

DEVELOPMENT PERMIT REQUEST

KAK 13-091: 803 WAIMANU STREET Staff Report, Findings and Recommendations

January 8, 2014

I. REQUEST

MJF Development Corporation (“Applicant”) is requesting a Development Permit to demolish existing single-story industrial buildings and construct a new residential project (“Project”). The Project site is located at 803 Waimanu Street and 764 Kawaiahao Street in the Mauka Area of the Kakaako Community Development District (“KCDD”) (Tax Map Key Nos. (“TMKs”): 2-1-049: 050, 070, and 072). The Applicant’s Development Permit application was provided to the Authority at its public hearing on November 6, 2013.

II. PUBLIC HEARING NOTICE AND COMMUNITY OUTREACH

A public hearing notice for the Project was published in the Honolulu Star-Advertiser on October 6, 2013. In accordance with the provisions of Hawaii Revised Statutes (“HRS”) §206E-5.6, the President of the Senate and the Speaker of the House of Representatives were notified upon posting of the public hearing notice. Association of apartment owners of residential buildings adjacent to the Project, surrounding landowners and businesses, the Ala Moana/Kakaako Neighborhood Board, and the Kakaako Improvement Association were specially notified of the public hearings. Various elected officials and State and County agencies were also notified of the public hearings. Public hearing notice was also provided to approximately 321 individuals and organizations that have shown interest in development in Kakaako in the past and who have requested that they be kept informed of development activities in the district.

HCDA staff encouraged the Applicant to present the Project to the Ala Moana/Kakaako Neighborhood Board, and the Project was presented at the October 22, 2013 Neighborhood Board meeting.

III. STATE AND COUNTY AGENCIES CONSULTATION

Section 15-217-57 requires that adequate infrastructure be determined for development in the Central Kakaako (“CK”) neighborhood zone. Project application materials were provided to the following State and County agencies for review and comment on September 24, 2013:

State of Hawaii

- Department of Transportation – Airports Divisions (“DOT”),
- Department of Land and Natural Resources - State Historic Preservation Division (“SHPD”), and
- Department of Education (“DOE”).

City and County of Honolulu (“City”)

- Department of Transportation Services (“DTS”),
- Department of Planning and Permitting (“DPP”),
- Board of Water Supply (“BWS”), and
- Department of Environmental Services (“DES”).

The HCDA received comments from the BWS, the DOT, and the DPP which were provided to the Authority at its public hearing on November 6, 2013. The BWS provided comments stating that the existing water system was adequate to accommodate the proposed Project. The DOT provided comments that the proposed structure would be below the approach for the Honolulu International Airport. The DPP provided comments which highlighted the benefits and opportunities for the Project’s location and proposed density for accessible housing in the urban core, and in close proximity of the rail corridor.

The Applicant has submitted a sewer connection application for the Project that has been approved by the DPP, Wastewater Branch, which was provided to the Authority at its public hearing on November 6, 2013.

A meeting among HCDA staff, the Applicant, and City and State agencies was scheduled on October 24, 2013.

The Applicant has submitted a traffic impact assessment report (TIAR) for the Project and is provided hereto as Exhibit A, which recommends one-way driveway access, restricted on-street parking, and continuation of sidewalks fronting the Project site. The TIAR does not recommend any refiguring of traffic patterns or signalization. The proposed Project already provides for the recommendations made in the TIAR.

IV. DESIGN REVIEW

As provided by §15-217-80(f) of the Mauka Area Rules a Design Advisory Board (“DAB”) was convened to review the Development Permit application and provide comments. The DAB included the following members:

- Mr. Deepak Neupane, P.E., AIA (HCDA Director of Planning and Development),
- Ms. Lois Mitsunaga, (HCDA Board Member), and
- Mr. Tom Schnell, AICP (professional expert and Kakaako resident).

Comments provided by the DAB were shared with the Applicant and was provided to the Authority at its public hearing on November 6, 2013. The Applicant responded positively to these comments and subsequently revised the proposed design, including “flipping” the building layout to step back away from the adjacent lower Imperial Plaza tower (Plaza Tower) to have the proposed development “face” the Plaza Tower and avoid a situation where a windowless exterior wall would be only ten (10) feet from the lanai of adjacent housing units.

