is anticipated that the analysis will be completed in December 2024. Upon receipt, it will be forwarded to the County Council for consideration and posted for public review.

Thank you for your attention and consideration. Should further clarification be necessary, please feel free to contact me.

Sincerely,

KATE L.K. BLYSTONE
Planning Director

Attachments:
- Proposed Ordinance
- Department Transmittal Letter to PC with attachments (with exception to correspondence – see below for link to correspondence)
- Maui PC Minutes, June 25, 2024 – Link: https://mauicounty.gov/ArchiveCenter/ViewFile/Item/32048
- Moloka'i PC Minutes, July 10, 2024 – Link: https://mauicounty.gov/ArchiveCenter/ViewFile/Item/32082
- Lāna'i PC Minutes, July 17, 2024 – Link: https://mauicounty.gov/ArchiveCenter/ViewFile/Item/32090
- Maui PC Minutes, July 23, 2024 – Link: https://mauicounty.gov/ArchiveCenter/ViewFile/Item/32161
- Public Correspondence, and June 25, 2024 Presentation by Matt Jachowski – please see the following link to the July 23, 2024 Maui Planning Commission Meeting Agenda that contains individual links to Matt Jachowski's presentation and public correspondence received - https://mauicounty.gov/ArchiveCenter/ViewFile/Item/32054

cc: Ana Lillis, Deputy Planning Director (pdf)
Jordan E. Hart, Planning Program Administrator (pdf)
Gregory Pfost, Administrative Planning Officer (pdf)

Exhibit "5"

UHERO
THE ECONOMIC RESEARCH ORGANIZATION
AT THE UNIVERSITY OF HAWAI'I

An Economic Analysis of the Proposal to Phase Out Transient Vacation Rentals in Maui County Apartment Districts

MARCH 31, 2025

UHERO

THE ECONOMIC RESEARCH ORGANIZATION
AT THE UNIVERSITY OF HAWAIʻI

An Economic Analysis of the Proposal to Phase Out Transient Vacation Rentals in Maui County Apartment Districts

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Prepared for Hawaiʻi Community Foundation

Carl Bonham
UHERO Executive Director

Steven Bond-Smith
Assistant Professor

Peter Fuleky
Professor

Justin Tyndall
Associate Professor

Dylan Moore
Assistant Professor

Trey Gordner
Policy Researcher

Emi Kim
Senior Research Assistant

Hamza Essaidi
Graduate Research Assistant

Victoria Rhinebolt
Graphic Design and Layout

Executive Summary

This report examines the Maui County proposal to phase out transient vacation rentals (TVRs) in Apartment districts, including removing long-standing exceptions for pre-1989 properties widely known as the "Minatoya List." The policy aims to improve housing affordability, worsened by the 2023 wildfires, by converting TVRs into long-term housing units. Our analysis includes effects on tourism, employment and output, the housing market, and county tax revenues.

To estimate the economic impacts, we built the Maui County Computable General Equilibrium (M-CGE) model. This model quantifies the effects of reduced visitor spending under two scenarios: a 15% decline (baseline) and a 25% decline (low-demand). It captures both direct and indirect impacts on tourism and related sectors. A separate regression model is used to predict year-over-year condominium price changes, accounting for factors like inflation, payroll growth, and inventory of for-sale condominium units. Key findings are as follows.

Tourism Industry Impact

- Eliminating all TVRs 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 GDP could therefore 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 20–40%, 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 (GET) and Transient Accommodations Tax (TAT) revenues are projected to fall by 10% and 8% respectively, totaling to an additional -$15M annually.

We briefly explore policies and adjustments that could help mitigate the economic disruptions of the TVR phase-out while still promoting long-term housing availability. Increasing property taxes on TVRs could incentivize conversions to long-term residential use and generate revenue. Alternatively, auctioning a limited number of TVR permits would allow only the most profitable units to remain while capturing economic value for the county. A more gradual phase-in of the policy could also give property owners time to adapt and policymakers the opportunity to evaluate the policy before scaling up, reducing the risk of sudden housing market disruptions.

Introduction

Maui County faces a housing affordability crisis exacerbated by the destruction of more than 3,000 housing units in the devastating 2023 wildfires. In response, Mayor Bissen has proposed to phase out transient vacation rentals (TVRs) in Apartment districts by eliminating long-standing exceptions in the County Code granted to properties built or approved prior to 1989 (also known as the "Minatoya List") (Maui County Council, 2024). Owners wishing to continue TVR use would need to apply for a discretionary permit or seek rezoning of their parcel to a Hotel district. If enacted, the ordinance could reduce the supply of TVR accommodations on the island by up to 47%, with implications for Maui's workforce, housing market, tourism industry, and tax revenues.

This study addresses the following research question: **What are the expected economic impacts of implementing the proposed ordinance?** We use a variety of economic datasets, models, and methods to evaluate the potential impact of the ordinance on the tourism industry, housing market, and the broader Maui economy. Results are presented in ranges based on multiple plausible scenarios to reflect the inherent uncertainty in predicting the effects of an unprecedented change of this scale. The research aims to inform policymakers and stakeholders by offering insights into the costs, benefits, and trade-offs of phasing out TVR properties in Apartment districts and considering policy alternatives and variations.

Background

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.

High prices and low affordability in Maui County result in part from insufficient housing supply. In 2023, Maui County authorized only 600 units of new housing. US Census Bureau data shows that growth in residential housing supply on Maui from 2018-2022 was essentially zero, as conversions to vacation use offset the small amount of new construction.

According to recent property tax records, Maui County has a total stock of 63,000 housing units. Of these units, 47,400 are long-term housing units, 13,000 are TVRs, and 2,500 operate as time-share units[1]. There are 8,834 units eligible to operate as TVRs under Minatoya List exemptions, but only 6,127 units are currently operating as TVRs in apartment zones[2]. Theoretically, if all 6,127 units were instead used as long-term housing, the housing stock on Maui would effectively increase by 13%. Given Maui County's current construction rate of 613 new housing units per year, this transition would amount to a full decade of development, though counted in older and typically smaller units. Unlike new construction, however, this approach would not require additional water resources or infrastructure, which remain scarce in West Maui and other parts of the county.

But TVRs are also a large component of the tourism industry on Maui. The leisure and hospitality sector employed 22,600 people in 2022, roughly 26% of Maui's total labor force. Maui's visitor market currently relies on a mix of traditional and alternative accommodations, including TVRs, which appeal to different types of visitors. In 2022, Maui counted 24,685 total visitor

[1] An unknown number of the 47,400 units are vacation or "second" homes not rented as TVRs. We were unable to reliably estimate this figure from Census, property tax, or US Postal Service records.

