

EXHIBIT B

FEEDBACK FROM FOCUS GROUP **(Italicized notations are staff comments.)**

OBJECTIVES

- Create more “Workforce Housing.”
- Develop a separate set of rules to give developers an incentive to develop affordable housing.
- “Permanent” Rentals or Affordables.
- Clear and consistent rules.
- Identify how developers can provide more Kakaako housing units on a faster schedule than is now achievable.
- Look at bigger picture beyond “Reserved Housing.” [*The “bigger picture” includes: encouraging redevelopment of small parcels; extending the market life of undeveloped Kakaako properties by encouraging innovative development that can take advantage of the district’s relatively good infrastructure and pre-eminent location (enable the Kakaako housing market to weather the apparent impending downturn in the national and local residential real estate market).*]

PROBLEMS

- Design rules are obsolete and restrict density and building form.
- Lack of allowable FAR and Height in Base Zone parcels, especially small lots.
- Cost of land drives economic location of affordable housing.
- Shared equity.
- High construction costs are unpredictable and translate to risk.
- Affordable housing becomes market units in only 10 years.
- Cash-in-lieu of postpones development of units and increases costs.
- Development constraints for small lot owners.

SOLUTIONS

- Allow Reserved Housing (RH) to be built outside Kakaako possibly at Kalaeloa. (*By allowing RH units to be constructed outside Kakaako, the Authority would make it easier for developers to actually provide those units by placing them in areas with lower land costs. Kalaeloa was cited as a potential location for out-of-district provision of RH units, in that it: (1) is under the control of the Authority, (2) offers a ready supply of relatively inexpensive land, (3) would contribute to the critical mass of development that is currently lacking in Kalaeloa, and (4) would contribute to public policy initiatives regarding development of the second urban center in West Oahu.*)

- Eliminate “cash-in-lieu” provision.
- Adjustment of the rules/requirements and incentives based on economic conditions. *(Examine the structure of the rules at regular and frequent intervals, perhaps annually, to ensure the ability for those rules to reflect economic conditions that may affect the ability of developers to undertake activity in the District.)*
- Stimulate development of small lots; e.g., increase height limit perhaps to 65’ with same FAR. *(Create incentives to make development of small lots an attractive proposition; such incentives may be as simple as waiving height limits even without increasing allowable FAR.)*
- Increase density on smaller lots base zoning at 2.0 FAR and 65’ height limit.
- Increase FAR to encourage development of “Base Zoned” parcels for Reserved Housing.
- Give density bonus for building Reserved Housing above the minimum requirement.
- Housing credit for rental housing:
 - a. 3 to 1;
 - b. RH=30;
 - c. Rent=10.
- Increase buyback period to 10 years for all Reserved Housing and eliminate shared equity.
- Enforce build requirement rather than in-lieu payments. *(This proposal was seen as a measure that would provide a “level playing field” over time by eliminating discretionary interpretation of the rules; not everyone in the group agreed that this measure would be desirable, and proposal 6, below, is an expression of that disagreement.)*
- Develop new/alternate financing subsidies. *(At present, the Authority subsidizes financing of development only by granting increased FAR and only when a development entity exposes itself to other Authority exactions (e.g., reserved housing, impact fees, open space requirements, etc.). If it is the Authority’s intent to encourage and enable development of the district, then the Authority should look to other financing incentives in addition to FAR increases.)*