

BILL064(23)
Testimony

MISC. COMM. 55

PLANNING AND THE ECONOMY (P&E)

PLANNING AND THE ECONOMY (P&E) Meeting

Meeting Date: Feb 8, 2024 @ 09:00 AM

Support: 4

Oppose: 0

I wish to comment: 4

Name: Ted Kefalas	Email: tkefalas@grassrootinstitute.org	Zip: 96813
Representing: Grassroot Institute of Hawaii	Position: I wish to comment	Submitted: Feb 6, 2024 @ 07:42 PM
Name: Micah Munekata	Email: mmunekata@ulupono.com	Zip: 96813
Representing: Ulupono Initiative	Position: I wish to comment	Submitted: Feb 6, 2024 @ 09:22 PM
Name: Stanford Carr	Email: scarr@stanfordcarr.com	Zip: 96813
Representing: Stanford Carr Development, LLC	Position: Support	Submitted: Feb 7, 2024 @ 07:14 AM
Name: Garret Matsunami	Email: lkodama@castlecooke.com	Zip: 96817
Representing: Castle & Cooke Homes Hawaii, Inc.	Position: Support	Submitted: Feb 7, 2024 @ 11:34 AM
Name: Suzanne Young	Email: stephanie.nojima@hicentral.com	Zip: 96816
Representing: Honolulu Board of REALTORS	Position: I wish to comment	Submitted: Feb 7, 2024 @ 04:08 PM
Name: Tracy Tonaki	Email: ttonaki@drhorton.com	Zip: 96813
Representing: D.R. Horton Hawaii	Position: Support	Submitted: Feb 7, 2024 @ 07:44 PM
Name: Stefanie Sakamoto	Email: ssakamoto@imanaka-asato.com	Zip: 96789
Representing: BIA Hawaii	Position: Support	Submitted: Feb 7, 2024 @ 08:22 PM
Name: Eliza Talbot	Email: etalbot@cochawaii.org	Zip: 96813
Representing: Chamber of Commerce Hawaii	Position: I wish to comment	Submitted: Feb 8, 2024 @ 06:17 AM

Feb. 8, 2024, 9 a.m.

Honolulu Hale

To: Honolulu City Council Committee on Planning and the Economy

Esther Kiaʻāina, Chair

Radiant Cordero, Vice-Chair

From: Grassroot Institute of Hawaii

Ted Kefalas, Director of Strategic Campaigns

RE: Comments on Bill 64 (2023) — RELATING TO USE REGULATIONS

Aloha Chair Kiaʻāina, Vice-Chair Cordero and members of the Committee,

The Grassroot Institute of Hawaii would like to offer its comments on the portion of [Bill 64 \(2023\), FD1](#) that would amend the city's land-use regulations governing residential uses.

In general, the amendments proposed in this measure would make it easier to build homes and would promote walkable mixed-use buildings and neighborhoods. Many of them accord with the recommendations we made in our report, "How to facilitate more homebuilding in Hawaii."¹

We would like to comment specifically on proposed changes to three residential uses: multifamily buildings in B-1 and B-2 zones, accessory dwelling units and home occupations.

>> Multifamily units in business zones

The current draft of Bill 64 would allow multi-unit dwellings to be built in B-1 and B-2 zones in the Primary Urban Center development plan and Ewa development plan areas. Currently, multi-unit dwellings are permitted in the BMX-3 and BMX-4 zones.

¹ Jonathan Helton, "[How to facilitate more homebuilding in Hawaii](#)," Grassroot Institute of Hawaii, December 2023.

This would be a good change. Historically, as we pointed out in our report, “it was normal for watchmakers, bakers, lawyers and all sorts of other business people to live in the same buildings in which they worked.”² Allowing multi-unit uses in existing business zones would promote the housing stock and also boost walkability.

However, we would suggest the Committee adopt the language suggested by Committee Chair Kia‘āina or Councilmember Dos Santos-Tam — “A building must have at least one non-residential use” — as a replacement for the current language that a building must have at least 20% of its floor area be assigned to nonresidential use.

Given the state’s housing crisis, it is paramount that the city give builders flexibility in determining how to allocate residential and nonresidential use in a project. Some projects and buildings might not be suitable for the inflexible 20% minimum. For the dual goals of promoting mixed-use and boosting the housing supply, specifying that “A building must have at least one non-residential use” should be sufficient.

