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NEW INFO ADDED: Despite Fierce Objections, Crest Board Approves Mahalo Hotel Plan



A rendering, presented to the Wildwood Crest Planning Board Feb. 13, for the Mahalo Resort. The beachfront project was approved after a lengthy hearing, featuring a spirited objection argument from a neighboring motel owner and other community members.

By Shay Roddy

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WILDWOOD CREST – A proposal for an upscale beachfront hotel that has faced fierce resistance from local motel owners and community members was approved by the Planning Board following an almost five-hour hearing on Tuesday, Feb. 13.

As the hours, prominently displayed on two large digital clocks in the Crest's former municipal courtroom, ticked closer to midnight and the start of Valentine's Day, there was little love in the air.

The Mahalo Resort – which for over four years has exemplified the tribulations of trying to build in a tightknit resort community resistant to overdevelopment – was greenlighted by a 5-2 majority of the Planning Board just before 10 p.m.

A standing-room-only crowd that had made its opinion clear in a passionate public comment period jeered as board members and a police officer tried to maintain order.

The project, first brought to the board in 2020 by prominent local hotelier Eustace Mita, chairman of ICONA Resorts, has faced lawsuits, been the subject of three separate Planning Board decisions and run into opposition spearheaded by its Rosemary Road neighbor, the Compass Family Resort.



ICONA Resorts Chairman Eustace Mita said the Mahalo Resort in Wildwood Crest, approved by the Planning Board Feb. 13, will likely not open to guests until summer 2026. His attorney, Frank Corrado, stands behind him. (Photo Credit: Shay Roddy)

In an exclusive interview with the Herald after the meeting, Mita said it will be years before he sees any profit from the property, which was once the Ocean Holiday Motor Inn.

“There was bullying on the part of some of those people towards me,” he said. “I was very disappointed that it went five years. There’s no reason for it. I’ve been a developer for 35 years. Never in my life have I seen anything like what I saw here.”

Mita’s original proposal for the property, at the southeast corner of Rosemary Road and Ocean Avenue, was approved by the board (https://capemaycountyherald.com/article/news-government-the-crest-can-and-must-do-better-article_da073398-d07f-11ec-988f-f3bf8ef6a677-html/) in front of an empty room in 2020, even though it asked for more relief than the version the

board denied in 2023.

That version of the plan would have obstructed so-called view corridors – taking setbacks to the property lines – something Crest planning documents have expressed a desire to preserve and neighbors testified they enjoy. View corridors reflect the planning strategy in the Crest, where, along the streets running east-west, pools are in front of motel rooms and parking is in front of the pools, creating wide streets and open views toward the ocean for those farther back from the beach.

After word got out that the board had approved the project in 2020, the Pawlowski family, owners of the Compass, the motel on the southwest corner of Rosemary Road and Ocean Avenue, the location most affected by the development, sued in Superior Court. A judge there ruled that the decision of the Planning Board was not improper and affirmed the ruling. However, the Compass owners appealed.

While the matter was pending in the appellate division, the state Department of Environmental Protection determined that the Mahalo required a Coastal Area Facilities Review Act permit. To get the CAFRA permit, the developer increased the setbacks to 11 feet, leaving more open space on the property than had been approved by the Planning Board, which had OK'd a zero-foot setback in 2020.

That change made the plan a different project than what the Planning Board said it would allow in 2020, so it needed to come back to the board for a new approval, treated as a new application, meaning the prior approval was not relevant to any future decision. The Compass withdrew its appeal, now a moot point, and shifted its focus to contesting the new application in front of the Planning Board.

A hearing that included more than seven hours of testimony was held over two nights in April and June 2023. An attorney for the Compass, Nicholas F.

