



Diamond Head Tower Plans Revised

Since the city Department of Planning and Permitting (DPP) director's decision in December 2010 to partially approve Kyo-ya Hotels & Resorts' (Kyo-ya) planned redevelopment of the Moana Surfrider's Diamond Head Tower, Kyo-ya has revised its plans to comply with each of the Planning Director's conditions and requirements.

The latest design for the Diamond Head Tower will reduce the size of the building by "stepping back" the upper floors of the tower. By making these changes, the Diamond Head Tower will be in compliance with the Planning Director's decision which articulated a reasoned balance of competing design principles and rules within the Waikiki Special District. In addition, the latest design would require no shoreline variance under the terms of the 1965 Beach Agreement which provides for the expansion and preservation of this section of Waikiki Beach.

Accelerating Hawai'i's Economic Recovery

At a time when the visitor industry and the local economy are facing their most serious challenges in years, Kyo-ya is proposing to continue its investment in Waikīkī with the planned redevelopment of the new Diamond Head Tower.

Kyo-ya has completed renovations of the landmark Royal Hawaiian, the historic Moana Surfrider and the Sheraton Waikīkī Resort and will have invested \$1 billion in Hawai'i's economy upon completion of this final phase of the company's portfolio of Waikīkī hotels. The Princess Ka'iulani and the Diamond Head Tower projects will create hundreds of well-paying union jobs for the construction industry and lead to substantial tax revenues for the state and county.

Reinvesting in Our Community

To meet the expectations of today's sophisticated travelers, Hawai'i's visitor industry must continually renew and reinvigorate Waikīkī so it remains among the world's most sought-after and desirable vacation destinations.

The majority of the hotel product in Waikīkī was built in the 1960s and 1970s. Hotel owners, including Kyo-ya, have reinvested hundreds of millions of dollars in recent years to improve the existing hotels. The challenge for Waikīkī as a destination is that, without further improvements, the product will not remain competitive with other resort destinations – modern hotels have larger guestrooms, expanded bathrooms and amenities not found in the



existing Waikīkī hotel inventory.

Serving the Modern Traveler While Protecting Historical Legacy

Featuring a minimum of 60 hotel units and approximately 80 residences, the Diamond Head Tower will replace the existing eight-story Diamond Head Tower annex (built in 1952). Importantly, it will not alter the historic Banyan Wing of the Moana Surfrider (built in 1901). Kyo-ya remains committed to maintaining and preserving its historic properties. Kyo-ya has spent more than \$150 million to maintain and rehabilitate the Moana Banyan Wing and \$80 million to renovate The Royal Hawaiian.

The new Diamond Head Tower will be closely tied to the legendary surf culture of Waikīkī Beach and will deliver a new level of excellence to Waikīkī that caters to a wide array of travelers.

With the proposed building orientation, the new Diamond Head Tower will open up significant, public ocean views along the Kaʻiulani Avenue corridor – a view that has been closed off for over 50 years. The plan also includes a new public pedestrian corridor directly across Kyo-ya’s property to provide public access from Kalākaua Avenue to Waikīkī Beach.

This improved orientation will also permit the creation of a new motor court, which will allow stacking of vehicles off Kalākaua Avenue, thereby reducing traffic congestion in the area.

Protecting Waikīkī Beach

In addition to the much-needed boost this project will give to not just the local construction industry but to the overall economy, Kyo-ya will provide numerous other public benefits. In addition to providing new public access across its property and important view corridors to the ocean, Kyo-ya is contributing \$500,000 to help pay for the state’s beach replenishment program for the littoral cell extending between Kūhiō Beach and The Royal Hawaiian and an additional \$50,000 for future beach improvements. This public-private partnership will provide critical restoration and maintenance for the enjoyment of local residents and for maintaining Waikīkī’s position as a world-class visitor destination.