We also would encourage the Committee to delete the following bracketed language:

In the B-1 and B-2 zoning districts[, multi-unit dwellings are permitted within the Primary Urban Center development plan and Ewa development plan areas]; provided that the following requirements are satisfied.

Most parcels zoned B-1 or B-2 are inside the Primary Urban Center and the Ewa development area,³ but there are also such parcels in Kapolei, Miliani, Wahiawa, Kaneohe and Kailua. The city should not prevent the furtherance of mixed-use development in those towns.

>> Accessory dwelling units

We are encouraged to see the amendments that would cut red tape on the construction of accessory dwelling units. The current draft of Bill 64 already proposes to remove the requirement that a parcel’s owner must live in either the ADU or the primary residence. These owner-occupant requirements have been identified as “poison pills” to the rapid construction of ADUs in other cities.⁴

Likewise, we support the language in Committee Chair Kia‘āina’s proposed amendment that would allow ADUs to be built on residential lots with more than one existing dwelling. Specifically, it would allow a maximum of three units on residential lots throughout the city. Such “upzoning” has been identified as an effective way to increase housing supply and lower prices.⁵

² [Ibid](#), p. 15.

³ See: [“Zoning, \(City and County of Honolulu\),”](#) Hawaii Statewide GIS Program, accessed Feb. 2, 2024.

⁴ Anika Singh Lemar, [“How owner-occupancy regulations are contributing to the housing crisis,”](#) Brookings Institution, Oct. 27, 2022.

⁵ Helton, [“How to facilitate more homebuilding in Hawaii,”](#) pp. 5-6.

The current draft would also remove the one-stall parking minimum for ADUs so long as they are within 800 feet of a city bus station in the Primary Urban Center.

Committee Chair Kia‘āina’s proposed amendment would expand that to the Ewa development plan as well. Parking minimums can add as much as \$20,000 to the cost of building an ADU,⁶ so removing them wherever feasible is a win for affordability.

Finally, the proposed amendment would clean up an error that would have limited ADUs to only long-term rental use, instead of residential uses in general — albeit not short-term rentals.

>> Home occupations

In our housing report that we released in December, we recommended that lawmakers relax restrictions on home-based businesses because small-scale mom and pop entrepreneurs can boost a neighborhood's sense of community and place.

Councilmember Dos Santos-Tam’s amendment would strike the current prohibition on non-household members being employed at a home-based business. This is desirable because one can easily imagine a situation in which the operator of a small-scale spa or home daycare might want to bring in a helper for one or two days a week.

The physical constraints of operating an at-home business typically preclude a significant number of off-site employees working at the home at the same time. In the unlikely event that dozens of people were working at the home at the same time, the city could take action, if needed, under existing noise and nuisance laws.

Removing the requirement that items must be “produced by the household members” — as Councilmember Dos Santos-Tam’s amendment also proposes — would also help home entrepreneurs by making it easier for home-based businesses to sell goods made off-site. For example, an at-home bakery could then sell breads, muffins and cakes baked in multiple, off-site kitchens.

In conclusion, these several changes proposed by Bill 64 would help Hawaii address its housing crisis and expand business opportunities for everyday people.

Thank you for the opportunity to testify.

Ted Kefalas
Director of Strategic Campaigns
Grassroot Institute of Hawaii

⁶ [“The Costs of Parking in Hawai‘i,”](#) prepared by PBR & Associates for the Ulupono Initiative, August 2020, p. 3.



Email: communications@ulupono.com

HONOLULU CITY COUNCIL COMMITTEE ON PLANNING & THE ECONOMY
Thursday, February 8, 2024 — 9:00 a.m.

UluPono Initiative offers comments on Bill 64 (2023) FD1, Relating to Land Use Ordinance (LUO) Use Regulation Amendments.

Dear Chair Kia'aina and Members of the Committee:

My name is Micah Munekata, and I am the Director of Government Affairs at UluPono Initiative. We are a Hawai'i-focused impact investment firm that strives to improve the quality of life throughout the islands by helping our communities become more resilient and self-sufficient through locally produced food, renewable energy and clean transportation choices, and better management of freshwater resources.

