

**MASTER PLAN PERMIT AMENDMENT REQUEST
Presentation Hearing Staff Report**

**KAK 21-005: Kaiaulu o Kakaako Master Plan Amendment
(Master Plan Permit No.: PL MASP 13.2.8)**

April 7, 2021

I. REQUEST

The Trustees of the Estate of Bernice Pauahi Bishop, also known as Kamehameha Schools (Applicant), submitted an application to amend Master Plan Permit No. PL MASP 13.2.8, adopted on September 2, 2009, and previously amended on August 8, 2012 (Master Plan Permit). The Master Plan Permit is vested under Hawaii Administrative Rules (HAR) Chapter 15-22, Mauka Area Rules (Vested Rules) that were in effect on September 2, 2009. The Applicant's Master Plan Permit amendment request (2021 Application) was submitted on February 16, 2021, pursuant to HAR §15-22-206.

II. COMPLETENESS REVIEW, AUTOMATIC APPROVAL AND FILING FEES

The Applicant was informed that its Application was considered complete on February 23, 2021 and was notified of the automatic approval date. The letter is attached as Exhibit A. Pursuant to HAR §15-22-23, Automatic Approvals, the Permit Application will be deemed automatically approved if no decision is made by the Hawaii Community Development Authority (HCDA) granting or denying approval within 200 days of the receipt of a complete application. Therefore, the automatic approval date for this request is September 3, 2021.

Application fees were paid in accordance with the provisions of HAR §15-22-16 and the Applicant has committed to pay its required portion of the public hearing fees when invoiced.

III. PUBLIC HEARING NOTICE AND COMMUNITY OUTREACH

A Notice of Public Hearings for the Application was published in accordance with the provisions of §206E-5.6, Hawaii Revised Statutes (HRS) in the Honolulu Star-Advertiser, The Garden Island, Hawaii Tribune-Herald and Maui News on February 23, 2021. In accordance with the provisions of HRS § 206E-5.6, the President of the Senate and the Speaker of the House of Representatives were notified upon posting of the Notice of Public Hearings. Various elected officials, state and county agencies, and utility companies that service the area were also notified of the public hearings.

The Notice of Public Hearings was provided to individuals and organizations that have shown interest in the development in Kakaako in the past and requested that they be kept informed of development activities in the district.

The deadline for filing for intervention was March 15, 2021. HCDA received no requests for intervention.

IV. GOVERNMENT AGENCY AND UTILITY COMPANY CONSULTATION

After receiving the Application and deeming the application complete, the HCDA provided a link to the complete set of the Application to the following government agencies and utility companies for review and comment.

Federal

- United States Postal Service.

State of Hawaii

- Department of Education,
- Department of Transportation,
- Department of Transportation, Highways Division,
- Department of Transportation, Airports Division, and
- Department of Health.

City and County of Honolulu

- Department of Transportation Services,
- Department of Planning and Permitting,
- Honolulu Board of Water Supply,
- Office of Climate Change, Sustainability, and Resiliency,
- Department of Environmental Services,
- Honolulu Authority for Rapid Transportation,
- Honolulu Police Department, and
- Honolulu Fire Department.

Utility Companies

- Hawaiian Electric Company, Inc.,
- Hawaii Gas,
- Hawaiian Telcom, Inc., and
- Charter Communications.

Comments received as part of the Application review were provided to the HCDA Authority (Authority), posted on the HCDA website, and provided to the Applicant for its consideration.

