



Kapalua Bay Villas
500 Bay Drive
Lahaina, HI 96761
808.669.6767

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The Honorable Richard T. Bissen, Jr.
Mayors.Office@co.maui.hi.us
200 S. High Street
Kalana O Maui Building
Wailuku, HI 96793

Kate Blystone
planning@mauicounty.gov
Maui Planning Director
2200 Main Street
One Main Plaza
Suite 315
Wailuku, HI 96793

Ana Lillis
planning@mauicounty.gov
Maui Deputy Planning Director
2200 Main Street
One Main Plaza
Suite 315
Wailuku, HI 96793

Kimberly Thayer
Ashley Lindsey
Mark Deakos
Andrea Kealoha
Brian Ward
Christopher Elizares
Crichton Lind
planning@mauicounty.gov

Thomas Cook
thomas.cook@mauicounty.us

Gabe Johnson
gabe.johnson@mauicounty.us

Tasha Kama
tasha.kama@mauicounty.us

Alice K. Lee
alice.lee@mauicounty.us

Tamara Paltin
tamara.paltin@mauicounty.us

Keani Rawlins-Fernandez
keani.rawlins@mauicounty.us

Shane Sinenci
shane.sinenci@mauicounty.us

Yuki Lei Sugimura
yukilei.sugimura@mauicounty.us

Nohelani U'u-Hodgins
nohe.uu-hodgins@mauicounty.us
200 S. High Street
Kalana O Maui Building
Wailuku, HI 96793

Dear Mayor, Council Members, Planning Director, and Planning Commissioners:

Please accept this letter as an update to our June 24, 2024, correspondence.

We are the presidents of the Kapalua Bay Villas, Kapalua Ridge Villas, and Kapalua Golf Villas Associations of Apartment Owners. Collectively, we represent the owners of 488 homes in the Kapalua Resort. We wrote to you last year to call attention to a serious problem with the proposed ordinance to ban short-term vacation rentals that had not as of then received the attention it merited. Specifically, the proposed ordinance painted with too broad a brush and, unless changed, may have been interpreted to ban short-term rentals in resort areas planned, approved, built, and always used inclusive of transient rentals. The Kapalua Resort is one such area. Since that time, several of you have clarified that it would not be appropriate to ban short-term rentals in resort areas such as the Kapalua Resort.

We write to encourage the County to adopt amendments to the ordinance that clearly and unequivocally exempt the Kapalua Resort from any short-term rental ban the County may enact. We note that Section 5 of Bill 9 (2025) amending 19.32.040 states:

SECTION 5. Section 19.32.040, Maui County Code, is amended by amending Subsection I to read as follows: "1. Transient vacation rentals are permitted in planned developments, except for developments that have been publicly funded, if: [1. The planned development received a planned development site plan approval that was lawfully issued by and valid on April 20, 1989, and the land is zoned A-1 or A-2 apartment district; or] [2.] .L The planned development meets all of the following: a. The planned development received final approval as provided in this chapter, and at least one unit in the planned development was operating as a vacation rental on or before April 20, 1981. - 4- b. The planned development is located on parcels with at least some residential district zoning. c. The planned development consists of only: i. Duplexes or [multi-family] multifamily dwelling units; or ii. A combination of single-family dwelling units and duplexes or [multi-family] multifamily dwelling units. (3.) 2. Existing transient vacation rentals may be reconstructed, renovated, or expanded if no new rooms or transient vacation rental units are added.

We trust this amendment is intended to exempt the Kapalua Resort from the proposed ban and to maintain the almost-50-year status quo and original purpose and approval of short-term rentals in the Kapalua Bay, Ridge, and Golf Villas. Accordingly, we ask that you acknowledge this intent and clarify Section 5, so it unambiguously achieves this exemption.

The Kapalua Resort is a master planned destination resort established by the Maui Land & Pineapple Company in the early to middle 1970s. Among the Kapalua Resort communities are the Kapalua Bay, Ridge, and Golf Villas which were built in 1977, 1978, and 1980 and comprise 141, 161, and 186 units, respectively. The Villas are an integral part of the Kapalua Resort with the Kapalua Bay Villas, for example, originally available

for short-term rental through the Kapalua Bay Hotel and Villas. Further history of the Resort is available at [Kapalua Maui Hawaii \(uli.org\)](http://KapaluaMauiHawaii.org).

State and County records establish that the original Kapalua Resort plan included short-term rental use at the Kapalua Bay, Ridge, and Golf Villas. For example, a 1975 Hawaii Real Estate Commission report for the Kapalua Bay Villas states that the units will be used for “permanent or temporary residences, lodgings or rental”. https://hawaii.gov/dcca_condo/reports/0820P.pdf. In 1977 when the Bay Villas were built, transient rental use was specifically permitted, and therefore, short-term rentals in the Villas were a conforming and approved use. This chronology distinguishes the Kapalua Bay, Ridge, and Golf Villas from other transient rental properties and establishes rights and entitlements for continued use as planned, approved, built, sold, and used for over 45 years.