V. COMPLETENESS REVIEW, AUTOMATIC APPROVAL, AND FILING FEES

In accordance with the provisions of §15-217-85(g) of the Mauka Area Rules, the Development Permit application was determined to be complete and a certificate of completeness was issued on September 23, 2013, and was provided to the Authority at its public hearing on November 6, 2013.

The purpose of the completeness review is to determine whether all required information is provided in a Development Permit application. A completeness review does not constitute a determination as to whether an application complies with the provisions of the Mauka Area Rules.

In accordance with the provisions of §15-217-86 of the Mauka Area Rules, the Development Permit application will be deemed approved if the Authority has not rendered a decision on the Development Permit application within 180 days from when it is determined to be complete and public hearing notice is published. The public hearing notice was published on October 6, 2013 thus establishing an automatic approval date of April 4, 2014.

Records indicate that all filing fees have been paid in accordance with the provisions of §15-217-93 of the Mauka Area Rules.

VI. DEVELOPMENT PERMIT PROCEDURES

Pursuant to §15-217-80(c) and Figure 1.1 of the Mauka Area Rules, developments within the KCDD require a Development Permit that is subject to Authority review and approval. The HRS §206E-5.6 requires that when rendering a decision regarding the acceptance of a developer’s proposal to develop lands under the Authority’s

control, the Authority shall render its decision at a public hearing separate from the hearing at which the proposal was presented. This essentially requires that the Authority conduct two separate public hearings in rendering a decision regarding a Development Permit.

Section 15-217-80(d) of the Mauka Area Rules requires the following Findings of Fact in approving a Development Permit application:

- A. **Consistency with the Mauka Area Plan:** That the Project complies with and advances the goals, policies and objectives of the Mauka Area Plan;
- B. **Consistency with the Mauka Area Rules:** That the Project proposal will protect, preserve, or enhance desirable neighborhood characteristics through compliance with the standards and guidelines of the Mauka Area Rules; and
- C. **Compatibility of the Mauka District:** That the Project proposal will not have a substantial adverse effect on the surrounding land uses and will be compatible with the existing and planned land use character of the surrounding area.

VII. ANALYSIS

Project Description

The Project is proposed to be located on a 21,192 square foot (0.49 acres) development lot at 803 Waimanu Street and 764 Kawaihāo Street. The site is within the CK neighborhood zone and multi-family residential development is an allowable use within the neighborhood. The site currently includes single-story industrial buildings on the property occupied by tenants that are all associated with some form of automotive repair. The current tenants either have leases that expire no later than October 2013 or are on a month-to-month basis, and will vacate prior to construction. The Applicant plans to demolish the existing industrial buildings to construct the Project.

The Project consists of a 65-foot high 7-story structure containing 153 residential units, and will include a mix of studios, one- and two-bedroom units. The first floor of the structure includes residential units, lobby, utility and trash rooms. The second through seventh floors include residential units, and 8,477 square feet of recreation space provided on the second and fifth floors. A mechanized ground-floor parking system provides ninety-two (92) parking stalls, including fifty-one (51) standard size, forty (40) compact, and one (1) handicap van accessible stall.

Table 1: Project Summary

Development Lot Area	21,192 sq ft
Proposed Floor Area	71,012 sq ft
Reserved Housing Floor Area	17,994 sq ft
Residential Units	153 units
Open Space	8,477 sq ft
Recreation Space	8,477 sq ft
Building Footprint	20,229 sq ft
Floorplate Ratio (5th Floor and Above)	60% (12,136 sq ft)
Parking	91 stalls (on-site)
Loading	1 loading stall

Land Use, Density and Adequacy of Infrastructure

The Project is located within the CK neighborhood zone and proposes residential use, which is consistent with Figure 1.9 and §15-217-26 of the Mauka Area Rules.

The Project site is identified as TMKs: 2-1-049: 050, 070, and 072 and is 21,192 square feet in area. The Applicant is proposing a total residential floor area of 89,006 square feet. In accordance with §15-218-17(a) of the Kakaako Reserved Housing Rules, any multi-family residential development on lots greater than 20,000 gross square feet is required to provide at least twenty percent (20%) of the total residential floor area as reserved housing. For rental reserved housing, the requirement is fifteen percent (15%) of the floor area. In accordance with §15-218-18 of the Kakaako Reserved Housing Rules, the Applicant proposes to adjust density for reserved housing requirements and exclude residential floor area for reserved housing from calculations of floor area ratio (“FAR”). The Applicant proposes to construct 17,994 square feet of residential floor area to be designated as reserved housing.

