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Maui Moves to Limit Vacation Rentals, Expand Local Housing

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In response to a worsening housing crisis fueled by the devastating Lahaina wildfire, Maui lawmakers have taken decisive action to restore residential housing for local families by targeting the island's booming short-term rental market.

The Maui County Council's housing committee recently approved a bill aimed at gradually phasing out short-term vacation rentals in apartment-zoned condominium buildings. The measure, championed by Mayor Richard Bissen, seeks to return thousands of housing units to full-time residents by requiring rentals in these zones to be available only for stays of at least 180 days. The policy would take effect in 2028 for West Maui, including Lahaina, and by 2030 for the rest of the county.

Vacation rentals currently account for 21 percent of all housing across Maui County, home to roughly 165,000 residents. According to an economic analysis by the University of Hawaii, the bill could convert over 6,100 vacation units into long-term housing, boosting the housing stock by 13 percent, equivalent to a decade's worth of new development, given the county's limited annual construction rate.

Opponents, including Alicia Humiston of the Rentals by Owner Awareness Association, voiced concerns that the measure could harm local service providers and small businesses that depend on the vacation rental industry. "It's not what's best for the community," Humiston said, warning that tradespeople like plumbers and electricians could lose steady work. Some critics also questioned whether locals would be able to afford the now-ageing condos once prices shift.

Supporters of the legislation, however, argue that the economic impact of short-term rentals has hollowed out neighborhoods, reduced generational continuity, and driven up living costs beyond what many Maui families can sustain. The University of Hawaii's report estimated that condo prices could fall between 20 and 40 percent, potentially making homeownership more accessible to residents. Although the policy is expected to reduce visitor accommodations by one-quarter and cut tourism spending by 15 percent, the mayor's office stated that the lost revenue, estimated at $61 million annually, would mostly affect non-resident investors, since over 90 percent of affected property owners do not live on the island.

Mayor Bissen emphasized the broader housing strategy, which includes new construction, infrastructure investment, and the enforcement of laws against illegal rentals. He acknowledged that new development is constrained by limited water and sewer capacity, underscoring the importance of optimizing existing housing stock.

"Bill 9 is a critical first step in restoring our commitment to prioritize housing for local residents," Bissen said, adding that tourism must continue in a way "that doesn't hollow out our neighborhoods."

While final passage of the bill is still pending a full council vote, the strong committee support, where all nine council members sit, makes its adoption highly likely. The bill reflects a growing trend across major tourist destinations, such as Spain and Italy, where communities are fighting back against overtourism to reclaim space and resources for residents.