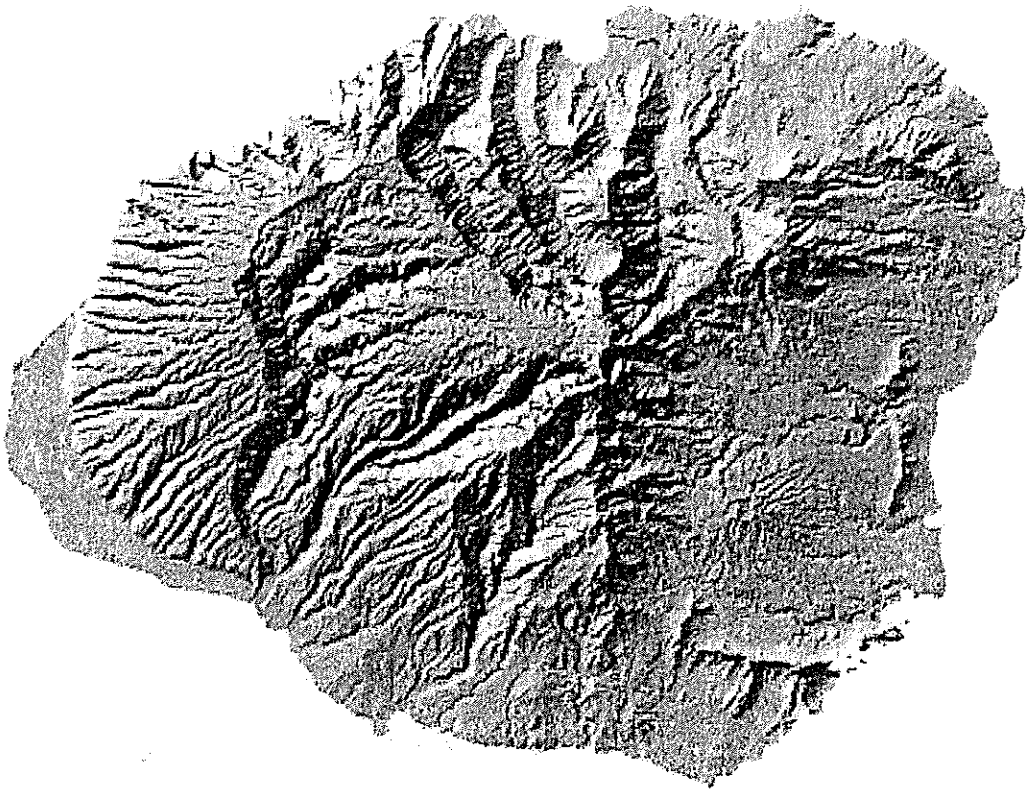


Kaua'i General Plan

County of Kaua'i
Planning Department

November 2000

4. Developing Jobs and Businesses

A healthy economy provides income to island residents and is essential to the well-being of families and a good quality of life. This chapter addresses major business sectors on Kaua'i and essential support services.

4.1 DIVERSIFYING THE ECONOMY

Diversifying the economy is a major theme of Kaua'i Vision 2020 (Chapter 2). The objective is to strengthen various sectors of Kaua'i's economy, so that Kaua'i is less dependent on a single industry – i.e., the visitor industry.

For the foreseeable future, the visitor industry will continue to be the driving force of Kaua'i's economy. The visitor industry, however, is vulnerable to forces beyond the control of Kaua'i and the State, such as the Persian Gulf War, airline strikes, and economic downturns in the United States and Asia. In order to provide some level of insulation from these outside forces, Kaua'i needs to build an economy that has strengths other than the visitor industry. Another objective in diversifying the economy is to provide opportunities for higher-paying jobs. A major concern raised by residents is that many jobs on Kaua'i do not generate enough income to support the island's high cost of living

Through the Kaua'i General Plan Update process, the Citizens Advisory Committee (CAC) has identified three developing industries as having the greatest promise for the future: agriculture, aquaculture, and high technology. These are addressed in Sections 4.3 and 4.4 below (in this plan, aquaculture is discussed as a subset of agriculture).

These inter-related sectors are also featured in the *Kaua'i Overall Economic Development Plan, 1997-1998 OEDP Update*, along with tourism and health care (new sector). This plan, prepared by the County of Kaua'i's Office of Economic Development (OED) and Garden Island Resource Conservation and Development, Inc., specifies action items to support economic development on Kaua'i.

The film industry is another source of export income. Although the number of film productions coming to Kaua'i fluctuates, the industry generates significant direct and indirect economic benefits. While employment is short-term (typically a few months) and includes many specialists hired off-island, the presence of the production crew provides revenue to many island businesses. Between 1992 and 1997, business revenues increased from approximately $5 million to over $12 million annually. Using a conservative economic multiplier of 2.0 to account for secondary economic benefits, the film industry infused about $25 million into Kaua'i's economy in 1997.

This discussion of economic diversification is primarily concerned with exporting goods or services to other places and bringing in "export income" to Kaua'i. Export income is a primary source of jobs in the economy. In turn, these primary jobs generate secondary employment, as income circulates through local businesses. Sources of export income for Kaua'i include the Pacific Missile Range Facility (PMRF) and film productions, along with tourism and agricultural exports. Major sources of secondary jobs include retail trade (excluding visitors' purchases), health care and county government.

The Rocky Mountain Institute and other national organizations have articulated an alternative approach to economic development which relies less on attracting more export income and more on reducing imports and reducing the "leakage" of financial resources outside of the community. This approach is gaining favor among many small rural communities. Common elements include the following: buying local rather than imported products (i.e., local produce from the Sunshine Markets); reducing energy imports by producing electricity from local renewable resources (i.e., hydroelectric plants and burning of sugar waste); and supporting existing small businesses and enabling the development of new local businesses, in preference to large, mainland-based businesses. It is generally accepted that a greater proportion of the revenue generated by small businesses stays in the community and circulates, creating additional secondary employment. Such strategies should be considered when looking at the future of Kaua'i.

In addition to the OED, agencies supporting economic diversification and small business development include the Kaua'i Economic Development Board (KEDB), Kaua'i Chamber of Commerce (sponsor of both the Kaua'i Business Assistance Center and E Ho'omohala), Kaua'i Community College, Garden Island Resource Conservation and Development, Inc., and regional organizations such as the West Kaua'i Community Development Corporation and, the Kapa'a Business Association, and the North Shore Business Association.

The potential for significant employment increases in any of the three target industries is limited – there is no "silver bullet" answer. Rather, diversification and strengthening of Kaua'i's economy will rely on modest but steady development in various industries, taking advantage of new opportunities as they arise.

4.2 VISITOR INDUSTRY

4.2.1 Overview

The visitor industry is the most significant economic force on Kaua'i, as it is in the state as a whole. It is estimated that about 40 percent of Kaua'i's jobs are dependent on the visitor industry. Therefore, the economy of Kaua'i is to a large extent determined by the number of visitors drawn to the island, how long they stay, and how much they spend. Approximately two-thirds of visitor industry revenues are expended locally as wages and purchases of materials and services; these monies recycle within the local economy.

After reaching a peak level of about 7.0 million visitor days in 1989 and a similar number in 1991, the number of visitor days declined to about 3.0 million in 1993 following Hurricane Iniki. Still recovering at the close of the decade, Kaua'i's visitor industry recorded an estimated 6.3 million visitor days in 1998 and 6.7 million in 1999. Visitors' length-of-stay on Kaua'i is increasing – up from 5.4 days in 1989 to 6.1 days in 1999. With the growing prevalence of timeshare accommodations, length-of-stay is projected to increase.

Compared to the state as a whole, Kauai attracts a proportionately larger share of visitation from the mainland and a smaller share from Japan. In 1999, travelers from the mainland United States and Canada accounted for 88 percent of Kauai's visitor days. While visitors from Japan accounted for 19 percent of visitor days statewide in 1999, on Kauai they accounted for only five percent.

Kaua'i has the highest level of visitor satisfaction of all the islands – 91 percent report their visit to Kaua'i as excellent or above average. According to the "Kaua'i Product Assessment" prepared for the Hawai'i Tourism Authority (HTA), the essence of Kaua'i's attraction to visitors lies in its natural resources rather than its developed ones.

The State of Hawai'i sets policy for tourism, operates the Convention Center and major transportation facilities, and funds marketing and promotion. The State also funds capital improvements critical to tourism development, including highways, airports, harbors and the Convention Center, On Kaua'i, the State Department of Land and Natural Resources manages several major state parks that are among the island's top tourist attractions. The State reaps most of the tax revenues of the visitor industry, including the Gross Excise Tax revenues from visitor spending; the automobile rental tax; and revenues from airport and harbor operations. The State also collects the 7.25 percent Transient Accommodations Tax (TAT), 44.8 percent of which was transferred to the counties in Fiscal Years 1999 and 2000.

The Hawai'i Tourism Authority is charged with developing the Tourism Strategic Plan, administering tourism development statewide, and overseeing the State tourism fund. Much of its $50-60 million annual budget is committed to marketing and promotion efforts. To aid product development, HTA has awarded grants to support community festivals and sports events, as well as to study the development of new attractions, such as freshwater fishing.

The County of Kaua'i provides basic services to the visitor industry, such as water supply, roads, fire and police protection, and operation of County parks. Tourists are heavy users of parks, especially beach parks. The County receives a portion of TAT revenues to support these services. With the advent of the HTA in 1998, however, the State cut the two-year budget for TAT revenues to the County from $17 million to $10 million. In response, the County discontinued its practice of making annual appropriations to the Kaua'i Visitors Bureau (previously about $1 million per year.) The net loss of State support to the County amounted to about $2.5 million per year. The County also supports tourism marketing and services to visitors through the Office of Economic Development (OED).

4.2.2 Visitor Industry Growth

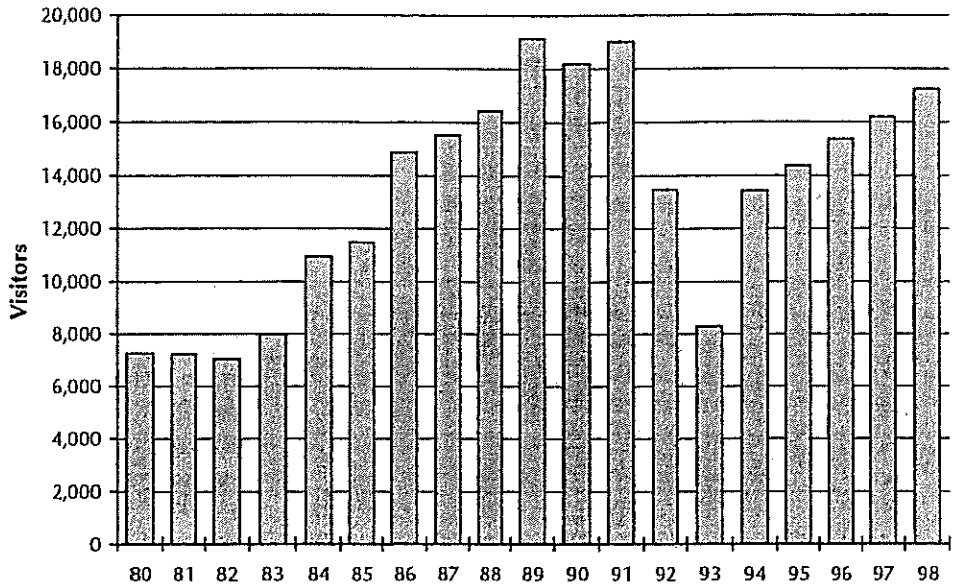
4.2.2.1 Daily Visitors

In 1998, there were approximately 17,200 visitors on Kaua'i per day. Referred to statistically as the average daily visitor census (ADVC), this figure provides a measure not only of the overall strength of the visitor industry and prosperity of visitor-dependent businesses, but also of the potential impacts of visitors on recreation resources, traffic, and infrastructure.

During the 1980s, the average number of visitors per day on Kaua'i trended upwards, reaching an all-time high of 19,140 in 1989 (see Figure 4-1). Since then, Kaua'i's visitor industry has exhibited steady signs of recovery from the devastation of Hurricane Iniki and the national recession of the early 1990s. Between 1994 and 1998, Kaua'i's ADVC increased at an annual growth rate of 6.4 percent.

