

**COUNTY OF HAWAI‘I PLANNING DEPARTMENT**  
**RECOMMENDATION**

**IKAIKA OHANA**  
**AMENDMENT TO CHANGE OF ZONE ORDINANCE NO. 21 17**  
**(PL-REZ-2025-000082/AMEND REZ-2009-000103)**

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Upon review of the request, the Planning Director is recommending that a **favorable recommendation** for a 5-year time extension to Condition D (complete construction) be forwarded to the County Council. Since this recommendation is made without the benefit of public testimony, the Director reserves the right to modify and/or alter this position based on additional information presented at the public hearing. This recommendation is based on the following findings:

The applicant, Ikaika Ohana is requesting a 5-year time extension to Condition D (complete construction) of Ordinance No. 21 17, which was approved by the County Council and effective on March 1, 2021.

Ikaika Ohana is a nonprofit 501(c)3 organization with a mission of developing and operating affordable housing, including projects on the mainland, O‘ahu, Maui, three existing affordable rental projects in Hilo and one in Waikoloa. Since the last amendment to the ordinance was approved in 2021, the applicant has been successful in complying with conditions of approval and obtaining the necessary permits and approvals to begin construction of the project. The request for a 5-year time extension to complete construction of the *Kaiāulu O Kapi‘olani* affordable housing project is, in part, due to delays caused by additional financing requirements from the State of Hawai‘i. The project was expected to be completed by March 2026, however, the developer faced unforeseen challenges in securing necessary funding, including State and Federal Tax Credits and Federal Tax-Exempt Bonds Financing. The project applied for additional financing from Hawai‘i Housing Finance and Development Corporation (HHFDC) this year for State and Federal Tax Credits in the amount of \$40,721,726 and Federal Tax-Exempt Bonds Financing in the amount of \$38,326,000. An award letter is expected by August 2025, which would allow the applicant to start construction no later than January 2026, with an estimated completion timeline of 18-24 months. To ensure the project's

successful completion and to accommodate potential delays, the developer is conservatively requesting an extension of the construction deadline to March 2031.

Upon transfer of property ownership, Ikaika Ohana is proposing to develop *Kaiāulu O Kapiolani*, a 64-unit, 100% affordable rental housing development (63 units with income restrictions between 30% and 60% of area median income and one (1) unrestricted manager's unit). The site plan for Final Plan Approval included twenty-eight (28), two (2)-bedroom units, twenty-nine (29), three (3)-bedroom units and seven (7), four (4)-bedroom units within nine (9), two (2)-story buildings. Also included are a community center building, play area, two (2) laundry facilities, two (2) community gardens, and 117 parking stalls including five (5) handicapped stalls. According to the requirements of the State's HHFDC funding, the affordable housing units must maintain affordability metrics for a minimum of 65 years, but the applicant indicated that they intend to make the housing affordable in perpetuity.

Construction of the proposed affordable housing project is anticipated to begin in the first quarter of 2026, take 18-24 months to complete and is estimated to cost approximately \$79 Million.

**The non-performance of timed conditions is the result of conditions that could not have been foreseen or are beyond the control of the applicants, successors or assigns, and that are not the result of their fault or negligence.** The applicant has substantially complied with the conditions set forth in rezoning Ordinance No. 21 17 (amending Ordinance No. 10 32) for the *Kaiāulu O Kapi'olani* affordable housing project.

Since the ordinance's effective date of March 1, 2021, the applicant has completed key entitlement and infrastructure milestones, including subdivision and lot consolidation approvals, road dedication, water commitment deposits, and backflow preventer design/construction plan approvals.

The applicant has also fulfilled cultural and environmental requirements, receiving approval on a Final Environmental Assessment and Finding of No Significant Impact (FEA-FONSI), receiving SHPD clearance and securing approvals for a solid waste management plan. As the project is a 100% affordable rental housing development, it has been granted fair share exemptions and finalized an affordable housing agreement

with the Office of Housing and Community Development.

Critical infrastructure components such as grading, drainage, and sewer system connection plans have been reviewed and approved by relevant County departments. Building and grading permits have been secured, financing applications have been submitted, and an updated purchase agreement has been executed with the landowner in preparation for construction. The Planning Department has received annual progress reports as required, and the documentation demonstrates continued good faith compliance.

