

Two Case Studies of Resort Development Planning on the Island of Oahu, Hawaii

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Since 1985, two major resort destination areas proposed for relatively rural areas of Oahu received final approval from the Honolulu City Council.

While one of these resorts will be somewhat larger than the other, they share many characteristics in terms of setting, site planning, infrastructure requirements, and the socio-economic and environmental issues that were raised in development, planning and review. The larger project (Ko Olina) was more controversial than the other (Kuilima) because it was involved in lengthy litigation initiated by a group of residents strongly opposed to the project. The dispute was settled out of court earlier this year through an unusual inter-cultural mediation effort that resulted in the resort developer's contributing to a "community-based economic development program," among other concessions.

The experience with these two resort projects illustrates some useful points:

1. Tourism, more than any other industry, must foster the goodwill of the community in order to prosper.
2. If a broad range of community representatives is involved in an organized way in the planning of a new resort destination area at the outset, and planners are responsive to community concerns, fewer political or legal problems are likely to be encountered later on.
3. Early anticipation of community expectations and infrastructure needs will reduce the element of surprise at latter stages of project development, when plan changes and additional costs are difficult to absorb.

1 . Introduction

Since 1985, two large resort development projects planned for the island of Oahu have been given land use approval by the State and City governments. For many years, world-famous Waikiki has been Oahu's only major resort area. Today, it is still the major destination for visitors to Hawaii. But now, with nearly 30,000 hotel rooms, Waikiki has become a distinctly urban resort, and there is no room for expansion. The last major hotel — the luxury-class, 530-room Waikiki Prince — is soon to be built. The two new resort areas — Ko Olina and Na Honolani — will accommodate future growth of Oahu's visitor industry.

These two resorts are located in relatively rural, undeveloped areas of the island: the Ko Olina site on the western (or leeward) coast and Na Honolani on the northernmost point of the island. (See Figure 1.) They are similar in scale and concept. Both are to be self-contained resorts; that is, with a sufficient "critical mass", mix of uses and distinctive identity to draw visitors as a well-recognized destination, following the highly successful models of the Kaanapali and Wailea resorts on the island of Maui. Ko Olina is somewhat larger than Na Honolani, but the difference is muted by the more rural setting of the latter resort. Both will contain a mix of hotel and condominium units, with support retail commercial areas. (See Figures 2 and 3.)

Because considerable financial resources are required for planning and construction of infrastructure for projects of this scale, both resorts are backed by large corporations (Kumagai Gumi for Ko Olina and Prudential Insurance Co. for Na Honolani), which act as "master developers." Builder parcels are then sold to individual hotel, apartment and commercial developers, who construct projects according to pre-established design guidelines.

2 . The Setting and the Issues

While Ko Olina and Na Honolani are similar in many ways, differences in their setting and characteristics affected what issues were raised during the approval process and how the projects were perceived by government officials and community residents. The following is a summary description of the issues for each project.

2.1 Ko Olina: Physical Development Issues

The Ko Olina site is part of the Ewa plain, which is planned for intensive urban growth over the next few decades. At present, Ewa is mostly vacant or in sugar cane cultivation. However, some urban development has already taken place along the coast and in the mountain slopes overlooking the plain. Just to the south of the Ko Olina site is a new deep draft harbor (See Figure 3.), intended to complement a large industrial area at the southwest end of Oahu.

Excavation of the harbor was completed last year after years of controversy and litigation. Environmental and commercial and recreational fishery advocates were concerned about the effect that construction of the harbor and entry channel and long-term industrial shipping would have on the offshore reef and marine life. Area residents raised protests over the use of explosives to excavate the harbor.

These issues carried over to the public review of the Ko Olina project because a small boat marina and four artificial "swimming lagoons" were proposed for construction as recreational amenities for the resort area. (See Figure 3.) The deep draft harbor had a much greater degree of environmental impact, but the controversy over Ko Olina's marina and artificial lagoons was no less intense.