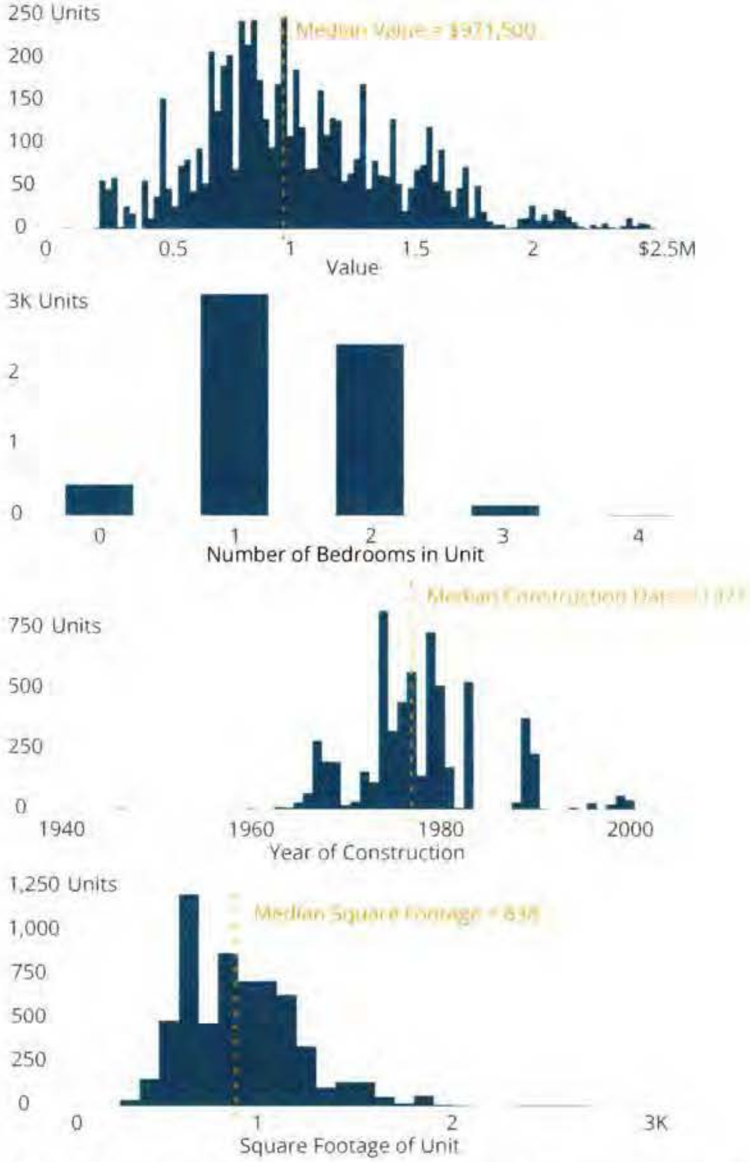
[2] For simplicity, we assume here that all units with a tax class of TVR-STRH in 2022 (pre-fire) are still operating as TVRs. In fact, the number may have changed since then.

accommodation units, over half of them TVRs. The proposal therefore also represents a major reduction in visitor accommodations that would negatively impact local jobs and incomes.

The 6,127 units are a mix of small and mid-size condominium units: 7% of the units are studios, 51% are one-bedroom units, 39% are two-bedroom units, and the remainder have three or more bedrooms. The median unit is a little over 800 square feet, and almost three quarters of the units are smaller than 1,000 square feet. Nearly all of the units (99%) include a single parking stall. The median date of construction is 1977.

While the units are generally small, there is a significant range in appraised value. The median appraised value of Apartment-zoned TVRs is $971,500, which is about 15% higher than the median condominium unit on Maui ($845,000). About a quarter (1,593) of the properties are valued under $750,000 and about 500 properties are valued under $500,000.

Figure 1: Characteristics of TVRs in Apartment Zones



Using property tax assessment data, we categorize owners of Apartment-zoned TVRs by residency and find that the large majority of the policy's direct costs would be borne by out-of-state property investors[3]. Specifically, 85% of owners who use their units as TVRs have an out-

[3] For an interactive map of TVR properties in the county color-coded by ownership, see: https://uhero.hawaii.edu/maui-short-term-rentals-the-minatoya-list-and-housing-supply/

of-state mailing address: 36% in California, 12% in Washington State, 8% in Canada, and the rest elsewhere. Among the 15% of affected TVRs that are owned by a within-state resident, only half are held by a Maui County resident. This implies that the most direct local impact of prohibiting TVR use in apartment districts will fall on the 450 Maui residents who owned and operated TVR units as of 2023.

The scale of the policy proposal is globally unprecedented. In most jurisdictions worldwide, policies to restrict TVRs affect a relatively small share of the overall housing stock. Prominent studies on vacation rental regulations have examined cities such as Los Angeles (Koster et al., 2021), Boston (Horn & Merante, 2017), Barcelona (Garcia-López et al., 2020), and London (Shabrina et al., 2021). In these studies, TVRs accounted for 0.9%, 1.1%, 2.6%, and 3.0% of the housing stock in each city, respectively. By contrast, TVRs account for 21% of all housing units in Maui County.

Table 1: Studies of TVR Impacts on Home Prices and Rents

Study	Setting	Main Finding†
Koster et al. (2021)	Los Angeles	Converting 1% of housing units from TVRs to long-term housing reduces prices and rents by 4%.
Horn & Merante (2017)	Boston	Converting 1% of housing units from TVRs to long-term housing reduces rents by 0.5%.
Garcia-López et al. (2020)	Barcelona	Converting 1% of housing units from TVRs to long-term housing reduces rents by 1% and prices by 2.3%.
Shabrina et al. (2021)	London	Converting 1% of housing units from TVRs to long-term housing reduces rents by 4%.
Barron et al. (2020)	US (National)	From 2008 to 2016, Airbnb increased monthly rent in urban areas by $72 and increased the median home price by $14,400.

† *We scale estimates to represent what the finding suggests would happen if 1% of housing stock were shifted from TVR to the long-term supply.*

The economic literature consistently finds that TVRs significantly increase home prices and rents in the markets where they operate. However, the magnitude of effects reported in these studies may not translate well to Maui, where TVRs are 6 to 20 times more prevalent than in the jurisdictions previously studied. This outsized share would also make the proposed policy the most significant reduction in TVRs to date anywhere. To address this unique situation, the next section presents novel estimates of economic impacts based on custom built models of Maui's economy.

Analysis

We estimate the overall impact of phasing out Apartment-zoned TVRs on Maui County, including direct and indirect effects, in two steps. First, we calculate the direct impact of reduced visitor spending. Second, we use the Maui County Computable General Equilibrium (M-CGE) model to assess how this spending shock alters the overall county economy. In addition to effects on economic activity, we examine how repurposing TVR units in Apartment districts might influence home prices and affordability. Finally, we combine these findings to estimate potential impacts on Real Property Tax, Transient Accommodations Tax, and General Excise Tax revenues.

Impacts on Tourism

Assumptions

This analysis assumes that demand for Maui vacations will recover to pre-COVID and pre-fire levels. We primarily use 2022-the last 'normal' year before the wildfires—as a reference point, while historical averages from 2000 to 2019 are used for metrics with greater variability, such as occupancy rates and visitors per rental (VPR). Occupancy is expected to return to its long-term average of 74%, consistent with pre-pandemic and pre-fire performance. Similarly, VPR is set at 3.3, reflecting the average over the same period.

Accommodation spending is projected to increase by 15% relative to 2023 levels, driven by price increases due to contraction in supply from the TVR policy proposal and a return to pre-COVID occupancy rates. Non-lodging spending, such as retail and dining expenditures, is assumed to remain steady at $136 per day, consistent with 2023 levels. These assumptions form the basis for estimating the policy's direct and indirect economic impacts.

Results

Accommodation Stock and Visitor Days

Our estimate of the total stock of visitor accommodations is based on two primary data sources: the Hawai'i Department of Business, Economic Development, and Tourism (DBEDT) Visitor Plant Inventory Report for traditional accommodations and DBEDT's Vacation Rental Performance Report for TVRs.[4] In 2022, Maui County had 24,685 visitor accommodation units, including TVRs. The proposed policy would remove up to 6,127 TVRs, reducing the accommodation stock by 25% to 18,513 units[5].

Although the 25% reduction in accommodation stock is partially offset by a return to the long-term 74% occupancy rate, the number of rented units is expected to decline by 19% compared to 2022. With an average visitors-per-rental (VPR) of 3.3, this results in a 32% decline in visitor days—from 24.25 million in 2022 to 16.43 million under the proposed policy. This steeper decline in visitor days compared to rented units reflects the normalization of unusually high VPR levels in 2022, driven by higher rental rates and a changing mix of available units, which may reduce visitor arrivals and shorten stays.