Based on the preceding, all ordinance conditions have been met or are in good standing, except for Condition D, which requires construction completion within five years (March 2026), which the applicant will not be able to meet. Due to delays related to affordable housing financing processes, the applicant is requesting an extension of the construction deadline from March 2026 to March 2031. The applicant anticipates securing the financing needed to construct the project in August 2025 and to begin construction in January 2026.

**Granting the time extension amendments would not be contrary to the General Plan or Zoning Code and the original reasons for granting the change of zone.** The reasons for granting the original change of zone under Ordinance No. 10 32 and amended Ordinance No. 21 17 have not changed.

Since the subject parcel was rezoned, there has not been any significant land use regulatory changes in this area. The current zoning (RM-1.5) continues to be consistent with Medium Density Urban (MDU) designation in the General Plan's Land Use Pattern Allocation Guide (LUPAG) map, which allows for a *“Village and neighborhood commercial and single family and multiple family residential and related functions (multiple family residential -- up to 35 units per acre).”*

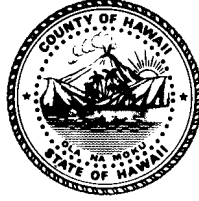
The proposed affordable housing project will be developed in accordance with the Zoning Code, other County Codes, and conditions of the pertinent rezone ordinances as is evidenced by the applicant's receipt of approved construction plans and building permits that ensure such compliance. In addition, the proposed amendment meets the concurrency requirements of the Zoning Code which addresses traffic, potable water, and Civil Defense requirements.

**The request is not contrary to Chapter 205A, Hawai'i Revised Statutes, relating to Coastal Zone Management.** The project site is located approximately ½ mile from the nearest shoreline and is not situated within the SMA. Previous flora and fauna surveys listed no threatened, or endangered plant, mammalian or avian species were found on the properties. A 2006 Archaeological Inventory Survey and September 2020 Archaeological Field Inspection determined the only historic or cultural resource on the property is SHPD Site 25547, which SHPD confirmed requires no further work or preservation.

Lastly, this recommendation is made with the understanding that the applicant remains responsible for complying with all other applicable governmental requirements in connection with the proposed use, prior to its commencement or establishment upon the subject properties. Additional governmental requirements may include the issuance of building permits, compliance with the Fire Code, installation of improvements required by the American with Disabilities Act (ADA), among many others. Compliance with all applicable governmental requirements is a condition of this approval; failure to comply with such requirements will be considered a violation that may result in enforcement action by the Planning Department and/or the affected agencies.

Based on the preceding findings, **the Planning Director recommends a favorable recommendation for a 5-year time extension to Condition D be forwarded to the County Council.** The accompanying draft bill to amend Ordinance No. 21 17 is provided for your consideration. Please note the proposed conditions of approval attached to the draft bill, including updates to conditions that have been complied with and to reflect current standard condition language. Material to be deleted is bracketed and struck through; new material is underscored.

COUNTY OF HAWAI'I



STATE OF HAWAI'I

BILL NO. \_\_\_\_\_

ORDINANCE NO. \_\_\_\_\_

(Planning Department)

**AN ORDINANCE AMENDING ORDINANCE NO. 10-32, AS AMENDED, WHICH RECLASSIFIED LANDS FROM SINGLE-FAMILY RESIDENTIAL – 7,500 SQUARE FEET (RS-7.5) AND MULTIPLE-FAMILY RESIDENTIAL – 1,000 SQUARE FEET (RM-1) TO MULTIPLE-FAMILY RESIDENTIAL – 1,500 SQUARE FEET (RM-1.5) AT KŪKŪAU 1<sup>ST</sup>, SOUTH HILO, HAWAI'I, COVERED BY TAX MAP KEY NOS. 2-4-025:048, 053, AND 080.**

**BE IT ORDAINED BY THE COUNCIL OF THE COUNTY OF HAWAI'I:**

**SECTION 1.** Section 2 of Ordinance No. 10-32, as amended by Ordinance No. 21-17, is hereby amended to read as follows:

“SECTION 2. In accordance with Section 25-2-44, Hawai'i County Code 1983 (2016 Edition, as amended), the County Council finds the following conditions are:

- (1) Necessary to prevent circumstances which may be adverse to the public health, safety, and welfare; or
- (2) Reasonably conceived to fulfill needs directly emanating from the land use proposed with respect to:
  - (A) Protection of the public from the potentially deleterious effects of the proposed use, or
  - (B) Fulfillment of the need for public service demands created by the proposed use.