The Planning Department's 2020 Economic and Population Projections assume a range of 24,000 to 28,000 visitors per day on Kaua'i. Growth is achieved by increasing either visitor arrivals or length of stay, or both. See Section 1.6 for discussion of the 2020 projections.

Figure 4-1
Average Daily Visitor Census
Kaua'i County, 1980 - 1998



Source: Hawai'i Visitors & Convention Bureau.

Although visitor industry growth within the projected 2020 range is desirable, whether it is attained or surpassed depends on many variables. Some of these variables are related to trends beyond Hawai'i, such as the economies of the US mainland and Asia and the strength of competing vacation destinations. Other variables are subject to decisions by multi-national airline and shipping companies. Those variables that can be influenced locally include the number and quality of visitor units available on Kaua'i, the quality of the visitor experience, the availability of activities and events, the timing and extent of harbor and airport improvements, and marketing and promotional efforts.

4.2.2.2 Growth in Jobs and the Economy

In 1998, about 42 percent of all jobs on Kaua'i were directly or indirectly related to the visitor industry. With such a large portion of jobs tied to the visitor industry, the number of visitors staying on Kaua'i is the single most important variable in the economy. Kaua'i Vision 2020 emphasizes diversifying the economy so that the County is not over-reliant on the visitor industry. Nevertheless, tourism is expected to remain Kaua'i's single largest industry over the next two decades. With diversification, the 2020 Economic and Population Projections show higher rates of growth in agriculture and high technology jobs (annual rate of 3-5 percent) than in overall job growth (annual rate of 1.0-1.5 percent). Kaua'i Vision 2020 foresees the visitor industry accounting for 30-35 percent of total jobs in 2020.

Visitor spending is a key variable influencing the economic benefits of increased tourism. The HTA has stated its growth goals in terms of increased visitor expenditures, which are influenced not only by the number of visitors but also by their socioeconomic status and the

amount each visitor spends per day. Its 1999 strategic plan declares, "The HTA's focus will be on better utilization of existing facilities, value-added visitor products and experiences, and increasing yield."

4.2.3 Future Demand for and Supply of Visitor Units

This section examines the potential demand for visitor units on Kaua'i through 2020; the planned and proposed additions to the visitor unit supply; and the number of units planned for lands GP-designated and zoned for resort use. Visitor units are defined as all forms of transient overnight accommodations. This includes units in hotels, resort condominiums (including timeshare units), bed & breakfasts, cabins, and hostels.

4.2.3.1 Projected Demand to 2020

The average daily visitor census is used in projecting demand for visitor units. The ADVC is useful because it reflects trends in both visitor arrivals and length of stay. There are two aspects of demand: (1) effective demand, which is the number of occupied visitor units; and (2) overall demand, which is the total number of visitor units in operation – both occupied and vacant. The following is a brief description of the projections. A complete description can be found in the GP Update working paper, "Future Demand For and Supply of Visitor Units," May 1999 (revised).

Effective demand, or the number of occupied units, is influenced by several interrelated variables: visitor arrivals; the percentage of arriving visitors who do not rent overnight accommodations (people staying with relatives, cruise ship visitors, day tourists, etc.); the average length of stay; and the average number of people in a party. These factors are reflected in the average number of visitors per occupied unit. For the period 1987-1997, the average visitors per occupied unit ranged from 3.32 to 3.76. Future effective demand was estimated using 3.85 visitors per unit, assuming that the upward trend would continue because of: (1) increases in cruise ship passengers (who do not use Kaua'i accommodations); and (2) increases in the proportion of visitors staying in timeshare accommodations. (In its draft 2025 series of projections, the State DBEDT assumes a similar ratio of 3.7 to 3.8 visitors per occupied unit.) The estimated effective demand for a given year is then calculated by dividing the projected ADVC by 3.85 visitors per occupied unit.

The overall demand or total number of visitor units is calculated by dividing the effective demand – i.e., occupied visitor units – by an assumed occupancy rate. In effect, this calculation adds the average number of vacant units to the average number of occupied units.

Historic occupancy rates on Kaua'i between 1987 and 1997 range from 60 percent to 75 percent (these figures do not include timeshare units, whose occupancy rate is typically 85 percent or greater). The average occupancy rate for this period is 69 percent. In estimating the future overall demand for visitor units in Table 4-1, the analysis shows two assumptions for the occupancy rate: (a) the average occupancy rate of 69 percent; and (b) a targeted occupancy rate of 80 percent. The latter was suggested by visitor industry representatives.

Table 4-1
Estimate of Overall Demand for Visitor Units in 2020

	Scenario O	Scenario A	Scenario A/B	Scenario B
Average Daily Visitor Census	19,000	24,000	28,000	32,000
Effective Demand (Occupied Visitor Units)	4,940	6,230	7,270	8,310
Overall Demand for Visitor Units				
Using historic average occupancy rate (69%) [1]	7,150	9,030	10,540	12,050
Using targeted occupancy rate (80%)	6,170	7,790	9,090	10,390
Existing Visitor Units (1999)	7,030	7,030	7,030	7,030
Visitor Units Needed (1999 - 2020)				
Using historic average occupancy rate (69%) [1]	130	2,010	3,510	5,020
Using targeted occupancy rate (80%)	(860)	770	2,060	3,360

[1] Historic average occupancy rate is the average of the years 1987-1990 and 1995-1997.

Source: Hawai'i Visitors & Convention Bureau, *Visitor Plant Inventory*; newspaper articles in *The Garden Island*; Pahio Resorts, Inc.; State of Hawai'i Department of Business, Economic Development, and Tourism; and PlanPacific.

Table 4-1 shows the calculations for estimating the future overall demand for visitor units based on four different scenarios considered during the GP Update. Scenario A (24,000 ADVC) and Scenario B (32,000 ADVC) correspond to the alternative scenarios used in the analysis of highway and park facilities. Scenario O (19,000 ADVC) is the low end of the original growth range considered by the CAC. Scenario A/B (28,000 ADVC) is midway between Scenarios A and B. Subtracting the number of existing visitor units from the estimated overall demand yields the number of additional units needed for each scenario. The number of visitor units needed by 2020 ranges from -860 units to +5,020 units.

4.2.3.2 Existing Visitor Unit Inventory

The supply of visitor units affects availability and the number of visitors that Kaua'i is able to accommodate during peak periods. As shown in Table 4-2 below, as of 1999 Kaua'i had approximately 7,030 visitor units, ranging from first-class resorts to hostels.

Hotel rooms numbered about 3,250 and account for nearly one-half of the islandwide total inventory. Almost two-thirds of all units were located in two areas: Kōloa-Po'ipū-Kalāheo and Kawaihau. The West Side, which does not have a Visitor Destination Area, had approximately 70 units or about one percent of Kaua'i's total unit count.

Table 4-2
Visitor Units by Area and Type, 1999

District	Hotel	Condo Hotel	Other[1]	Timeshare[2]	Area Total Units	Area Total Percent Islandwide of Total
North Shore	250	540	150	350	1,300	18%
Kawaihau	1,180	350	190	380	2,110	30%
Līhu'e	750	100	20	320	1,190	17%
Kōloa-Po'ipū-Kalāheo	1,010	970	130	240	2,360	34%
West Side	50	–	20	–	70	1%
ISLANDWIDE TOTAL	**3,250**	**1,970**	**510**	**1,300**	**7,030**	**100%**
Percent of Total	46%	28%	7%	18%	100%	

[1] Includes the following unit types: individual vacation unit, bed & breakfast, hostel, apartment/hotel, and other. It is estimated that there are 100-200 more B&Bs and individual vacation rentals than shown in the statistics.

[2] Figures are for registered timeshare units (those which have been designated for sale as timeshare). Timeshare units were not included in the hotel, condo/hotel, and other categories to avoid double counting.

Source: Hawai'i Visitors & Convention Bureau, *Visitor Plant Inventory*; newspaper articles in *The Garden Island*; Pahio Resorts, Inc.; and PlanPacific.

4.2.3.3 Planned Projects and Land Supply

An inventory of planned and proposed projects is shown in Appendix C and summarized in Table 4-3. A project is considered "planned" if it is designated for resort use on the General Plan Land Use Map. Planned projects have been further classified according to whether they have permits and zoning, zoning only, or neither. The table shows estimated potential units either as a resort project or a multi-family project. Resort projects are expected to be comprised entirely of visitor units. Multi-family projects are located within a Visitor Destination Area and could potentially include owner-occupied units or long-term residential rentals. For purposes of this analysis, it was assumed that 65 percent of the units in multi-family projects will be visitor units.[1]

Lands zoned for resort use can accommodate over 5,500 visitor units, and lands designated Resort but not yet zoned would accommodate approximately 800 additional units. This includes about 2,840 units in the major resort destinations of the North Shore and Kawaihau. In the Kōloa-Po'ipū-Kalāheo area, lands zoned for resort use would accommodate a total of 2,500 planned units. Finally, the total includes approximately 600 units on the West Side, comprised of 100 units with zoning and 500 units in two areas proposed for re-designation through the GP Update.

[1] Based on 1997 multi-family unit data from the Kaua'i County Planning Department, 1997 visitor unit data from the Hawai'i Visitors and Convention Bureau, and existing multi-family development data from Princeville Development Corporation.

Table 4-3
Summary of Potential Visitor Units, by Status and Area [1]

Status and Geographic Area	Estimated Potential Units [2]		
	Resort Projects [3]	Multi-Family Projects [4]	Total
Planned Projects with Zoning & Previously Approved Permits	**1,660**	**0**	**1,660**
North Shore	230	0	230
Kawaihau	1,030	0	1,030
Līhu'e	400	0	400
Planned Projects with Zoning Only (No Permits)	**2,590**	**1,310**	**3,900**
North Shore	620	250	870
Kawaihau	350	80	430
Kōloa-Po'ipū-Kalāheo	1,520	980	2,490
West Side	100	0	100
Planned Projects on GP Map Only (No Zoning or Permits)	**500**	**280**	**780**
North Shore	0	280	280
Līhu'e	n.d.	n.d.	n.d.
West Side	500	0	500
ISLANDWIDE TOTAL	**4,750**	**1,590**	**6,340**

[1] See Appendix C for list of projects. "Planned Projects" include facilities closed by hurricane damage but expected to be repaired or rebuilt.

[2] "Estimated Potential Units" based on current or past proposals. Does not include potential additional B&B, vacation rental, or other alternative lodging units.

[3] Projects known to be 100 percent resort units.

[4] For multi-family projects located within a Visitor Destination Area, it was assumed that 65% of the units will be used as visitor units.

n.d. = number of units not determined for vacant resort sites at Nukoli'i.

Source: Kaua'i County Planning Department; and various landowners and developers.

While the supply of Resort-designated land is greater than the projected demand under the 2020 scenarios discussed above, it is unlikely that all of the potential growth will occur. Growth in Kaua'i's visitor unit inventory depends on strong market demand and specific investment decisions by individual landowners and developers. Simply because a certain property is planned and zoned for resort use does not mean that it will be developed within the planning period. Some sites which have been zoned for resort development for 20 years or more remain vacant today. On the other hand, an adequate supply of land distributed among the different regions of the island stimulates competition.

Given the existing supply of Resort-designated land, there is no cause to make major re-designations through the General Plan Update. The addition of the two West Side sites provides a potential for visitor industry development not previously available in that region.

4.2.4 Visitor Unit Development, by Area

Projected development of visitor units is based on historic development trends and the estimated overall demand for 2020 – i.e., the total number of units needed, assuming historic and targeted occupancy rates. This section discusses future development and the distribution of additional visitor units among the districts of Kaua'i.

4.2.4.1 Historic Trends

Over the past 20 years, about 3,800 additional visitor units were developed on Kaua'i. About three-quarters of that amount, however, was built during the 1980s; and only one-quarter – about 950 units – was built during the 1990s. Two Po'ipū projects – the Hyatt Regency and the Embassy Vacation Resort account for 800 of the new units. The slowdown may be ascribed at least in part to the effects of Hurricane Iniki in 1992. However, it is also important to recognize that, since 1990, tourism growth has slowed throughout the State.