Visitor Spending

Visitor spending includes both accommodation costs and non-lodging expenditures. The decline in accommodation stock will create unmet demand and put upward pressure on accommodation prices. A similar pattern was observed during the 2021-2022 post-lockdown travel surge, when accommodation prices rose by nearly 50% compared to 2019 levels. Likewise, after the policy takes effect, a sharp reduction in available units combined with demand recovering to pre-COVID levels is expected to push accommodation prices higher.

In this analysis, per-person accommodation spending is estimated at $174 per-day—a 15% increase over 2023 spending. For context, the average daily rate for Maui TVRs in 2023 was $368, compared to $591 for hotel units (27% higher). Even without an increase in rental rates, average daily lodging costs will rise due to the changing mix of available accommodations. Non-lodging spending (e.g., retail, dining) is assumed to remain constant at $136 per day, consistent with 2023 levels. This results in an overall per-person daily spending estimate of $310, representing an 8% increase from 2023.

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[4] Statistics for the supply of visitor accommodations, average daily rental rates and occupancy rates are UHERO calculations based on data available from DBEDT. We calculate the total supply of visitor accommodations, weighted average occupancy rates and average daily rental rates that take into account the number of traditional visitor accommodations as well as TVRs. For visitor days and spending calculations we exclude cruise ship visitors.

[5] Our analysis throughout makes the strict assumption that no TVRs will remain in Apartment zones after the policy takes effect.

Despite the rise in per person spending, the sharp reduction in total visitor days will lead to a substantial decline in total visitor spending. Total spending is projected to decline from $5.98 billion in 2022 to $5.1 billion post-ban—a 15% reduction.

Table 2: Estimated Tourism Industry Impacts

	2022	Post-Policy	Percent Change
Visitor Units	24,685	18,513	-25.0%
Occupancy Rate	69%	74%	
Visitor Days	24,250,806	16,434,074	-32.2%
Visitor Spending ($ thousands) *excluding cruise visitors*	$5,983,606	$5,090,421	-14.9%
Spending per Person per Day *Maui Island*	$244	$310	26.8%

Sensitivity Analysis

The estimated impacts of this policy are sensitive to the underlying assumptions about occupancy rates, visitors per rental (VPR), and spending behavior. While the analysis relies on historical averages and conservative assumptions, alternative scenarios illustrate how changes in these parameters could influence the results.

For example, if occupancy rates were to rise to 78%, as they did in 2019, the overall decline in total visitor spending would be 8%—just over half of the baseline estimate of 15%, assuming other factors remain constant. On the other hand, if visitor demand fails to fully recover, occupancy rates could stay below historical averages, and room rates may increase by less than the 15% assumed in the baseline. Under this scenario, with an occupancy rate of 69% (average during 2022), and a smaller 5% increase in rental rates, total visitor days would be 37% lower than in 2022, compared to the 32% reduction in the baseline. As a result, total visitor spending would decline by 24% relative to 2022 levels.

These scenarios illustrate the uncertainty around key drivers of the results. Predicting future demand for Maui vacations with complete certainty is not possible. Likewise, it is difficult to precisely determine how the changing mix of accommodations will affect visitor behavior—such as the number of visitors or their per-person daily spending. While the assumptions used in this analysis provide a reasonable framework for estimating the likely impacts, actual outcomes may vary depending on how visitors and the market respond to the reduced accommodation supply. Nevertheless, the sensitivity analysis demonstrates that banning TVR use in Apartment zones leads to a substantial decline in visitor spending across a wide range of plausible scenarios.

Impacts on Jobs and Incomes

Method

To assess the broader economic effects of the policy on Maui's economy, we developed the Maui County Computable General Equilibrium (M-CGE) model. This static, small open-economy framework analyzes how economic shocks, such as a decline in visitor spending, propagate through Maui's economy. Based on the Hawai'i Computable General Equilibrium (H-CGE) model structure (Coffman et al. 2022), the M-CGE uses the Maui County Input-Output (I-O) table (DBEDT, 2022) as its foundation and captures relationships among industries and the role of external trade. It aggregates local industries into key sectors and incorporates household consumption, government expenditures, and visitor expenditures as critical components of final demand. By treating external prices as fixed, the model focuses on local price and output adjustments.

A CGE approach is preferred over the alternative input-output (I-O) approach because IO models assume fixed production relationships and constant prices, meaning they cannot account for how businesses and households adjust to changing economic conditions. In contrast, the CGE model allows for price and wage adjustments, resource constraints, and behavioral responses, making it better suited for analyzing policy-induced shifts in Maui's economy.

The M-CGE model simulates expected equilibrium outcomes under two primary scenarios—baseline and low-demand—each reflecting different assumptions about the shock to visitor spending. The baseline scenario assumes a 15% decline in visitor spending compared to 2022, representing the most likely outcome if current recovery trends continue. The low-demand scenario assumes a 25% decline in spending, reflecting a slower and more prolonged recovery. Outcomes for both scenarios account for both the direct declines in visitor spending and the indirect effects across the economy including changes in prices and output.

Results

In the baseline scenario, a 15% decline in visitor spending leads to adjustments throughout the economy that imply an 11% reduction in *real* spending. The smaller *real* decline occurs because the M-CGE model estimates that the fall in visitor spending also leads to a 4% drop in overall prices. Real labor earnings fall by 5%, and payroll jobs decline by 3%, resulting in 1,900 lost jobs concentrated in accommodations, food service, arts, entertainment, and retail trade. Real Gross Domestic Product (GDP) contracts by 4%, falling from $11.8 billion in 2022 to $11.3 billion, while current-dollar GDP shrinks by 8%.

The low-demand scenario shows a more severe contraction. Real visitor spending declines by 18%, resulting in a 10% drop in real labor earnings and a 5% reduction in payroll jobs—a loss of 3,800 positions. Real GDP falls to $10.8 billion, 8% below 2022 levels, marking a reduction of over $1 billion in real output.

Table 3: Economic Scenarios Reflecting Visitor Spending Decline Due to the TVR Ban

	2022	Baseline Scenario	% Δ Baseline	Low Scenario	% Δ Low
Visitor Expenditures (Million 2022$)	5,983.6	5,316.1	-11%	4,880.4	-18%
Earnings (Million 2022$)	5,352.6	5,063.9	-5%	4,814.9	-10%
Real GDP (Million 2022$)	11,768.9	11,296.9	-4%	10,835.4	-8%
Payroll Jobs (Thousands)	74.6	72.7	-3%	70.8	-5%

These findings highlight Maui County's reliance on visitor spending. In the baseline scenario, the decline in visitor spending effectively halts the economic recovery from the August 2023 fires at current levels, particularly in terms of employment. The low-demand scenario underscores the risk of even larger losses and the uncertainty associated with assumptions about the ongoing recovery of Maui's visitor industry.

Impacts on Home Prices and Inventory

Assumptions

The proposed ordinance would withdraw permission for 6,127 TVRs in two phases. Phase 1 transitions 2,194 TVRs in West Maui, while Phase 2 transitions 3,933 in other parts of the county[6]. To assess the policy's impact on the housing market, we analyze how these units may be reallocated to other uses, using the distribution of pre-fire Apartment-zoned units not on the Minatoya List as a guide.

In 2023 property tax records for West Maui, non-Minatoya list properties in Apartment zones were 37% owner-occupied, 45% non-owner-occupied, and 18% apartments and long-term

[6] See footnote 5.

rentals[7]. We assume the 2,194 Minatoya list properties will transition to these uses in similar proportions post-policy. A similar assumption is applied for the remainder of the county. Tables 4 and 5 summarize this estimated reallocation.