**INSERT CONDITIONS”**

**SECTION 2.** Material to be repealed is bracketed and stricken. New material is underscored. In printing this ordinance, the brackets, bracketed and stricken material, and underscoring need not be included.

**SECTION 3.** Severability. If any provision of this ordinance, or the application thereof to any person or circumstance, is held invalid, the invalidity does not affect other provisions or applications of the ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are severable.

**SECTION 4.** This ordinance shall take effect upon its approval.

INTRODUCED BY:

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COUNCIL MEMBER, COUNTY OF HAWAI‘I

\_\_\_\_\_, Hawai‘i

Date of Introduction:

Date of 1st Reading:

Date of 2nd Reading:

Effective Date:

**IKAIKA OHANA  
AMENDED CONDITIONS OF APPROVAL  
CHANGE OF ZONE ORDINANCE NO. 21 17  
(PL-REZ-2025-000082/AMEND REZ-2009-000103)**

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- A. The applicant(s), its successors or assigns ("Applicant") shall be responsible for complying with all of the stated conditions of approval.
- B. ~~[Prior to the issuance of a water commitment by the Department of Water Supply ("DWS"), the applicant shall submit the anticipated maximum daily water usage calculations as prepared by a professional engineer licensed in the State of Hawai'i to the DWS. A water commitment deposit shall be paid to the DWS within 180 days from the effective date of this ordinance in accordance with Rule 5 of the Department of Water Supply's Rules and Regulations.]~~ The [a]Applicant is responsible for maintaining valid water commitments to support the proposed use until such time that required water facilities charges are paid in full.
- C. The [a]Applicant shall install a reduced pressure type backflow prevention assembly within five (5) feet of the water meter on private property, which must be inspected and approved by the Department of Water Supply prior to the issuance of a Certificate of Occupancy.
- D. Construction of the proposed development, or other development/use permitted by the zoning district classification, shall be completed within five (5) years from the effective date of this amended ordinance. The time during which required plans, reports, studies, or relevant permit applications are under review for approvals by government agencies shall not count towards the deadline established in the ordinance. To justify this tolling, the Applicant shall provide evidence of the excluded time period to the planning department for its review and approval, which shall consist of dates obtained from a government agency website, permitting program, or office indicating when the required plans, reports, studies, or permit applications were submitted, approved, denied, or returned by the government agency. Prior to construction, the [applicant, successors or assigns] Applicant shall secure Final Plan Approval for the proposed development from the Planning Director in accordance with Section 25-2-70, Chapter 25 (Zoning Code),

Hawai‘i County Code. Plans shall identify all existing and/or proposed structures, paved driveway accesses and parking stalls associated with the proposed development. The [a]Applicant shall develop parking spaces associated with the proposed development in accordance with the required parking spaces pursuant to Sections 25-4-51 and 25-4-52, Chapter 25 (Zoning Code), Hawai‘i County Code. In addition, the [a]Applicant shall develop additional parking spaces up to a maximum of 60% of the required spaces for the total residential units to be built within the proposed development. Should the property be developed as an affordable rental housing project as represented by the [a]Applicant, this additional parking requirement shall be 1.8 parking spaces per multiple family residential unit developed. Landscaping shall also be indicated on the plans for the purpose of mitigating any adverse noise or visual impacts to adjacent properties in accordance with the requirements of Planning Department's Rule No. 17 (Landscaping Requirements). The [a]Applicant shall comply with landscaping requirements for RM zoning.

~~[E. The applicant shall subdivide and dedicate to the County a ten (10)-foot wide future road widening strip along the entire Kapi‘olani Street frontage of Parcel 53, within twelve (12) months from the effective date of this amended ordinance.]~~

[F.] E. Access at Kapi‘olani Street shall be limited to right-turn in and right-turn out movements only.