Figure 1.3 of the Mauka Area Rules provides for a maximum density from 1.5 up to 3.5 for the CK neighborhood zone. Section 15-217-57(c) of the Mauka Area Rules provides that a maximum FAR of 1.5 shall be applicable in the CK neighborhood zone until the HCDA Executive Director determines the infrastructure is sufficiently adequate and then the FAR shall be increased to 3.5, consistent with the Mauka Area Rules.

Section 15-217-57(d) of the Mauka Area Rules provides that where the HCDA Executive Director finds that the public infrastructure is adequate to support a project within the CK neighborhood zone, or where a project would construct improvements to infrastructure to be sufficient to accommodate the subject project and future developments, the HCDA Executive Director may elect to waive the FAR limitations.

Comments received from the BWS indicate that the existing water system in the area is adequate to support the proposed development. However, the final decision on the availability of water will be confirmed when the building permit application for the development is submitted for approval.

City DES provided comments indicating that the DPP Wastewater Branch has lead role in issuing sewer connection permits for the Project. The Applicant has submitted a sewer connection permit for the project that has been approved by the DPP, Wastewater Branch.

Based on the information provided by various State and County agencies and submitted by the Applicant, staff finds that the public infrastructure in the area is adequate to support the development of the Project. Staff also finds that pursuant to §15-217-57(d), there is adequate information regarding public infrastructure in the area to support that the HCDA Executive Director waive the FAR limitation. Therefore, the HCDA Executive Director finds that there is adequate infrastructure in the area to support a density of 3.5 requested by the Applicant. The Applicant's use of base FAR of 3.5 for the Project is consistent with the provision of §15-217-57 of the Mauka Area Rules.

Staff notes the creative solutions for proposed on-site parking with mechanical systems and sustainable design strategies that have a positive effect of maximizing efficiency and minimizing impact.

The Mauka Area Plan recognizes the predominant character of existing buildings in the CK area as light industrial and service businesses on primarily small lots. The residential use and mid-rise size of the proposed Project is appropriate within the surrounding context as the site uniquely borders the Kapiolani corridor and other adjacent residential projects that have a much higher use and density. In this regard, the proposed Project achieves the outcome of transitioning between neighborhood borders of varying development intensities.

Staff recognizes the Project's inherent locational advantage of being within walking distance from both future Civic Center and Kakaako rail transit stations as well as the City and County's bus transit hub at Alapai Street. The Project supports the Mauka Area Plan goals that aim to direct housing development along transportation corridors in order to achieve urban infill instead of urban sprawl and to reduce regional transportation impacts and costs.

Staff finds that the proposed land use and density is consistent with the requirements for land use, density, and adequacy of infrastructure as established in the Mauka Area Plan and Rules.

Building Type

The Project proposes an “Urban Block” as a building type that is permitted for the CK neighborhood zone according to Figure 1.3 of the Mauka Area Rules. The Project is consistent with all the requirements of Figure BT.8 of the Mauka Area Rules which specifies pedestrian access, parking design and location, open space, landscaping, frontage, and building massing.

Pedestrian access is provided directly to ground floor spaces from stoop frontage, and to upper floor spaces through an interior street level lobby along Waimanu Street and stairs along Kawaiahao Street.

Parking is proposed to be located on the street level only, and in the allowed parking zone in accordance with Figure 1.10-B of the Mauka Area Rules. Parking is proposed to be accessible by driveway entrances on both Waimanu Street and Kawaiahao Street with curb cuts located to the maximum extent possible away from adjacent property lines, in accordance with §15-217-63 of the Mauka Area Rules.

Open space is proposed to be at least fifteen percent (15%) of the lot area and to be provided on the second and fifth floors. Landscaping is not required for front or side yards. The proposed frontage type is *Stoop*, which is consistent with both the proposed building type and CK neighborhood zone.

Staff notes that the Project’s proposed building typology of *urban block* supports the vision for variation in building skyline and profile and is appropriate for the development site. Staff notes that the proposed Project balances a maximum use of floor plates that also offer architectural relief of setbacks, openings, and open spaces. The proposed Project prioritizes active street-fronts by designing residential stoops directly facing the street right-of-way, which also serves to conceal parking and loading. Staff notes that the Project proposes a site layout that offers both pedestrian accessibility and security.