V. BACKGROUND

On September 2, 2009, the HCDA approved the Kaiaulu o Kakaako Master Plan (KKMP) pursuant to the Findings of Fact, Conclusions of Law, and Decision and Order for a Master Plan Permit (2009 Decision and Order), which is provided as Exhibit 1 in the 2021 Application. As required by the 2009 Decision and Order, the Applicant and HCDA entered into the Kakaako Master Plan Development Agreement on October 6, 2009, which is included as Exhibit 2 in the 2021 Application. The Applicant and HCDA entered into Supplement No. 1 to Master Plan Development Agreement for KKMP (Supplement No. 1) on June 20, 2011, which provided that a portion of the reserved housing requirements of the KKMP may be satisfied by the condominium conversion and sale of units in the Pagoda Terrace apartment complex. Supplement No. 1 is included as Exhibit 3 in the 2021 Application. On August 8, 2012, HCDA approved an amendment to the Master Plan Permit (2012 Amendment) reflecting the revisions agreed to in Supplement No. 1 and addressing additional details regarding reserved housing, open space design guidelines, initial street improvements and transactions that the Applicant was considering at the time. The 2012 Amendment is included as Exhibit 4 in the 2021 Application.

Since the approval of the Master Plan Permit, the Applicant and development partners have redeveloped four blocks under Increment I of the KKMP, which include development permits MUZ 120-11 (680 Ala Moana), KAK 13-033 (The Collection), KAK 13-051 (Salt Block), KAK 13-151 (Keauhou Place and Keauhou Lane), KAK 14-012 (400 Keawe and the Flats at Puunui), and KAK 19-031 (H Mart). Within the 2021 Application, the Applicant states that subsequent to the decision on the 2021 Application it intends to advance into Increment II of the KKMP and develop the remaining blocks associated with the KKMP.

VI. REQUESTED AMENDMENTS

The Applicant is requesting Master Plan Permit amendments pursuant to HAR §15-22-206 of the Vested Rules. The Applicant requests the following five amendments:

- A. The Applicant requests to extend the effective period of the Master Plan Permit for a minimum of five additional years. Pursuant to §15-22-205(e), the Authority may approve extensions to the effective period of a master plan if the master plan is being implemented to the Authority's satisfaction. The Applicant states that if this request is approved it will provide the necessary time to respond to the

changing marketplace that is in part impacted due to COVID-19. The time extension will also allow the Applicant to plan and construct additional housing and retail projects which will support economic activities in the state and result in more job creation. The original term of the KKMP is set to expire on September 1, 2024. If the minimum time extension of five years is granted by the Authority, the updated KKMP expiration date will be September 1, 2029. Section 15-22-205(e) of the Vested Rules limits the effective period of master plans to fifteen years, so the maximum extension allowed under the Vested Rules would extend the effective period until 2036.

- B. The Applicant requests that the Authority allow the (1) joint development of Blocks F and G as one development lot, (2) transfer tower and floor area from Block F to Block D, and (3) confirm flexibility in the future implementation of the Master Plan Permit.
1. The first part of this amendment is requested to address the density of Block F (Salt Block). When the KKMP was initially adopted, Block F was planned to have a high-rise tower with a Floor Area Ratio (FAR) of 4.10. However, during Increment I implementation Block F ended up becoming a low-rise adaptive reuse block (Salt Block) that resulted in an overall density of 1.03 FAR. The requested joint development is necessary to comply with HAR §15-22-203(b)(1)(d), which provides that the FAR remaining on a development lot from which floor area has been transferred shall not be less than 1.5 FAR. The proposed joint development of Blocks F and G will result in a proposed density of 2.56 FAR, which is allowed under the Vested Rules.
 2. The second part of this amendment request addresses density transfer between KKMP blocks which is permitted under HAR §15-22-203(b)(1) in the Vested Rules.
 3. The third part of this amendment request seeks to confirm that future flexibility will be granted to the Applicant allowing the transfer of density and towers between KKMP blocks. This type of development flexibility is allowed under HAR §15-22-203(b)(1) of the Vested Rules.
- C. The Applicant requests confirmation that there is no impact on the balance of the KKMP in the event that a project is developed under HRS chapter 201H-38 (201H). The Applicant is considering developing one or more of its KKMP blocks as affordable housing developments under 201H, which requires that fifty percent plus one units in a development are priced to be affordable to households

earning up to 140 percent of the area median income. If the affordability requirements are achieved, then HRS §201H-38(a) provides that:

The Hawaii Housing Finance and Development Corporation may develop on behalf of the State or with an eligible developer, or may assist under a government assistance program in the development of, housing projects that shall be exempt from all statutes, ordinances, charter provisions, and rules of any government agency relating to planning, zoning, construction standards for subdivisions, development and improvement of land, and the construction of dwelling units thereon.