UluPono offers comments on Bill 64 (2023) FD1. This bill proposes amendments to the regulation of uses throughout Chapter 21, Revised Ordinance of Honolulu 1990 ("Land Use Ordinance"). Our testimony for today's committee hearing is focused on the land use regulation updates as it relates to parking regulations across the City.

UluPono supports the efforts of the Department of Planning and Permitting to update Land Use Ordinance regulations; however, we would like to request that clarification be made to ensure that this measure will not affect recently passed parking legislation for our communities. The bill's proposed uses may conflict with the intent of Ordinance 20-41 that reduced and eliminated costly parking mandates across the entire island. There are some uses proposed that may conflict—they potentially force mandates for certain uses and circumstances, create unclear implications if instituted, or just create outright mandates. These sections include: § 21-5.50-2 group living, § 21-2.140-1 specific circumstances, § 21-5.50-3 accessory residential, § 21-5.60-3 Education, § 21-5.60-3 Daycare, § 21-5.70-3 Lodging, § 21-5.70-9 Retail, § 21-5.40-4 Accessory agricultural, etc.¹

To ensure that the full potential of Ordinance 20-41 isn't inadvertently diluted through this measure, we recommend that a disclaimer statement be integrated into these sections or at the end that says these uses only apply in areas where parking mandates exist. We believe

¹ Specifics available upon request

this recommendation maintains the legislative intent of Ordinance 20-41 but still allows this specific parking tool in areas where mandates are valid. UluPono recognizes that these uses we've identified are not likely to be numerous, but we would prefer that the impact of Ordinance 20-41 be clearly supported.

We appreciate your consideration of these comments and hope to contribute further to this important conversation.

Respectfully,

Micah Munekata
Director of Government Affairs



STANFORD CARR DEVELOPMENT, LLC

▪ February 6, 2024

The Honorable Esther Kiaʻāina, Chair
and Committee Members
Committee on Planning and the Economy
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

SUBJECT: Bill 64 (2023), FD1
Land Use Ordinance (LUO) Amendment Relating to Use Regulations

Dear Chair Kiaʻāina and Committee Members:

Stanford Carr Development is writing to express our **support with proposed amendments** on the LUO updates. We also want to express our appreciation for the Chair's incremental approach to reviewing the proposed amendments.

As recommended by the nonpartisan policy think tank, American Enterprise Institute's (AEI) Housing Center, Hawaii could ease its housing shortage by adopting housing policies that increase density. Accordingly, we applaud the efforts of the City Council to adopt land use policies in favor of higher density.

At a minimum, we suggest further amendment to ROH §21-5.50-1(c)(1) to permit multi-unit dwellings above the ground floor in B1 and B-2 zoning districts within **all development plan areas** across Oahu. In addition, we seek your consideration to increasing the flexibility for stand-alone multi-unit dwellings in B-1 and B-2 districts by **deleting the minimum nonresidential** floor area ratio.

Thank you for the opportunity to participate in this important discussion.

Respectfully,

Stanford S. Carr



Testimony by Garret Matsunami
Executive Vice President & Chief Operations Officer, Castle & Cooke Homes Hawai'i, Inc.
February 8, 2024

Honolulu City Council Committee on Planning & the Economy
Regarding:
BILL 64 (2023) FD1
ADDRESSING THE REGULATION OF USES THROUGHOUT CHAPTER 21,
REVISED ORDINANCES OF HONOLULU 2021 ("LAND USE ORDINANCE" OR "LUO")

SUPPORT WITH AMENDMENTS

Chair Esther Kia'āina, Vice Chair Radiant Cordero, and Members of the Committee on Planning and the Economy,

Thank you for the opportunity to submit testimony in support of Bill 64 (2023), FD1 with amendments relating to residential uses. I'd like to express our appreciation for the tremendous work that has gone into this important update and modernization of the Land Use Ordinance (LUO) and the proposed amendments by the Department of Planning and Permitting and the City Councilmembers.

The LUO directs the planning, design, and decision making for the communities that we build. Proposed amendments such as permitting multi-unit dwellings in the B-1 and B-2 zoning districts is the kind of forward thinking that is needed to produce more housing for our local families. It is our hope that consideration be given to extending that amendment beyond the Primary Urban Center development plan and Ewa development plan areas to include the Central Oahu Sustainable Communities Plan area, where urban fringe growth for much needed homes are planned in communities such as Koa Ridge and Waiawa.