Staff finds that the Project is consistent with the requirements for building typology established in the Mauka Area Rules.

Building Form and Height

The Project proposes a building form for an *Urban Block* that is consistent with the requirements of §15-217-54, Figure BT.8, and Figure 1.3-D of the Mauka Area Rules. The proposed 65-foot high structure is consistent with the maximum allowable 65-foot height for Block 24 of the CK neighborhood zone in accordance with Figures 1.8 and NZ.5 of the Mauka Area Rules. The Project site lies outside of view corridors and view preservation zones as provided in Figure 1.6B of the Mauka Area Rules. The Project proposes to provide a structure with a streetfront element as

required by §15-217-54(f) and Figure 1.12-A to be between twenty (20) to sixty-five (65) feet high.

The Project proposes a 20,229 square foot second floor and is consistent with the maximum floor plate ratios where the ratio of the fifth through seventh floors average sixty percent (60%) of the second floor, in accordance with Table BT.8-1 of the Mauka Area Rules.

The Project proposes a setback of floorplates starting on the fifth floor to create building voids along the street facing facades which is consistent with §15-217-54(c) of the Mauka Area Rules.

The Project proposes a ground floor height of sixteen (16) feet, which is higher than the minimum requirement of twelve (12) feet in accordance with §15-217-54(e) of the Mauka Area Rules.

Staff notes that the proposed building height of sixty-five (65) feet promotes the goal outlined in the Mauka Area Plan for Streetfront Elements to define the street as a public space and for development projects to transition to pedestrian-scaled activities on the street level. The stepped, upper-level floors provide relief from an imposing, uninterrupted street frontage.

Staff finds that the Project is consistent with the building form and height provisions of the Mauka Area Rules.

Building Placement

The Project is consistent with the requirements for build-to-line in accordance with §15-217-53, Figures NZ.5 and NZ.5-1 of the Mauka Area Rules, which in the CK neighborhood zone does not specify build-to-lines at Waimanu and Kawaiahao Streets and rear setbacks. The Project proposes that the residential block be built to the property line at Waimanu frontage and along the side boundaries on the west and the east, and setback from Kawaiahao Street by nine (9) feet.

Staff notes that the Project proposes an optimal building placement and attempts to mitigate issues related to close proximity to adjacent development. The Project proposes minimal openings from residential units to face the adjacent development. The upper floors increasingly step back away from the adjacent development to provide greater exposure to natural ventilation and daylight.

Staff finds that the Project is consistent with the building placement provisions of the Mauka Area Rules.

Frontage Type and Thoroughfare Plan

The Project is consistent with frontage and thoroughfare requirements of §15-217-25, 15-217-39, Figure 1.3 and Figure NZ.5B of the Mauka Area Rules. The Project is also consistent with the provisions of Figure PZ.5 of the Mauka Area Rules.

The Project proposes to utilize a “Stoop Frontage” on Kawaihahao Street and Waimanu Street which is consistent with Figure FT.2 of the Mauka Area Rules. The Project proposes a finished floor of the stoop which is consistent with the requirements for a maximum of three (3) feet from the final grade surface.

The Project is consistent with the provisions of §15-217-39 of the Mauka Area Rules and provides for the pedestrian zone, street trees and landscaping, street lighting and planting strips. Every thoroughfare shall have street trees planted within the public frontage area, with the exception of service streets, alleys and street right-of-way measuring forty (40) feet or less. Provisions for building placement and frontage is outlined in Figures 1.3 and NZ.5 of the Mauka Area Rules and does not specify a build-to-line at Kawaihahao and Waimanu frontages. The Project frontages on Kawaihahao and Waimanu Streets conforms with a minimum of seventy-five percent (75%) frontage occupancy.

Staff notes the proposed Project directly engages with two streetfronts and uniquely makes a connection with the street through designed stoop fronts for ground floor facing units.

Staff finds that the Project is consistent with the frontage type and thoroughfare plan provisions of the Mauka Area Rules.

Pedestrian Zone Treatment

The pedestrian zone is distinguished and organized according to three functional categories: pedestrian throughway area, furnishing area and private frontage area pursuant to §15-217-39(d) of the Mauka Area Rules. Figures 1.14 and PZ.5 of the Mauka Area Rules provide detailed requirements for pedestrian zone width standards.

