

Bill 10 (2022), CD1
Testimony



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Relating to Bill 010(22), CD1

Aloha Chair Elefante, Vice Chair Kia'aina, and members of the Honolulu City Council Zoning and planning committee,

My name is Nicolas Wong. I am an Oahu resident and the Founder of Beer Lab HI, with locations in Pearlridge, Waipio, Moiliili, and Beretania St. We are a licensed as a Class 18 Small Craft Producer, Class 14 Brewpub license and a Class 2 Restaurant license by Honolulu Liquor Commission. We produce 100% of our own beer and distribute to multiple restaurants and bars across Oahu. We currently employ roughly 50 people and look to employ many more as we build our new brewery on Beretania Street.

I have been recently reviewing Bill 010(22),CD1 and feel it necessary to comment on a few items that would be detrimental to our local brewery businesses on Oahu.

We hope to embody the ideas of Work, Play, Live that the City of Honolulu hopes to move to and a few edits would move to achieve that goal of being able to walk from home to work to a great restaurant to great brewery or a great bar. While still maintaining the balance of residential and business.

- Page 56 Sec 21-5.70-2 Eating and drinking. Change "Does not include liquor production. See brewery, distiller, winery..." to "Does not pertain to liquor production."

This helps to clarify that a brewery, distillery, winery is not a "bar, nightclub" but it has its own definition and use. The Honolulu Liquor Commission utilizes the term "bar" through their verbiage, and it has a different meaning in the Land Use Ordinance this difference has caused much confusion currently and in the past. We have run into this confusion many times throughout the Pandemic and through licensing processes and feel greater clarification is needed to mitigate such.

-Page 56 Sec 21-5.70-2 (b) (2) Eating and drinking. Remove the standard of 300 ft setback for adjacent residential properties.

This directly contradicts the City's move to Work, Play, Live incentive. Many bars currently operating (if opened after Bill 10 passed) wouldn't be allowed to operate, as seen in the Kaka'ako area and the Kaimuki area as there are many apartments building adjacent to bars and many bars and restaurants that have residential properties directly behind their storefronts and they are able to add to the community in a positive manner. Honolulu is a busy city and the restrictions of businesses in the urban core would be detrimental to all businesses. We ask that you please take a very careful look at this limitation of adjacent residential properties to bars.



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-Page 92 Sec 21-5.80-1 Brewery, distillery, winery. Change barrel per year limit of Minor from 5000 barrels to 20,000 barrels.

The arbitrary limit of 5000 barrels per year is extremely low. Most if not all breweries currently operating on Oahu, this includes Beer Lab HI, Honolulu Beer Works, Waikiki Brewing Company, Hanakoa Brewing Company, Aloha Beer Company produce over 5000 barrels per year and most operate in BMX zoning or the special Kakaako zoning areas. Most of these breweries have been operating for 5 plus years with no community issues. We also believe these breweries are what every mainland city incorporates into their urban plans to create an environment that people are able to walk to work then walk to a brewery/restaurant for dinner and walk home. The proposed limit of 20,000 barrels per year allows a brewery to grow in the urban Honolulu area while still being small enough where round the clock production, delivery truck noise, etc are not an issue. Additionally over the 40,000-50,000 barrel per year threshold a brewery must move to a larger industrial location utilize loading dock, truck yards, keg yards etc. to maintain profitability. I believe 20,000 barrels is a fair limit that keeps a brewery small enough to function and be profitable while disallowing large industrial production facilities.

-Page 92 Sec 21-5.80-1 Brewery, distillery, winery. Addition of "Defined: A facility that produces malt beverages, distilled spirits, or wines. Not a bar, nightclub as defined in Sec 21-5.70-2(b)

This helps to clarify that a brewery, distillery, winery is not a "bar, nightclub" but it has its own definition and use. The Honolulu Liquor Commission utilizes the term "bar" through their verbiage and it has a different meaning in the Land Use Ordinance. We have run into this confusion many times throughout the Pandemic and through licensing processes and feel greater clarification is needed to mitigate such.

Thank you for allowing me to comment on Bill 10, I appreciate the opportunity.

Thank you

Nicolas Wong
Founder/Owner
Beerlab HI

Some background on Craft Breweries in Hawaii vs imported beer.

As a background, only about 5% of the beer consumed in Hawaii is actually produced in Hawaii. Much of it is imported. As a grassroots effort, many brewery owners over the years have gathered up to work to reduce hurdles to manufacturing in Hawaii. For example, due to shipping, utility costs and taxes pre-pandemic it costs about 50% more to manufacture beer in Hawaii verses on the mainland. We have not calculated post pandemic costs, but with electricity on Oahu being up nearly 76% since January 2021, and massive increases in shipping costs and fuel surcharges, it can only be significantly more. We cannot however charge 50% more to our consumers since so many products are imported, so our profit margins are less. We work harder for less because we love Hawaii. For comparison, most mainland markets sell around 20% of locally produced beer. Adding more hurdles to our



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industry actually would favor mainland or international brewers importing products and harm local production.