Attached for the consideration by the Committee of Planning and the Economy are proposed amendments to Residential Uses in Bill 64 (2023), FD1, relating to residential use regulations.

Mahalo for your consideration of my testimony. Should you have any questions, please feel free to contact me:

Garret Matsunami
Executive Vice President and Chief Operations Officer
Castle & Cooke Homes Hawai'i, Inc.
gmatsunami@castlecooke.com
Phone: 626-3625

BILL 64 (2023), FD 1
 Relating to Use Regulations
RESIDENTIAL USES

Castle & Cooke Homes Hawaii, Inc. - Proposed Amendments to Bill 64 (2023) FD1

2/7/2024

Item No.	Bill Section	ROH Section, Exhibit, or Figure, and Title	Page No.	Amendment Description	Amendment Text (In Ramseyer Format)	Comments or Clarification																								
1	SECTION 3	Table 21-5.1, Table of Permitted Uses, Standards column and Single-unit dwelling, Standards column	4	Amend Table of Permitted Uses, Standards column	Table 21-5.1, Table of Permitted Uses: Column for Standards - <u>*</u> Single-unit dwelling, Standards - <u>Not Applicable</u>	Add asterisk at end of "Standards" title in the Standard column to reference the application required when use standards apply. Also, clarifies that no "Standards" are applicable for the single-unit dwelling uses.																								
2	SECTION 3	Table 21-5.1, Table of Permitted Uses, Multi-unit dwelling	4	Amend Multi-unit dwelling entry.	<table><tr><td>Multi-unit dwelling</td><td>--</td><td>--</td><td>--</td><td>--</td><td>--</td><td>--</td><td>P</td><td>P</td><td>P</td><td>P</td><td>P</td><td>P</td><td>P</td><td>P</td><td>P</td><td>P</td><td>P</td><td>P</td><td>--</td><td>--</td><td>--</td><td><u>P</u></td><td>§21-5.50-1(c)</td></tr></table>	Multi-unit dwelling	--	--	--	--	--	--	P	P	P	P	P	P	P	P	P	P	P	P	--	--	--	<u>P</u>	§21-5.50-1(c)	Removes the asterisk in zoning districts other than B=1 and B-2 because this clarifies the Use Table to be consistent with the development standards in Section 21-5.50-1(c). Also add IMX-1 to the multi-unit dwelling use and application of the standards would increase development potential for creating vibrant mixed use communities in the PUC, in particular to the Iwilei and Kapalama TOD areas.
Multi-unit dwelling	--	--	--	--	--	--	P	P	P	P	P	P	P	P	P	P	P	P	--	--	--	<u>P</u>	§21-5.50-1(c)							
3	SECTION 3	Table 21-5.1, Table of Permitted Uses, Home occupation	5	Amend Home occupation entry.	<table><tr><td>Home occupation</td><td>--</td><td>P</td><td>P</td><td>P</td><td>P</td><td>P</td><td>P</td><td>P</td><td>P</td><td>P</td><td>P</td><td>P</td><td>P</td><td>P</td><td><u>P</u></td><td><u>P</u></td><td>P</td><td>P</td><td>--</td><td>--</td><td>--</td><td><u>P</u></td><td>§21-5.50-3(b)</td></tr></table>	Home occupation	--	P	P	P	P	P	P	P	P	P	P	P	P	P	<u>P</u>	<u>P</u>	P	P	--	--	--	<u>P</u>	§21-5.50-3(b)	Permit the home occupation use in B-1, B-2 and IMX-1 zoning districts and apply the home occupation standards to these zoning districts.
Home occupation	--	P	P	P	P	P	P	P	P	P	P	P	P	P	<u>P</u>	<u>P</u>	P	P	--	--	--	<u>P</u>	§21-5.50-3(b)							
4	SECTION 3	§ 21-5.50-1(c), Household living, Multi-unit dwelling - standards	19	Amend multi-unit standards.	(c) <i>Multi-unit dwelling - standards</i> . (1) In the B-1, and B-2 <u>and IMX-1</u> zoning districts, multi-unit dwellings are permitted within the Primary Urban Center development plan, and Ewa development plan <u>and Central Oahu sustainable communities plan</u> areas; provided that the following requirements are satisfied:	Add the IMX-1 zoning district to the standards in order to increase the development potential toward creating vibrant mixed use communities in the PUC, in particular to the Iwilei and Kapalama TOD areas. Also add Central Oahu Sustainable Communities Plan area as it is designated for urban fringe growth, and where communities such as Koa Ridge and Waiawa are planned.																								
5	SECTION 3	§21-5.50-3(b)(5), Accessory residential, Home occupation - standards, Parking	24-25	Amend home occupation standards.	(b) Home occupation - standards. [(5) Parking. _____ (A) Home occupations that involve client visits must provide one off street parking space for every five clients that may be on the property at any given time, in addition to the parking required for the dwelling use. This requirement will be calculated as requiring on off street parking for the first five clients and one additional off street parking for every fractional increment up to five thereafter. _____ (B) Residents of multi unit dwellings may fulfill their parking requirements using guest parking if allowed by the rules and regulations for the multi unit dwelling. _____ (C) Commercial vehicles associated with the home occupation (other than occasional, infrequent, and momentary parking of a vehicle or pickups and deliveries as a service to the home occupation) must not park on the street and may not be stored on the property unless the commercial vehicles are parked within a garage or carport or similar area fully screened from the street and neighboring properties.]	Eliminates duplication of home occupation parking requirements and potential conflicts. Home occupation parking requirements are provided in Section 34, §21-6.30(d), Adjustments and exceptions to parking requirements on page 130.																								