To counter criticism of these project features, the small-boat marina was designed to save the deep-draft harbor's entrance channel, avoiding an additional breach of the shoreline. Extensive environmental studies were conducted to demonstrate the circulation littoral and off-shore effects of the artificial lagoons. The developers also offered public access to these new recreational amenities by providing a continuous, 100-foot wide public easement along the shoreline, including public restrooms and parking areas. In addition, the developers offered to dedicate park sites at either end of the project totalling 32 acres. Previously, these shoreline areas were mostly inaccessible to the general public because the large stretch of privately-held land between the shoreline and the public highway had been closed off and secured.

Another issue shared by Ko Olina and the deep-draft harbor was disturbance to archaeological sites. Early during construction of the harbor, significant archaeological remains were discovered. The find was of great interest to archaeologists, of course, but also to many Native Hawaiians, whose interest is more cultural than

scientific. Some Hawaiians believe that ancient sites, particularly burial grounds and sites with sacred value, should not be disturbed at all or, at least, restored to their original state. When the analysis of the archaeological remains at the deep-draft harbor was done, it became apparent that the find was part of a large archaeological district that extended into the Ko Olina site, as well. Since extensive grading and excavation were proposed as part of the resort development, disturbance to archaeological sites became a significant, and sometimes emotional, issue.

A third major physical development issue was the building form of the resort's shorefront hotels. Simply put, public sentiment was opposed to the idea of "another Waikiki" at Ko Olina. While Waikiki continues to draw more visitors than any other resort destination in Hawaii, many people dislike the high-rise, high-density urban form it has taken, and often point to it as an example of what *not* to emulate. To respond to this concern, the developers agreed to lower densities and greater shoreline setbacks than are found in Waikiki and a building height limit of 150 feet. However, some more explicit design controls were resisted by the developers because of their fear that too many design restrictions would discourage the sale of builder parcels to hotel developers. In this regard, the master developers had a dilemma because, on the other hand, design controls assure public officials and potential buyers of hotel sites that shoreline vistas will be protected and high standards of architectural and landscape quality will be maintained. It is still unclear how these competing interests will be resolved. Design plans for the first of the proposed hotels will be a significant bellwether.

2.2 Ko Olina: Socio-Economic and Cultural Issues

There are a couple of small residential subdivisions adjacent to Ko Olina, but the most significant residential areas in the region are Makakilo, on the slopes overlooking the Ewa plain, and the string of communities along the Waianae coast to the north of Ko Olina. (See Figure 1.) Makakilo is a recently-developed, middle-income, suburban housing project. Many of its residents are new to the area. Some are temporary residents connected to nearby military installations. Waianae, by contrast, is an older, more rural community. Income levels here are among the lowest on Oahu. Unemployment and crime rates are among the highest. Furthermore, its population has a higher proportion of Native Hawaiians, many of whom have

lived in the area for many generations.

The reaction of these two communities to Ko Olina reflects their distinctly different socio-economic characters. In general, Makakilo residents either expressed enthusiastic support for the Ko Olina project or appeared to be indifferent. Support came from those who welcomed the creation of jobs in the area and home owners who perceived that the residents, associated with the military bases had little stake in the area's future development, so they tended to stay out of public debate over the project.

The Waianae communities were deeply divided over Ko Olina. Those who supported the project pointed to the creation of jobs. As currently planned, an estimated 5,100 direct jobs and 1,000 indirect jobs will be created by Ko Olina at full development. In addition, a large number of jobs will be created during the construction of the infrastructure, superstructure and amenities over the next 15 years or so. While the numbers were attractive to a community which has many unemployed or underemployed construction workers, some suspected that the jobs would go to people outside of Waianae. Skepticism was heightened because the developer was a large Japanese construction firm. There was also a feeling that resort jobs are not necessarily desirable because many of them are menial and pay low wages. Moreover, some Native Hawaiians resent what they consider to be cultural exploitation in much of the entertainment and products that are offered to tourists.