The Project proposes to retain existing improvements, except for relocation of driveway curb cuts, and frontage improvements to match those fronting the adjoining property to the west.

Staff notes that the Project proposes to comply with the requirements for Pedestrian Zone Treatments, and that any furnishings located in the pedestrian zone, but still within the public right-of-way, will require confirmation by the appropriate City agency.

Architectural Design

Staff finds the Project to be consistent with §15-217-55 of the Mauka Area Rules, where applicable.

Open Space

The Project is consistent with the open space requirements for an Urban Block building as provided in Figure BT.8 of the Mauka Area Rules. The open space requirement for the Project is fifteen percent (15%) of the lot area and shall be a minimum dimension of forty (40) feet on any one side. The lot area of the proposed Project is 21,192 square feet; therefore, the required open space is 3,179 square feet ($21,192 \times 15\% = 3,179$). The Project is providing approximately 8,477 square feet of open space on the second and fifth floors, exceeding the open space requirement. The open space provided has a minimum dimension of forty (40) feet.

Staff finds that the Project is consistent with the open space provisions of the Mauka Area Rules.

Landscape and Recreation Space

The Project is consistent with the landscape and recreation space requirements of §15-217-56 and Figure 1.7 of the Mauka Area Rules. Section 15-217-56(d) of the Mauka Area Rules provides that, *“Residential projects requiring a development permit shall provide fifty-five square feet of recreation space per dwelling unit. The required on-site recreation space, if provided outdoors, may be used to satisfy the open space requirement.”* The Project proposes a total of 153 residential units, therefore, requiring 8,415 square feet of on-site recreation space. The Project will provide 8,477 square feet of recreation space on the second and fifth floors, which exceeds requirements for open space and recreation space. The Project proposes exterior landscaped recreation space that also serves as open space on the second and fifth floors as provided by §15-217-56(d) of the Mauka Area Rules. The Project proposes to plant two tulipwood trees on Kawaiahao Street within the designated furnishing zone according to §15-217-56, Figures PZ.5 and 1.7 of the Mauka Area Rules. The Project is consistent with §15-217-56(c) of the Mauka Area Rules, which requires an automatic irrigation system with rain sensor controls.

Staff finds that the Project is consistent with the landscape and recreation space provisions of the Mauka Area Rules.

Green Building

The Project proposes to be consistent with green building requirements of §15-217-59 of the Mauka Area Rules and meet standards which result in a responsible

development pattern that conserves natural resources and provides a healthy environment for inhabitants of the Mauka Area. The Applicant has submitted documentation demonstrating intent to meet base Leadership in Energy and Environmental Design (“LEED”) certified rating and conform to the Green Building standards requirement which was provided to the Authority at its public hearing on November 6, 2013. The Project proposes to achieve and document 40 credits according to the LEED 2009 New Construction checklist. The Project proposes to qualify for the Certified LEED rating. The Project is not required to certify or submit the Project to the U.S. Green Building Council (“USGBC”) for Project recognition or approval. The Project proposes to achieve and document at least one (1) point in Sustainable Sites - Stormwater Design (Quality Control or Quantity Control), at least one (1) point in Sustainable Sites - Heat Island Effect (Non-roof or Roof) and at least one (1) point in Water Efficiency - Water Efficient Landscaping. The Project proposes photovoltaic panels on the roof of the top (seventh) floor.

Staff notes the Applicant’s commitment for a Project that is of a measurably high-standard for sustainable, and high-performance design. Staff notes that some of the unique “green” features proposed include a rooftop photovoltaic array, a rainwater catchment system for on-site storm water management, and a recycling program for the Project.

Staff finds that the Project is consistent with the green building provisions of the Mauka Area Rules.

Flood Zone

Section 15-217-61 of the Mauka Area Rules provides standards that apply to all new buildings within an identified Honolulu or Federal Emergency Management Agency (“FEMA”) flood zone and that are required by code to have raised ground floors. The Project is within the Zone X of FEMA’s National Flood Insurance Program Flood Insurance Rate Map (FIRM) which is an area determined to be outside the 0.2 percent annual chance of a 500-year flood. Based on this information, the provisions of §15-217-61 of the Mauka Area Rules are not applicable.