[G.] F. All driveway connections to Kūkūau Street and Kapi‘olani Street shall conform to Chapter 22, County Streets, of the Hawai‘i County Code.

[H.] G. All development-generated runoff shall be disposed of onsite and shall not be directed toward any adjacent properties. A drainage study shall be prepared and submitted to the Department of Public Works prior to the issuance of Final Plan Approval. Any drainage improvements, if required, shall be constructed, meeting the approval of the Department of Public Works prior to the issuance of a Certificate of Occupancy.

[I.] H. All earthwork activity, including grading and grubbing, shall conform to Chapter 10, Erosion and Sedimentation Control, of the Hawai‘i County Code.

[J.] I. The project shall connect to the existing County sewer line prior to the issuance of a Certificate of Occupancy. As required by the Director of the Department of Environmental Management (“DEM”), the [a]Applicant shall conduct a sewer study in

accordance with the then applicable wastewater system design standards prior to approval to connect to the County sewer system. The [a]Applicant shall provide such sewer line or other facility improvements as the Director of DEM may reasonably require, which the sewer study may indicate are advisable for mitigation of impacts of the proposed project.

[K.] J. A Solid Waste Management Plan shall be submitted to the Department of Environmental Management for review and approval prior to the issuance of Final Plan Approval.

[L.] K. In the [unlikely] event that surface or subsurface historic resources, including human skeletal remains, structural remains (e.g. rock walls, terraces, platforms, etc.), cultural deposits, marine shell concentrations, sand deposits, or sink holes are identified during the demolition and/or construction work, cease work in the immediate vicinity of the find, protect the find from additional disturbance and contact the State Historic Preservation Division at (808) 933-7651. Subsequent work shall proceed upon an archaeological clearance from DLNR-SHPD when it finds that sufficient mitigation measures have been taken.

[M.] L. [~~Should the property be developed as an affordable rental housing project as represented by the applicant, no fair share contribution shall be required. Should the project not be developed as an affordable rental housing project as represented by the applicant, the applicant~~]The Applicant shall make its fair share contribution to mitigate the potential regional impacts of the property with respect to parks and recreation, fire, police, solid waste disposal facilities and roads. The fair share contribution shall become due and payable prior to receipt of Final Plan Approval or Final Subdivision Approval. The fair share contribution for each lot or unit shall be based on the actual number of residential units developed. The fair share contribution in a form of cash, land, facilities or any combination thereof shall be determined by the County Council. The fair share contribution may be adjusted annually beginning three years after the effective date of this ordinance, based on the percentage change in the Honolulu Consumer Price Index (HCPI). The fair share contribution shall have a combined value of [~~\$9,645.17~~] **\$11,500.24** per multiple family residential unit ([~~\$15,030.92~~] **\$17,921.82** per single family residential unit). The total amount shall be determined with the actual number of units according to the calculation and payment provisions set forth in this condition.

The fair share contribution per multiple family residential unit (single family residential unit) shall be allocated as follows:

1. ~~[\$4,757.69]~~ \$5,672.74 per multiple family residential unit (~~[\$7,248.17]~~ \$8,642.22 per single family residential unit) to the County to support park and recreational improvements and facilities;
2. ~~[\$150.37]~~ \$179.29 per multiple family residential unit (~~[\$349.65]~~ \$416.90 per single family residential unit) to the County to support police facilities;
3. ~~[\$462.54]~~ \$551.51 per multiple family residential unit (~~[\$690.61]~~ \$823.43 per single family residential unit) to the County to support fire facilities;
4. ~~[\$206.16]~~ \$245.81 per multiple family residential unit (~~[\$302.36]~~ \$360.51 per single family residential unit) to the County to support solid waste facilities; and
5. ~~[\$4,068.41]~~ \$4,850.89 per multiple family residential unit (~~[\$6,440.12]~~ \$7,678.76 per single family residential unit) to the County to support road and traffic improvements.