Kyo-ya’s Cultural Outreach Efforts

For the past four years, Kyo-ya has been meeting with various stakeholder groups, including a Native Hawaiian cultural resource group, to foster the incorporation of host-culture elements into the design and landscaping for both the Sheraton Princess Kaiulani Hotel and the redeveloped Diamond Head Tower. As recommended by these cultural experts, the project will include a Legacy Library to exhibit the arts and artifacts of the Princess and house the curator-driven immersion program for the property.

In recognition of the very sensitive nature of any redevelopment in the Waikīkī area, Kyo-ya has engaged in early consultation with recognized cultural descendants, the State Historic Preservation Division and others to address cultural impacts prior to the final design and construction of the project. These consultations will continue as the project proceeds in an effort to ensure that any cultural concerns are appropriately addressed.

Transparent Public Participation and Permitting Process

In March 2010, Kyo-ya issued a final Environmental Impact Statement (EIS). The DPP and the City Council held a number of public hearings to consider Kyo-ya's applications for the redevelopment plan and received extensive public comment. On July 14, 2010, Kyo-ya received its Shoreline Setback Variance and Special Management Area Permit. After further public hearings and public input, Kyo-ya received its Planned Development-Resort Permit on August 18, 2010. Finally, on December 1, 2010, after another round of public hearings with public input, Kyo-ya received its Waikīkī Special District Permit and partial approval of its Zoning Variance application.

The Planning Director partially approved the Zoning Variance application (which sought a variance from the shoreline and shoreline height setback provisions of the Waikīkī Special District provisions of Honolulu's Land Use Ordinance) subject to a reduction in the size of the building through a "stepping back" of the makai side of the proposed tower. The Planning Director's decision represented a reasoned balance of competing design principles and rules within the Waikiki Special District. In addition, the latest design would require no shoreline variance at all under the terms of the 1965 Beach Agreement which provides for the expansion and preservation of this section of Waikiki Beach. The Planning Director properly considered what Kyo-ya would be able to do with its land, without any variance, under its agreements with the State. This decision allows reasonable development to go forward and does not call into question the validity of the WSD rules. Rather, it recognized only that strict application of certain rules to a certain parcel would neither best serve the competing principles of the WSD nor permit the reasonable use of land in light of the historical agreements in place relating to this parcel.

On January 3, 2011, Hawaii's Thousand Friends, Ka Iwi Coalition, Surfrider Foundation, KAHEA – The Hawaiian-Environmental Alliance and Michelle Matson filed a petition with the Zoning Board of Appeals challenging the issuance of the Zoning Variance. On Aug 23, 2012, nearly 19 months after the petition filing, the Zoning Board of Appeals ruled 5-0 that the appeal of the Zoning Variance was without any merit. Despite the unanimous decision in favor of Kyo-ya, Kyo-ya has offered to mediate with the Petitioners. These efforts have been rejected and the Petitioners have indicated they will continue to appeal.

Frequently Asked Questions Regarding the Diamond Head Tower

1) Will the Diamond Head Tower be built on Waikīkī Beach?

- No. The Diamond Head Tower will be situated on land owned by Kyo-ya and will be located entirely mauka of the existing seawall fronting the property. The Tower will be further mauka from the shoreline than many other hotels in Waikīkī, including the Halekulani, the Outrigger Reef, and the historic Banyan Wing of the Moana Surfrider.

2) Is Kyo-ya planning to build a new seawall or hardened shoreline along Waikīkī Beach?

- No. The existing seawall was built prior to 1933. Kyo-ya plans to construct a retaining wall mauka of the existing seawall on Kyo-ya-owned property to retain additional fill on the site. The additional fill is intended to raise the elevation of the site at the recommendation of the Department of Land and Natural Resources and Sea Engineering to reduce the impact of potential flooding due to high wave action and/or rising sea level.

3) What will be the impact on ocean views?