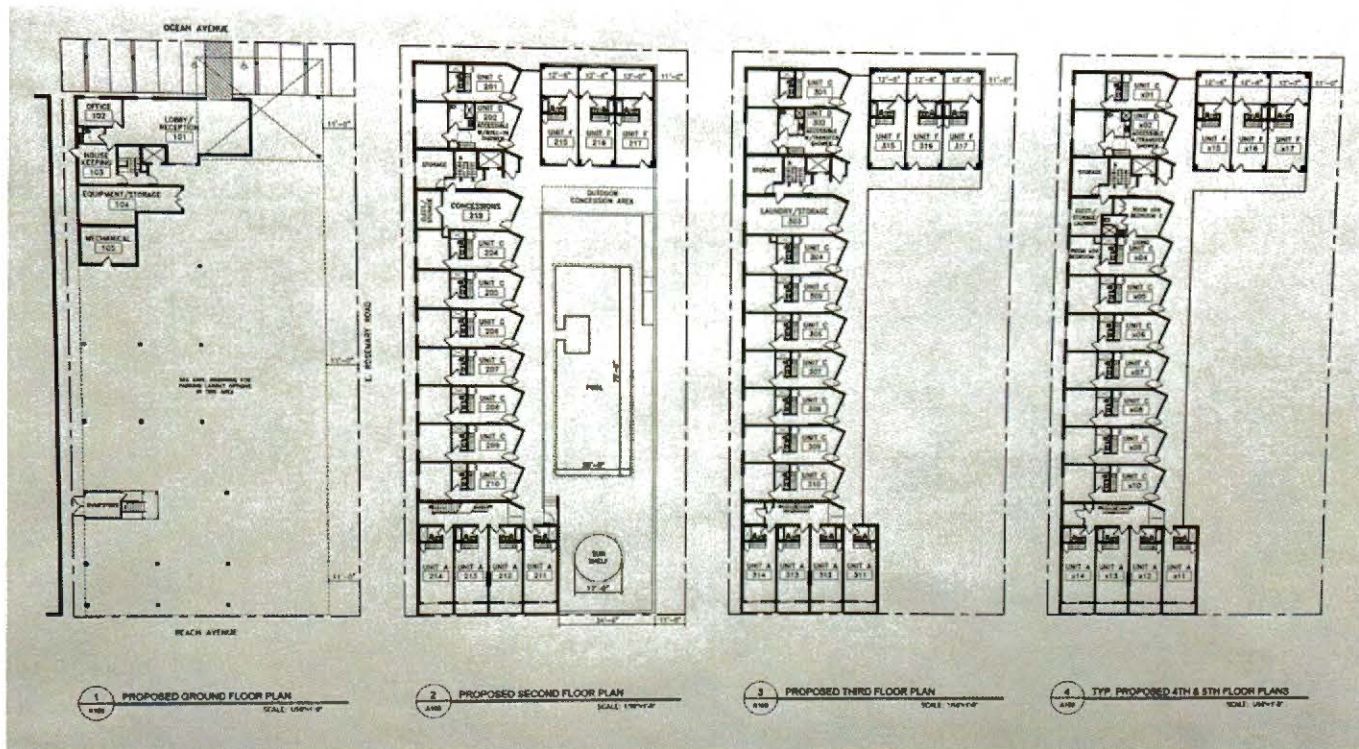
Talvacchia, presented opposition testimony from two experts, Peter Steck, a professional planner, and David Shropshire, a traffic engineer.

In June, persuaded mostly by the argument that the Mahalo proposal had an inadequate and unsafe parking configuration, the board rejected the application. Mita, who told the Herald then that he was “shellshocked,” was sent back to the drawing board.

In November 2023, Mita submitted a new proposal, which included two different parking layouts, one incorporating mechanical lifts and relying on a valet to be functional. The second option was more traditional, but much tighter.

Mita also scaled back the setback along Ocean Avenue and decreased the size of a new tower that included 12 additional rooms, bringing it 5 feet back off the property line and making it flush with the existing building’s dimensions to the west.