Table 4: Distribution of Housing Units in Apartment Districts in West Maui by Tax Class

Tax Class	Pre-Policy (2024)	Post-Policy	Percent Change
TVR-STRH	59%	0%	-100%
Owner-Occupied	13%	37%	185%
Non-Owner-Occupied	15%	45%	200%
Apartment, Long-Term Rental	13%	18%	38%

Table 5: Distribution of Housing Units in Apartment Districts not in W. Maui by Tax Class

Tax Class	Pre-Policy (2024)	Post-Policy	Percent Change
TVR-STRH	53%	0%	-100%
Owner-Occupied	22%	45%	51%
Non-Owner-Occupied	19%	42%	121%
Apartment, Long-Term Rental	6%	13%	116%

The impact of the TVR policy on Maui's housing market depends on how many units are listed for sale as a result. We calculate inventory increases in two scenarios: a low-frequency scenario where a transaction only occurs under specific circumstances, and a high-frequency scenario in which each transitioning unit results in a property sale.

In some cases, converting an Apartment-zoned TVR into a vacant home might not involve a sale–the owner may simply retain the property for occasional personal use. Similarly, a conversion to long-term rental would not require a sale if the owner leases the property. However, many vacation rental operators may be either unwilling or financially unable to enter the long-term rental market and choose to sell the property instead. A transition to owner-occupancy would almost always involve a sale, as it is unlikely that a TVR owner would move out of their primary home to occupy their vacation rental property.

In the high-frequency scenario, we assume every transitioning property is sold once. Under this assumption, Maui County's condo inventory would increase by 6,127 units—2,194 units added in the first phase and 3,933 in the second phase. In the low-frequency scenario, we assume that units converted to long-term-rental or non-owner-occupied use do not undergo a sale, while those transitioning to owner-occupancy do. In this scenario, 2,608 units would be listed for sale—838 listings in the first phase and 1,771 in the second.

While these sales will transition properties to long-term residential uses, it is important to note that ownership and occupancy will not be restricted to current Maui residents. New owners and renters could include offshore investors, out-of-state buyers, and new residents.

Table 6: Estimated Transaction Count of Converted Units, High and Low Scenarios

Time	High Scenario (1 sale/property)	Low Scenario (1 sale/newly owner-occupied)
June 2025	2,194	838
January 2026	3,933	1,771
Total	6,127	2,608

[7] Non-owner-occupied does not necessarily mean vacant. Rather, it is the default tax class for single-family residential properties that do not claim property tax exemptions for owner-occupants or long-term rentals. See https://www.mauicounty.gov/755/Classification-for-Tax-Rate-Purposes

Method

Maui's condo market is small with only a limited number of sales occurring each month. Median prices are influenced by the mix of properties on the market and their characteristics. In the analysis, we control for these factors and explore whether condos that have operated as TVRs in Apartment zones differ significantly in price or time-on-market compared to non-TVR units. We find that median prices and days on market are similar for both groups, suggesting no meaningful differences in the quality of the median home across these two subgroups. Consequently, we treat all condo listings as a single market for modeling purposes and analyze market activity since 2005 by aggregating new listings, closed sales, inventory, days on market, and median prices (Realtors Association of Maui, Inc., 2005-2024).

We model year-over-year (yoy) growth in median condo prices as a function of overall consumer price inflation proxied using the Honolulu CPI, the year-over-year growth rate of Maui payroll jobs, and a six-month moving average of the months of inventory remaining in the market (Miller & Sklarz, 1986). The model is estimated using the pre-pandemic data from 2005 to 2019 and was selected for its accuracy in predicting price trends during the 2020-2023 period. Results indicate that condo prices tend to stabilize once inventory levels reach ten months of supply. In general, when inventory is low, competition among buyers drives prices up, whereas higher inventory levels cause prices to level off or fall as many sellers compete for fewer buyers.

To simulate the impact of the proposed policy on Maui condo prices we develop three plausible scenarios reflecting different assumptions about how many units will enter the market and how sales patterns will evolve over time. These scenarios are informed by historical patterns in the data as reported below. For example, during the rapid price decline and rising inventory seen between 2008 and 2010, new listings and closed sales averaged 210 and 78 units per month, respectively. As prices fell, the number of new listings did too, while sales gradually increased. In the second half of the decade, as sales recovered, monthly average inventory decreased. Table 7 summarizes monthly averages for new listings, closed sales, and inventory under different economic conditions, providing reference values for our scenario assumptions.

Table 7: Housing market statistics in differing economic conditions

Monthly average statistics	2008-10	2011-14	2015-19
New listings	210	156	173
Closed sales	78	103	121
Inventory	1,612	1,012	733

Results

Scenario A: High-Frequency Sales

In this scenario, more than 6000 units are added to the market between March 2025 and August 2026[8]. Sales begin at a slow pace, causing a sharp rise in inventory as many sellers compete for relatively few buyers. The resulting downward pressure on prices discourages new listings, particularly from non-TVR owners who avoid selling into a declining market. Gradually, sales increase, surpassing 170 units per month by the end of the decade[9]. The combination of a large shock to the supply of condos available for sale and the gradually rising sales rate as buyers wait for prices to stabilize would lead to a more than 40% decline in median condo prices by the end of the decade, comparable to the historical trend after the Great Recession.

Scenario B: Rapid Sales Uptake

As in scenario A, over 6000 units are added to the market; however, in this scenario the extra inventory is absorbed more quickly. Sales quickly reach a peak of 200 units per month limiting

[8] Note that this period both leads and lags the two-phased policy implementation in June 2025 and Jan. 2026. We expect that listings will increase in anticipation of the change and remain elevated afterwards.

[9] For comparison, closed sales surpassed 200 per month in 2021 and in the early 2000s.

the decline in prices. While sales taper off once prices hit their lowest point, they remain elevated through the end of the decade. Median prices stabilize after a 25% decline, with the market recovering faster than in Scenario A.

Scenario C: Low-Frequency Sales

In this scenario, only 2600 units are added to the market. Sales remain near the post-Great Recession average of 100 units per month, preventing a substantial inventory buildup. As a result, price declines are more moderate, falling by less than 20%. This more gradual market adjustment minimizes the shock and leads to greater price stability compared to Scenarios A and B.