Real estate development is dependent on many factors, particularly the availability of capital. The majority of resort projects built in the '80s and '90s were financed by Japanese investment capital. Such an infusion of Asian capital seems unlikely to occur again. From the standpoint of real estate investment, a slower rate of development should be projected for the next 20 years – probably in the range of 2,000-3,000 additional visitor units. This compares closely to the 2,010 and 3,510 visitor units needed between 1999 and 2020 under Scenarios B and C, respectively (assuming an occupancy rate of 69 percent).

4.2.4.2 North Shore

In recent years, North Shore occupancy rates have generally matched the islandwide average, trending up slightly in 1997 and 1998 to 70 percent. If the upward trend improves, it could stimulate additional visitor unit development. Princeville has a substantial supply of land planned and zoned for resort, which, if developed according to current proposals would accommodate about 1,100 additional visitor units. Lands not yet zoned but designated "Resort" on the General Plan Land Use Map would accommodate another 280 units. Princeville Corporation operates private water and sewer utilities and undertakes incremental expansions to support new development.

As of 1999, the North Shore had approximately 1,300 visitor units, with Princeville accounting for the large majority. The greatest number – over 600 units – were added during the 1970s, with slightly less than 500 added during the next decade. Additions in the 1990s amounted to less than 100 units. The North Shore also has a large number of Bed-and-Breakfast (B&B) units and houses used as "vacation rentals."

4.2.4.3 Kawaihau

Occupancy rates for Central Kaua'i average about 60 percent, consistently five points below the islandwide average. Rates ran higher in 1999, however – possibly the start of an upward trend. No new visitor units have been built since Pono Kai in 1980. With the lowest room prices and the lowest occupancy rate in recent history, there has been little incentive to build new units. While there is sufficient land zoned to accommodate 1,500 additional units, much of it is leasehold and therefore less attractive to developers. Coco Palms, closed since Hurricane Iniki, is expected to redevelop. Substantial growth appears unlikely. Wastewater treatment plant capacity has been reserved for future development of the resort sites at

Waipouli. As of 1999, water supply was adequate to serve some new resort development. To complete development of all vacant resort properties, however, water and sewer improvements would be needed.

4.2.4.4 Līhu'e

Approximately 1,000 units were developed in the Līhu'e region during the 1980s. This figure, however, includes almost 600 units at the Marriott which was originally constructed as the Kaua'i Surf about 20 years previous. The only substantial new addition was the Outrigger/Beach Villas at Nukoli'i which added about 400 units in the 1980s. Lower occupancy rates for this area probably reflect the Nukoli'i units more than the Marriott resort. New growth in the Līhu'e district is most likely to occur at the "Running Waters" site, the only significant vacant parcel zoned for resort use. That site is projected to receive 350-400 hotel units.

4.2.4.5 Kōloa-Po'ipū-Kalāheo

Kōloa-Po'ipū (South Kaua'i) has consistently posted the highest occupancy rates among Kaua'i resort regions. With 2,360 visitor units, this region accounts for one-third of the island's visitor inventory. Kōloa-Po'ipū has grown consistently over the past 40 years. In the short term, anticipated renovation of the Waiohai property will add about 230 timeshare units to the inventory. Future rehabilitation of the Po'ipū Beach Hotel would restore another 129 units. Other zoned sites, if developed, could add 2,000 units more. This includes 500 timeshare units and 200 hotel units at Alexander & Baldwin's Kukui'ula project. Kukui'ula has constructed a major wastewater plant and is developing water sources, but other resort developments in the area will require expansion of County water supply and private wastewater facilities. Future resort use has also been proposed at Māhā'ulepū.

4.2.4.6 West Side

The 2020 Vision specifically calls for development of additional "residential-style" visitor units on the West Side. This represents a change in County policy to encourage a certain kind of resort development on the West Side, which currently has only 70 visitor units (one percent of the island total). The intent is twofold: (1) to broaden economic opportunities on the West Side, which has suffered job losses with the decline of Kekaha Sugar Company; and (2) to expand the distribution of visitor accommodations by offering a distinctly low-key, residential-style experience on the West Side. While current zoning would only accommodate an additional 100 units, both Kīkīaola Land Company and the Robinson Family Partners have proposed that additional lands be designated for resort use on the General Plan Land Use Map. As of 1999, their proposals each called for about 250 units. The Robinson project will have its own water and wastewater facilities. Resort expansion at Kīkīaola, however, depends on expansion of County water and wastewater facilities serving Waimea. Robinson Family Partners has also proposed future resort use on two additional shorefront parcels in Makaweli.

4.2.5 Alternative Visitor Programs and Facilities

The Hawai'i Tourism Authority has adopted a strategy to develop programs based on special themes, including agriculture, culture, education, health and wellness, nature, sports, and science and technology. The intent is to broaden the range of experiences and activities

offered to visitors, cultivate niche markets, and create entrepreneurial opportunities.[2] The HTA has provided product development grants for freshwater fishing, technology-related activities, and various other product concepts that could benefit Kaua'i.

The Draft Tourism Strategic Plan (TSP) also advocates allowing alternative visitor accommodations within agricultural lands, as one part of a strategy for supporting agriculture-based tourism.[3] The concept is that visitors could enjoy an agricultural setting, providing revenue to enable the landowner to maintain large land areas in less profitable agricultural use. Small country inns, for example, are popular in many rural areas on the mainland. The TSP notes that "Agri-Tourism" can be bundled with other themes, such as Ecotourism and Health & Wellness Tourism.

Visitor activities are in fact expanding in number and variety, typically using private, agriculture-zoned lands. Examples include various commercial hiking and bicycling tours, horseback tours, and van tours to special sites such as Kilohana Crater. A "Sugar Corridor" tour explores the history and culture of the sugar industry on the West Side.

In addition, several organizations and individuals have expressed the need for zoning regulations that would allow visitor accommodations as part of a retreat center, horse ranch, health and wellness center, lodge, country inn, or other small-scale, activity-related complex. These ideas were raised both in the General Plan Planning District meetings and at the 1998 Future Fair. Such facilities are generally located outside of visitor destination areas. The Kōke'e Lodge (12 units) and Kahili Mountain Park (29 units) are examples of small-scale accommodations that are located far from urban resort areas.

Ideas expressed by community members include the following:

- Kaua'i's Association of the Healing Arts promoted the concept of retreat centers offering health and wellness programs. Such centers would be created as small self-contained pockets within agricultural lands, secluded from major roads and developed areas. They would have lodging units, meeting facilities, and food service facilities.

- Another concept calls for a conference/retreat center set within a hardwood tree farm and managed forest. The two activities would be mutually-supporting: The retreat center would provide cash revenues to support forest maturation, while the forest would provide an ideal setting for a visitor experience. Such a center is envisioned to have the full complement of facilities – lodging units, meeting rooms, and food service facilities.

- One proposal calls for an educational center with camping facilities and a minimum number of buildings. Such a center would provide educational programs about the natural history of Kaua'i.

- A less formal concept is for a "country inn" located in a secluded area, which might offer agriculture- and nature-based activities but not a full daily

[2] State of Hawai'i, Hawai'i Tourism Authority, *Draft Tourism Strategic Plan,*" p. 15, June 29, 1999.

[3] State of Hawai'i, Hawai'i Tourism Authority, *Draft Tourism Strategic Plan,*" p. D-2, June 29, 1999.

program. Visitors could choose a country inn as an alternative to hotel or resort condominium accommodations.

One group submitted a petition with 805 signatures supporting "Environmental, Educational, Cultural, Arts, Wellness and Retreat Centers." The petition calls on the County to revise the Comprehensive Zoning Ordinance to "facilitate the establishment of such constructive centers" in the Open and Agriculture zoning districts.

These concepts have several elements in common:

- Offering unique tourism experiences that are based around health and wellness and education.
- Occupying a secluded site, not visible from the highway.
- Providing lodging and food service. Presumably, the center would be self-sufficient and would not require County water, sewer or refuse collections services.
- Using revenue-producing inns or retreat centers to support the retention of surrounding lands in active agricultural use or simply as open space.

The chief obstacle to such facilities, as noted by all the proponents, is the existing land use regulations – particularly the State regulations. Under the State Land Use Law (HRS Chapter 205), such uses are not allowed the State Agriculture District. The State law controls County zoning in the Agriculture District.

If the State law and the County CZO were amended to allow such facilities in the Agriculture District, they would need to specify development standards and a permitting process. Development standards should address the following:

- Maximum size of the facility in terms of floor area and/or visitor beds or lodging units.
- Location and impacts, including visibility from public roads and buffering from neighboring land uses.
- Linkage to preservation of agricultural lands, activities, and/or natural/open space features.
- Adequate water, sewer and other facilities.
- Access via an adequate public road.

Such facilities should require a discretionary permit from the Planning Commission, with a public hearing.

4.2.6 Alternative Lodging: B&Bs and Vacation Rentals

Since the 1980s, there has been a large increase in the number of bed and breakfast operations (B&Bs) and single-family transient vacation rentals on Kaua'i. Alternative

lodgings are found in existing single-family residences located in single-family residential neighborhoods or in agricultural subdivisions. The County estimates that there are over 200 B&Bs and single-family vacation rentals presently operating on the island, though the number could be much higher. Providing an alternative lodging experience, B&Bs and single-family vacation rentals allow visitors to learn about Hawaii's culture and environment from a community setting.

4.2.6.1 Benefits of Alternative Lodging

Kaua'i Vision 2020 (Chapter 2) foresees increasing interest in small-scale alternative forms of lodging: "Vacation rentals, inns, and bed and breakfasts provide alternative visitor accommodations. They are licensed and monitored by professional associations, which promote cooperative relationships with neighbors." The last sentence suggests that this home-based industry is primarily self-managing and has developed ways of minimizing neighborhood impacts.

As locally-owned small businesses, alternative accommodations such as B&Bs keep a large share of their revenues within the County and the State. For example, the B&B or vacation rental owner is likely to buy equipment and supplies from local businesses. Similarly, the B&B owner will typically spend net income (profit) on Kaua'i. As money is spent and re-spent, more local businesses and job-holders benefit.

4.2.6.2 County Policy and Zoning Regulations

There is a need to develop a clear policy regarding B&Bs and vacation rentals. Based on these policies, the County should make specific amendments to the Comprehensive Zoning Ordinance (CZO) and, if necessary, the County tax code.

The 1984 General Plan is silent concerning alternative lodging units. The Comprehensive Zoning Code (CZO) does not define "Bed-and-Breakfasts" (B&Bs) as a specific use. The CZO only defines "transient vacation rentals" in the context of multi-unit buildings (i.e., condominiums) within a "Visitor Destination Area;" it is silent on single-family vacation rentals. In the absence of specific direction, the Planning Department has developed in-house policies for addressing both uses.

The lack of clear regulations has created a climate of uncertainty and hesitation on the part of operators. Should they apply for permits? Of the estimated 100-200 B&Bs operating on Kaua'i today, only eight have obtained Planning Commission-approved Use Permits. Single-family vacation rental operators claim that since the CZO is silent on the issue of single-family vacation rentals, they need not apply for use permits in areas zoned for residential, agriculture, and open space. While it has not adopted a formal interpretation, the Planning Department has generally not required use permits for vacation rentals.

Alternative lodging units may be defined as follows:

- A **"Bed-and-Breakfast"** is the use of a portion of a residence, an additional dwelling unit or a cottage for transient rental (less than 30 days) on a property where the owner resides in the principal residence.
- A **"Single-Family Vacation Rental"** is a single-family dwelling that is used as a transient rental.

A single party of visitors (a couple, a family, or a group of friends) occupying a single-family vacation rental or a single B&B unit will generally have little traffic or noise impact. For the B&B home, it would be similar to having houseguests or boarders. A neighbor could speak directly to the B&B owner if the visitor party created a nuisance.

A single-family vacation rental houses the same number of people as it would if rented out long-term. If occupied by a single party, a vacation rental would also be expected to have relatively little traffic or noise impact. Unlike the B&B, however, the vacation rental has no resident owner who can relate to the neighbors or deal directly with neighbors' concerns.