The new plan also eliminated any new undersized rooms, relocating concession, laundry and storage facilities to the undersized spaces in the four-floor strip of units facing Rosemary Road. The only undersized rooms would be those that were preexisting. The total number of rooms was reduced from 66 to 64.



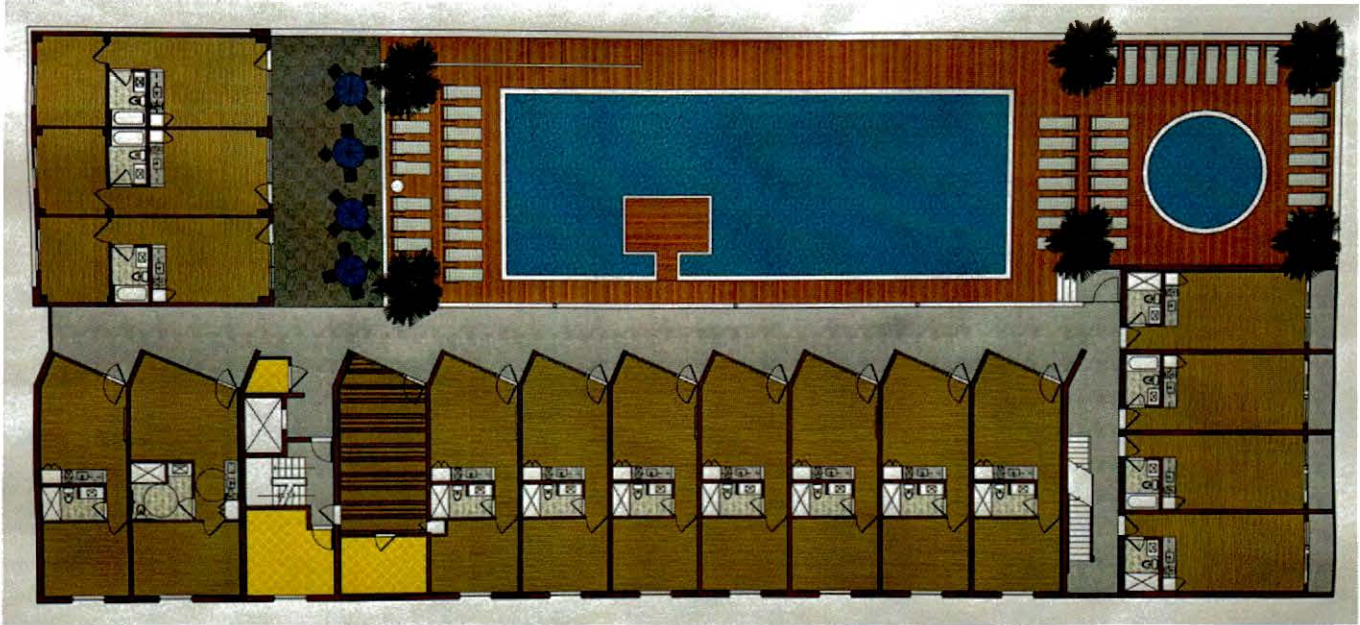
The floor plan for all five floors of the Mahalo Hotel in Wildwood Crest. (Planning Board Exhibit)

At a hearing in December, the Planning Board ruled this proposal was substantially different (https://capemaycountyherald.com/article/news-government-crest-says-no-to-mahalo-hotel-proposal-article_d8a71a64-092b-11ee-9c06-6b2b3b102ebc-html/) from the application denied in June, in response to a legal argument from the Compass that this was just an attempt for a second bite at the apple. After the board rejected the Compass' objection, time ran out and the matter was relisted for February.

To begin the February proceedings, Frank Corrado, an attorney for the Mahalo, highlighted some of the changes since the application was last in front of the board in June. Corrado presented testimony from Mita, the architect Steve Tomassetti, and Vince Orlando, an engineer for the project.