The developer did eventually agree to support a job training and counselling program for area residents and a community-based fishery project, but only after prolonged controversy and litigation had stalled the project.

Housing was another issue for Waianae residents. Unlike Makakilo, there is a large proportion of renter households in Waianae, mostly with low or moderate incomes. Homeowners might benefit from the increase in property values that the resort development might generate, but renters clearly do not, particularly if an influx of new workers produce a housing shortage. The developers had no specific proposal to provide for affordable housing for resort employees, so a housing program was imposed by government as part of the land use approval.

2.3 Na Honolani : Physical Development Issues

Na Honolani is located in a region where little urban growth outside of the

resort itself is planned. The site was already partly developed with a 487-room hotel, an 18-hole golf course and a low-rise townhouse condominium project when expansion plans for the resort got underway.

The resort expansion plans involve less extensive physical changes to the shoreline and landscape than does the Ko Olina project. There will be no alteration of the natural shoreline and beaches; no marina and no artificial lagoons. Building forms will be less dense and lower in height, with a limit of 90 feet.

The site contains a number of significant environmental features than required sensitive treatment. Toward the southeast end is a large marsh that is protected by the Federal government as a wildlife area. The developer agreed to make improvements to the waterbird habitat and surrounded the marsh with a second golf course and a 6-acre "nature park" as a buffer for the wildlife preserve. The northwest end of the project fronts Kawela Bay, which is a foraging area for the endangered Green Sea Turtle, as well as renowned scenic resource. Plans call for some dredging of the Bay, which raised concern about effects on the turtle habitat. On the other hand, a stream which now empties into Kawela Bay will be diverted, removing a major source of turbidity. The net effect on Kawela Bay water quality is therefore expected to be positive.

Nearly the entire shorefront of the project site consists of sand dunes. They are mostly covered by stands of mature trees, which not only stabilize the dunes, but also enhance the shoreline vista. New buildings will be sited in back of these dunes and stepped back so that they generally rise not higher than the trees when viewed from the beach.

Like Ko Olina, Na Honolani will have a continuous public easement lateral to the shoreline, including public restrooms and parking areas. The developer will also dedicate two public beach parks at either end of the resort; one fronting Kawela Bay and the other in a primary dune area.

There are some known archaeological sites within the project area, but not in areas where excavation or major development is proposed. For this reason, Na Honolani faced less controversy than Ko Olina did over protection of archaeological resources.

2.4 Na Honolani: Socio-Economic and Cultural Issues

The resort area itself has a small residential community, mostly within the condominium townhouses project at the center of the site. These residents supported the expansion plans because they say that their own properties would benefit by the additional development. Fronting Kawela Bay was a small community of residents who constituted virtually the only public opposition to the project in the latter stages of government approval. Some of these residents leased houses which would be displaced by the resort plans. The remainder had enjoyed the beaches and scenic attractions of Kawela Bay in privacy for many years and did not want to relinquish this privilege.

The nearest community outside the resort is Kahuku, a former sugar plantation town. Unemployment rates in Kahuku and other small towns to the south and along the North Shore of Oahu are high. Those with jobs in Kahuku are primarily farmers or employed by a small hospital and government facilities or the hotel at Na Honolani. To the south of Kahuku is the town of Laie, where employment centers around the Mormon Church, including a large entertainment (Polynesian Cultural Center) facility, which caters to tourists and helps support the Church's college. Some Laie residents also work at the existing Na Honolani hotel. In any event, expanded resort development at the Na Honolani would abet business at the Polynesian Cultural Center, a goal which most Laie residents support.

In general, throughout the rural communities of the northern and eastern coasts on either side of Na Honolani, residents were concerned that the lack of job opportunities in the area was forcing their children to move elsewhere. Since resort expansion would create an estimated 3,556 new jobs in the region, and tourism was already an established part of the local economy, Na Honolani's plans had great potential appeal to area residents.