Over the years, the Planning Department has received complaints about both B&Bs and single-family vacation rentals in residential neighborhoods. Complaints have mostly concerned B&Bs with multiple units for rent and impacts of traffic, parking, and signs.

Another concern relates specifically to large concentrations of vacation rentals in certain communities – particularly beach communities such as Hanalei and Hā'ena. In public meetings on the North Shore, residents reported that many Hā'ena houses were used primarily as vacation rentals and that the character of the area had changed. The neighborhood is affected not only by the continual turnover of vacation renters, but also by the lack of full-time residents.

Single-unit uses could be permitted in a fashion similar to the current permitting of a home business – i.e., through a Class I or II Use Permit, which is granted administratively. The problem of an over-concentration of SFVRs needs further study and may warrant limits on the number of such uses in a given neighborhood.

Development standards should require: (1) a single unit with an exterior entry, and interior access to all parts of the unit; (2) one additional parking space; and (3) clearance for use of the sewer system or individual wastewater system. A residential or agricultural property would not be allowed to have both an ADU and a B&B (or SFVR) unit. The owner of a property which already had a residence and an ADU could convert the ADU to a B&B unit, but could not develop a B&B in addition to an ADU.

Some owners wish to operate multiple B&B or SFVR units on a single Residential- or Agriculture-zoned property. Providing lodging for more than one party, however, increases the potential for impacts. Such a use becomes more of a commercial enterprise than a home occupation and should require more detailed review with the opportunity for public comment. Specific development standards should be developed for multi-unit B&Bs and SFVRs addressing at least the following factors:

- Buffering of adjacent properties in order to prevent noise impacts and visual impacts. Related factors are the size of the property and the location of the visitor units relative to adjacent properties.
- Access to adequate public roads.
- Parking for employees and patrons.
- Adequate wastewater treatment and disposal.

- The total number of vacation rentals in the area and the cumulative impacts on the neighborhood.

Multi-unit SFVRs would require a Class IV Use Permit, involving a public hearing and decision by the Planning Commission.

4.2.7 Visitor Impact on Parks and Natural Resource Areas

In assessing Kaua'i as a visitor destination, a report prepared for the Hawai'i Tourism Authority states:

> Kaua'i's extraordinary resources, and the ability of visitors to participate in resource-based activities, are considered the prime reasons for Kaua'i's success as a resort destination. Many of the existing State and County parks and resource areas cannot accommodate current demands for access and are not being adequately maintained. In the eyes of County residents and officials, the principal concerns with respect to tourism's future on Kaua'i center around whether or not it will be possible to meet the anticipated visitor demand for use of parks and wilderness areas and at the same time:
>
> - Ensure an appropriate level of resident access without incurring any major conflicts with visitor access;
> - Adequately maintain the facilities being used; and
> - Manage use in a manner that will sustain a high quality user experience and avoid any significant degradation of the natural resources.[4]

While an increase in the daily number of visitors to Kaua'i translates into job growth and an overall healthy economy, growth in Kaua'i's visitor industry also has a significant impact on the island's infrastructure systems, public resources, and quality of life. With increasing visitors, there is more traffic congestion, parks and wilderness areas are crowded, and conflicts arise between commercial recreation activities and the enjoyment and use of resources by residents. As discussed in Section 1.6, visitors are accounting for an increasing share of Kaua'i's daily population. According to the HTA, Kaua'i has the second highest proportion of visitor to resident population of all the islands.

More and more visitors are seeking ecotourism, defined as "nature-based travel." Typically, it involves hiking, bicycling, kayaking, or boating to a scenic and/or wilderness land destination. It may include camping. It also includes ocean-based tours and recreation (windsurfing, snorkeling, etc.). Many small commercial businesses are renting equipment or providing tours to this market. Among visitors to the state, Kaua'i's tend to be those who are most interested in ecotourism and outdoor recreation.

State parks are based around special natural resource areas; consequently, they attract a high level of ecotourist activity. Among all the islands in the State, Kaua'i has the largest acreage of State parks, and these parks – i.e., Kōke'e, Waimea Canyon, Nā Pali, and Wailua River –

[4] State of Hawai'i, Hawai'i Tourism Authority, *Hawaii Tourism Product Assessment, Vol II - Technical Reports*, "Kaua'i Public Land Use Policies and Plans," p. F-3, April 1999.

comprise a valuable set of natural and cultural resources. All four of the main State parks have the size and resource quality that rate them as being exceptional. The State Parks Division, however, does not have personnel or funding comparable to those of national parks, such as Haleakalā National Park or Hawai'i Volcano National Park.

Kaua'i's resource parks – Hā'ena State Park, Kōke'e State Park, Nā Pali Coast State Park, Polihale State Park, Wailua River State Park, Waimea Canyon State Park, and Kīlauea Point National Wildlife Refuge – are heavily patronized by visitors to Kaua'i. (upwards of 80 percent of daily patrons). In 1998, these parks collectively received approximately 2.2 million visitors. In every case except Polihale, tourists accounted for 80-95 percent of patronage. At these parks, the wilderness ambiance is especially susceptible to degradation with increasing numbers of park users and vehicles on the roadways.

County beach parks are also heavily used by both residents and visitors. As reported by the Parks Division, the most heavily-used were Po'ipū Beach Park, Lydgate Park, and Salt Pond Park. Other parks used by visitors include 'Anini Beach Park, , Hanalei Beach Park, Anahola Beach Park, Nāwiliwili Beach Park and Kekaha Beach Park. Expanded beach parks are needed to meet the demand. On the operational side, the County faces increasing challenges to provide adequate restrooms, maintenance and lifeguard staff.

Section 1.6 reports the results of a survey of parks managers, who projected future patronage based on alternative growth scenarios. They indicated that five of the 11 major sites could not sustain significant additional patronage without making improvements and providing greater funding for operations. Another five sites could sustain increased patronage to the level of Scenario A, but would require significant investment to handle patronage above that level. Approximate estimates for needed capital improvements for all parks and related forest reserves range from $15 million to $81 million.

The Visitor Industry Task Group expressed serious concern over the condition and funding of State and County parks, as well as State boating facilities. Members were especially concerned that Kaua'i is being marketed as an ecotourism destination, but parks managers have had to limit hiking and camping permits and close some roads and trails. The Task Group brainstormed about secure sources of increased funding for State Parks. User fees were suggested as a viable source of income, but only if the revenues could be set aside for parks improvements.

4.2.8 Policy

4.2.8.1 Supply of Visitor Units and Location of Resort Development

(a) Encourage and support resort development on lands planned and zoned for resort use, primarily at Princeville, Kapa'a-Wailua, and Po'ipū.

(b) Plan for a limited number of visitor accommodations on the West Side, to be provided in residential- and inn-style buildings. The intent is that, over the long term, the West Side should have about five to ten percent of the island's total visitor units.

4.2.8.2 Alternative Visitor Accommodations

(a) The County of Kaua'i shall recognize alternative visitor accommodations, such as B&Bs, vacation rentals, inns, cabins, and retreat centers.

(b) The County shall enact clear standards and permit processes for regulating alternative visitor accommodation structures and operations in Residential, Agriculture, Open, and Resort zoning districts.

(c) County development standards and permit processes shall be scaled to the size and potential impact of the use:

(1) Single-unit B&Bs and vacation rentals should be allowed with development standards and a use permit requiring administrative review, and opportunity for public input.

(2) Multi-unit B&Bs and vacation rentals, retreat centers, and inns should be regulated through a set of development standards and a permit process requiring a public hearing and a decision by the Planning Commission.

(3) Development of a retreat center or country inn in an Agriculture district should be linked to an ongoing, active program to conserve agricultural land and operations.

(d) Permitting processes should consider the cumulative impact that a large concentration of alternative visitor units can have on a residential neighborhood.

4.2.8.3 Visitor Activities, Parks and Natural Areas

Some of the following policy statements apply not only to the County but also to the State government. In certain areas, only the State has the authority and means to carry out the policy.

(a) Encourage the development of public-private partnerships involving the County and the Department of Land and Natural Resources in order to manage and improve Kaua'i's valuable parks and natural areas.

(b) Simplify zoning and permitting procedures for the operation of outdoor recreational activities on private lands. Clarify the definition of outdoor recreation, to include but not be limited to bicycle and horseback riding, hiking, off-road sightseeing, fishing, tent-camping, and other such uses, which are dependent on open lands. Such uses shall not displace agricultural use and shall not involve unrelated retail or services. Establish clear permitting standards and eliminate unnecessary procedures. (County and State)

(c) Manage beach parks, resource parks, rivers, beaches and other natural areas according to the following policies, in order of priority (County and State):

(1) Conserve resources.

(2) Provide for use by the general public – i.e., individuals, families, ohanas.

(3) Allow for group use (including commercial tours and equipment rentals) within conservation limits.

(d) To enhance the visitor's experience of Kaua'i and to provide meaningful jobs and income to Kaua'i residents, the County shall develop or support development of the following programs by Federal, State, or private agencies:

(1) Regional visitor centers to provide guidance and assistance to visitors, as well as information about the region, its history and culture.

(2) First-person interpretation of natural areas, historic and archaeological sites, traditional agricultural and cultural practices, towns and communities.

(3) Study and practice of Native Hawaiian and other ethnic cultural traditions and languages, including the development of cultural learning centers.

(e) Improve facilities, maintenance, and management of activities at State and County parks. Specific actions include:

(1) Commit the necessary resources to ensure adequate levels of park maintenance, repair, and hygiene and to improve signage and interpretation of natural and cultural features.

(2) In resource parks that receive heavy visitation, such as Kōke'e, Hā'ena and Wailua, plan and improve specific areas to support larger numbers of visitors; manage other areas for moderate or low use, based on conservation objectives. Prepare and update master plans for major parks.

(3) Clearly define roles responsibilities in managing commercial recreation activities among County and State agencies, in order to provide efficient and effective licensing and regulation. Eliminate overlap between State and County agencies, or between State DLNR divisions, and streamline management by making a single State or County administrative unit primarily responsible for all activities within a specific park, whether conducted on water, shore or land.

(f) Expand and improve State small boat harbor facilities in order to accommodate local fishermen, recreational boating, and commercial boat tours and charters.

(g) State and County agencies should work together to provide efficient and effective management, licensing and regulation of commercial recreation activities within public lands and waters. Specific objectives include the following:

(1) Clarify the purposes of licensing and regulatory activities; revamp procedures to match the purposes and provide more efficient service to the public.

(2) Realign agency responsibilities in order to reduce the problems associated with overlapping jurisdictions and to improve efficiency and accountability. Wherever possible, empower a single administrative unit with the primary management and/or regulatory authority over a given geographic area.

(3) Wherever possible, use the more broad and direct powers of land ownership and control of territorial waters to regulate activities, rather than using land use regulations. For example, regulate use of a beach by requiring a permit to enter the beach park or beach right-of-way for the purpose of conducting a commercial activity.

(h) To pay for better parks maintenance and needed improvements to programs and facilities, the State should develop dedicated tax or user fee income from out-of-State

visitors, commensurate with the proportion of their use of the parks, trails and other facilities. Such income should be restricted for use in State parks and recreational facilities. Such funds should be reserved for the purpose of improving State parks and facilities.

(i) To pay for expanded small boat harbor facilities and services and for improved regulation of boating and ocean recreation, the State should increase its licensing and leasing income from operations serving out-of-State visitors, commensurate with the proportion of their use of the facilities and the costs of effective regulation.

(j) To secure adequate long-term funding for major resource parks such as the Waimea Canyon-Nā Pali Coast complex, the State should explore the feasibility of securing federal funds to support major parks or transferring parks to the National Park Service.

4.2.9 Implementing Actions

4.2.9.1 Parks and Natural Areas

(a) The State should adopt legislation amending Chapter 205, HRS, to make outdoor recreation activities a permitted use in the State Agricultural District; or, alternatively, to delegate such authority to the counties.

(b) The County Planning Department shall prepare an amendment to the CZO setting standards for outdoor recreation uses in the Agricultural and Open zones and streamlining permit requirements. Standards should include the following: a large acreage (e.g., minimum of 100 acres) located away from residences; vehicular access from a highway, arterial or collector road, not from a neighborhood road; and limited improvements. Proposals meeting these standards shall be reviewed through the Class III Zoning Permit process.