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

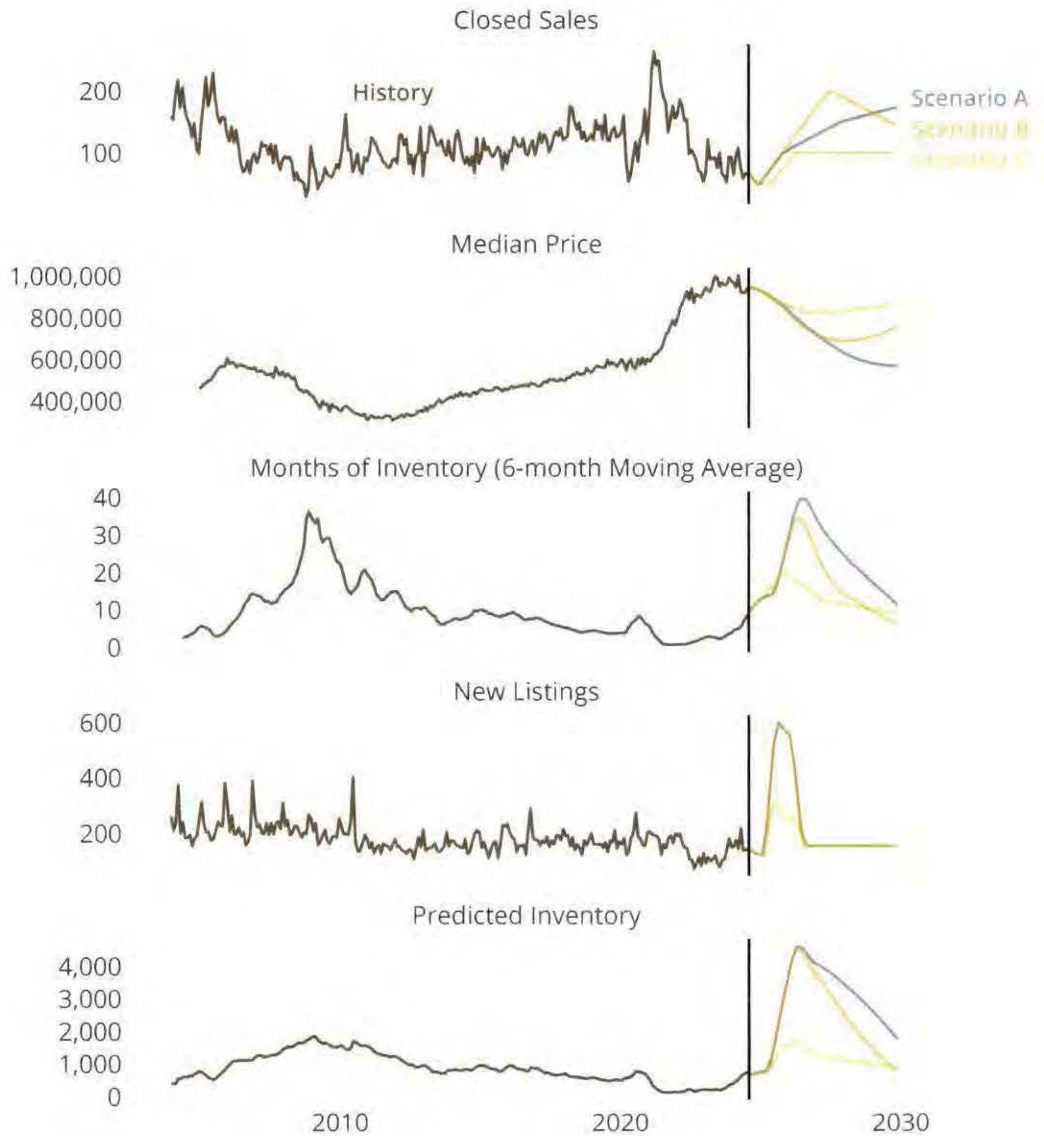

Table 8: Estimated home prices by scenario, indexed to January 2023

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

Interpretation and Risks

None of these scenarios describes a best-case or worst-case outcome. Together, they represent a plausible range of outcomes given historical trends and reasonable assumptions about market behavior. Broader national macroeconomic conditions, such as trade and monetary policies or a recession, could lead to more extreme outcomes. Locally, the pace of economic recovery and migration trends on Maui will also play a significant role in shaping actual market dynamics.

Impacts on Housing Affordability

Assumptions

The policy aims to increase the availability of housing for Maui residents, making it essential to evaluate whether local families can afford the newly available units. For owner-occupants, affordability means their income must cover all after-tax expenses related to the home, including the mortgage, maintenance, upkeep, and property taxes. Landlords might accept rent that covers less than all expenses if they anticipate the property's value will increase over time. Affordability therefore depends on four key factors: household incomes, home prices, borrowing costs, and carrying costs. In this section we estimate these components before and after the policy takes effect and combine them to produce two measures of housing affordability: (a) the ratio of home prices to incomes, and (b) the proportion of households that are able to allocate 30% or less of gross income toward monthly housing costs (Rodda & Goodman, 2005).

Household Incomes and Cost Burden

The U.S. Census Bureau's American Community Survey (ACS) provides annual estimates of median household and family income, which are widely used in housing policy decisions. According to the U.S. Census Bureau's 2023 American Community Survey 5-Year Estimates, the median family income (MFI) for Maui County was $109,882 (U.S. Census Bureau, U.S. Department of Commerce, 2023a).

The U.S. Department of Housing and Urban Development (HUD) considers a household cost-burdened if it spends more than 30% of its income on housing and severely cost-burdened if spending more than 50%. According to the 2024 Hawai'i Housing Factbook, the majority of Maui County households were cost-burdened (53%) and 28% were severely cost-burdened before the fires. At that time, the typical homeowner in Maui County spent 27% of their income on housing costs, and the typical renter spent 32% (Tyndall et al., 2024).

For a family in Maui County earning the median family income, the cost burden thresholds in 2023 were $2,747 per month (30% of income) and $4,578 per month (50% of income), respectively. Based on the results of the M-CGE model reported above, these thresholds would decline by 9% nominally to $2,500 and $4,166 after the ban.

Home Prices and Borrowing Costs

As noted above, the median Apartment-zoned TVR is currently valued at $971,500 and we project that condo prices on Maui will decrease by 25% by 2027, to a new median value of $728,625. Therefore, affordability would improve because prices decrease more than incomes.

Consider a 30-year fixed-rate mortgage at an interest rate of 6.5% with a 20% down payment[10]. At current prices, the mortgage payments to cover principal and interest alone would be $4,912 per month, or 54% of a typical family's income–unaffordable to the typical family even before factoring in carrying costs. After the projected price and income declines, the monthly payments on the same unit would be $3,684 or 37% of the new, lower MFI. Payments on units at the lower

[10] This interest rate is current and typical as of publication. Borrowing costs are also affected by individual credit scores via bank underwriting standards and interest rates as set by the Federal Reserve. Residents may also qualify for more favorable loan terms such as public down payment assistance. These factors are independent of the policy, so we treat them as constants here.

end of the distribution would be less, $2,844 per month for a unit that depreciates from $750,000 (roughly the 25th percentile) to $562,500.

Carrying Costs

We define carrying costs as the predictable expenses associated with owning a unit. These include insurance premiums, maintenance fees, HOA dues, land leases, and property taxes. To estimate these, we compile a dataset of all condominium listings in Maui County from January 2021 to August 2024 (Realtors Association of Maui, Inc., 2005–2024), which include actual expenses for each of these categories. We eliminate outliers with prices of less than $300,000 or more than $3,000,000 and retain only the latest transaction for properties sold more than once in the period. This yields a dataset of 5,395 unique condos listed in the 3.5 year period. We then standardize payments on different schedules (quarterly, annual) to a monthly average carrying cost and segment the results into 1954 units on the Minatoya List and 3441 units not on the list for cost comparison.

The median monthly carrying cost for TVRs in Apartment zones is $917 and the mean is $1,143. This is not significantly different from comparable non-ML units, with a median of $900 and a mean of $1,217[11]. Therefore, based on the 2021-2024 data, the units that would be added to the housing stock as a result of this policy would be no more or less affordable with respect to carrying costs than any other condo on Maui. However, these units may still be relatively less desirable in relative terms due to their age, small unit sizes, and limited parking, as noted in Section 2. Also, because these units are, on average, 7 years older (1977 vs. 1984) than the typical unit in Maui County, their carrying costs could grow faster in the future.

Results

Table 9: Projected Change in Housing Affordability Given Estimated Policy Impacts

	Pre-Policy (2023)	Post-Policy	Percent Change (%)
Median Value of Apt-zoned TVR ($)	971,500	728,625	-25
Median Family Income (MFI) ($)	109,882	99,993	-9
Price-to-Income Ratio	8.8	7.3	
Monthly Mortgage Payment ($)	4,912	3,684	-25
Total Housing Costs ($)	5,829	4,601	-21
Min. Income, 30% on Housing ($)	233,177	184,053	
% of Households >= that Income	14	21	+50
Min. Income, 50% on Housing ($)	139,906	110,432	
% of Households >= that Income	35	49	+29

**% of households data - (Ruggles et al., 2024)*

Homes on Maui become relatively more affordable as a result of the policy, but remain unaffordable in absolute terms. The change in home values is estimated in Section 3.3 above and the change in income in Section 3.2. The baseline is 9% here (and not 5%) because this Table is presented in nominal dollars.