Tomassetti told the board it took creativity, but they reduced the number of rooms and eliminated new undersized units by moving the concession space from the ground level onto the second level, or the first level of rooms, by the pool deck, moved the laundry area to the third level, and had two existing rooms absorb two undersized rooms on the fourth and fifth levels, giving those

rooms more space and an additional bedroom.



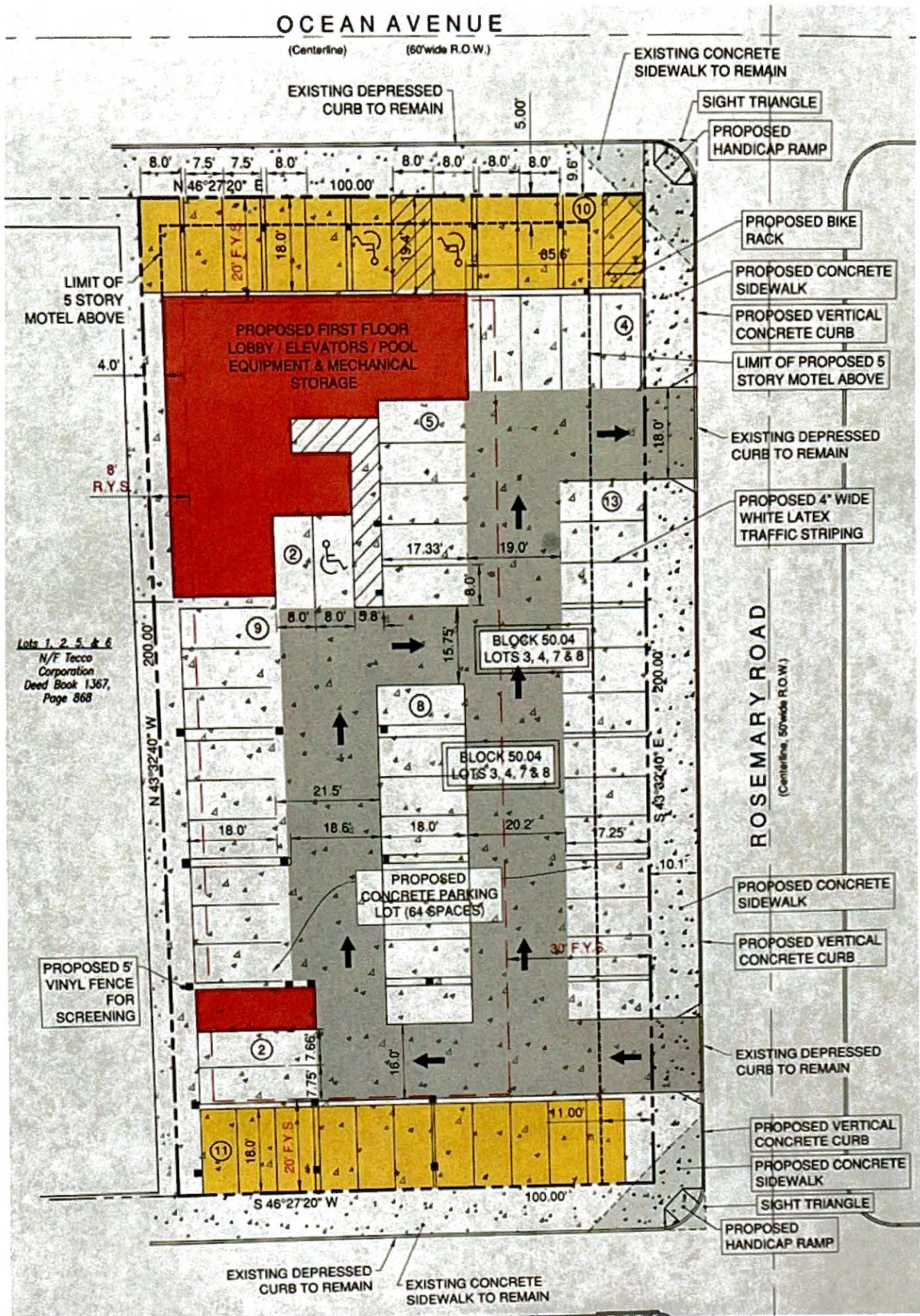
The first level of rooms and the pool are on the second floor, shown here. Parking occupies the first floor. (Planning Board Exhibit)