(c) The County Department of Public Works shall develop a comprehensive park permit system for regulating organized group activities in County parks. Activities to be regulated shall include entry into a beach park or other park property by a business or other organization collecting a fee for service. The system shall provide for permit fees, as appropriate. Fee revenues should be used to support effective enforcement and to improve the parks where they were collected.

4.2.9.2 Alternative Visitor Accommodations

(a) The Planning Department shall prepare amendments to the Comprehensive Zoning Ordinance setting development standards and permit processes for regulating alternative visitor accommodation structures and operations in Residential, Agriculture, Open, and Resort districts.

(b) The Planning Department shall prepare CZO amendments to facilitate the permitting of existing, nonconforming alternative visitor accommodations.

(c) In preparing the CZO amendments, the Planning Department shall consult with the Kaua'i B&B and vacation rental trade organizations, community associations, and the Finance Department.

(d) The Planning Department shall consult with the State Office of Planning to interpret existing State statutes with regard to permitting alternative visitor accommodations within the State Agricultural District under a Special Use Permit. If necessary, the County shall propose an amendment to HRS Ch. 205.

(e) These Implementing Actions relating to Alternative Visitor Accommodations shall be a top priority and shall be initiated forthwith by the Planning Department.

4.3 AGRICULTURE

4.3.1 Overview

Diversified agriculture, defined as products other than sugar and pineapple, is an industry that has strong potential to be a major force in the pursuit of the 2020 Vision for economic diversification. It is a particularly important time to encourage further development of the industry since the closure of Amfac's Līhu'e and Kekaha sugar plantations is not a matter of "if" but a matter of "when". Further development of this industry is highly desirable because it keeps valuable agricultural lands in productive use. It also has the added benefit of preserving rural lands from development.

4.3.2 Land Supply

Kaua'i has only 14,600 acres in the State Urban District – approximately four percent of the island's total land area. Ten times that amount, or about 140,800 acres, lies in the State Agriculture District (see Table 4-4). As described below, the major portion of Kaua'i's important agricultural lands have been preserved, and there is an ample supply of good land to support increased agriculture and aquaculture enterprise.

Table 4-4
Kaua'i's Agricultural Lands (acres)

Kaua'i Total Land Area	353,900
Land in State Agricultural District	140,800
Agricultural Lands of Importance to the State of Hawai'i (ALISH):	
Prime, Unique, and Other Important lands [1]	83,040
Prime [1]	54,920
University of Hawai'i Land Study Bureau (LSB) Lands:	
Lands Rated "A", "B", and "C" [2]	68,980
Lands Rated "A" and "B" [2]	40,440
Lands in Crop Production [3]	38,100

[1] Prime ALISH indicates the most potentially productive lands and assumes availability of sufficient rainfall or irrigation water.

[2] The LSB ratings indicate the productivity of lands, with "A" being the best. The "A", "B", and "C" ratings indicate lands with very good to fair productivity potential for most crops.

[3] Unofficial figure from the State Department of Agriculture. Does not include pasture/grazing lands.

Source: State of Hawai'i Department of Agriculture.

In fiscal year 1999, the Kaua'i Fire Department had a total workforce of 126. There were three crews per station for a total of 114 firefighters. The Fire Department in fiscal year 1999 responded to approximately 3,800 calls. Over 60 percent of these calls were for emergency medical services. About 300 calls were for fires and 400 were visitor related.

In order to improve its resources and capabilities, the Fire Department plans to add two satellite stations and replace the existing Kapa'a Station, which is presently located in a flood zone. Satellite stations typically have two to three men per station and provide quick response to medical emergency calls. The Kaua'i Fire Department plans to add satellite stations in Anahola and the Wailua Homesteads area. The Department also plans to replace the existing Kapa'a Station with one in Kapa'a Heights on a site near Mahelona Hospital. These projects have not received funding, and there is no estimated time schedule for completion.

7.9.3 Policy

(a) Provide adequate staffing and facilities to ensure effective and efficient delivery of basic police and fire protection.

(b) To improve fire protection, develop additional facilities according to a long-range system plan.

(c) Evaluate fire protection service islandwide, with particular attention to the east side, from Wailua to Anahola.

7.9.4 Implementing Actions

Working with the Water Department, the County shall prepare a long-range plan for fire protection, to include the following elements:

(a) Evaluation of existing level-of-service and response time for all communities, work with the Water Department to determine fire flow levels.

(b) Development of standards for urban and rural levels of service, including response time and fire flow requirements.

(c) Development of a long-range, phased facilities plan to attain an adequate level of service islandwide.

8. Improving Housing, Parks and Schools

This chapter addresses housing, parks (primarily County parks), and schools, all of which relate to the quality of life experienced by Kaua'i's citizens. The first section reviews housing supply, affordability, and the County's housing program. The second section focuses on County parks. (Chapter 4 has a substantial discussion of State parks, in relation to the visitor industry.) The final section outlines school needs, recognizing that public education is primarily a State responsibility.

8.1 HOUSING

8.1.1 Overview

During the plantation era, many Kaua'i residents lived in plantation-owned houses. As people moved off the plantations, the Territorial Government sold off land for agricultural homesteading and house-lots. The belt highway built in the early part of the 20th century opened up new lands for housing. The latter part of the century saw intensive residential development in the homestead areas and the conversion of former plantation lands to residential subdivisions.

Other long-term changes and housing market cycles have been strongly influenced by the visitor industry. From 1970 to Hurricane Iniki, the daily visitor population on Kaua'i increased at an average annual rates of 8.7 percent. With the proportion of the visitor population increasing relative to the resident population, visitors exerted increasing pressure on real estate and building construction. Over time, more people traveled as "FITs" (free and independent travelers), rather than in tour groups. This led to increasing demand for apartment rentals, followed by a new market for timeshare interval ownership. People who first saw Kaua'i as tourists began in the 1970s to purchase condominiums and single-family houses not only in resort areas, but also in nearby local communities.

8.1.1.1 Off-Island Market

Data on in-migration and the proportion of residential units purchased by people migrating to Hawai'i or non-residents are not readily available. Some off-island buyers are retirees, some are part-time residents or vacation homeowners, and an increasing number are independent businesspeople enabled by the Internet to move their home-office to a remote location. More of these buyers are seeking single-family homes than in the past. In the late 1990s, a large influx of mainland buyers stimulated a boom in high-end residential real estate – much of it single-family. This affluent market is focused in and around resort communities such as Princeville and Po'ipū, though some buyers are seeking out local communities like Kīlauea and Lāwa'i.

In reviewing the supply of units and land for resident housing, it is important to consider the price profile of each location. Communities with lots and homes in the upper price categories will serve a relatively limited segment of the local market and have a proportionately larger share of off-island buyers. Conversely, overall demand is increased by in-migrants, part-time residents, and vacation homeowners.

8.1.1.2 Housing Market Cycles

The housing market reacts to general economic conditions, which are strongly influenced by the visitor industry. A downturn in visitors affects the housing market in several ways. First, as in any economy, housing demand drops when the number of jobs decline. Residents who cannot find jobs either move away or "double-up" with family in order to reduce expenses. The share of occupied housing units with overcrowded conditions (more than one person per room) was approximately 17 percent in 1992 (post-Iniki) and nine percent in 1997. Despite a decline in the number of persons living in overcrowded conditions, the number of multiple-family households has not appreciably declined during the five years. As shown in Table 8-1, multiple-family households accounted for about one-fourth of total occupied housing units on Kaua'i in 1997.

Table 8-1
Household Composition, 1992 and 1997

	Percent of Kaua'i Households	
Household Type [1]	**1992 [2]**	**1997**
Total Occupied Housing Units	16,980	18,820
Single Member Household	12.7%	13.2%
Married, no Children	26.1%	27.1%
Parent(s) and Children	31.0%	30.0%
Unrelated Roommates	0.5%	1.7%
Multiple Families	26.3%	25.4%
Undetermined	3.5%	2.5%
TOTAL	**100.0%**	**100.0%**

[1] Household type was measured differently in 1992 and 1997.
[2] Pre-Hurricane Iniki.
State Housing Finance and Development Corporation; City and County of Honolulu; Counties of Hawaii, Maui and Kauai (Prepared by Prudential Locations, Inc. and SMS Research). *Hawai'i Housing Policy Study, 1997 Update.* February 1998.

The second way in which a downturn in the visitor industry affects Kaua'i's housing market is the shifting of condominium units from the visitor pool to long-term rentals, thus increasing the supply of housing. These factors lead to a soft rental market and low rent prices – as was the case with the post-hurricane depression of the 1990s.

When the visitor industry and the overall economy improve, the opposite circumstances prevail. More employment stimulates in-migration (and reduces out-migration). With increased earnings, people doubling up with relatives are able to move into their own unit. With increasing numbers of visitors, units are shifted back into the visitor pool, in effect reducing the supply of long-term rentals. With reduced supply and increased demand, rent and sales prices trend upward.

The inter-relationship between transient and long-term rentals tends to exaggerate the fluctuations in Kaua'i's housing market, affecting landlords as well as renters. It suggests that government participation in the development of affordable housing should be targeted to increase rental units during economic upturns and should avoid over-supplying the market during downturns.

Cycles in the housing market are felt most intensely on the North Shore, where a relatively large portion of units available for rent – particularly condominium units in Princeville – shift to the visitor market during economic upturns. Conversely, it is risky for the government/non-profit sector to develop affordable rentals in a small market like the North Shore, because such housing may experience a high vacancy rate during downturns.

8.1.2 Affordability

The cost of housing, including both owner-occupied and rental units, continues to be one of the biggest economic obstacles facing most Kaua'i residents.

The proportion of homeowners occupying housing units on Kaua'i was 50 percent in 1995, the most recent year for which statistics are available. This compares to a statewide homeownership rate of 52.8 percent in 1998, and a national rate of 66.3 percent for the same year. According to the vision statement (Chapter 2), Kaua'i will meet or exceed the national average for homeownership by 2020.

In 1997, Kaua'i had the third highest median household income of Hawai'i's four counties. Kaua'i's 1997 median household income of $34,890 was approximately 14 percent below the statewide median figure of $39,883.[1] Between 1992 (pre-Hurricane Iniki) and 1997, Kaua'i's median household income decreased by about $2,000 or nearly six percent.

As shown in Table 8-2 on the following page, in 1997 approximately 35 percent of Kaua'i's households earned 80 percent or less of the County's median household income. Made up primarily of renters and including most of the unemployed, this group is essentially "stuck." Wage gains in a strong economy tend to be eaten up by higher rents and other costs, and opportunities for homeownership are few.

A common indicator of housing cost burden is the monthly shelter-to-income ratio. The optimum shelter-to-income ratio should not exceed 30 percent. The share of Kaua'i households with a housing cost burden in excess of this optimum ratio increased from about 31 percent in 1992 to 43 percent in 1997, as shown in Table 8-3.

Furthermore, a greater proportion of rental households have a monthly shelter-to-income ratio in excess of 30 percent than do owner-occupied households. In 1997, more than one-half of rental households paid more than 30 percent of their monthly income on housing, compared to about 46 percent for owner-occupied households. Because housing is such a large expense for many of the rental households on Kaua'i, it is often difficult for them to save for a downpayment and make the transition to homeownership.

[1] Based on survey data, excluding refusals. Survey was conducted by SMS Research & Marketing Services, Inc. as part of the *Hawai'i Housing Policy Study, 1997 Update* (February 1998).

Table 8-2
Kaua'i Income Distribution, 1997

Percent of Median Income	Number of Households	Percent of Total Households
Less than 30%	1,290	6.8%
30% to 50%	2,000	10.6%
Over 50% to 80%	3,290	17.4%
Over 80% to 100%	1,990	10.6%
Over 100% to 120%	1,640	8.7%
Over 120% to 140%	1,600	8.5%
Over 140% to 180%	3,220	17.0%
Over 180%	3,850	20.4%
TOTAL	18,870	100.0%
Median Income	**$34,890**	

Source: State Housing Finance and Development Corporation; City and County of Honolulu; Counties of Hawaii, Maui and Kauai (Prepared by Prudential Locations, Inc. and SMS Research). *Hawai'i Housing Policy Study, 1997 Update.* February 1998.