At current incomes, prices, and interest rates, only the top 14% of families in Maui County could afford an Apartment-zoned TVR without spending more than 30% of their income and 35% at less than 50% of their income. After the policy takes effect, these proportions rise to 21% and 49% respectively. The price-to-income ratio falls from 8.8 to 7.3, indicating that home prices will become more accessible relative to earnings; even so, any ratio above 5.0 indicates an unaffordable market (Office of Policy Development and Research, 2021).

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[11] These figures are effectively 3-year averages and therefore may be underestimated. Condominium insurance premiums have surged across the state in the last year, and those increases may not have appeared yet in real estate listings. Even so, affordability relative to other condos will likely be consistent.

Another way to view these results is in percentage terms relative to MFI or AMI. Before the policy, a family would need to earn 212% of MFI to afford a unit while spending no more than 30% of their income. After the policy, this would decline to 182%. These findings suggest that the policy could create greater homeownership opportunities and reduce financial strain for upper- and upper-middle-income households, but any effect on lower-income households would be indirect, as discussed in the next section.

These results reflect the baseline estimates of economic effects above. If home values decline more relative to incomes, as in Scenario A of Table 8 (-37% instead of -25%), then affordability will improve further; however, outcomes will be worse if incomes decline further relative to home values, as in the Low Scenario of Section 3.2 above. The results are also based on average income decline. In practice, income losses may be concentrated in lower-income households where members are employed in disproportionately affected industries such as food service and retail trade. In that case, affordability could become worse for low earners but better for high earners, while still averaging out to the results in the chart above. These caveats underscore the uncertainty of policy outcomes and the need for continued housing support for low-income households, who would remain financially unable to purchase converted TVR units.

Additional Considerations

Rents

A 20-40% decline in condominium prices, as estimated above, would exert downward pressure on rents through both direct and indirect mechanisms. Academic research indicates that home prices and rents are closely linked over the long term, as properties are often substitutes for one another in housing markets (Lo et al., 2021). Lower condo prices could incentivize more households to transition from renting to owning, thereby reducing demand for rentals.

Adding 6,127 units to the long-term housing stock could also lower rents throughout the county through a process known as filtering (Rosenthal, 2014). Filtering occurs when additional housing supply, particularly at higher price tiers, reduces competition in the market and creates *move chains*. These move chains begin when households upgrade to newly available units, freeing up their existing home for other households, and so on. This cascading effect gradually improves access to housing across all price levels, as each move frees up another unit that is generally older and less costly than the one before it in the chain.

Over time, these dynamics could lead to a reduction in rents comparable to that of home prices. However, the effect would not be as large as the decrease in home prices if lower prices are accompanied by reduced home construction activity, an influx of second-home buyers, a surge in new household formation, or other factors, as discussed in the next section.

The size of the effect on rents compared with home prices also depends on the true carrying costs of current owners, plus mortgage payments, which is not modeled here. If many current owners bought at low prices and paid off their mortgage or are locked in at low mortgage rates, they may decide to lower rents instead of selling, creating a larger decline in rents relative to home prices. But if many owners bought at high prices or mortgage rates, they may pursue distressed sales, creating a larger decline in home prices relative to rents.

Mitigating Factors

Several mitigating factors may dampen the expected effects on housing affordability. One key consideration is the potential for increased demand from off-shore buyers seeking to capitalize on newly depreciated units. Lower prices may attract more demand from non-resident investors or second-home buyers than implied by the estimates in Tables 4 and 5 above, particularly because unlike prospective local buyers, off-shore buyers will not face the decline in Maui incomes estimated in Table 3. Property owners in Hotel Districts, where TVRs are still permitted, may also opt to convert units currently in long-term residential use to vacation rentals. Either of these possibilities could limit the number of units available to local residents, blunting the intended affordability benefits.

New household formation could also mitigate home price and rent declines by enabling individuals to leave shared housing arrangements. Many current households exist out of economic necessity, with multiple wage earners pooling resources to afford high housing costs. As prices fall, some may form separate households, increasing local housing demand and stabilizing prices at a higher level. In other words, instead of existing households paying significantly lower prices, the result of increasing supply could be the same population split into more households paying similar or somewhat lower prices.

Developer behavior presents another major uncertainty. Because the anticipated price declines would also affect market prices for new units, developers may choose to delay or cancel planned projects, or decline to propose new ones, resulting in a construction market slowdown that reduces the expected long-term increase in housing supply. Additionally, financial institutions may tighten lending to developers if price instability signals increased risk, further constraining new construction.

In the face of declining prices, lenders may tighten mortgage credit to manage risk, potentially making it harder for some buyers to secure financing. Existing homeowners, particularly TVR owners who relied on rental income to cover mortgage payments, may face higher default risks. Additionally, homeowners who become underwater—owing more than their home is worth—could experience financial strain, increasing the likelihood of distressed sales. However, given the role of the secondary mortgage market and regulatory safeguards, a broad tightening of credit is less certain, as lenders often sell mortgages rather than hold them on their balance sheets. While increased underwriting standards could prevent some renters from transitioning to homeownership despite lower prices, the overall impact on affordability will depend on how these financial pressures interact with demand, supply, and broader macroeconomic conditions.

Property owners affected by the policy may pursue legal challenges or political action to delay or overturn the restrictions. Prolonged uncertainty over the policy's future could discourage owners from selling or renting their units at lower prices, reducing the immediate supply effects. Additionally, if enforcement is weak or inconsistent, some TVRs may continue to operate illegally, limiting the conversion of units to long-term housing and maintaining upward pressure on prices.

Finally, this policy would be a one-time downward shock. Prices would permanently remain at a lower level than they would have been without the policy; however, they would continue rising at the same rate as before if demand for housing on Maui continues to exceed supply. In 2 of the 3 scenarios presented in Table 8 and Figure 2 above, prices begin to rise again by 2029. In other words, prices could return to their current levels within a decade unless the pace of housing construction on Maui also increases.

In sum, while price declines could improve affordability under ideal conditions, market responses to these changes—particularly in terms of investment, household formation, lending practices, and policy enforcement—and county decisions related to housing development will influence the policy's practical impact on housing affordability.

Impacts on Tax Revenues

Property Taxes

We also model how changes in property tax classifications could impact county real property tax (RPT) revenue over time, including both direct and indirect effects. Direct effects are changes in estimated RPT from Apartment-zoned TVRs. Indirect effects are changes in estimated RPT from all other residential condos[12]. Indirect effects arise from reductions in assessed value only, which will occur island-wide, but direct effects include reductions in both assessed value and tax rate as

[12] By "residential" condominiums, we mean the 11,177 condo units with a tax class of Owner Occupied, Non-Owner Occupied, Long-Term Rental, or Apartment. We would expect condominiums operated commercially outside of Apartment zones, such as TVRs and timeshares, to retain or even gain value.

a result of conversion from the higher TVR-STRH rate to a lower tax class (Owner-occupied, Non-owner occupied, Long-term rental, etc.).

Our model reconstructs Maui County property tax rolls for Fiscal Year 2023-2024 using official data, including TMK, assessed values, exemptions, tax classes, and tax rates. As with previous models, this year was selected for reference as the last "normal" year before the fires. As a result, this reconstructed tax roll does not consider whether units were destroyed by fire, ongoing tax waivers for affected property owners, or more recent changes in tax rates. To isolate the effects of the proposed policy change, it also holds tax class constant for all properties other than TVRs in Apartments zones, and valuations constant for all properties other than those units and residential condos. According to this reconstruction, Apartment-zoned TVRs comprised 45% of all TVRs in the County and paid 30% of all taxes assessed on the TVR-STRH tax class.