While the objectors pointed out that the town's master plan, published in 2012, contemplated the issue of losing more hotels and motels to condo conversions, it clearly stated that it would offer hotel and motel developers an incentive to build up, not out, an objective the Mahalo defies, since the new tower matches the building's existing height but occupies land that used to be open space.

That, Tomassetti told the board, is because the structure of the old motel is not sound, and it cannot support an additional floor. An application that at one point included an additional floor was withdrawn in 2019 before it was ever presented, board solicitor Robert T. Belasco said.

In testifying about the parking arrangement, Orlando said the project team was hesitant to come to the board with two scenarios, fearing a split among members over what they preferred. However, because both were viable, he said, they felt it was the right decision to offer a choice.

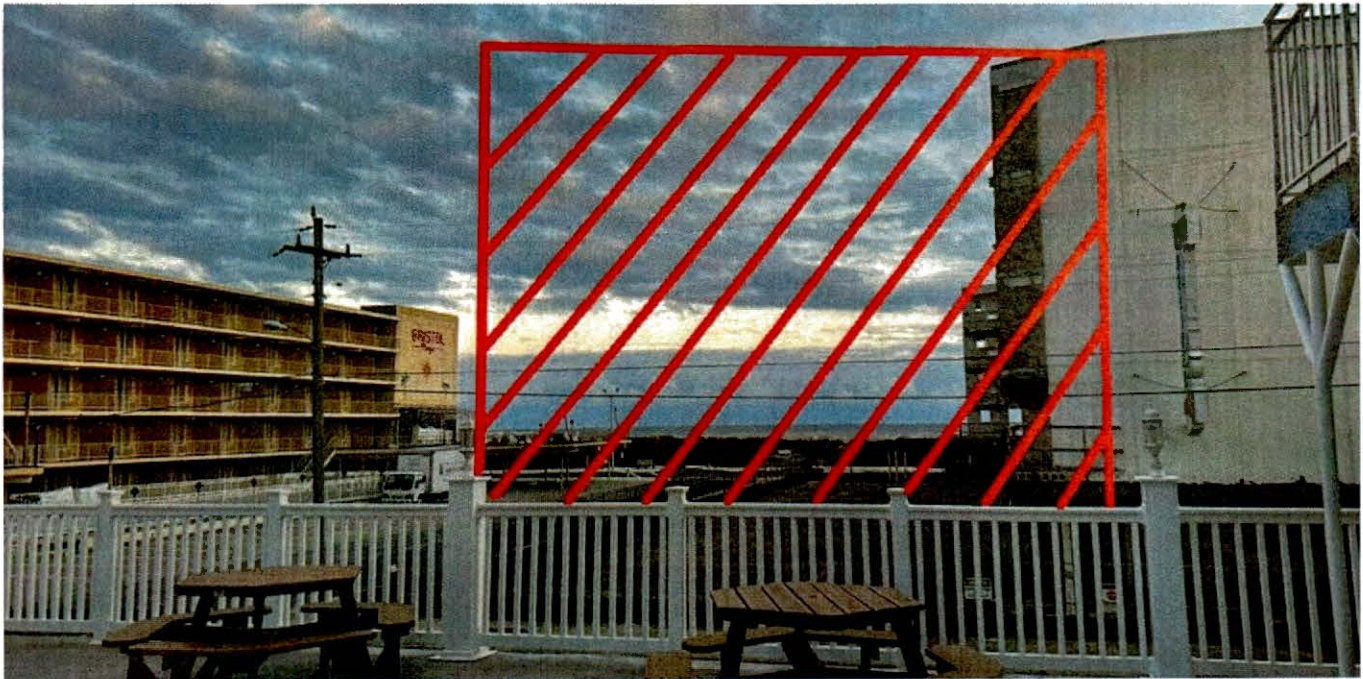
Orlando's fears of a split over parking almost became a reality, after an informal straw poll revealed a 4-3 divide among board members expressing their