BILL 64 (2023), FD 1
Relating to Use Regulations
RESIDENTIAL USES

Castle & Cooke Homes Hawaii, Inc. - Proposed Amendments to Bill 64 (2023) FD1

2/7/2024

Item No.	Bill Section	ROH Section, Exhibit, or Figure, and Title	Page No.	Amendment Description	Amendment Text (In Ramseyer Format)	Comments or Clarification
6	SECTION 34	§ 21-6.30(b) Adjustments and exceptions to parking requirements	129	Amend provision to waive off-street parking requirements for accessory dwelling units if ADU is locate within 800 feet of City bus stop to include the Central Oahu Sustainable Communities Plan area.	(b) For accessory dwelling units, one off-street parking space must be provided in addition to the required off-street parking for the primary dwelling unit, except for accessory dwelling units located within one-half mile of a rail transit station. For accessory dwelling units located on zoning lots within the Primary Urban Center development plan area[.] or the Ewa development plan area, or the Central Oahu sustainable communities plan area, the off-street parking space requirement is waived if the accessory dwelling unit is located within 800 feet of a city bus stop.	Add Central Oahu Sustainable Communities Plan area as it is designated for urban fringe growth, and where communities such as Koa Ridge and Waiawa are planned.
7	SECTION 34	§ 21-6.30(b) Adjustments and exceptions to parking requirements	130	Amend Adjustments and exceptions to parking requirements, Home occupation.	(d) Home occupations. [(1) Home occupation that depend on client visits, including but not limited to group instruction, must provide one off-street parking space per five clients on the premises at any one time. This parking requirement is in addition to, and the client parking space must not obstruct, the parking spaces required or provided for the dwelling use. Residents of multi-family dwellings may fulfill this requirement by the use of guest parking with the approval of the building owner, building management, or condominium association. _____ (2) On-street parking of commercial vehicles associated with a home occupation is prohibited; provided that the occasional, infrequent, and momentary parking of a vehicle or pickups or deliveries to service the home occupation is allowed.] <u>(1) Home occupations that involve client visits must provide one off-street parking space for every five clients that may be on the property at any given time, in addition to the parking required for the dwelling use. This requirement will be calculated as requiring one off-street parking for the first five clients and one additional off-street parking for every fractional increment up to five thereafter.</u> <u>(2) Residents of multi-unit dwellings may fulfill their parking requirements using guest parking if allowed by the rules and regulations for the multi-unit dwelling.</u> <u>(3) Commercial vehicles associated with the home occupation (other than occasional, infrequent, and momentary parking of a vehicle for pickups and deliveries as a service to the home occupation) must not park on the street and may not be stored on the property unless the commercial vehicles are parked within a garage or carport or similar area fully-screened from the street and neighboring properties.</u>	Replace existing home occupation parking requirements with new parking requirements as provided in §21-5.50-3(b)(5), Accessory residential, Home occupation - standards, Parking.
8	SECTION 34	§21-6.30(j)(4), Adjustments and exceptions to parking requirements	133	Amend reference to Section relating to home occupation.	(4) Section §21-5.50-3(c) relating to home occupations.	Propose to delete parking requirements from home occupation (see item 7 above). If item 7 is not amended, the current reference should be revised to indicate §21-5.50-3(<u>b</u>).