Because every unit is different and we cannot know in advance which units will convert to which use, we conducted 100 simulations where TVRs were randomly reassigned to new tax classes based on the frequency of those tax classes in comparable zones where TVR use is not allowed (Tables 4 and 5 above). Properties in West Maui were reassigned in tax year 2025, and the remainder in 2026, to align with the policy proposal. Then we multiplied the average simulated tax bill for each unit by the price indices in Table 8 to match projected changes in property values through 2029. The final results presented in Table 10 below provide a year-by-year estimate of expected tax revenue in 2023 dollars under the average of all three Table 8 scenarios, offering policymakers insight into potential fiscal impacts and helping guide decisions on tax policy and revenue planning.

Table 10: Change in Real Property Tax after TVR ban

	2023*	2025	2026	2027	2028	2029
Direct Effects (Million 2023$)	64	48	18	16	15	15
Indirect Effects (Million 2023$)	52	53	48	43	41	40
Tax Receipts from Affected Units	116	101	66	59	56	55
Net Loss (Million 2023$)		-15	-50	-57	-60	-61
Net Loss as % of all 2023 RPT	22%**	-3%	-9%	-11%	-11%	-11%

**Reconstructed from tax rolls*
***For reference: the % of total RPT revenues paid by affected units in 2023.*

In our reconstructed FY 2023-2024, TVRs in Apartment zones generated an estimated $64M in property tax revenue for Maui County and residential condos in all zones an additional $52M. This combined $116M represents roughly 22% of all RPT revenue and 11% of revenue from all sources. In tax year 2025, Apartment-zoned TVRs in West Maui convert to other tax classes, reducing tax rolls by an estimated $15M. In tax year 2026, Apartment-zoned TVRs in the rest of the County convert to lower tax classes as condo prices begin to fall, generating a net tax gap of $50M. As home prices continue to decline, this gap widens to $61M by 2029. Relative to the FY 2023-2024 baseline, this represents a 76% decline in tax receipts from the former TVRs in Apartment districts and a 23% decline in receipts from residential condos.

Despite the projected decline in property tax revenue from former TVRs in Apartment districts, several factors could mitigate the overall fiscal impact. First, while condo prices are expected to fall, other segments of Maui's real estate market may continue to appreciate, including luxury homes and properties in high-demand areas. Second, some properties in designated resort districts, which are not affected by the ordinance, may convert to TVR use, shifting some of the tax base to the highly taxed TVR-STRH classification. Additionally, development projects currently under construction will add to tax rolls if and when they are completed. These factors suggest that while the ordinance would create short-term fiscal challenges, the impact on overall county finances may be partially offset in later years. Additionally, the County Council may amend tax policy at any time, such as by rebalancing rates across classifications, tiering within classifications, or reassessing exemptions to further stabilize revenue.

General Excise and Transient Accommodations Taxes

The M-CGE model also allows us to estimate effects on Maui County revenue from the General Excise Tax (GET) and Transient Accommodations Tax (TAT) as a function of declines in visitor spending on accommodations and overall economic activity. County tax revenues experience significant declines in our baseline scenario, with GET revenue falling by 10% and TAT revenue decreasing by 8% both measured in current dollars. Under the more severe contraction, tax revenues are similarly affected, with nominal GET revenue declining by 18% and TAT revenue dropping by 24%.

Table 11: Change in GET and TAT Revenues after TVR ban

	2022	Baseline Scenario	% Δ Baseline	Low Scenario	% Δ Low
GET Revenue (Million Current $)	86.9	78.3	-10%	71.2	-18%
TAT Revenue (Million Current $)	78.6	72.4	-8%	59.8	-24%
Total Tax Revenue (Million Current $)	165.5	150.8	-9%	131.0	-21%

Follow-on Effects

Decreasing home values as a result of adding thousands of homes into Maui's housing stock would mean decreased wealth for Maui's existing homeowners. With 65% of Maui County's homes owner-occupied, a decrease in home values would result in a negative wealth shock for a significant portion of the local population. A change in property values can influence consumption, as demonstrated by Guren et al. (2020), who estimate that a $1 decline in housing wealth would result in a 3.3-cent reduction in consumption (Guren, 2021). This "wealth effect" may be due to homeowner sentiment (feeling poorer, therefore spending less) or due to new difficulties in accessing credit (Iacoviello, 2011). Applying Guren et al.'s estimates to Maui, a household with a home valued at $1 million would reduce their spending by $6,600 to $13,200 per year if their home value declined by 20% to 40%. An overall estimate of this effect is uncertain and beyond the scope of the impacts assessed in this report, but would be in addition to the wider economic effects of the decline in tourism spending estimated in subsection 3.1 above.

Discussion

The sections above estimate the economic impacts of the proposed policy to phase out TVR use in Apartment districts. Given Maui's economic dependence on tourism, a sudden reduction in visitor accommodations and spending will lead to job losses, income reductions, and lower GET and TAT revenues. Additionally, a rapid increase in condo inventory will lower home prices and RPT revenues in the short run.

At the same time, doing nothing also has economic consequences. The high cost of housing is a major factor in residents' decisions to leave the county and the state. A joint analysis by UHERO and the State of Hawai'i Department of Taxation found that the 2023 wildfires reduced Maui's population by at least 1,000 residents, leading to an estimated $50 million annual income loss for the state (Moore & Karacaovali, 2025). Continued out-migration could further weaken Maui's economy in similar ways to the projected effects of the policy–fewer filled jobs and lower incomes and tax revenues.

Given these tradeoffs, policymakers may want to consider policy adjustments and alternatives that balance housing affordability objectives with economic stability.

Policy Alternatives

While phasing out TVRs in Apartment districts may reduce some of the persistent housing shortages on Maui, it carries risks, including losses in visitor spending, employment, income and tax revenue. This section explores alternative strategies that may achieve similar housing benefits while reducing economic disruptions. These market-based approaches allow policymakers to incentivize conversions rather than mandating them, while also generating new revenues that could be used for affordable housing programs, infrastructure, or rental assistance.

Both increasing property taxes and auctioning licenses incentivize the conversion of TVR units to residential use by imposing a cost on TVR operators. Consequently, for less profitable units where returns do not justify the expense, leasing or selling for residential use becomes the preferred option. These approaches are likely to be less disruptive than categorical bans, as they naturally encourage the conversion of units better suited to long-term residential use.

Increasing property tax rates on TVRs would discourage short-term rentals while generating additional county revenue. A tiered tax structure could also be considered, where higher-value properties or those in high-demand areas face steeper increases. Rates could be gradually increased each year until the desired number of TVRs is reached. To implement this policy effectively, the county would need robust enforcement mechanisms to ensure compliance and prevent illegal short-term rentals. Additionally, periodic reassessments of the tax rate would be necessary to account for changing market conditions.

Rather than setting a tax increase, an auction approach would set a cap on the total number of short-term rental licenses and auction them to the highest bidders. This approach would maximize county revenue from operators willing to pay for permits while maintaining tighter control over TVR numbers. Under this approach, only the most profitable units–those with sufficient revenue to cover the auction price–would continue as short-term rentals. These are more likely to be luxury properties in high demand–units that would remain unaffordable for residents even if their use as TVRs was prohibited. Meanwhile, less profitable TVRs would be withdrawn from the market and repurposed for other uses including long-term housing.

Unlike tax-based approaches, an auction system relies on market forces to determine the true value of operating a TVR. Instead of setting arbitrary tax rates and adjusting them over time to reach policy goals, competitive bidding would reveal the value of TVR use. The auction approach provides direct control over the number and location of TVRs potentially reducing their impact on housing supply more effectively than taxation alone. Like the property tax alternative, proceeds from an auction could be used to fund affordable housing initiatives, reinvesting TVR-generated revenues into programs that directly benefit local residents.

Both taxes and auctions apply a similar principle for reducing TVRs by putting a price on the privilege of operating a TVR and letting market forces determine which units actually operate. Property taxes set a price that can be adjusted until the desired number of units is achieved, while auctions set a limit on the target number of TVR units and allow prices of TVR licenses to reflect owners' willingness to pay.