preference on first impression. **BEACH AVENUE** favoring option B, the tighter of the two layouts and the one that did not mandate a valet or incorporate the lifts. *Parking Plan B, which was preferred by a majority of board members, will offer one parking space for each hotel room. (Planning Board Exhibit)*

After cross-examination of the Mahalo's professionals that at times grew testy, especially between Compass lawyer Talvacchia and Mahalo engineer Orlando, the Compass team began to present its case.

Steck, the professional planner hired by the Compass for its rebuttal, entered a packet he produced into evidence. One of the pages showed a photograph of how the Mahalo property appears now, and how it would appear with a big red wall drawn in by Steck, illustrating the impact of the proposed tower on his client's view toward the ocean.



A photo of the view from the Compass Family Resort, with red bars demonstrating where the new Mahalo tower would be and how it would obstruct the ocean view from the Compass, which was submitted into evidence by a planner hired by the Compass to oppose the Mahalo proposal. The Mahalo said the exhibit takes liberties. (Planning Board Exhibit)

Steck also pointed out that although the CAFRA-approved plan has an 11-foot setback off Rosemary Road, the decision does not trump local regulations, which call for a 30-foot setback.

Shropshire, whom the board appeared to find especially persuasive at the last

go-round in 2023, pointed out some of the deficiencies with the new parking proposals, both of which he said were not adequate in his expert opinion.

George Pawlowski Jr. and his brother, Paul Pawlowski, owners of the Compass, both testified, talking about the negative impact they believe the Mahalo's new tower would have on their business. They said they would have no objection to a hotel on the site built higher instead of wider.



Paul Pawlowski, an owner of the Compass Family Resort, at a Wildwood Crest Planning Board meeting Feb. 13. (Photo Credit: Shay Roddy)

Members of the public followed the Pawlowskis' presentation, with 14

individuals stepping forward to the microphone to address the board. Of the 14, 13 asked the board to deny the application. Many raised concerns over how the project might change the fabric of the neighborhood and what impact it could have on future construction in town.

The speakers included two family members and an employee of the Pawlowskis, as well as a woman from Wildwood who walks her dog in the area because of how much she enjoys the open space, a man who said he has been visiting Wildwood for 66 years and invested in a retirement home in the area, and other residents with no apparent connection to the Compass and other motels connected to it through marriage.

“If you drive up and down Ocean Drive, when you go from the Crest to Wildwood, it changes. You go to North Wildwood, it changes again. You get to Stone Harbor, it changes again. You get into places like Sea Isle and Ocean City, and they start to feel really claustrophobic. The view corridor helps that not to happen here,” Chuck Burns, of East Miami Avenue, said.

“Don’t think about just this variance or that variance, or the technical nature of this request. It’s the community and what the community winds up being in another five or 10 years.”

In one of the meeting’s few lighthearted moments, residents, business owners and board members who were bonded by their interest in what has easily been one of the most controversial planning applications in the borough’s history had a collective laugh at the circuitous route to development the Mahalo has found itself on.

“This has been a really long journey,” Michael Gericke, of Pacific Avenue, said during public comment.

“You don’t have to tell us that,” Planning Board Chairman Patrick Davenport shot back with a smile.

But then Gericke got down to business.

“I was very disappointed in this board. When the original plans were approved, I was shocked,” the lifelong summer resident and a full-time resident for the past five years, said. “This proposal should be denied again, and maybe this will kill it once and for all. The setback on Rosemary is offensive. That area has a setback for a reason. It makes that part of Wildwood Crest what Wildwood Crest is. You can’t change that.”