The Kapalua Bay, Ridge, and Golf Villas are neither affordable nor workforce housing; rather, they are resort properties with an “average value” of approximately \$1.68 million according to the Maui County Finance Department. These properties have always been expensive with high association dues that today can exceed \$30,000 a year. Mortgages, insurance, taxes, and maintenance are similarly expensive. Moreover, the Bay Villas, for example, have no garages, minimal parking, and limited if any storage. House rules prohibit pets, limit occupancy, restrict common area activities, and exclude work vehicles. The Kapalua Resort owners have an exclusive option to purchase Kapalua Club Resort memberships. In all respects, the Kapalua Bay, Ridge, and Golf Villas were planned, built, sold, and continuously used for over 45 years as destination resort properties. They are not now, nor have they ever been, workforce or affordable housing.

State and County records show that, while the Kapalua Resort was not intended or built as affordable or workforce housing, Maui Land & Pineapple built other affordable and workforce housing as a condition for approval of the Kapalua Resort master plan approximately 50 years ago. A December 2002 Planning Department environmental impact statement (at page 7) reported Maui Land & Pineapple had developed 450 affordable housing units on Maui and “also has complied with all requirements for affordable or employee housing previously imposed as *conditions* of developing the existing Kapalua Resort”. [2002-11-DD-MA-FEIS-Kapalua-Mauka-Resort-Expansion.pdf \(hawaii.gov\)](https://files.hawaii.gov/dbedt/erp/EA_EIS_Archive/2002-11-DD-MA-FEIS-Kapalua-Mauka-Resort-Expansion.pdf). Reportedly, Maui Land & Pineapple’s affordable and workforce housing initiatives included projects in Napili Hau as well as Pailolo Views, Kapua Views, and Pulelehua.¹

¹ The following environmental impact statements describe the Napili Hau project:

https://files.hawaii.gov/dbedt/erp/EA_EIS_Archive/1972-02-09-MA-FEIS-NapiliHau-Housing-Project.pdf.
https://files.hawaii.gov/dbedt/erp/EA_EIS_Archive/1971-11-30-MA-FEIS-NapiliHau-Housing-Project.pdf

Banning short-term rentals in the Kapalua Bay, Ridge, and Golf Villas will not achieve the stated purpose of the proposed ordinance. The original draft ordinance states: “The purpose of this ordinance is to *revert* all Apartment District properties to their *intended* long-term residential use.” Because affordable or workforce housing was never “intended” or existing in the Kapalua Bay, Ridge, and Golf Villas, banning rentals in the Kapalua Resort will not “revert” any such housing. And rental units in the Kapalua Bay, Ridge, and Golf Villas are required to be professionally run and legally conducted, so application of the proposed ordinance to the Kapalua Resort would serve no purpose in shutting down illegal rentals. In short, there is simply no justification for applying a rental ban to the Kapalua Resort, and doing so will only hurt the many local people who depend on the Resort for their jobs, customer bases, and economic opportunities.

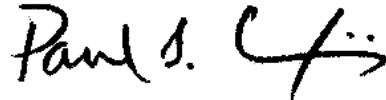
Owners of the Kapalua Bay, Ridge, and Golf Villas pay millions of dollars annually in taxes and provide enormous economic support for hundreds of local Maui residents who work for property management companies, for our associations, for the local golf courses and restaurants, for local shops and stores, for local artists and craftsman, for furniture and appliance stores across the island, for home remodelers and repair specialist, and for many other Maui-based businesses. Our owners and guests support a vast number of local businesses on west Maui. While you are likely familiar with studies showing the island-wide impact of a short-term rental ban², we can attest to the devastation that a ban on short-term rentals would have on the many employees, vendors, and businesses who depend on a healthy Resort community for their economic welfare as they have now done for almost 50 years.³

² An independent Kloninger & Sims study concluded the proposed bill would result in a \$1.3 billion hit to Maui’s economy and the loss of 7,800 jobs and up to \$91.8 million annually in tax revenue while another independent study by economist Paul Brewbaker found a short-term rental ban would cause the loss of 14,126 jobs and decrease tax revenues by \$137 million annually. The March 31, 2025, UHERO economic analysis predicts the proposed ordinance will cost Maui County \$900 million annually in lost tourist revenue, \$75 million a year in lost tax revenue, and the loss of 1,900 jobs.

³ Recognizing that short-term rentals are appropriate and beneficial to the community in resort areas Hawaii, Honolulu, and Kauai Counties have all excepted resort areas (called “Visitor Destination Areas” in Kauai) from their initiatives to scale back transient vacation rentals:

We pointed out last year that the proposed ordinance **wielded an ax where at most a scalpel is indicated**. We thank those of you who have now acknowledged this and encourage your efforts to unambiguously exempt resort areas like the Kapalua Resort which were planned, approved, built, and always used inclusive of short-term rentals.

Respectfully submitted,



Paul G. Cereghini
President, Kapalua Bay Villas



Rodney C. Pranin
President, Kapalua Ridge Villas



Thomas J. Jinks
President, Kapalua Golf Villas