Early in the planning process, the developer initiated an employment counseling, training and placement program in Kahuku. This demonstrated an effort to direct job opportunities to area residents, which helped later in gaining community support for government approvals for the resort. The employment program had another advantage: by targeting new jobs for area residents, the developer could maintain that substantial additional housing to accommodate an influx of resort workers to the region was not necessary. This strategy allayed concerns of government plan-

ners about the inadequacy of services and infrastructure to support induced population growth beyond the resort itself in this rural region of the island. It was government policy to limit public expenditures in this area because it was planned to remain rural. This is quite different from Ko Olina, which is located in an area slated for major urban growth and attendant transportation, sewer and water facilities and other public services. The Na Honolani developer, like the Ko Olina developer, will pay for the construction of the water and sewer facilities needed to serve the resort project. Some roadway improvements will also be made near the resort itself, but the traffic generated by Na Honolani will affect other sections of the two-lane shoreline highway that provides the only access to the resort. The cost of making improvements to these other sections will be borne by government, not the developer.

3 . Resolution of the Issues: Government Approvals, Litigation and Mediation

Both projects, because of their scope, scale and location, required a complex, almost identical, set of government approvals. All three levels of government — federal, state and city and county — were involved. Below is a list of the major approvals that were necessary:

- o U. S. Army Corps of Engineers

Federal permits were required to do work in offshore areas up to the mean high water level, and in wetlands. The permit process was lengthier and more complex for the Ko Olina project because of the greater extent of modification to the natural shoreline. An environmental impact statement was required for Ko Olina, but not for Na Honolani.

- o Board of Land and Natural Resources

The jurisdiction of this State of Hawaii agency nearly duplicates that of the Corps of Engineers. However, there were additional regulations, such as restrictions on sand mining, that the Board had to consider.

o **Land Use Commission**

This State of Hawaii citizen commission, appointed by the Governor, had to decide whether to allow land to be changed from agricultural use to urban use. Both resort sites were partially in the Agricultural District, but agricultural production was marginal.

o **Honolulu City Council**

The elected legislative body of the City and County of Honolulu played a key role in the approval of both projects. Amendment to the City's Development Plans, zone changes and a Shoreline Management Permit were required from the City Council in order for the projects to proceed. Environmental impact statements for both projects were prepared as part of the analysis for the approval process.

Given the complexity of the approval process, there were numerous points along the way where public opposition could be expressed and legal challenges to the projects mounted. Both projects took a long time to secure all required major approvals, but the process was shorter for Na Honolani than for Ko Olina. A total of fourteen years elapsed between the time the plans for Ko Olina were first announced and a final out-of-court settlement allowing the project to go ahead in January 1987. For Na Honolani, the process took about ten years, ending with the final City Council approval in October 1986.

Controversy surrounded both projects at the beginning but, whereas Na Honolani eventually gained widespread community support, Ko Olina was confronted with public debate and litigation even after final City Council approvals. To some extent, the Ko Olina project had to deal with some outside factors which presented greater challenges than those that Na Honolani faced, but there were differences in the planning process for the two projects which account for the relatively smooth approval process experienced by the Na Honolani project in the latter stages.

In the early 1980's, the Na Honolani developer made a concerted effort to enlist community support for the resort project and formed an advisory committee made up of community representatives from the entire region, many of whom had strenuously opposed resort plans at the outset. During three years of patient dialogue and data-

gathering, the developer and their consultants identified all the significant community issues and modified plans and proposed programs to address those concerns. By the time the formal approval process was underway, community opposition had dissipated and become transformed into active support for resort expansion.