Similar sentiments followed, one at a time, as the majority of the crowd cheered along.

The Pawlowskis, elated by the public support were suddenly deflated, as things took a turn for the worse. They appeared stunned as the board began its on-the-record deliberations. Then, when it came time to vote, they took a shot to the gut.

As the board members began, one-by-one, to announce their decisions, it quickly became apparent that Mita would have the numbers to finally overcome the adversity that had hampered the project thus far.



In a 5-2 vote Tuesday, Feb. 13, the Wildwood Crest Planning Board approved Eustace Mita’s

proposal for a new beachfront hotel in the resort. (Photo Credit: Shay Roddy)

Pete Cava, Barbara Hunt, Vincent Tenaglia, Angel Daniels and Bradley Vodges gave Mita enough votes for his majority, granting the 17 variances the project required and that were tallied up by Belasco, the board lawyer.

“It’s going to detriment one property owner, but it’s for the greater good of the community,” Tenaglia said. “It’s a good project.”

“I think the hotel is beautiful,” said Vodges. “It’s definitely an improvement for the borough. Unfortunately, it does affect the neighbor, with the view, but there’s so many motels along Ocean Avenue that stick out.”

Cava said of the impact on the Compass: “There’s nothing to say the fact that you don’t have a direct view of the beach is going to stop someone from renting a unit there.”

Said Daniels: “I’m glad to see the motel being rehabbed and not being torn down. I don’t think that’s what we’re supposed to be doing. I’d rather see it get fixed up. I think it’s a beautiful project.”

Hunt agreed: “We’ve been trying everything to figure out how to preserve these existing hotels, and the fact that you’re doing it is very important, I think, for the long-term success of the whole community.”

In voting against the Mahalo, Chairman Davenport and Brian Melchiorre complemented the project, but said they thought it was overbuilding.

“I just can’t get past the parking and the congestion. I just think it might be too much for that spot. It should be a little smaller,” said Melchiorre.

“It’s just a little bit overbuilt, and I think if the property had a couple less units to alleviate some of the issues with the parking, it would be a much better project,” said Davenport.

Mayor Don Cabrera, also a Planning Board member, was absent, as were

members Jerry D'Antonio, Fred Mettler and Joseph Franco Jr. Franco had recused himself from prior Mahalo hearings due to a conflict.

In the hallway after the meeting, Talvacchia, the Compass' lawyer, said he would have to discuss any appeal with his clients and wasn't ready to comment on whether this was the end of their fight.

In an exclusive interview with the Herald, the Pawlowski brothers expressed their disappointment and frustration. They said they would review the merits of an appeal with their legal team, but were not ready to comment yet.



George Pawlowski Jr., an owner of the Compass Family Resort, at a Wildwood Crest Planning Board meeting Feb. 13. (Photo Credit: Shay Roddy)

“I just feel let down that despite all of that public outcry and testimony,

nothing was really considered and it just felt like a quick, snappy yes,” George Pawlowski Jr. said.

“The people that voted yes even said, well, it really only impacts one person, or one property, and that was their just cause for approving it. And that’s probably the most hurtful part of the approval, listening to board members say how it really only impacts one other property,” Paul Pawlowski said.

Despite the positive result for Mita, it wasn’t all a celebration for him either.

“A site that I had \$5 million into, I now have \$10 million into. I don’t think it’s a win for me. I do think it’s a win for Wildwood Crest,” he said.

Mita told the Herald he will realistically probably not be open for business until summer 2026. First, he has to get a CAFRA approval of the modified application, then construction can begin.

And how will he fit in with his neighbors?

“The whole community is 5,000 people, and you basically have 13 people against it. So, what that says to me is 4,987 people were for it. That’s how I read that,” Mita said.



A rendering of the Mahalo Hotel, seen from the perspective of where the Compass Family Resort

stands. (Planning Board Exhibit)

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