In lieu of paying the fair share contribution, the [a]Applicant may contribute land and/or construct improvements/facilities related to parks and recreation, fire, police, solid waste disposal facilities and roads within the region impacted by the proposed development, subject to the review and recommendation of the Planning Director, upon consultation with the appropriate agencies and approval of the County Council pursuant to Section 2-162.1(a) of Hawai'i County Code. ~~[This condition shall not apply to any housing units constructed within the subject properties to meet the affordable housing requirement in Chapter 11 (Housing), Section 11-4(b), Hawai'i County Code, and so certified by the County Office of Housing and Community Development, excluding any units constructed for excess housing credits.]~~

[N.] M. ~~[To ensure that the goals and policies of the Housing Element of the General Plan are implemented, the applicant shall comply with the requirements of Chapter 11, Article 1, Hawai'i County Code relating to the Affordable Housing Policy. Compliance with Chapter 11 shall be approved by the Administrator of the Office of Housing and Community Development prior to receipt of Final Plan Approval and/or Final Subdivision Approval.]~~ To ensure that the Goals and Policies of the Housing Element of

the General Plan are implemented, the Applicant shall comply with the requirements of Chapter 11, Article 1, Hawai‘i County Code relating to Affordable Housing Policy. This requirement shall be approved by the Administrator of the Office of Housing and Community Development as evidenced by an executed affordable housing agreement which shall be provided to the Planning Department by the Applicant prior to Final Plan Approval or Final Subdivision Approval. Fair share requirements under Condition L shall be conditionally waived for affordable housing units or lots, if the Applicant executes an affordable housing agreement to provide fifty (50) to one hundred (100) percent of the development as affordable housing units or lots. If the affordable housing units or lots are not produced and sold or rented in accordance with the affordable housing agreement, any fair share requirements under Condition L that were waived will become due and payable.

[~~Θ.~~] N. Should the property be developed as an affordable rental housing project as represented by the applicant, the Unified Impact Fees Ordinance, if adopted shall not be required. Should the Project not be developed as an affordable rental housing project as represented by the [a]Applicant and should the Council adopt a Unified Impact Fees Ordinance setting forth criteria for the imposition of exactions or the assessment of impact fees, conditions included herein shall be credited towards the requirements of the Unified Impact Fees Ordinance.

[~~P.~~] O. The [a]Applicant shall comply with all applicable County, State and Federal laws, rules, regulations and requirements.