**Honolulu Board
of REALTORS®**

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Testimony by Suzanne Young, CEO
Honolulu Board of REALTORS®

In Support with Comments and Amendments for Bill 64(2023), FD1
Committee on Planning and the Economy
Thursday, February 8, 2024
Honolulu Hale

Aloha Chair Kia'āina and Council Members,

Thank you for the opportunity to testify. The Honolulu Board of REALTORS® (HBR) on behalf of our over 6,700 members and its City Affairs Committee would like to provide comments and amendments on Bill 64(2023), FD1, Relating to Land Use Regulations, to the following sections and provisions relating to residential uses.

The District Court for the District of Hawaii issued a summary judgment on December 21, 2023, prohibiting the Department of Planning and Permitting from enforcing the portions of Ordinance 22-7 that address 30–89-day rentals¹.

Given the summary judgment, our proposed amendments take on heightened significance. We respectfully advocate for the essential modifications to the rental duration, bringing it in line with the court's directive by adjusting the number of days from 90 to 30 for rentals. This adjustment is crucial for adhering to the legal framework set forth by the court's decision.

¹ <https://casetext.com/case/haw-legal-short-term-rental-all-v-city-of-honolulu-2>



February 7, 2024

The Honorable Esther Kia'aina, Chair
The Honorable Radiant Cordero, Vice Chair
Members of the Committee on Planning and the Economy
City and County of Honolulu
Honolulu, Hawaii 96813-3077

RE: **Bill 64 (2023), FD1 Amendments – LUO Amendment Relating to Use Regulations**
Meeting: February 8, 2024 9:00am

Aloha Chair Kia'aina and Members of the Committee on Planning and the Economy,

Mahalo for the opportunity to submit testimony on behalf of D.R. Horton Hawaii, offering our **SUPPORT** and comments to Bill 64 (2023), FD1 Land Use Ordinance (LUO) Amendment relating specifically to residential use regulations at this time. We respectfully reserve the opportunity to provide comments on other use categories, such as miscellaneous uses, at an appropriate hearing in the near future.

D.R. Horton Hawaii is one of Hawaii's largest home builders and has been providing affordable and workforce housing for local families throughout Oahu for 50 years. We wholeheartedly believe in identifying and creating additional by right land use opportunities that would increase the production of much needed housing. We commend the City Council's and the Department of Planning and Permitting's (DPP) thoughtful approach to doing just that in **Sec. 21-5.50-1(c) Multi-unit dwelling – Standards allowing multi-unit dwellings in B1/B2 zoning districts**. This innovative amendment would allow currently underutilized Floor Area Ratios (FAR) in B1/B2 zoning districts to be repurposed into housing.

I previously submitting testimony in strong support of Sec. 21-5.50-1(c) and I continue to offer my strong support. I understand you are seeking to find a balance between fulfilling the intent of B1/B2 zoning districts and creating new and much needed housing opportunities. I believe the heart of the discussion boils down to commercial absorption risk. As requested, I have done further research and offer the following information.

Kindly allow me to share a case study analysis providing recent commercial absorption data for discussion and evaluation of minimum commercial use requirements in Sec. 21-5.50-1(c). The table attached reflects historical data to date of five mixed-use condominium projects we have built at Ho'opili completed between 2020 to 2022. Each mixed-use project was designed and built with an integration of traditional commercial units, live work units and traditional residential units on parcels zoned AMX-2.

Here are a few high-level summary points:

- Absorption of commercial square footage has consistently been challenging.