Parking and Loading

Section 15-217-63 of the Mauka Area Rules prioritizes parking access for a new building on a property that exceeds twenty-five percent (25%) of the existing floor area on a property. Access to parking shall be from an alley, and where there is no alley present then parking shall be accessed from a parking access street as indicated in Figure 1.10-B of the Mauka Area Rules. Driveway access for parking shall be a minimum of fifty-five (55) feet from an intersection measured from the right-of-way, and curb cuts shall be setback a minimum of twenty-two (22) feet from adjacent properties.

The Project proposes to locate vehicular access on Waimanu Street and Kawaiahao Street in conformance with the required dimensions from adjacent property lines. The Project proposes that the Mauka entry from Waimanu Street and the Makai entry from Kawaiahao Street would be one-way vehicle entry. The width and placement of the proposed curb cuts is consistent with the required maximum twelve (12) feet width and setback a minimum of twenty-two (22) feet from adjacent property lines as provided in §15-217-63(c) of the Mauka Area Rules.

Placement of parking is required to be screened from view of the public frontage by a liner building or by landscaping, green screens or cladding, and to be placed within the “Allowed Parking Zone” according Figure BT.8 and Figure 1.10-B of the Mauka Area Rules.

The Project proposes ground floor parking that will be concealed on the two public frontages (Waimanu and Kawaiahao Streets) by liner building of habitable space in conformance with Mauka Area Rules requirements.

In accordance with the provisions of §15-217-63(e)(2) of the Mauka Area Rules, there is no off-street parking requirements for the CK neighborhood zone. However, in accordance with the provisions of §15-218-18(a)(3) of the Kakaako Reserved Housing Rules, off-street parking requirement for reserved housing unit is one (1) parking stall per unit. Consequently, parking is required only for reserved housing units in CK. The Project proposes 153 residential units, of which twenty-four (24) are for required reserved housing units. A total of ninety-two (92) off-street parking stalls are provided in the Project out of which twenty-four (24) stalls are assigned for reserved housing units.

Section 15-217-63(m) of the Mauka Area Rules requires both short-term and long-term bicycle parking be provided, and that bicycle parking shall be provided within forty (40) feet of principle entry. The Project proposes bicycle parking on the ground floor immediately adjacent to the lobby entrance.

The Mauka Area Rules require that loading spaces shall be provided for residential uses. Loading requirements are associated with uses and floor area. The Project proposes 89,006 square feet of residential floor area. Pursuant to §15-217-63(l), *Loading* of the Mauka Area Rules one (1) loading stall shall be provided for floor areas of 20,000 to 150,000 multiple-family dwellings. The Project proposes the required one (1) loading stall, with minimum horizontal dimensions of 12 feet x 35 feet and a vertical clearance of at least fourteen (14) feet.

The Project proposes to conform with minimum aisle dimensions of twenty-two (22) feet for parking at ninety (90) degrees in accordance with §15-217-63(h)(3) of the Mauka Area Rules.

The Project proposes a mechanical parking system which is consistent with §15-217-63(4) of the Mauka Area Rules and is visually screened from view by a residential liner on the ground floor streetfronts, in accordance with provisions of §15-217-63(5) of the Mauka Area Rules.

Staff finds that the Project is consistent with the off-street parking and loading provisions of the Mauka Area Rules.

Public Facilities Dedication

The Project proposes 89,006 square feet of residential space. As provided by §15-217-65 of the Mauka Area Rules, 17,994 square feet of floor area for reserved housing is exempt from public facilities dedication requirement. Therefore, 71,012 square feet of residential floor area is subject to public facilities dedication fee. Section 15-217-65(d)(2) of the Mauka Area Rules provides for a public facilities dedication of four percent (4%) of the total residential floor area. The total public facilities dedication requirement for the Project is 2,840 square feet of land. The Applicant is proposing to dedicate 866 square feet of land along Kawaiahao Street as public facilities dedication. The Applicant is requesting payment of a cash-in-lieu fee for the remaining 1,974 square feet of remaining public facilities dedication fee. Section 15-217-65(c)(2) of the Mauka Area Rules provides that the Authority may authorize a developer to pay a fee equal to the value of land which would otherwise have had to be dedicated.