In the case of the Ko Olina project, controversies erupted during the formal approval process itself. Negotiations between the developer and opponents were impeded by the formality of the proceedings, so disputes went directly from public hearings and demonstrations into the courtroom. In fact, suits were filed against the project several times, making the approval process costlier and lengthier each time. The out-of-court settlement reached at the beginning of this year was the result of an unusual mediation effort led by Hawaii's former Buddhist bishop, who acted as a cultural translator between the Japanese developers and dissident community representatives. In the long run, the Ko Olina developer ended up paying more, in monetary terms, for concessions to community demands than the Na Honolani developer, who sought to accommodate community desires through the planning process.

A comparison of the approval process for these two resorts is a useful demonstration of the value of a community based planning effort. This planning approach has particular value for resort projects, whose success ultimately depends upon the goodwill of the community in which they reside.

Figure 1. Major Resort Locations on Oahu

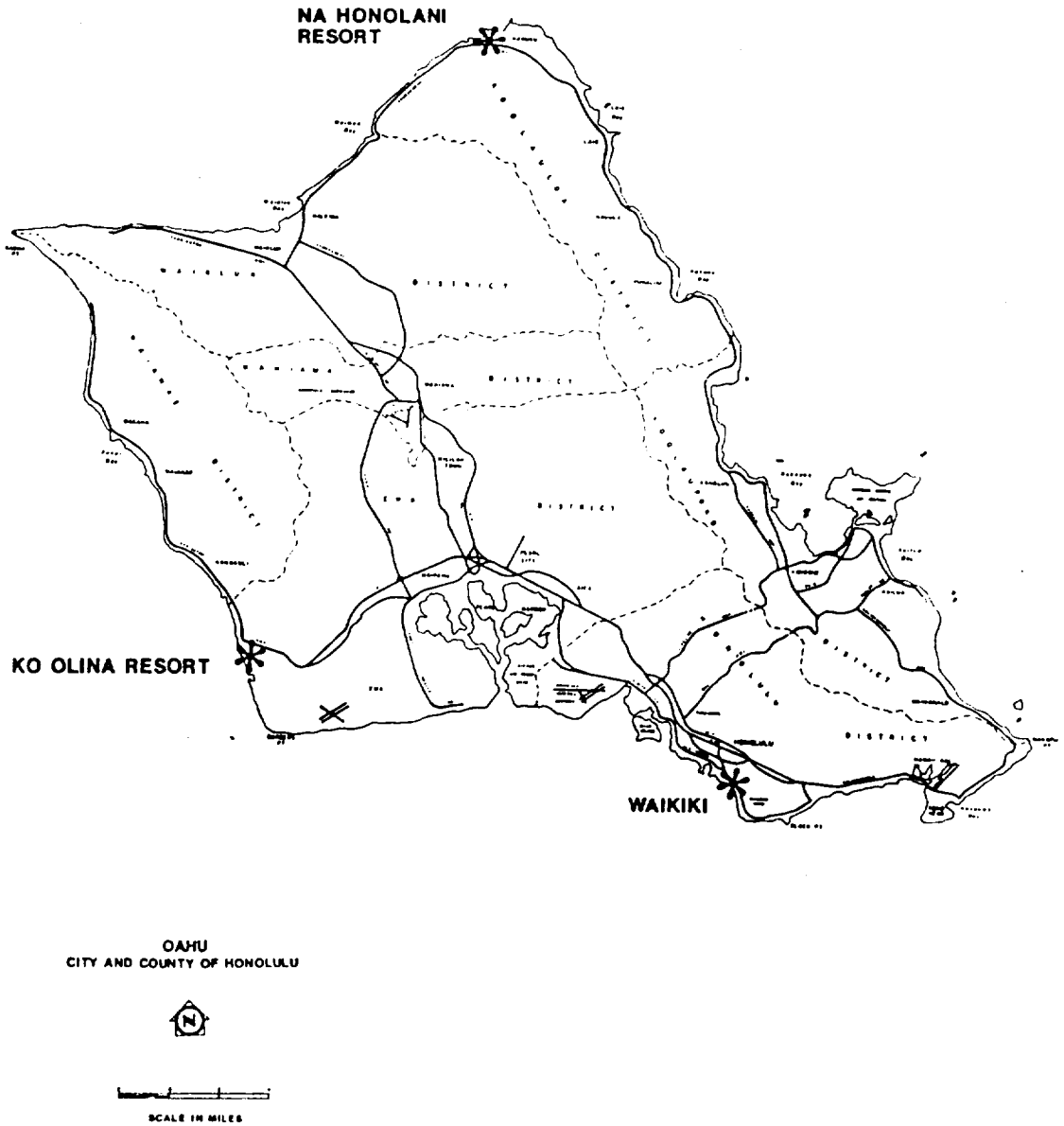
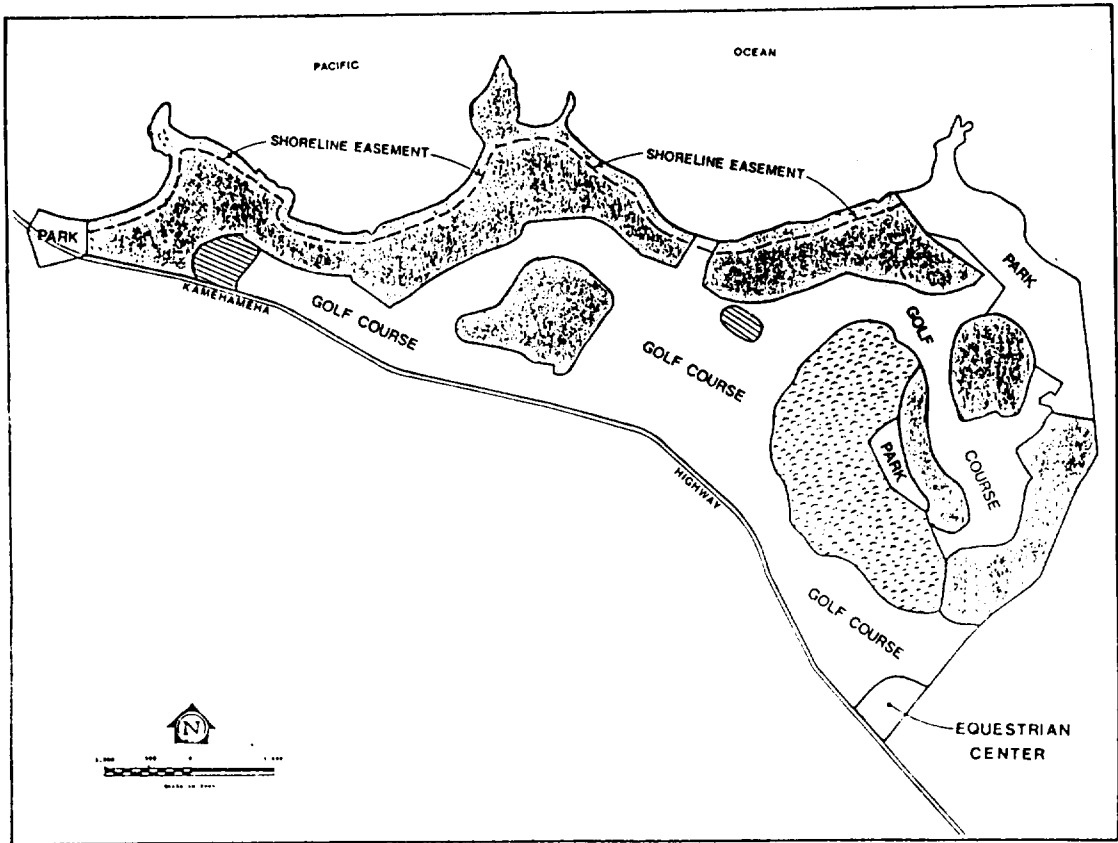


