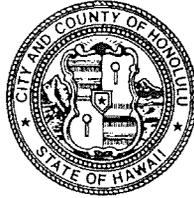


RECEIVED
CITY CLERK
C & C OF HONOLULU

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813
PHONE: (808) 768-8000 • FAX: (808) 768-6041
DEPT. WEB SITE: www.honoluluapp.org • CITY WEB SITE: www.honolulu.gov

2013 JAN 31 PM 3: 05



KIRK CALDWELL
MAYOR

JIRO A. SUMADA
ACTING DIRECTOR

2012/ELOG-2428 (BLB)

January 15, 2013

The Honorable Ikaika Anderson, Chair
and Members
Committee on Zoning and Planning
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

RECEIVED
2013 JAN 30 P 1:53
CITY COUNCIL
HONOLULU, HAWAII

Dear Committee Chair Anderson and Members:

Subject: Bill 75 (2012), Relating to Hotels

This responds to your request, which we received on December 11, 2012, to advise you on how the subject proposed Land Use Ordinance (LUO) amendment carries out the purposes of the General Plan and Development Plans for the Primary Urban Center (PUC) and Ewa, and the Central Oahu Sustainable Communities Plan (COSCP).

As you noted, Revised City Charter Section 6-1511.3 requires that zoning ordinances be consistent with the development plan for the area. The proposed LUO amendment will allow limited service hotels in the BMX-3 Business Mixed Use Districts of the PUC Development Plan (DP) area, the Ewa DP area, and the COSCP area. Our staff report to the Planning Commission for the proposed LUO amendment (dated September 7, 2012) briefly discussed this relationship:

The City's General Plan has catered to Resort Districts for the destination traveler seeking luxury hotel accommodations and services. Lower intensity hotels (limited service hotels) will cater more to the non-destination, non-tourist, and family or business-oriented travelers who may require extended stays in areas located near business districts or attractions like colleges or universities, and regional parks such as the Waipio soccer complex.

LUO Section 21-3.120 establishes the purpose and intent of the BMX-3 Business Mixed Use Districts which, in summary, is to provide for the vertical and horizontal mixing of commercial and multi-family dwelling uses within the same space. We also explained in our staff report that limited service hotels are essentially a business type of use (as opposed to a "resort") that is compatible within these mixed use areas. A supporting study ("Consideration of Limited-Service Hotels as a Permitted Use in the LUO," by E. Masutomi, dated May 30, 2012) was provided to corroborate this

conclusion. The General Plan and area DPs and SCPs typically provide detailed policies with regard to hotels in relation to resort development on Oahu. It is our position that limited service (business) hotels are not and should not be regulated as a resort type of land use; rather, as a general commercial type of use, which should be permitted in those areas where an appropriate mix between commercial and multi-family dwelling uses are intended. In response to your request, however, we are providing you here with a more robust explanation of the relationship between the subject proposal and the General Plan, PUC and Ewa DPs, and the COSCP.

General Plan

Section II (Economic Activity), Policy 2, of Objective A states: *“Encourage the development of small businesses and larger industries which will contribute to the economic and social well-being of Oahu residents.”* While limited service hotels are scaled-down type of business establishments in comparison to the resort-oriented facilities, they are still part of the larger, overall tourism industry. Limited service hotels will provide fewer amenities than full-scale luxury resorts, but they will still contribute to the economic and social well-being of Oahu residents. In the same Section, Policy 5 of Objective B states: *“Prohibit further growth in the permitted number of hotel and resort condominium units in Waikiki.”* Limited service hotels in the BMX-3 Business Mixed Use District will provide additional service industry opportunities for the City, while remaining consistent with Policy 5.

Section VII (Physical Development and Urban Design), Policy 3 of Objective B, which relates specifically to the PUC, states: *“Encourage the establishment of mixed-use districts with appropriate design and development controls to ensure an attractive living environment and compatibility with surrounding land uses.”* Permitting limited service hotels in the BMX-3 Business Mixed Use Districts of the PUC is consistent with this policy; and, the proposed amendment calls for certain requirements to be met in order to provide appropriate development controls which will insure compatibility with surrounding land uses.