- Averages across 5 projects over the last four years (since 2020):
 - ✓ 17,420 sf = average commercial + live work commercial square footage built
 - ✓ 3,909 sf = average commercial + live work commercial square footage in use
 - ✓ 23% = average commercial absorption
 - ✓ 0.02 = average commercial Floor Area Ratio (FAR)
- Collectively across 5 projects, there is a total of 87,098 sf of built commercial space of which 67,554 sf remain empty.
- As a homebuilder, we continue to learn from our projects and the slow market acceptance of commercial space. While we hope for a high and quick absorption of any commercial space we build, the reality is that the commercial market is much more volatile than the housing market. It ebbs and flows in fits and starts and as you can see, can be very painful.

For additional consideration in determining viable minimum commercial use requirements in Sec. 21-5.50-1(c), I have received permission from Mutual Housing Association of Hawaii (MHAH) to share this information. MHAH is an affordable rental housing developer who has built 120 units at Kulia at Ho`opili for families earning below 60% AMI (note that Kulia does not include any commercial square footage.) They have also developed and continue to operate four other affordable rental housing projects with a total of 863 units, three of them on Oahu. David Nakamura, Executive Director of MHAH, has extensive experience in developing, financing and fiscally maintaining these very challenging projects long term. David has shared that it is very difficult to underwrite any commercial space in his low-income rental projects due to restrictions in funding program rules (Low-income housing tax credit, etc.), the unpredictability of the commercial leasing market and the risk that it brings to his limited financing opportunities. If there were a minimum commercial space requirement on B1/B2 zoning parcels, he would not consider B1/B2 parcels viable for affordable rental housing development.

Based on what we have learned in the last 4 years, my recommendation would be keep the minimum commercial requirement as low as possible to encourage the highest opportunity for more housing. Let the market dictate commercial development, if the market is strong, developments can and will exceed minimums.

Mahalo for your time and consideration, it is very much appreciated. Should you have any questions, please do not hesitate to contact me at (808)782-4109 or ttonaki@drhorton.com.

Sincerely,



Tracy Tonaki
President
Hawaii Division

Attachment

Historical Commercial Space Absorption To Date at Ho`opili Mixed Use Projects													7-Feb-24
Project	Parcel Size (acres)	Traditional Residential Units	Year Completed	Traditional Commercial Units			Commercial Space w/in Live Work Units			Totals			
				Built (sf)	In Use as Commercial to Date (sf)	Current Absorption (%)	Built (sf)	In Use as Commercial to Date (sf)	Current Absorption (%)	Commercial + Live Work Commercial Built to Date (sf)	Commercial + Live Work Commercial in Use to Date (sf)	Current Absorption (%)	Commercial FAR of Project (Incl. Residential)
Kohina 25	5.54	141	2020	9,661	3,028	31%	9,127	3,968	43%	18,788	6,996	37%	0.03
Kohina 20	5.42	105	2021	14,657	2,061	14%	11,397	3,537	31%	26,054	5,598	21%	0.02
Hinahina	6.42	88	2021	0	0	-	8,645	1,647	19%	8,645	1,647	19%	0.01
Kalkea	5.51	127	2022	9,666	1,008	10%	11,927	426	4%	21,593	1,434	7%	0.01
Kohina 15	6.97	116	2022	4,996	816	16%	7,022	3,053	43%	12,018	3,869	32%	0.01
Averages	5.97			9,745	1,728	18%	9,624	2,526	28%	17,420	3,909	23%	0.02



**HONOLULU CITY COUNCIL
COMMITTEE ON PLANNING AND THE ECONOMY
Honolulu Hale
9:00 AM**

February 8, 2024

RE: BILL 64 - RELATING TO USE REGULATION

Chair Kiaaina, Vice Chair Cordero, and members of the Council:

My name is Max Lindsey, Government Relations Committee Chair of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii. Our members build the communities we all call home.

BIA Hawaii is in support of the intent of Bill 64, Relating to Use Regulation. BIA Hawaii supports the general intent of this bill to address the regulation of uses throughout Chapter 21, the Land Use Ordinance (LUO). This bill will bring clarity, consistency, and a much-needed refresh of the LUO.

BIA Hawaii specifically supports Section 21.5.50 1-(d) Multi-unit dwelling which provides for the following:

Defined: Three or more principal dwelling units in a single building. Includes one to two principal dwelling units in a building with a different non-residential permitted use.