Alcohol manufacturers are some of the heaviest regulated businesses anywhere. We are regulated by the ATF (Alcohol Tobacco and Firearms Bureau) through the TTB (Alcohol and Tobacco Tax and Trade Bureau) on the Federal side as well as Hawaii Revised Statutes for alcohol, State of Hawaii Department of Health, Department of Agriculture, City and County Liquor Commission, Department of Environmental Service, Department of Wastewater and of course Department of Permitting and Planning. As you can imagine, none of these agencies offer flexibility. The gist here is we are already heavily regulated.

I am Mrs. Jim Brewer testifying in favor of a proposal in Bill 10 to allow buildings with commercial on the ground floors and residential units on the floors above.

I ask this Council to adopt former Councilwoman Kobayashi's suggestion that important issues be unbundled so they can be better studied & implemented. Then this Council will be in a position to grab this opportunity to build affordable housing the way LA is doing—more quickly and more affordably.

If this building style had been used when Fort Street mall was renovated decades ago, the "eyes on the street" it created could have greatly reduced/prevented the social problem there today. There would have been a walkable community with many residents able to get necessities of daily life within a 5 minute walk, day and night, because of all the affordable retail shops at ground level.

In addition, I ask this Council to expand its proposal to include an "Adapted Reuse Ordinance (ARO)" prioritizing AR in Honolulu so we can do what LA is successfully doing. LA repurposed older, empty buildings to create affordable housing.

According to Jack Bernhard, JP, Moragm Chase director of Community Development, "around 25% of affordable housing is currently created through the adaptive reuse of

properties." JP. Morgan Chase helps municipalities across the nation use adaptive reuse to create affordable housing using (LIHTC) Low Income Housing Tax Credits, (HTC) Historic Tax Credits, (TIF) Tax Increment Financing, and (NMTC) New Markets Tax Credits;

Presently LA is updating its 1999 ARU with a motion by Paul Koretz to focus on ① more effectively prioritizing affordable housing for below-market-rate housing; and ② mandating that ground floors in new projects be for affordable commercial spaces

With AR we can return to a building style that befits Hawaii. Buildings & neighborhoods we have seen all our lives can have more affordable housing, retaining the character of our neighborhoods to keep Hawaii Hawaii. Three story walk-ups (that don't require elevators) can increase density on a human scale. With windows that open to catch the breeze open spaces with greenery and meeting spaces we'll have an environment that fits life in Hawaii. From Kalia & downtown to Kaimuki we can create a plan for mixed income/mixed use affordable buildings — preferable above King and Beretania away from rising oceans that will turn Kakaako into marshland and revert Waikiki to its original state.



Hawaii's Thousand Friends

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September 26, 2022

Committee on Zoning and Planning
Brandon J. C. Elefante, Chair
Esther Kia`aina, Vice Chair
Radiant Cordero
Calvin K.Y. Say

Bill 10 LUO AMENDMENT RELATING TO USE REGULATIONS

Hawaii's Thousand Friends (HTF), a non-profit dedicated to ensuring that appropriate land and water planning and management decisions are made to protect the environment, human health and cultural and natural resources, has the following comments.

Hawaii's Thousand Friends opposes Sec. 21-5.40-4 Accessory agriculture (b) Agritourism that requires only 50% of agriculture designated land be used for growing crops and raising livestock while allowing the other 50% of an agriculture zoned lot to be used for tourism activities such as weddings, zipling, off highway motorcycles and boating, which have nothing to do with growing food.

Sec. 21-5.40-4 Accessory agriculture (b) Agritourism violates:

- The State Constitution to *conserve and protect agricultural lands, promote diversified agriculture, increase agricultural self-sufficiency and assure the availability of agriculturally suitable lands.*
- O`ahu General Plan 1. POPULATION *the active management of tourism to prevent visitor impacts from overwhelming the quality of life for out island community.*
- O`ahu General Plan II. BALANCED ECONOMY Objective C *To ensure the long-term viability, continued productivity, and sustainability of agriculture on O`ahu and*
 - Policy 1 - *Foster a positive business climate for agricultural enterprises of all sizes, as well as innovative approaches to farming as a business, to ensure the continuation of **agriculture** as an important component of O`ahu's economy. (Emphasis added)*
 - Policy 6 - *Promote small-scale farming activities and other operations, such as truck farming, flower growing, aquaculture, livestock production, taro growing, subsistence farms, and community gardens*

Allowing tourist activities in the agriculture district is not managing tourism but encouraging greater expansion of tourism and the accompanying impacts on our land and quality of life.

Allowing tourist activities on agriculture designated and zoned land creates a slippery slope until the very profitable tourism opportunities overwhelm and undermine the long-term viability and sustainability of agriculture on O`ahu.

Once a tourist activity is allowed on agriculture land the city will find it impossible to guarantee and enforce the provisions that

- 50% of the zoning lot is being used for tourist activities
- not more than two events occur during a week
- attendance is kept to 50 individuals for each event
- there are no more than 10 event parking spaces
- gravel has not been used to create roads and trails
- all tours have an agricultural related purpose that do not interfere with farm operations
- structures primarily dedicated to tourism do not exceed 10% of the total lot area.