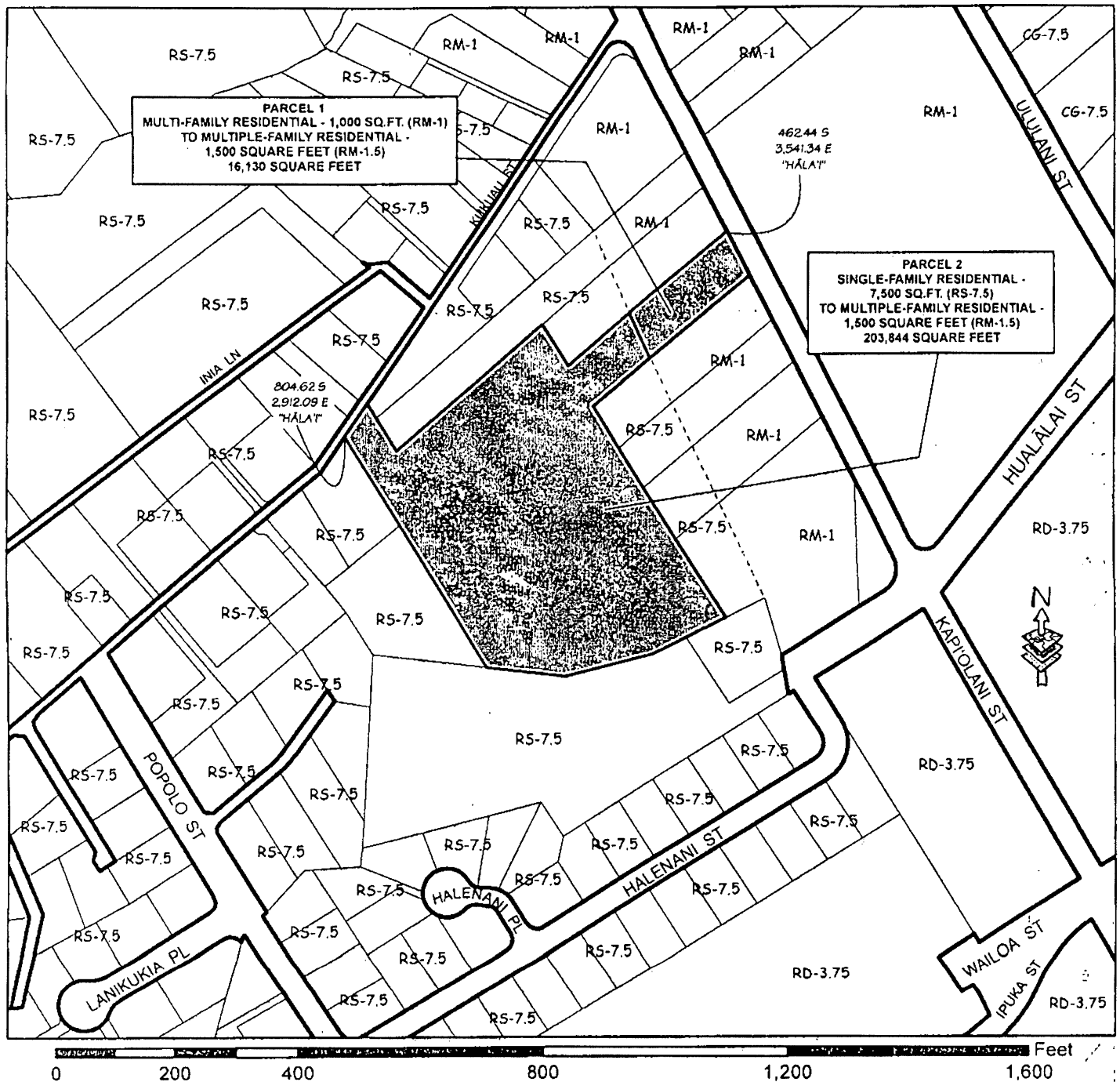
[~~Q.~~] P. An annual progress report shall be submitted to the Planning Director prior to the anniversary date of enactment of this amended ordinance. The report shall include, but not be limited to, the status of the development and to what extent the conditions of approval are being complied with. This condition shall remain in effect until all of the conditions of approval have been complied with and the Planning Director acknowledges that further reports are not required.

[~~R.~~] Q. [~~If the applicant should require an additional extension of time, the Planning Director shall submit the applicant’s request to the County Council for appropriate action.~~] An initial extension of time for the performance of conditions within this ordinance may be

requested in accordance with Section 25-2-44, subsections (c) and (d), of the Hawai‘i County Code.

R. If any conditions have not been completed by the deadline, or if a time extension request has not been submitted in accordance with section 25-2-44(c), the Planning Department shall inform the Applicant that the ordinance is null and void without further action by the County. In that event, the zoning designation of the property(s) affected by the ordinance shall automatically revert to its immediate prior zoning designation.

~~[Should any of the conditions not be met or substantially complied with in a timely fashion, the Planning Director may initiate rezoning of the area to its original or more appropriate designation.]~~



# AMENDMENT TO THE ZONING CODE

AMENDING SECTION 25-8-33 (CITY OF HILO ZONE MAP) ARTICLE 8,  
CHAPTER 25 (ZONING CODE) OF THE HAWAII COUNTY CODE 1983 (2005 EDITION),  
BY CHANGING THE DISTRICT CLASSIFICATION FROM SINGLE-FAMILY RESIDENTIAL - 7,500  
SQUARE FEET (RS-7.5) AND MULTIPLE-FAMILY RESIDENTIAL - 1,000 SQUARE FEET (RM-1)  
TO MULTIPLE-FAMILY RESIDENTIAL - 1,500 SQUARE FEET (RM-1.5)  
AT KUKUAU 1ST, SOUTH HILO, HAWAII

**FOR REFERENCE ONLY**

MAP PREPARED BY:  
COUNTY OF HAWAII, PLANNING DEPARTMENT

TMK: 2-4-025:48, 53, and 80

DATE: July 31, 2009  
(Giampaolo "Paul" Boschetti)