Policy Complements

Banning the use of housing units as transient vacation rentals (TVRs) alone may not always result in their transition into long-term residential use. Without additional policies, some units may remain vacant or be resold as second homes rather than entering the local housing market. To maximize the availability of housing for residents, a combination of financial incentives, land use reforms, and homeownership support programs can help facilitate the transition. This section outlines three key policy complements: an empty homes tax to discourage prolonged vacancies, rezoning and permitting reforms to encourage redevelopment, and homeownership support programs to help local buyers access newly available housing.

Empty Homes Tax

An empty homes tax targets properties that remain vacant for most of the year, particularly those held as vacation homes or speculative investments. By discouraging prolonged vacancies, an empty homes tax incentivizes property owners to rent or sell underutilized housing, potentially easing housing shortages in high-demand areas.

Cities such as Vancouver and Paris have adopted such policies to reduce housing vacancies, increase the availability of long-term residences, and generate public revenue. In Vancouver a 3% property tax surcharge on homes vacant for more than six months per year coincided with a 54% reduction in vacancy rates and raised $47 million CAD in new revenue (Tyndall, 2024). Recently, Bill 46 proposed a similar tax in Honolulu County.

Maui County's high housing vacancy rate suggests that a similar policy could be particularly impactful. An empty homes tax would complement TVR restrictions by increasing the likelihood that former vacation rentals transition into long-term housing rather than seasonal or occasional use. Additionally, such a policy could generate significant public revenue, which could be reinvested in housing initiatives, infrastructure, or other community needs.

Zoning and Permitting Reform

To further support the transition of TVR units into long-term housing, the county could update its land use and permitting policies to improve development potential and streamline approvals in affected areas. Many of the condominium complexes affected by new TVR restrictions were built decades ago and may be candidates for redevelopment in the future, particularly if their design, infrastructure, or unit layouts no longer meet modern housing needs or expectations.

Amending Apartment zoning regulations to allow for denser mixed-use developments could create new commercial opportunities, encourage reinvestment in aging properties, and facilitate additional housing development. This could include allowing greater floor area ratios (FAR), easing parking minimums, and streamlining permitting for multifamily projects in areas that previously contained large concentrations of short-term rentals.

Given Maui's constrained land supply, enabling more intensive use of already-developed properties could be more cost-effective and environmentally sustainable than greenfield construction. Developed parcels are already served by sewer, water, and transportation infrastructure, reducing the need for costly new public investments. Additionally, revitalizing older properties rather than expanding into undeveloped areas could help preserve agricultural lands, open spaces, and culturally significant sites, aligning with broader sustainability and community planning goals.

Homeownership Assistance Programs

Homeownership assistance programs could help Maui residents take advantage of the increased housing supply and accelerate the filtering process. For example, the county could expand its down payment assistance program for first-time homebuyers and prioritize newly available condo units for consideration. The county could also pursue a partnership with HHFDC to make newly available units eligible for similar state programs, creating additional opportunities for locals to purchase them at lower income levels and at lower effective prices.

Another approach is the use of deed restrictions, where the state or county purchases a permanent workforce housing restriction on a unit. This restriction lowers the unit's market price, making it more affordable for local buyers, while ensuring that it remains part of the workforce housing stock. This year, the State Legislature considered HB 739, the "Kamaʻāina Homes" bill, which would have provided state matching funds for such a program. Proponents of the measure envisioned that buyers willing to impose a deed restriction could use the money they receive toward their down payment, making it easier to qualify for financing (Mizuo 2025). Implementing such a program for former TVR units could help keep them accessible to Maui's workforce and provide a larger pool of buyers for condo owners trying to sell. Maui County has already experimented with this approach with its ʻohana assistance program, which provides a grant in exchange for a 10-year deed restriction limiting occupancy to long-term residents and maximum rent to HUD affordability standards.

Finally, loan guarantees, such as those recently launched by the Office of Hawaiian Affairs, could also help homebuyers overcome financing barriers (Office of Hawaiian Affairs, 2025). Currently, most lenders require private mortgage insurance (PMI) for buyers who cannot provide a 20% down payment, increasing the monthly cost of homeownership, and making it difficult for local families to purchase units. If the county guaranteed mortgages with its deposits in local banks, lenders could waive PMI requirements, reducing overall borrowing costs and increasing the likelihood that units will be purchased by current residents for long-term residential use.

Policy Adjustments

The proposed policy to phase out TVR use in Apartment districts could also be adjusted to ease the transition for property owners, stabilize tax revenues, and prevent sudden disruptions in the housing market. Since home price effects are highly sensitive to the amount and timing of inventory entering the market, a phased implementation would allow the county to monitor and adjust the policy before applying it across all Apartment districts.

Potential adjustments include:

- **Gradual Implementation**: Extending the transition period and phasing out TVRs more slowly in smaller increments or geographic areas, instead of 2 large phases.
- **Lottery-based Phase-out**: Randomly selecting a subset of properties each month for transition over a 12-month period, for more precise management of inventory levels.
- **Rezoning or Special Use Permits**: Allowing limited TVR use to continue in designated areas where it aligns with long-term planning goals.

These approaches would offer property owners and operators more time to adapt and give the county more control over implementation and certainty about the effects. They could also stabilize condo prices at a higher level than we project above.

Conclusion

This study examines the economic implications of Maui County's proposed ordinance to phase out transient vacation rentals (TVRs) in Apartment districts, focusing on its effects on visitor spending, employment and earnings, housing affordability, and county tax revenues. Our analysis finds that the policy would have far-reaching economic effects, with both intended benefits and unintended consequences. On the one hand, the potential conversion of up to 6,127 TVRs into long-term housing represents an increase in available housing stock equivalent to a decade's worth of new development. This increased supply would improve housing affordability by lowering condo prices by 20–40% and by putting downward pressure on market rents. On the other hand, the reduction in visitor accommodations is projected to decrease total visitor spending by $900 million annually, resulting in job losses and a contraction in household income and GDP. Additionally, a decline in property values and economic activity would shrink county tax revenues, contributing to an estimated $75 million annual gap by 2029.

While expanding Maui's housing supply is a critical policy objective, the proposed intervention is unprecedented in scale worldwide. Without reliable comparisons, predictions of exact economic outcomes are more uncertain. The magnitude of economic disruption depends on how quickly former TVRs transition into new uses, the extent to which displaced visitor demand is absorbed by remaining accommodations, and whether external economic conditions amplify or mitigate declines in home prices. Moreover, the benefits of lower home prices may not be evenly distributed. Higher-income households may benefit from lower purchase prices, while lower-income renters may see only indirect benefits through the process of filtering—when new housing supply enables higher-income households to move into newly available units, thereby freeing up more affordable housing options for others further down the housing ladder.

Given these complexities, policymakers may wish to prepare a range of strategies to balance housing affordability with economic stability. Policy alternatives such as higher property taxes on TVRs or an auction-based permit system could reduce short-term rental activity while generating revenue for affordable housing initiatives. If a full phase-out is pursued, phased implementation—such as sub-regional rollout or lottery-based selection—could smooth out economic disruptions.

Additionally, complementary policies could help to ensure that former TVRs transition into long-term housing rather than for speculation or occasional use. An empty homes tax could incentivize year-round occupancy, while rezoning and permitting reforms could support the redevelopment of aging properties and surrounding areas into higher-density mixed-use communities. Homeownership assistance programs, such as down payment support, deed restrictions, and loan guarantees, could expand opportunities for current residents to purchase newly available units.

The proposed policy represents a bold attempt to rebalance Maui's housing market. However, given the scale of the potential economic disruption, careful implementation, monitoring, and flexibility will be essential to maximize benefits while minimizing unintended harm.

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