By allowing non-agriculture related activities on agriculture designated land the Council is knowingly allowing uses that are incompatible with the land designation and zoning and allowing applicants to ignore the state land use process of seeking a designation land use change to match the requested use.

Our island can work toward the State goal of 20% food locally grown by promoting, encouraging and supporting diversified agriculture by ensuring that agriculturally suitable and designated lands are available for growing crops and livestock or take the easy way out and continue to promote more tourism.

Hawaii's Thousand Friends opposes Sec. 21-5.50-1 Household living that permits multi-unit dwellings in the B-1 and B-2 zoning districts *above the first floor of a building occupied by a permitted principle non-residential use* for the following reasons.

- Allowing housing in B-1 and B-2 violates the intent of each zoning district.
 - *(b)The intent of the B-1 neighborhood business district is to provide relatively small areas which serve the daily retail and other business needs of the surrounding population. (LUO Section 21-2-110-1)*
 - *(c)The intent of the B-2 community business district is to provide areas for community-wide business establishments, serving several neighborhoods and offering a wider range of uses than is permitted in the B-1 district. . (LUO Section 21-2-110-1)*
- Permitting multi residential units in B-1 and B-2 zoning will create unplanned density, increased noise and traffic, impact view planes and trade winds and put a strain on parking, roads and existing sewer infrastructure
- The development of multiple dwelling units could replace business as the primary use of the property, which could eventually lead to the need for additional neighborhood zoning designations.

- The proposed changes delete the *B-1 District Transitional Height Setback*, the *B-2 District Height Setback*, *B-2 District Transitional Height Setback* and *Open space Bonus* (LUO Section 21-2-110-1).

Hawaii's Thousand Friends opposes Sec. 21-2.40.1 Minor permit that permits Minor hotel in B-1, B-2 zoning districts for the following reasons

- B -1 and B-2 zoned lots are scattered throughout the island with many located in or near residential zoning. This proposal brings tourism into our residential communities.
- This amendment violates O`ahu General Plan 1. POPULATION *the active management of tourism to prevent visitor impacts from overwhelming the quality of life for out island community* by allowing hotels in community business districts which are designed and designated for use by the surrounding community.
- Just as we are getting rid of unpermitted short-term vacation rentals in residential zoning the introduction of hotels in B-1 and B-2 zoning allows tourism into residential neighborhoods, community shopping centers and away from designated and zoned resort areas.

I am Mrs. Jim Brewer—testifying in favor of one specific proposal in Bill 10 to allow buildings 2 h commercial spaces on ground floors w/residential units on floors above.

I ask this Council to adopt former Council member Kobayashi's suggestion to unbundle important issues such as affordable housing to better study our options and to implement them. Then we'll be in a position to grab this opportunity to build much more affordable housing the way LA and many mainland cities are doing more quickly and more affordably.

If this building style had been used when Fort St. was renovated decades ago, there would be throngs of downtown residents out getting necessities of daily life within a 5 minute walk, day & nite, creating "eyes on the street" that would have greatly reduced and prevented the social chaos we have there today.

In addition—I ask this Council to expand its proposal to include building affordable housing with the adaptive reuse of older & empty buildings. With an "Adaptive Reuse Ordinance (ARO)" we can do what other cities—most notably LA do—turn older & empty buildings into affordable housing. In LA over 4,300 apartments were created. Across the country, 32,000 apartments were created in the last 2 years. Hawaii can also be building affordable housing more quickly & affordably with Adaptive Reuse.

According to Jack Bernhard, Exec. Director of Community Development at JP Morgan Chase, "about 25% of affordable housing is currently created thru the adaptive reuse of properties." (unquote)

JP Morgan Chase helps municipalities...

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nation use adaptive reuse to create affordable housing with Low Income Housing Tax Credits (LIHTC), Historic Tax Credits (HTC), Tax Increment Financing (TIF) and New Markets Tax Credits (NMTC).

LA is updating its 1999 ARO with a motion by Councilman Paul Koretz. The motion is that LA expand its ARO and ¹focus more on below-market-rate housing, & ²mandate that ground floors in new projects be for commercial spaces.

By adopting Adaptive Reuse, Hawaii can return to a building style that fits our Islands. Buildings we have seen all our lives can provide more affordable hsg. units, while retaining the character of our neighborhoods to keep Hawaii Hawaii. Instead of visually scarring skyscrapers marking our landscape, 3-story walk-ups (that don't require elevators) can increase density gently on a human scale. With windows that open to catch breezes, open spaces with greenery and meeting places, we'll have an environment that fits life in Hawaii.

From Kalia & Downtown to Kaimuki, we can plan for mixed income-mixed use affordable buildings & communities—preferably above King & Beretania away from rising oceans that will turn Kakaako into marshland, the way Waikiki once was.

In this way, LA and other mainland cities have for decades been successfully meeting the housing challenge we all face. As the state with the nation's worst housing problem, Hawaii can also purposefully create much affordable housing with adaptive reuse of its many old & empty buildings.