Section 15-217-65(f) of the Mauka Area Rules provides for the process of valuation of land when a public facilities dedication cash-in-lieu fee is to be paid. A recent (May 29, 2013) appraisal conducted for a land parcel located in the KCDD identified as 690 Pohukaina Street indicates a land value of \$189 per square feet. Staff believes that the appraised land value for 690 Pohukaina Street parcel is indicative of prevailing land value in the KCDD and recommends the same land value for the proposed Project. Based on a recent land value of \$189 per square feet, the proposed cash-in-lieu public facilities dedication fee for the Project will be \$373,086.00.

Staff recommends that the Authority approve the Applicant's proposal for meeting the public facilities dedication requirement by a combination of dedicating approximately 866 square feet of land along Kawaiahao Street and paying a cash-in-lieu fee of \$373,086.00. The Applicant shall prepare all necessary land dedication documents and dedicated the land to the HCDA prior to HCDA approval of the initial certificate of occupancy for the Project.

Reserved Housing

Section 15-218-17 of the Kakaako Reserved Housing Rules provides that any development containing multi-family dwelling units on a development lot of at least

20,000 square feet shall provide at least twenty percent (20%) of the total residential floor area in the development for sale to qualified persons as determined by the Authority.

The Project consists of 89,006 square feet of residential floor area. The Applicant is proposing to designate 17,994 square feet of residential floor area as reserved housing in the Project, which amounts to 20.1% of the floor area and translates to twenty-four (24) units. Of the units designated as reserved housing six (6) units are studios, seventeen (17) units are one-bedroom, and one (1) unit is two-bedroom.

The Applicant is requesting the option for providing reserved housing as for sale or rental housing. Though the Kakaako Reserved Housing Rules require only fifteen percent (15%) of floor area for rental reserved housing, the Applicant is proposing to provide twenty percent (20%) of the floor area as reserved housing in the event that the Applicant selects to provide reserved housing units as rental reserved housing units.

The Applicant is also requesting the option to designate additional reserved housing units in the Project than what is required for the Project and obtain credits for these additional reserved housing units that can be utilized to satisfy reserved housing requirement for other residential projects within the KCDD.

Due to the off-street parking requirement for reserved housing units, only sixty-seven (67) units in the Project will be eligible for consideration as additional reserved housing units. Since the residential units in the Project are predominantly studio units, staff believes that any credit for the units needs to reflect the fact that actual units that are associated with the credits are studio units. Therefore, a multiplier of less than one (1) will have to be utilized to convert reserved housing units into reserved housing credits. Typically, reserved housing units reflect the mix of unit types in a particular project with some combination of studio, one-bedroom, two-bedroom, and three-bedroom units. In considering credits for additional reserved housing for this Project, it is not possible at this time to predict the unit mix of a future project for which these reserved housing credits will be utilized. Therefore, it is reasonable to assign a scaled value for a studio unit such that if the studio unit credit is utilized to meet a studio reserved housing unit in a future project the credit value will be one hundred percent (one studio unit per one studio unit). If a studio credit is utilized to meet a one-bedroom reserved housing unit in a future project, the credit value will be seventy-five percent (0.75 one bedroom unit/studio unit), if a studio credit is utilized to meet a two-bedroom reserved housing in a future project, the credit value will be sixty-six percent (0.66 two-bedroom unit/studio unit), if a studio credit is utilized to meet a three-bedroom reserved housing unit in a future project, the credit value will be fifty percent (0.50 three-bedroom unit/studio unit).

The weighted average of the scaled credit value that may be applied towards future one-bedroom, two-bedroom, and three-bedroom units is sixty-three percent (63%). Based on this analysis, staff believes that providing sixty-three percent (63%) credit for any additional reserved housing would be considered reasonable. For example, using this formula, the Applicant could receive sixty-three (63) units reserved housing credit for providing 100 studio units in the Project as additional reserved housing units, and the credit could be used on a one-to-one basis towards a future residential development regardless of the unit mix.

For the remaining sixty-two (62) residential units that do not have an assigned off-street parking stall, the Applicant is exploring the possibility of providing parking outside of the Project. Section 15-217-63(f)(3) of the Mauka Area Rules provides for locating the required parking for a project within 1,200 feet of the Project location. The Applicant is requesting the option of designating the sixty-two (62) units as reserved housing units if the Applicant is successful in securing parking for the units consistent with §15-217-63(f)(3) of the Mauka Area Rules. Such additional parking secured by the Applicant will be subject to the provisions of §15-217-63(f)(3) of the Mauka Area Rules during the regulated term of the reserved housing.