Table 8-3
Shelter-to-Income Ratios, 1992 and 1997

	Percent of Kaua'i Households	
	1992 [1]	1997
Monthly Shelter Payment as a Percentage of Income:		
Under 30%	60.3%	44.9%
30 to 40%	17.7%	18.7%
Over 40%	13.7%	24.7%
Not enough information	8.1%	11.7%
Shelter-to-Income Ratio of 30 Percent or More, by Tenancy:		
Rented or no cash	36.9%	53.4%
Owner occupied	28.1%	46.1%

[1] Pre-Hurricane Iniki.

Source: State Housing Finance and Development Corporation; City and County of Honolulu; Counties of Hawaii, Maui and Kauai (Prepared by Prudential Locations, Inc. and SMS Research). *Hawai'i Housing Policy Study, 1997 Update.* February 1998.

The 1992 to 1997 increase in share of rental households paying more than 30 percent of their monthly income on housing is due mostly to a decline in household income, as discussed earlier. The average annual monthly rent for both single family homes (three-and four-bedroom) and apartments (one- and two-bedroom) was lower in 1997 compared to 1992.[2] For single-family homes, the average monthly rent increased from approximately $1,050 in 1992 to an all time high of about $1,370 in 1994. The monthly rent dropped sharply in 1995, and then leveled off to about $1,000 in 1997. For apartments, the average monthly rent was about $925 in 1992. Rents increased slightly in 1993 and then started a steady downward decline. In 1997, the average monthly apartment rent was approximately $675.

With the economic recovery of 1998-'99, rent prices again started rising, and vacancies became fewer. Housing officials reported that recipients of Section 8 vouchers were having difficulty finding a unit that fell within the "fair market rent." County rental housing projects achieved 100 percent occupancy for the first time in 1999.

8.1.3 Elderly Housing Needs

The future composition of Kaua'i's population could have an impact on the island's housing market. Kaua'i has a significant and growing proportion of elderly residents. In 1990, 17.3 percent of the island's population was 60 years of age or older, an increase from 15.7 percent in 1980. Statewide, 15.7 percent of the 1990 resident population was 60 years of age or older.

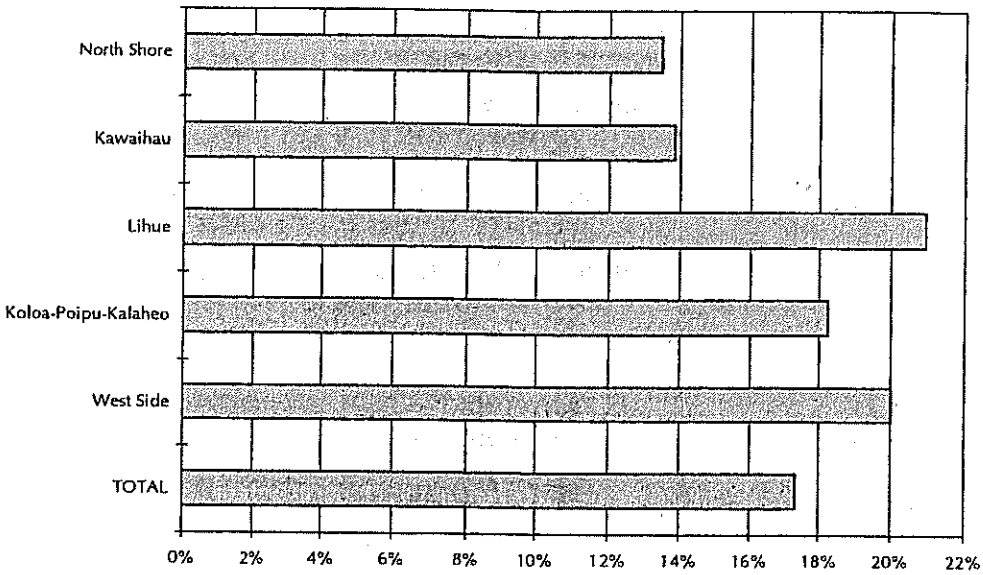
Some areas of Kaua'i have exceptionally high proportions of older adults (see Figure 8-1). In 1990, about one in five residents was 60 years and older in the districts of Līhu'e, Kōloa-Po'ipū-Kalāheo, and the West Side.

Kaua'i's elderly residents are increasing at a pace faster than the island's total population. Between 1980 and 1990, Kaua'i residents 60 years of age and older increased at an annual growth rate of 3.8 percent, compared to 2.7 percent for the total population. Furthermore, a sizeable segment of Kaua'i's elderly population, nearly 13 percent, is categorized as low-income.

The aging of Kaua'i's population is expected to continue over the next several decades. This indicates an increasing need for geriatric services, including long-term and home care services. It also indicates a need for alternative living accommodations, such as retirement communities and group homes. The special needs of the elderly, such as access to health care, social services, transportation and other supportive services, compounds the difficulty experienced in securing adequate housing at affordable rates.

[2] State Housing Finance and Development Corporation; City and County of Honolulu; Counties of Hawaii, Maui and Kauai (Prepared by Prudential Locations, Inc. and SMS Research). *Hawaii Housing Policy Study, 1997 Update.* February 1998.

Figure 8-1
Residents 60 Years of Age and Older as a Percent of Total Population
Kaua'i County, 1990



Source: Executive Office on Aging, State of Hawai'i, February 1993. Compiled from U.S. Department of Commerce, Bureau of the Census.

8.1.4 Projected Housing Demand to 2020

According to the Planning Department's Economic and Population Projections, Kaua'i is projected to have a resident population of between 65,300 and 74,300 in 2020. In order to support the 2020 resident population, Kaua'i is projected to need a total of 20,400 to 23,300 additional housing units (see Table 8-4). The projection of housing units is based on the following assumptions: (1) the ratio of single family units to multi-family units will remain the same over the next 20 years; and (2) the average household size will be 3.30 persons for single-family units and 2.10 persons for multi-family units.

Table 8-4
2020 Projections, Resident Population and Housing Units

	Actual 1997	Range of 2020 Projection	Range of Increase 1997–2020
Resident Population	56,420	65,300 – 74,300	8,900 – 17,900
Single Family Units	16,310	18,600 – 21,200	2,300 – 4,900
Multi-Family Units [1]	1,600	1,800 – 2,100	200 – 500
Total Housing Units	**17,910**	**20,400 – 23,300**	**2,500 – 5,400**

[1] Excludes multi-family units that are used primarily as transient vacation rentals.

8.1.5 Supply of Housing Units

8.1.5.1 Existing Housing Inventory

According to the Kaua'i County Planning Department, Kaua'i had a total of approximately 17,900 housing units in 1997 (excludes resort multi-family units that are used primarily as transient vacation rentals), as shown in Table 8-5.[3] Approximately one-half of these units are located in the Kawaihau and Līhu'e Planning Districts. The majority, or about 84 percent, of housing units on Kaua'i are single family homes located in areas designated Urban Center and Residential Community on the General Plan Land Use Map.

Table 8-5
Existing Housing Inventory, by Type of Unit and Planning District, 1997

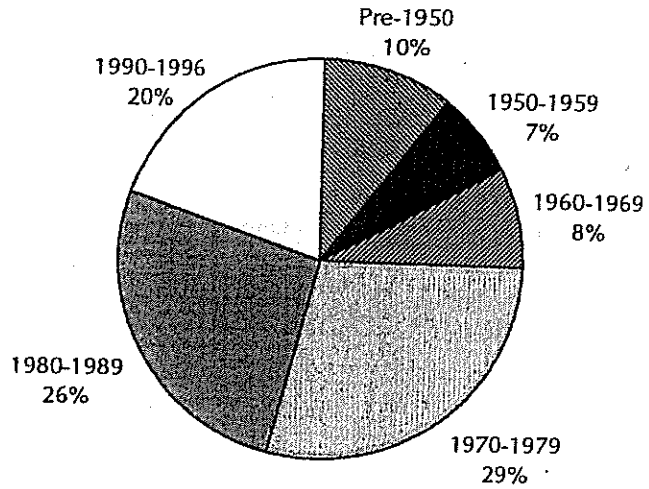
	Multi-Family Residential [1]		Single Family Residential (Urban & Rural)		Single Family Residential (Agricultural)		Total Housing Units [1]	
Planning District	Units	Percent of Total	Units	Percent of Total	Units	Percent of Total	Units	Percent of Total
North Shore	410	25.9%	1,820	12.1%	270	22.1%	2,500	14.0%
Kawaihau	150	9.3%	5,060	33.6%	360	29.9%	5,580	31.1%
Līhu'e	860	53.4%	2,660	17.6%	70	5.6%	3,590	20.0%
Kōloa-Po'ipū-Kalaheo	90	5.8%	2,600	17.3%	470	38.8%	3,170	17.7%
West Side	90	5.6%	2,940	19.5%	50	3.7%	3,070	17.2%
Total	**1,600**	**100.0%**	**15,090**	**100.0%**	**1,220**	**100.0%**	**17,900**	**100.0%**
Percent of Total Housing Units		**8.9%**		**84.3%**		**6.8%**		**100.0%**

[1] Excludes resort multi-family units that are used primarily for transient users.
Source: Kaua'i County Planning Department.

As shown in Figure 8-2, Kaua'i has a relatively new housing inventory with about three-fourths of the housing units built after 1970. The West Side has the oldest housing stock with nearly 30 percent of housing units built pre-1950. More than one-half of housing units were built during the 1970s and 1980s in Kōloa-Po'ipū-Kalāheo, Kawaihau, and the North Shore. About 53 percent of Līhu'e's housing inventory was constructed during the 1980s and first half of the 1990s.

[3] Note that housing inventory data from the Kaua'i Planning Department differs slightly from the data used in the *Hawaii Housing Policy Study, 1997 Update* (February 1998).

Figure 8-2
Distribution of Housing Units by Year Built [1]
Kaua'i County



[1] Does not account for 74 military units on the West Side.

Source: State Housing Finance and Development Corporation; City and County of Honolulu; Counties of Hawaii, Maui and Kauai (Prepared by Prudential Locations, Inc. and SMS Research). *Hawai'i Housing Policy Study, 1997 Update.* February 1998.

8.1.5.2 Major Planned Housing Projects

An inventory of major planned housing projects is shown in Appendix Table D and summarized below in Table 8-6. A project is considered "planned" if it is designated for residential use on the General Plan Land Use Map. The table shows projects planned previous to the General Plan Update and projects re-designated for future residential use through the Update. Residential uses, excluding agricultural houselots, are allowed in areas with a General Plan designation of Urban Center, Residential Community, or Resort. Planned residential projects that have a strong likelihood of being used as transient vacation units have been omitted. These projects are included in the visitor unit inventory (see Table 4-3 and Appendix Table C).

The total of planned single family units and multi-family units is approximately 10,210 and 4,310, respectively. This is significantly more than the projected number of housing units needed between 1997 and 2020. Not all of these units, however, are expected to be resident-occupied. In Princeville, Kawaihau, and Kōloa-Po'ipū-Kalāheo, several of the multi-family projects may have a combination of resident-occupied units and transient vacation rentals. For these projects, it was assumed that 35 percent of units would be used by residents (65

percent by visitors).[4] Based on this assumption, an estimated 2,720 multi-family units in the major planned housing projects are expected to be resident-occupied, as shown at the bottom of Table 8-6. It was assumed that all of the single family units will be resident occupied.

Table 8-6
Summary of Major Planned Housing Projects, by Status and Area [1]

Status and Geographic Area	Estimated Additional SF Units [2]	Estimated Additional MF Units [2]
Designated on Previous GP Land Use Map	**8,600**	**3,830**
North Shore	950	940
Kawaihau	1,730	150
Līhu'e	1,430	1,050
Kōloa-Po'ipū-Kalāheo	2,820	1,500
West Side	1,670	180
Designated Through 1998-1999 GP Update	**1,600**	**490**
North Shore	210	490
Kawaihau	0	0
Līhu'e	900	0
Kōloa-Po'ipū-Kalāheo	220	0
West Side	270	0
ISLANDWIDE TOTAL	**10,210**	**4,310**
ISLANDWIDE TOTAL – ADJUSTED FOR POTENTIAL VISITOR USE [3]	**10,210**	**2,720**

[1] See Appendix Table D for details.