- The Diamond Head Tower will be situated in a mauka-makai orientation (as opposed to the existing building which is in a Diamond Head-‘Ewa orientation). This will minimize any impact on ocean views and encourage an important connection between ocean and land. In addition, the Tower will restore pedestrian-level view corridors from Kalākaua Avenue to Waikīkī Beach. This will be the only location along the built-up stretch of Kalākaua Avenue where a pedestrian can view Waikīkī Beach across private property. While improving public views of Waikīkī Beach and the ocean, the Tower will affect views from the upper levels of two hotels: Sheraton Princess Kaiulani Hotel (also owned by Kyo-ya) and the ‘Ewa Tower of the Hyatt Regency Waikīkī (owned by an affiliate of Goldman Sachs). Nonetheless, guests at both of these properties in ocean-facing rooms will continue to enjoy beach and ocean views.

4) Will the Diamond Head Tower impact Punchbowl views?

- No. The Diamond Head Tower will be obscured from view at the Punchbowl Lookout by taller, closer structures including the Hyatt Regency Waikīkī and the ‘Āinahau Tower of the Sheraton Princess Kaiulani Hotel.

5) How will the project impact public beach access?

- Public beach access will be improved. Kyo-ya will provide a 15-foot-wide public pedestrian beach access directly across the Diamond Head side of its property. This area is currently closed from public use and is blocked in its entirety by a building. This new public access will be one of only two public beach access points across private property along the built-up stretch of Kalākaua Avenue. In addition, Kyo-ya contributed \$500,000 to the Department of Land and Natural Resources for use in its current project to expand the public beach from The Royal Hawaiian to Kūhiō Beach. The expanded beach will be available to the general public and represents a significant improvement to the public beach. Kyo-ya will also provide 20 public parking spaces to improve the accessibility of Waikīkī Beach to the public.

6) Will the Zoning Variance set a precedent for other development along Waikīkī Beach?

- No. The Diamond Head Tower project is a unique situation. The considerations given by the planning director will not extend to any other Waikīkī shoreline property. The Diamond Head Tower is located on the narrowest lot, which is shared with the historic Banyan Wing. Further, the State of Hawai'i entered into an important agreement regarding this property and the adjacent section of Waikīkī Beach. The 1965 Beach Agreement affects a limited section of Waikīkī Beach and was considered by the planning director in determining what Kyo-ya's reasonable use of its land should be. The planning director partially approved development within the limits of Honolulu's Land Use Ordinance and the City Council permits for this specific development lot.

7) Does Kyo-ya plan to demolish the Historic Banyan Wing of the Moana Surfrider?

- No. Kyo-ya has spent over \$150 million maintaining and rehabilitating the Banyan Wing since the 1980s. Kyo-ya has committed to continuing its stewardship of this historic property into the future. Kyo-ya has likewise shown great care for other historically important structures and has recently completed an \$80 million restoration of The Royal Hawaiian. Three of Kyo-ya's seven properties are historic – Moana Surfrider, The Royal Hawaiian and the Palace in San Francisco.

Summary of Public Benefits

The following is a summary of the public benefits provided with the projects:

- \$500,000 for Department of Land and Natural Resources' beach replenishment plan for the littoral cell between Kūhiō Beach and The Royal Hawaiian
- \$50,000 for ongoing beach maintenance projects in Waikīkī
- New public, pedestrian beach access across Kyo-ya's property from Kalākaua Avenue to Waikīkī Beach
- New public ocean views will be opened through the Diamond Head Tower from Kalākaua and Ka'iulani Avenues
- \$50,000 contribution to the Waikīkī Health Center to support youth outreach groups
- \$50,000 contribution for high resolution cameras for traffic, security and Waikīkī Beach
- \$50,000 contribution for trash receptacles on Kalākaua Avenue
- Creation of 20 public parking spaces
- Improved traffic and circulation on Kalākaua and Ka'iulani avenues
- Sewer line improvements
- Significant increase in construction and operational employment
- Significant increase in City and State tax revenue