Staff finds that the Applicant's request to provide surplus residential units that would meet and qualify as additional reserved housing for reserved housing credits is not ripe for review by the Authority and should be considered at a later time upon submittal of a reserved housing credit program by the Applicant for consideration by the Authority.

Displacement of Existing Uses

The present single-story industrial buildings on the property are occupied by six (6) tenants, all associated with some form of automotive repair. Four of the tenants are on a month-to-month basis; the other two (2) have leases that expired in September and October of 2013. All businesses will vacate the property well before Project construction begins.

VIII. PUBLIC TESTIMONY

There was five (5) public testimonies in support of the Project, 108 testimonies in opposition, and two (2) comments of the Project received at the time of the first public hearing on November 6, 2013. At the time of submitting this report, HCDA staff has received an additional eight (8) public testimonies in support of the Project, 118 public testimonies in opposition of the Project, and one (1) comment of the Project. The Court Reporter's transcripts from November 6, 2013 public hearing and October 12, October 15, November 16, November 19, December 14, and December 17, 2013 Supplemental Comment Sessions, a staff summary of the hearing

as well as all public testimony received since the first hearing is provided hereto as Exhibit B.

IX. FINDINGS OF FACT RELATING TO DEVELOPMENT PERMIT APPLICATION

Section 15-217-80(d) of the Mauka Area Rules requires the following Findings of Fact in approving a Development Permit application:

- A. **Consistency with the Mauka Area Plan:** That the Project complies with and advances the goals, policies and objectives of the Mauka Area Plan;
- B. **Consistency with the Mauka Area Rules:** That the Project proposal will protect, preserve, or enhance desirable neighborhood characteristics through compliance with the standards and guidelines of the Mauka Area Rules; and
- C. **Compatibility of the Mauka district:** That the Project proposal will not have a substantial adverse effect on the surrounding land uses and will be compatible with the existing and planned land use character of the surrounding area.

Regarding the Development Permit application, staff presents the following Findings of Fact:

Based on the analysis above on matters relating to land use, neighborhood zone and building type, Project density and joint development, FAR transfer, floor area purchase from the HCDA, building placement, building form, frontage type, thoroughfare plan, architectural design, landscape and recreation space, green building, flood zone, parking and loading, public facilities dedication fee, and reserved housing, staff finds that the Project as proposed is consistent with the objectives of the Mauka Area Plan and Rules. The Project complies with and advances the goals, policies and objectives of the Mauka Area Plan. The Project protects, preserves, and enhances desirable neighborhood characteristics through compliance with standards and guidelines of the Mauka Area Rules. The Project does not have adverse effect on the surrounding land uses and is compatible with the existing and planned land use character of the surrounding area.

Regarding provisions of §15-217-57 of the Mauka Area Rules, based on the sewer connection application approved by DPP, Wastewater Branch, the comments provided by the BWS, and the fact that the Applicant is preparing a TIAR to address

any traffic concern, the HCDA Executive Director finds that the existing infrastructure in the area can support the proposed Project.

X. RECOMMENDATION

Staff recommends that:

- A. The Authority adopts the following Findings of Fact relating to the Development Permit application:
 - 1. The Project as proposed is consistent with the objectives of the Mauka Area Plan and Rules.
 - 2. The Project complies with and advances the goals, policies and objectives of the Mauka Area Plan.
 - 3. The Project protects, preserves, and enhances desirable neighborhood characteristics through compliance with standards and guidelines of the Mauka Area Rules.
 - 4. The Project does not have adverse effect on the surrounding land uses and is compatible with the existing and planned land use character of the surrounding area.
 - 5. As determined by the Executive Director, there is adequate infrastructure capacity in the area to support the Project.
- B. The Authority approves the 803 Waimanu Street Development Permit No. KAK 13-091 as presented by HCDA staff.

Attachments: Exhibit A – Traffic Impact Assessment Report
Exhibit B – Additional Public Testimonies, Staff’s Summary of the November 6, 2013 Public Hearing, and Court Reporter’s Transcripts from November 6, 2013 Public Hearing and Supplemental Comment Sessions November 16, November 19, December 14, and December 17, 2013
Exhibit C – Proposed Development Permit for KAK 13-091