[2] "Estimated Additional Units" based on current or past proposals.

[3] For several of the planned multi-family housing projects in Princeville, Kawaihau, and Kōloa-Po'ipū-Kalāheo, it was assumed that 35 percent of the units will be used as permanent residences and 65 percent will be used as transient vacation rentals.

Source: Kaua'i County Planning Department; and landowners and developers.

Note that not all of the units in these major projects will be built during the 20-year planning period. For market reasons, some may not start until late in the planning period. Others will build out gradually. Master-planned projects such as Princeville and Kukui'ula typically take 30 years or more to build out.

[4] Based on 1997 housing data from the Kaua'i County Planning Department, 1997 visitor unit data from the Hawai'i Visitors and Convention Bureau, and existing multi-family development data from Princeville Development Corporation.

8.1.6 County Housing Programs

The Kaua'i County Housing Agency (KCHA) is one of three agencies under the Offices of Community Assistance (OCA). The KCHA was created by ordinance in 1976 to administer the County's federal Department of Housing and Urban Development's (HUD) Section 8 Existing Rental Assistance Payments Program and to formulate the County's housing policy. The goal of the KCHA is to provide affordable housing for residents and to meet the special needs of the homeless and persons with disabilities.

The County's strategy for meeting the island's housing needs is to increase the supply of affordable rentals and to expand housing opportunities for first-time homebuyers. The KCHA plays a major role in the actual development and acquisition or rehabilitation of housing units, with support from private for-profit and non-profit developers. Non-profit organizations, and State and County health and social service agencies provide necessary support services.

8.1.6.1 Funding Sources

The KCHA uses a number of resources to provide housing assistance and community development in the County of Kaua'i. The KCHA receives annual funding, approximately $1.8 million, from the federal Community Development Block Grant (CDBG) program and HOME program. The KCHA receives other federal funding, as well as funding from state, local, and private sources.

The KCHA established the Housing and Community Development Revolving Fund in the early 1980s as a vehicle for reinvesting program income from federal grant programs. Revenues increased in the late 1990s because of funds returning to the County from projects of the Paku'i Housing Program, funded with $41.2 million in federal Iniki disaster grants. Substantial amounts of these funds were invested in housing projects and first-time homebuyer mortgages. These capital investments will be repaid to the Revolving Fund, providing long-term support for County housing programs. Net program income in FY98 and FY99 was $1.8 and $2.1 million, respectively. Projected program income for FY00 is about $3.2 million.

8.1.6.2 Section 8 Rental Assistance Program

The KCHA administers a federally-funded Section 8 Rental Assistance Program to subsidize rentals for income-eligible tenants. Recipients use the vouchers to locate and rent housing on the open market. Most vouchers are used to rent privately-owned units. As of December 1999, KCHA was providing 906 households with Section 8 rental assistance, and 630 households were wait-listed for the program. The average tenant rent contribution and average HUD subsidy were $205 and $470, respectively.

8.1.6.3 County-Owned Housing Projects

The KCHA's role in delivering affordable housing also includes the County owned Paanau Village and Kalepa Village affordable multi-family rental projects. The County owns and administers the two projects that have a total of 120 units. Both projects are operated with private on-site management and are maintained in excellent physical condition.

Located in Kōloa, Paanau was completed in 1994 and has 60 two-bedroom units. As of March 2000, the project was 100 percent occupied. Rents range from $325 to $750 per

month, and many tenants receive rent subsidies through Section 8 or through the State Rental Assistance Program. Kalepa Village was completed in 1997 and has a mix of one-, two-, and three-bedroom units. Rents range from $550 to $750 per month, with some tenants receiving Section 8 subsidies. Kalepa Village achieved full occupancy in 1999. A description of the projects is provided in Table 8-7 below.

Table 8-7
Description of County-Owned Housing Projects

	Paanau Village	Kalepa Village
Completion Date	February 1994	February 1997
Number of Units	60	60
Type of Units	2-bedroom	1-, 2-, and 3-bedroom
Vacant Units [1]	None	None
Range of Monthly Rent [1]	$325 - $625	$550 - $750
Subsidy	State and HOME (HUD)	Section 8 vouchers (HUD)
Expansion Potential	60 units	120 units

[1] As of March 2000.

Source: County of Kaua'i, Offices of Community Assistance, Kaua'i County Housing Agency.

8.1.6.4 Paku'i Housing Program

In 1992 and 1993, a Supplemental Appropriations Act approved by Congress provided jurisdictions severely impacted by natural disasters with HOME and CDBG disaster relief funds. Grant agreements between HUD and the County of Kaua'i were executed to provide the County of Kaua'i with $41.2 million in grant funds to help meet Kaua'i's recovery needs from the devastating effects of Hurricane Iniki.

The Paku'i Housing Program was established in 1994 and is funded by this special appropriation. The program consists of a variety of projects initiated by the County and by both nonprofit and for-profit organizations. The primary objective of the Paku'i Housing Program is to increase housing opportunities for very low- and low-income families with emphasis on developing rental and home ownership housing projects. Other program objectives include the support of at least one County owned rental property with no debt service, the development of adequate water and sewer infrastructure facilities in areas that lack adequate service, and leveraging federal disaster funds with other private and public funding sources.

Since inception of the Paku'i Housing Program, a significant number of housing units have been added to the inventory of low-income rental and for-sale housing units on Kaua'i. Most of the original Paku'i projects have been completed, and the remaining projects are in various stages of completion. Table 8-8 summarizes Paku'i Housing Program projects funded with disaster HOME and CDBG funds.

Paku'i funds were also used to support community development. About $4.4 million was granted to the Department of Water to develop wells in Hanamā'ulu and Waimea-Kekaha. The projects will provide additional water supply to support new development in these communities.

Table 8-8
Paku'i Housing Projects, as of March 2000

Project Name	Rental Units	For-Sale Units
Iniki Rebuild Loans		10
Hale Kupuna Elderly Rental	28	
Līhu'e Court Elderly Rental	21	
Līhu'e Court Townhomes Refinance	179	
Plantation Traditional Living	14	
Kalepa Village (pads avail. for 120 add'l units)	60	
Hale Holopono (Special Needs)	2	
Hokulei Self-Help		17
Hanapēpē Self-Help		23
Kīlauea Estates		49
'Ele'ele I'Luna (site acquired, not built-out)		95
Habitat Owner Builder (not built-out)		20
Habitat "Building Kaua'i with Aloha"		51
Ohana Loan Program		1
TOTAL UNITS	**304**	**266**

Source: County of Kaua'i, Offices of Community Assistance, Kaua'i County Housing Agency, March 2000.

8.1.6.5 Other County Programs

The KCHA's role in delivering affordable housing also includes the Home-Buyer Loan Program and homeownership counseling. These programs are designed to assist renters to become first-time homeowners. In addition to partnering with private housing developers to construct new affordable housing units for moderate-income households, the KCHA has also assisted non-profits such as Habitat for Humanity and Hawai'i Self-Help Housing Corporation to develop homeowner projects for low-income families.

The KCHA operates a Rehabilitation Loan Program that provides assistance to low-moderate-income homeowners for the purpose of rehabilitating their homes. To meet the needs of special groups and the homeless, the County continues to financially support the Kaua'i Housing Development Corporation and other non-profit organizations to develop projects and services to these groups.

8.1.7 State Housing Programs

The State also plays a significant role in expanding affordable housing opportunities for Kaua'i residents. The Kaua'i office of the State Housing and Community Development Corporation of Hawaii (HCDCH) administers federal low-rent public housing projects, a State rent supplement program, and Section 8 rental vouchers.

As of December 1999, HCDCH had ten low-rent public housing projects on Kaua'i with a total of 347 units. All of the units were reported to be in good condition, and there was no wait-list for handicap accessible units. The wait-list for non-handicap accessible rental units was 19 elderly and 72 families. The State HCDCH's project-based rent supplement program

had 46 people waitlisted, as of December 1999. As of March 2000, HCDCH administered 14 tenant-based Section 8 vouchers on Kaua'i.

8.1.8 Affordable Housing Requirements Related to New Development

As documented in the *Hawai'i Housing Policy Study* and discussed in Section 8.1.2 above, Kaua'i – like the rest of the State – has very high housing costs. Many households are priced out of the market. Along with the other counties and the State Land Use Commission, Kaua'i County has adopted the practice of requiring developers of large projects to provide a certain amount of affordable housing. Typically, the County imposes affordable housing requirements as a condition of granting zoning for new urban development. Administered by the KCHA, affordable housing requirements have varied relative to individual projects and economic conditions.

In the case of resort and other job-producing projects, the intent is to provide affordable housing for employees. One suggested approach is to project the future number of employee households, their household income levels, and their housing needs. That analysis would serve to guide the County and the developer in determining employee housing needs and the number of units and sales or rental prices that should be provided by the new business.

In the case of housing developments, the intent is to ensure that housing opportunities are afforded to all income groups. In the 1990s, Princeville fulfilled part of its employee housing requirement by supporting the development of Kīlauea Estates; and Grove Farm developed the Hokulei Estates project to meet its affordable housing requirements for the Līhu'e-Puhi Project District (Puakea).

In general, affordable housing requirements have been successful in providing affordable units. Developers, however, have criticized such requirements as increasing the costs of development and forcing them to raise prices on market units in order to subsidize affordable housing.

The KCHA has identified a need to standardize affordable housing requirements, in order to assure fairness and to make the requirements predictable for developers. The KCHA is seeking to establish a formal program with standards and rules, with the intent of streamlining administration of the requirements and reducing the number of ad hoc decisions. After consulting with developers and housing advocates, the KCHA prepared a proposal for the County of Kaua'i Affordable Housing Program and recommended that it be adopted by the County Council. The KCHA subsequently submitted a revised second draft dated February 7, 1996.

The proposed program would establish an affordable housing requirement for projects seeking Residential zoning for 15 units or more, and projects seeking resort, commercial and industrial zoning that will employ more than 100 people. To apply affordable housing requirements equally, the KCHA should consider ways of applying the program to residential developments on Agriculture land as well. Many agricultural subdivisions exceed 15 units in size, and most are priced beyond the affordable range.

8.1.9 Status of Long-Range Plan

To receive federal CDBG grants, HOME program funds and other federal funding, the County is required to prepare and update a Five-Year Consolidated Plan. Prepared by the KCHA and adopted by the County Council, the Plan addresses housing and community development needs and establishes strategies and priorities for funding and program development. The KCHA also prepares one-year Action Plans for Council adoption. The County will adopt a new Five-Year Consolidated Plan in mid-2000. In preparing the Consolidated Plan, the KCHA enlists the participation of non-profit housing developers, service agencies, and organizations advocating on behalf of disadvantaged populations.

The County is fortunate to have a substantial revolving fund, an experienced housing agency, and lands available for developing additional rental housing (Kalepa and Paanau). The County needs to adopt a flexible policy that responds to current economic trends. When the housing market tightens due to strong economic conditions, the KCHA should be able to shift its strategy and devote more resources to increasing the supply of affordable housing, especially affordable rentals.

The County should consider using additional federal housing and community development funds to leverage County, State, private, and possibly improvement district funding in meeting the deferred infrastructure needs of older communities. Rehabilitation and improvement of water systems and roadway networks are particularly needed in the Wailua-Kapa'a and Kalāheo homestead communities.

8.1.10 Policy

Following are policies to guide housing and community development programs on Kaua'i.

(a) Increase the supply of affordable rental housing, as indicated by market conditions.

(b) Increase opportunities for moderate- and low-income households to become homeowners. Work from the bottom up, serving the 35 percent of residents whose income is 80 percent of the median or less. The intent is to move families out of expensive rental subsidy programs into homeownership, developing housing at a very low cost through self-help programs and reduced-rate mortgage financing.

(c) Acquire and bank land and infrastructure improvements for future housing development.