The Applicant requests that when a project is developed under 201H that it is removed from the KKMP under the exemption provisions of HRS §201H-38 and that development of the 201H project has no impact on the remaining area of the KKMP. As a result, the overall development potential is calculated based on the maximum allowable floor area ratio of the blocks remaining under the KKMP. Halekauwila Place, Ola Ka Ilima Artspace Lofts, Nohona Hale, and Hale Kewalo are a few recent examples of 201H projects within Kakaako.

- D. The Applicant requests an increase in the maximum permitted floor area under the KKMP to account for the addition of Koula Street. The Applicant states in its 2021 Application that it owns the portion of Koula Street between Ala Moana Boulevard and Auahi Street and is requesting the additional floor area based on a maximum allowable density of 3.5 FAR. The land area associated with this portion of Koula Street is approximately 12,174.14 square feet, which will result in an increase in available floor area of 42,610 square feet.
- E. The Applicant requests that the Authority allow for flexibility in the number and type of dwellings provided in the KKMP. The Applicant is requesting this flexibility in order to respond to changes in market demand. This request is consistent with HAR §15-22-200(d) in the Vested Rules, which provides that one of the purposes of the master plan subchapter is to allow greater flexibility in the development of lots within master planned areas.

VII. PUBLIC TESTIMONIES

All public testimony received by the HCDA staff by 12:00PM deadline the day before the presentation hearing was distributed to the Authority and posted on the HCDA website.

Attachments: Exhibit A – Completeness and Automatic Approval Letter

EXHIBIT A



HAWAII COMMUNITY DEVELOPMENT AUTHORITY

547 Queen Street, Honolulu, Hawaii 96813
Telephone: (808) 594-0300 Fax: (808) 587-0299
Web site: <http://dbedt.hawaii.gov/hcda/>

DAVID Y. IGE
GOVERNOR

JOHN WHALEN
CHAIR

DEEPAK NEUPANE, P.E., AIA
EXECUTIVE DIRECTOR

Ref. No.: PL MASP 13.2.8/KAK 21-005

February 17, 2021

Mr. Serge Krivatsy
Kamehameha Schools
567 South King Street
Honolulu, Hawaii 96813

Dear Mr. Krivatsy:

Re: Completeness Review and Automatic Approval for Kamehameha Schools Application to Amend the Permit (PL MASP 13.2.8) for the Kaiāulu 'O Kaka'ako Master Plan

The Hawaii Community Development Authority ("HCDA") reviewed the application to amend the permit (PL MASP 13.2.8) for the Kaiāulu 'O Kaka'ako Master Plan. This letter is to inform you that the permit application is deemed to be *Complete* and all required information has been provided.

The completeness review does not constitute a decision as to whether the application complies with the provisions of the Mauka Area Rules (Vested Rules). Under the Vested Rules, Hawaii Administrative Rules, §15-22-23, the application will be deemed automatically approved if no decisions are made by the HCDA granting or denying approval within 200 days from the date of the hearing notice. The public hearing notice will be published on February 23, 2021, making the automatic approval date September 3, 2021. A copy of the public hearing notice is enclosed for your information.

Please contact Mr. Carson Schultz, HCDA Director of Planning and Development – Kakaako, at 594-0300 or by email at carson.j.schultz@hawaii.gov should you have any questions.

Sincerely,

Deepak Neupane, P.E., AIA
Executive Director