

**PRESENTATION AND DECISION-MAKING PUBLIC HEARING ON PROPOSED
AMENDMENTS TO THE KAKA‘AKO COMMUNITY DEVELOPMENT DISTRICT
MAUKA AREA RULES**

I. BACKGROUND

The 2024 Mauka Area Rules for the Kaka‘ako Community Development District¹ took effect on January 13, 2025. Modifications to §15-217-57 (adequate infrastructure) raised the allowable density in Central Kaka‘ako to a floor area ratio (“FAR”) of 3.5, however, the floor area calculation now includes structured parking (equivalent to about 2.0 FAR). The inclusion of the structured parking for a total FAR of 3.5, aligns with the HCDA’s efforts to disincentivize on-site parking. Other complimentary rule changes included the elimination of off-street parking requirements.

Ordinance 16-21 (“Ordinance”) was adopted by the Honolulu City Council in 2016. The ordinance identified the central Kaka‘ako neighborhood zone to demonstrate how to preserve and promote small-business industrial uses within transit-oriented development zones. The ordinance provides a 50% reduction in real property tax valuations for industrial uses for a 10-year period. The Ordinance requires applicants to get HCDA to certify that the maximum buildable FAR is 1.5, as required by HAR §15-217-57. This exemption must be refiled every two years (before September 30th). The property tax reduction applies to tax years beginning July 1, 2017 and ending June 30, 2027. The date of September 30, 2025 was the deadline for eligible property owners to file exemptions for the upcoming real property tax year which commences on July 1, 2026 and ends on June 30, 2027.

HCDA supported the enactment of the Ordinance because the Ordinance’s intent to promote small business industrial uses within transit-oriented development zones and the Central Kakaako neighborhood zone aligns with HCDA’s vision for the Central Kakaako neighborhood zone.

II. DISCUSSION

An unintended consequence of the modifications to the allowable FAR in Central Kaka‘ako was that property owners were told they would no longer be eligible for the industrial zone property tax exemption. This would result in increased property taxes and cause hardship for eligible industrial uses. HCDA staff worked with the City and County of Honolulu administration, including the Department of Budget and Fiscal Services (“BFS”) and Real Property Assessment Division (“RPAD”) and Honolulu City Councilmembers Nishimoto and Dos Santos-Tam to resolve this issue. HCDA issued updated certification letters in September 2025 to the property owners or tenants who had applied for the tax exemption in 2024 and 2025. HCDA staff also called and emailed almost all of the affected property owners or tenants. In addition, the Honolulu City Council is considering Bill 61, C.D. 1 which addresses the inconsistencies between Ordinance 16-21 and the current Mauka Area Rules by amending the Ordinance. Bill 61

is advancing in the City Council, having been heard in the Council's Budget committee on September 19, 2025. The committee approved a committee draft version of the bill, which should be scheduled for the third and final reading before the City Council on November 5, 2025 and transmitted to the Mayor for review.

Nevertheless, HCDA staff still recommends that §15-217-57 and Figure NZ.5 be modified to reference a maximum allowed FAR in the Central Kaka'ako of 1.5, excluding parking, but also include language that addresses contingencies. The reasons for proceeding with the modification to the above-mentioned rule are as follows:

- While Bill 61, C.D. 1 is advancing currently, there is no way to be certain it will be signed into law, especially since HCDA issued the updated certification letters in September 2025.
- Should the City Council decide to either pass a new ordinance or extend the June 30, 2027 sunset date of the Ordinance, our Mauka rules, particularly the FAR of 1.5, will be established.
- The City is unwilling to grant any exemption on an FAR of 3.5 for the Central Kakaako Neighborhood Zone.
- The contingencies provided below, especially the contingency in the third bullet, allows the authority to waive the FAR limitation.

Since the initial draft of the proposed Mauka area rule amendments were announced and posted on October 2, 2025, updated draft language has been prepared (see Attachments 1 and 2). In addition to reverting the maximum floor area ratio to 1.5, the updated proposed amendments clarifies that the authority, rather than the executive director, may waive the floor area limitations under various circumstances:

- When the authority finds that the public infrastructure is adequate to support a specific project, as confirmed by utility providers;
- When a project would construct improvements to correct deficiencies such as the infrastructure is sufficient to accommodate the subject project; or
- When the authority finds that waiving the floor area limitations of this section would reconcile conflicting city and county of Honolulu industrial zone limited development policies and enable a higher maximum floor area ratio that includes above-grade off-street parking structures and covered loading driveway areas.

III. COMMENTS RECEIVED

Since the Notice of the Public Hearing was published on October 2, 2025 and October 4, 2025 the Authority has received comments from the Honolulu Fire Department, the Honolulu Police Department, and the State of Hawai'i, Department of Transportation.

IV. KA PA'AKAI ANALYSIS

Honua Consulting, LLC prepared a Ka Pa'akai analysis memo to evaluate the proposed amendments to the Kaka'ako Mauka Area Rules. The analysis indicated that the

proposed amendments are regulatory actions that will not directly affect or impair the valued cultural, historical, or natural resources identified within the Kaka‘ako project area. Because the amendment does not authorize ground disturbance, construction, or physical alteration of land, no immediate impacts to iwi kūpuna, archaeological deposits, or remaining cultural landscapes are anticipated.

The analysis also found there is a negligible potential for impacts to Native Hawaiian traditional and customary practices. Existing laws and review processes under Chapter 6E, HRS and HCDA’s established consultation protocols already ensure adequate protection should any future projects be proposed under the amended rule. No additional mitigation measures are warranted.

V. RECOMMENDATIONS

HCDA staff recommends:

1. The Authority accept the HCDA staff recommendation that existing laws, permitting review processes, and consultation protocols already ensure adequate protection to Native Hawaiian traditional and customary practices regarding the proposed amendments to the Kaka‘ako Mauka Area Rules; and
2. The Authority adopt the proposed amendments to the Kaka‘ako Mauka Area Rules, subject to any non-substantive formatting and style edits.

Citations: ¹ Hawai‘i Community Development Authority. (January 13, 2025). *Mauka Area Rules. Title 15, Subtitle 4, Chapter 217, Hawaii Administrative Rules.*
<https://dbedt.hawaii.gov/hcda/files/2025/01/Mauka-Area-Rules-Finall-sm-1.pdf>

Attachments:

1. Summary Matrix of Proposed Amendments to the Mauka Area Rules
2. Mauka Area Rules, Proposed Amendments to §15-217-57 (Ramseyer Version), November 5, 2025
3. Mauka Area Rules, Proposed Amendments to Figure NZ.5 (Ranseyer Version), November 5, 2025
4. Ka Pa‘akai Analysis, Dr. Trish Watson, J.D., Honua Consulting LLC, October 12, 2025
5. Honolulu City Council Ordinance 16-21, Exemptio – Central Kakaako Industrial Zone Limited Development
6. Honolulu City Council Bill 61 (2025), CD 1 Relating to Real Property Taxation

Prepared By: Ryan Tam, AICP, Ph.D., Director of Planning and Development _____

RT

Reviewed By: Craig K. Nakamoto, Executive Director Craig K. Nakamoto