(d) Support the development of housing and support services for elderly and special needs groups, including persons with disabilities, the homeless, and other at-risk populations needing shelter and rehabilitation programs.

(e) Reserve the program income from the HOME and CDBG disaster grants to fund housing and community development projects. Use the Housing and Community Development Revolving Fund to finance projects and maintain capital.

(f) Continue to prepare and adopt a five-year Consolidated Plan and one-year Action Plans, with community participation.

(g) Continue to partner with for-profit and nonprofit organizations in order to provide the highest level of housing and community development assistance possible.

(h) Develop a flexible planning process for housing programs that monitors current real estate and socio-economic conditions and allows the County to make timely changes in strategy and resource allocation.

(i) Develop an Affordable Housing Program to standardize the application and administration of affordable housing requirements within the County of Kaua'i.

8.1.11 Implementing Actions

(a) Build capacity to monitor real estate and socio-economic trends and to formulate responsive strategies. (OCA/KCHA).

(b) Adopt an Affordable Housing Program that provides standards and procedures for establishing and administering affordable housing requirements applied to private developments. (OCA/KCHA, County Council).

(c) Review and revise the Comprehensive Zoning Ordinance as necessary to facilitate the development of assisted living units and continuing care communities serving the elderly.

8.2 PARKS AND RECREATION

Both the State and the County operate parks on Kaua'i. The State parks are typically based larger and based on natural resources, in much the same fashion as national parks. State parks and natural areas are addressed in Chapters 3 and 4. This section focuses on parks that are managed and maintained and by the County Department of Public Works (DPW), Division of Parks.

8.2.1 Description of Existing Facilities

Kaua'i has a total of approximately 400 acres of County parks, of which the largest is the 49-acre Lydgate Park in Wailua. Altogether, there are 64 parks under county jurisdiction.

Table 8-9 summarizes county parks by district and type. Descriptions of the different park types are provided below. In general, park areas that serve more localized populations are classified as district, community, and neighborhood parks.

- **Regional Parks** – Large areas that may serve the entire island or a region of the island and may include a variety of recreation park types and facilities, natural and cultural sites.

- **Beach Parks** – Areas and sites along the shoreline that may include facilities and support services for water activities, sunbathing, picnicking, and other passive activities.

- **Passive Parks** – Maintained primarily to preserve or conserve unique natural features.

9. Implementation

Implementation of the General Plan will be a challenge for the County's planners, engineers, and other technical and policy level personnel, as well as for elected officials who determine the allocation of County resources. In contrast to its predecessor, which had very broad goals and policy statements, this General Plan provides more detailed policy direction and more detail in terms of implementation. This General Plan seeks to implement a vision for the future by providing wider guidance for decisions and actions related to plans for communities and public facilities; zoning and land use regulation; and capital programs for public facilities and services. The provisions of the General Plan reflect consultations with implementing agencies and community input that occurred throughout the planning process.

Many counties and other local jurisdictions on the U.S. mainland have instituted planning programs that emphasize proactive, community-based planning and implementation processes. These local governments have sought to establish a strong link between planning policies and guidelines, and the specific organization, funding and actions needed to implement a variety of public and private projects and programs. The following sections are intended to strengthen the linkage to implementation to realize the vision for the future articulated in this Plan.

Implementation of the General Plan will be accomplished by a variety of means. Major efforts include the following:

- initiating zoning map and development code amendments to conform to the policies of the General Plan;
- undertaking planning for infrastructure systems and facilities, parks and housing in order to guide public investment in support of the vision and policies of the General Plan;
- recommending approval, approval with modifications or denial of developments seeking zoning or other land use permits, based on their conformance to GP policies and how well they support the vision for Kaua'i's development;
- preparing development plans for Kaua'i's various communities in collaboration with community coalitions;
- developing indicators and reporting progress on achieving General Plan vision and policies; and
- conducting a comprehensive review of the General Plan every 10 years and recommending revisions as necessary.

9.1 PUBLIC FACILITY PLANS AND FINANCING

Public facility planning is the process through which various County agencies determine needs, assign priorities, phase projects, and propose project financing to implement the vision and policies stated in the General Plan. Carrying out public facility plans is dependent

on funding availability and financing options; and a long-range financing strategy that takes into consideration the priority of various improvements.

As provided in Chapter 1 and discussed further in Chapter 7, some County facilities and programs, such as County roads, drainage, and wastewater systems are better treated with individual facility plans focussed on specific problems in specific geographic areas. Compiling an islandwide "master plan" for such facilities would be misspent effort.

Systemwide, comprehensive plans are required for islandwide County services such as Water Supply, Housing, Parks & Recreation, Solid Waste Management, and Regional Land Transportation (major roads and highways). Typical elements of system plans include the following:

- Service and facility design standards, including level of service standards for determining adequacy.
- A resource-constrained long-range capital improvement program. A "resource-constrained" program is one that identifies the fiscal resources that can be reasonably expected to be available to finance the improvements.
- A long-range financing plan, with identification of necessary new revenue measures or opportunities.
- A development schedule based on stated priorities.

The Long-Range Land Transportation Plan (primarily State-operated regional roadways) and the Integrated Solid Waste Management Plan are mandated by Federal and/or State law. The State DOT directly funds and manages the Long-Range Land Transportation Plan. The federal Department of Housing and Urban Development requires the County to prepare a Consolidated Plan for housing and community development activities. Due to funding and environmental sanctions, the County routinely prepares and updates these plans.

Other public facility plans are prepared at the County's initiative, primarily using County funds. Priorities for the funding and preparation of public facility plans shall be decided by the County Council, based on the recommendations of the Planning Department and the agency charged with responsibility for the particular public facility or service.

System and facility plans will set forth costs and priorities. Even without completing these plans, it is clear that the County will be hard-pressed to fund all the needed projects and improvements. For this reason, the County should develop an overall strategy for setting priorities and financing capital improvements. Such a strategy would become the basis for the Capital Improvement Program, County-private partnerships, and development of alternative financing capabilities.

In addition to general obligation financing, the County relies heavily on developer contributions to support the development of public facilities. With the exception of standardized water and sewer facility charges, the contributions required of developers tend to be adopted ad hoc in association with specific zone change applications. These need to be standardized, made more predictable, and perhaps applied differently. In addition, the County should consider using finance options such as improvement districts and community

facility districts. Improvement districts could be used to generate financing for needed road and drainage improvements in existing communities, such as the Wailua, Kapa'a, and Kalāheo homestead areas. Community facility districts could be used in conjunction with new developments that entail significant infrastructure improvements, such as improvement or construction of a wastewater treatment system. Useful references include the Infrastructure Financing Report and related studies prepared for the County in 1991.

9.2 DEVELOPMENT PLANS FOR COMMUNITIES

Chapter 1 sets forth the purpose and range of future Development Plans, which will be oriented to specific communities rather than to whole regions (Section 1.4, Planning System). The form and content of the plans is flexible, depending on the issues and opportunities facing the particular geographic area. Chapter 1 also sets forth the procedure for organizing a Development Plan effort and carrying out the planning project (Section 1.5, Citizen Participation). Initiating a DP project from the community level involves (1) organizing a steering committee that is broadly representative of residents and businesses in the planning area; and (2) setting objectives for the planning effort. A DP project may also be initiated by the Planning Department in response to particular issues or opportunities facing County government, particularly those that relate to important County zoning decisions and/or County facilities.

Priorities for the funding and preparation of Development Plans shall be decided by the County Council, based on the recommendations of the Planning Department and the Planning Commission. Many communities could benefit from a Development Plan, but the County's capacity to prepare such plans will be limited by Planning Department staff resources and funding for assistance from outside professionals. A preliminary outline of potential community planning projects can be developed from the issues and opportunities affecting various communities presented in Chapter 6 (organized by planning district).

Review of the previous Development Plan should be a first step in preparing a new Development Plan. Although the previous plans are generally more than 20 years old, each has elements that are relevant to the communities' present condition and future development.

9.3 PLANNING DEPARTMENT IMPLEMENTATION ACTIONS

Implementing the General Plan will require changes to the Comprehensive Zoning Ordinance and to the zoning maps. Following is a list of key implementing actions to be undertaken by the Planning Department.

(a) Preparation of revised zoning maps to conform to the General Plan Land Use Map and narrative policies.

   (1) Most of the zoning map changes will relate to the redefinition of the Open land use designation and zoning. This includes the redesignation of some Agriculture lands and a small amount of urban lands to Open and redesignation of some former Open lands to Agriculture.

(2) Redesignations to Resort, Residential Community, and other urban uses shown on the new GP Land Use Map will not cause a change in the zoning. Application for any "upzoning" will be the responsibility of the landowner.

(3) Lands designated Park, Transportation and Military are generally under public ownership. Redesignations will have no effect on the user, except in specific cases such as the expansion of Kukuiolono and the redesignation of Puolo Point. The Planning Department should adopt a standard policy about the appropriate underlying zoning for these uses.

(4) Public facility uses indicated by symbol on the Land Use Map should retain existing zoning.

(b) Preparation of amendments to the CZO to conform to General Plan policy. Listed in general order of priority, amendments to be prepared include but are not limited to the following:

(1) Regulation for alternative visitor activities and accommodations, including B&B vacation rental units.

(2) Transfer of zoning regulations from Chapter 10 into Chapter 8, R.C.O.

(3) Review and revision of the Open zoning district and the Constraint Districts.

(4) Review and revision of zoning requirements for residential use in Agriculture zoning districts.

(5) Development of Scenic Roadway Corridor regulations, based on preparation of a study assessing scenic qualities of Kaua'i's major roadway corridors.

(6) General review and revision of zoning regulations for Resort, Industrial and Commercial districts. Regulations should incorporate revised standards that reflect ongoing practice, with reference to the typical conditions placed by the Planning Department on zoning and use permits. Wherever possible, discretionary zoning permits should be eliminated or reduced in favor of clear standards that are included in the CZO. This is intended to reduce uncertainty for landowners and developers, and to eliminate unnecessary permit actions to save time for applicants and County staff.

Apart from the CZO and zoning map amendments, other important implementation tasks for the Planning Department include the following:

(a) Establishment and operation of the Community Input and Information System (high priority).

(b) Advocating with the Legislature for a statute amendment to allow retreat centers, inns and other alternative visitor activities and accommodations in the State Agriculture District.

(c) Assisting DLNR in developing Archaeological Resource Potential Maps.

9.4 REVIEW OF ZONE CHANGES

In addition to guiding revisions to the Comprehensive Zoning Ordinance and other land use regulations, the General Plan policies on land use are intended to guide County actions on zone change applications. As discussed in Chapter 1, zone changes represent major policy decisions on specific parcels of land.

9.4.1 Adequate Facilities Requirement

All projects requesting zone changes shall be reviewed to determine if adequate public facilities and infrastructure will be available to meet the needs created as a result of the development. Each agency shall establish level of service standards to define adequate public facilities.

In order to guide development and growth in an orderly manner as required by the General Plan, zone changes and other land development permits should be approved only if the responsible County and State agencies indicate that adequate public facilities and utilities will be available at the time of occupancy, or if the developer commits to conditions to provide adequate facilities.

The Planning Department, as part of its report on the consistency of the project with the General Plan, will review and summarize any individual agency's findings regarding public facilities and utilities adequacy that are raised as part of the review process. The Department will address these findings and any additional agency comments submitted as part of the agency review of the zone change application and recommend conditions that should be included in the zoning amendment ordinance.

9.5 GENERAL PLAN MONITORING AND REVIEW

As stated in the General Plan Ordinance, the Planning Department will conduct a comprehensive review of the General Plan every ten years. This plan review should involve community organizations and the general public in a meaningful citizen participation process. The Planning Department will report its findings and recommended revisions to the Planning Commission and the County Council.

To monitor progress toward the 2020 Vision and conformance with General Plan policies, the Department should define indicators (measures) of progress and report on them at least every two years to the Planning Commission, the County Council, and the public. As stated in Chapter 1, the Planning Department should collaborate with a coalition of community organizations to develop an overall set of economic, environmental, and quality of life indicators for Kaua'i. While the County should not lead such an effort, its participation would be essential. It would be desirable to incorporate County progress indicators in a broader array of community indicators and benchmarks.