Standards:

- **In the B-1 and B-2 zoning districts, multi-unit dwellings are permitted** if located above the first floor of a building occupied by a permitted principal non-residential use. A residential lobby of up to 1,500 square feet of floor area and other necessary points of ingress or egress may be located on the ground floor. All other residential uses must be located above the non-residential use.
- In the B-1 and B-2 zoning districts, multi-unit dwellings are permitted within neighborhood transit-oriented development plan areas; provided that the following requirements are satisfied:
 - For zoning lots larger than 4 acres, but smaller than 7 acres, a minimum of 10,000 square feet of nonresidential floor area must be developed on the lot;
 - For zoning lots larger than 7 acres, a minimum of 40,000 square feet of nonresidential floor area must be developed on the lot; or
 - For zoning lots with a minimum nonresidential floor area ratio of 0.3; provided that a pedestrian and bicycle access path a minimum of 8 feet in width must be provided from adjacent rights-of-way to both residential and nonresidential uses on the zoning lot.

BIA Hawaii Position:

The significant change in the update of the LUO is to allow, by right, the development of multi-unit residential in the Commercial/Business zoned districts on Oahu. The standards imposed are intended to keep the existing B-1/B-2 Commercial/Business uses to continue and not be entirely displaced by the multi-family residential development on the property. BIA-Hawaii is in strong support of this change to the existing LUO. Adding more residential to areas with existing infrastructure also will reduce the need for regional infrastructure improvements. These new residences will create much needed mixed-use neighborhoods where residents are able to live-work-play in walking distance.

We suggest that the minimum square foot requirements for non-residential uses be revised and determined by a "market study" at the time the redevelopment is proposed. Our concern is based on the fact that in some communities, additional commercial/business square footage will not be absorbed in the market. In essence, some communities have a surplus of commercial/business- zoned property and adding to the surplus will not create more business. Supply and demand for commercial/business zoned lands will change over time and as such, a more prudent approach would be to have a market study prior to approving the multi-family units to determine if there is sufficient demand to provide more non-residential spaces.

The state of Hawaii is in a dire housing crisis. As the Council is aware, the cost of housing in Hawaii is extremely high, with Oahu's median price of homes being currently over \$1 million. Approximately 140,436 U.S. households are priced out of buying a home for every \$1000 increase in price, according to the National Association of Home Builders (NAHB). We are in support of legislation that would allow for the building of much-needed housing at every price point in Hawaii.

Thank you for the opportunity to testify.



February 8, 2024

**Honorable Chair Esther Kiaaina
Vice Chair Radiant Cordero
City Council Members
City & County of Honolulu
530 South King Street
Honolulu, HI 96813**

**RE: TESTIMONY WITH COMMENTS REGARDING BILL 64 (2023) RELATING TO
USE REGULATIONS**

The Chamber of Commerce of Hawaii ("The Chamber") would like to provide comments regarding Bill 64 (2023), which will amend the City's land use regulations.

The Chamber appreciates the careful consideration and many hours spent to perfect this bill by the Department of Planning and Permitting and the City Council.

The overall affordable housing crisis faced by our entire state is contributing to a severe workforce shortage that significantly impacts our local business community. For these reasons, we support the intent of the bill to adopt land use policies that expand the allowable areas where housing can be developed. We offer comments to provide clarity and to promote the interests of Oahu's business community.

The Chamber is in favor of proposed amendments that would delete the limitations against non-household members being employed at home-based businesses. We also support the amendment that would remove requirements that only household members could be involved in production of goods. We believe these amendments support the needs of home-based businesses and entrepreneurs who are diligently working to grow our local business climate. Already established County ordinances would be available to curtail any nuisance to a neighborhood.

The Chamber supports the business of agriculture and farming which can be financially cumbersome to sustain in Hawaii. We encourage the Council to ensure that agricultural operations continue to remain viable on Oahu by permitting them to offer



agro-tourism and recreational activities on site, which often ensure the economic viability of the entire agricultural operation.

The Chamber is the largest business organization in Hawaii, representing over 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the “Voice of Business” in Hawaii, the organization works on behalf of members and the entire business community to improve the state’s economic climate and to foster positive action on issues of common concern.

Thank you for the opportunity to provide comments in support.