Figure 2. Na Honolani Resort








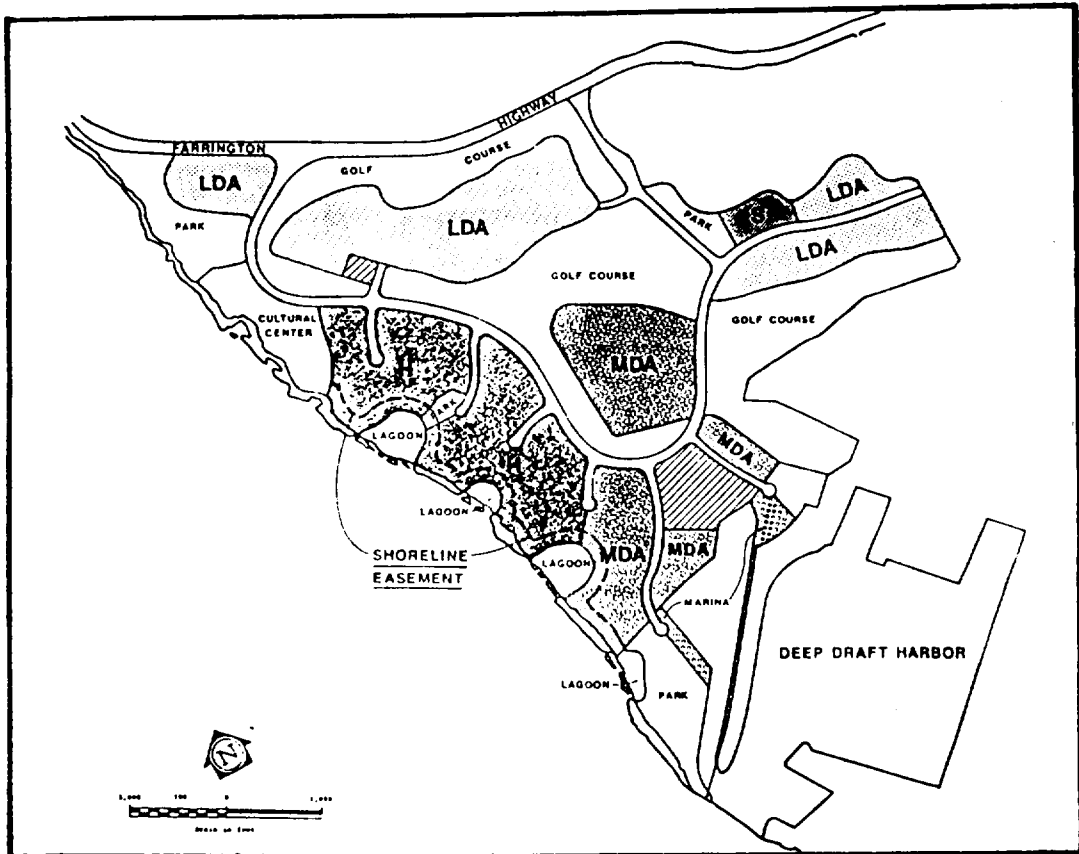
	<u>USE</u>	<u>ACRES</u>
	HOTEL (1,937 ROOMS)	96
	LOW DENSITY APTS. (2,063 UNITS)	150
	COMMERCIAL (2 SITES)	11
	WILDLIFE PRESERVE	106
	PARKS (3 SITES)	44
	GOLF COURSES (2)	350
	EQUESTRIAN CENTER	10

Figure 3. Ko Olina Resort



<u>USE</u>	<u>ACRES</u>
HOTELS (4,000 rooms)	107.6
LDA LOW DENSITY APTS. (1,500)	78.6
MDA MEDIUM DENSITY APTS. (3,700)	86.3
COMMERCIAL	17.8
MARINA	42.2
SCHOOL	6.9
GOLF COURSE	171.3
PARKS	37.3
CULTURAL CENTER	21.8
LAGOONS	13.1