Primary Urban Center Development Plan (PUC DP)

In Section 3.2.3 (Relation to Land Use Maps and Zoning), it is explained that “Resort” areas are intended as mixed use areas for primarily “resort hotels” and other compatible land uses. Section 3.4.1.2 (Visitor Industry), on the other hand, provides policies with a broader focus, calling for facilities in addition to those intended as resort destinations. The following is a list of issues currently affecting the visitor industry and facilities in the PUC, and related to the proposed LUO amendment:

- Changing objectives and expectations of visitors. Recent surveys indicate that *the majority of visitors are no longer coming to Hawaii primarily for sun and surf, but are now more interested in shopping, cultural, and environmental experiences*. [Emphasis added.]
- The impact of the Convention Center on visitor units. The Convention Center is expected to attract larger numbers of visitors to Honolulu. As both Western and Asian travelers will

favor Honolulu as their destination, the increased numbers of visitors will create demand for additional visitor accommodations. [Emphasis added.]

- Market acceptance of Oahu's secondary resort areas. City policies direct growth in the visitor industry to Makaha, Kuilima, and Ko Olina, but these areas have been slow to develop. Unless development of these resort areas accelerates, there may be additional demand for new visitor units in the PUC. [Emphasis added.]

In addition to the above, the last paragraph of this PUC DP section states: "Given that Waikiki is substantially built out, other PUC sites outside Waikiki will be needed for new hotels. The preferred approach for additional visitor accommodations is to provide new hotels near the Convention Center and the Downtown waterfront for both business travelers and visitors attending conventions, and to allow smaller facilities (i.e., inns and lodges) within other 'town center' areas in the PUC for visitors who prefer alternatives to the typical hotel properties found in Waikiki." [Emphasis added.]

Ewa Development Plan (Ewa DP)

The Vision for the Ewa DP area, as established under its Section entitled "Development of The Secondary Urban Center," references the "Ewa Marina," which is also known as "Ocean Pointe." The third paragraph of this section states: "Many of the jobs in the City of Kapolei will be supported by development of . . . and growth of the Ko Olina Resort and Ewa Marina to include over 3,700 visitor units by 2020 will also provide basic jobs which will support office and commercial jobs in the City of Kapolei." [Emphasis added.] Currently there is a large area within the Ewa Marina area that is in the BMX-3 Zoning District. If permitted, limited service hotels in this area will promote this part of the vision for the Ewa area.

Bill 65 (2012), the proposal to update the Ewa DP, passed first reading at the City Council on October 3, 2012, and was referred to the Committee on Zoning and Planning. Even though this bill has not yet been adopted, its provisions for the Land Use Policies and Guidelines for the City of Kapolei, Section 3.6.1.1 (Mixed Use Districts), mentions, "A business hotel to provide short term inexpensive accommodations for business travelers and others who are not seeking resort accommodations could also be allowed." Limited service hotels, also known as "business hotels," conform to this proposed Ewa DP policy and guideline that is concurrently under consideration by the City Council.

Central Oahu Sustainable Communities Plan (COSCP)

The COSCP contains no specific mention of limited service hotels. Nevertheless, the DPP believes that limited service (business) hotels are consistent and compatible with the general commercial types of uses that are permitted in the BMX-3 Business Mixed Use Districts and will have no adverse effect on the character of the CO communities and neighborhoods where such hotels may be built. Limited service hotels in these areas will provide jobs and support a variety of local businesses, services, and community resources (e.g., the Waipio soccer complex, Central

The Honorable Ikaika Anderson, Chair
and Members
Committee on Zoning and Planning
January 15, 2013
Page 4

Oahu Regional Park). Section 3.9.2 (Planning Principals) characterizes "Community Commercial Centers as the Hub of Their Communities" (Section 3.9.2.5) as helping to play "the role of meeting place, and of recreational, social, cultural, and civic center that the town square and Main Street play in traditional towns." Limited service hotels are consistent with this vision for COSCP community commercial centers.

It should be noted that we do not believe that there are any existing BMX-3 Business Mixed Use Districts in the COSCP area, at this time. We believe that the Koa Ridge development proposal will involve a BMX-3 Business Mixed Use Districts, however, and will likely include a limited service hotel associated with the planned medical center. Also, Transit-Oriented Development in the Waipahu area will likely include BMX type zoning in areas proximate to transit stations.

I hope this provides the necessary information you requested. If you have any questions, please contact me at extension 88001. We will also be happy to respond to any further questions you may have during the bill's hearings before the Council and its Zoning and Planning Committee.

Very truly yours,



Jiro A. Sumada, Acting Director
Department of Planning and Permitting

JAS:nw

APPROVED:



Ember Lee Shinn
Managing Director Designate