



To: Harrison Rue, City and County of Honolulu, Hawaii
From: Ilana Preuss, Recast City
Re: Honolulu's Chinatown, TOD, and Makers
Date: September 2, 2015

Background

The City and County of Honolulu requested that Recast City LLC lead a series of interviews and meetings on local maker industries and manufacturing around the future rail transit stations, with a particular focus on Chinatown, during a five-day site visit. This memo is a summary of the meetings, including all interviews conducted onsite. The memo includes a short list of recommendations to uncover the existing businesses in the production economy, expand participation in the sector, identify local leaders for the efforts, bring its energy into transit-oriented development opportunities in the City, and promote Chinatown's ethnic heritage.

The goals of the series of meetings included:

- Meet with local small-scale businesses and manufacturers to understand the business and real estate needs of their sector.
- Identify the potential to bring existing and new small-scale manufacturers into transit-oriented development in Honolulu.
- Draft concrete steps that the City & County of Honolulu and other local leaders can pursue to harness the potential of local businesses and producers for neighborhood investment and to support entrepreneurs through new development activities.

The meetings were held June 25-30th, 2015 through funding support from the City. Recast City met with local producers, neighborhood leaders, local entrepreneurs, property owners and community representatives in Chinatown during the visit. The first two days consisted of one-on-one meetings with local producers and a walking tour of Chinatown. On the third day, Recast City participated in the Chinatown Action Summit. On days four and five, Recast City met with additional entrepreneurs, City representatives on the TOD Subcabinet, and local public and





private sector leaders interested in strengthening and expanding the local production economy.

The intent of the meetings was to provide the City and County of Honolulu and local stakeholders with a set of concrete steps that will support the diverse, local, small-scale manufacturing businesses. These steps will help to integrate their growth into transit-oriented development around the new stations, including Chinatown. The group of stakeholders engaged to date, and the leaders identified through this process, will need to determine priorities and responsibilities to carry out the actions within this list.



National Context

Demand is growing nation-wide to mix industrial uses back into our cities. Local manufacturing is on the rise and small production is cleaner and quieter than ever before. Communities that recognize this demand and harness it will take a key step to diversify local real estate markets and the employment base. Bringing these businesses and jobs back into neighborhoods provides a number of benefits to our communities:

People as an Amenity: Small-scale producers and manufacturers attract people who want to be a part of the Maker community and support locally made products. Events to showcase new products and business workshops can help bring people together, strengthen the community of producers, and promote it as an employment avenue to more neighbors.

Economic resiliency: Cities with a diverse set of small businesses can weather market changes more successfully and are less likely to lose their growing businesses to other cities or countries. Many cities are working on “economic gardening” – the concept of growing the size and scale of existing local businesses – because these owners are most likely to stay in town.

Small-scale manufacturing

This is the umbrella term. It includes all types of small businesses producing tangible goods. This includes businesses producing goods in textile, hardware, wood, metal, 3D printing, and food. This also includes hardware prototyping, consumer product design and prototyping, film production, breweries and distilleries, and local food production and packaging.



Building affordable spaces for these businesses to stay in the City is another key step to retention.

Power of the Local Market: The growing movement of Buy Local is spreading across the U.S. and providing producers with strong local markets, alongside access to a global market on the internet. Organizations like [SFMade](#) in San Francisco work to strengthen the community of local producers and help them market their products locally and globally. More people are gravitating towards unique and custom products on sites like [Etsy](#), to pop-up events like MadeInDC, or e-commerce platforms like [The Grommet](#). Domestic designers are increasingly looking for domestic contract manufacturers to do small batch runs of custom products when they want to scale their businesses.

Context in Honolulu

Honolulu has a culture of makers. This culture is based on many influences but specifically significant is Hawaii's geographic isolation and the melding of diverse heritages and cultures. During every visit and meeting, local business leaders showed a pervasive pride for the community of Honolulu, its unique neighborhoods, and for the independent Hawaiian spirit. A number of young entrepreneurs also expressed their passion to stay in Honolulu and "build the community they want to live in." The existing small-scale manufacturers and maker industries are inventive, creative, determined, and building an international network of support where they need it. This passion and energy is an amazing base from which to build a strong production economy.



These business owners are key to retain and expand diverse job opportunities in Honolulu for graduates from local high schools and universities. The small-scale manufacturing sector is important for Honolulu's economic and neighborhood strength. These businesses create job-type diversity with salaries that are significantly better than service sector jobs – often \$50,000-\$60,000 a year. In one survey of small-scale manufacturing business owners, 40 percent of owners did not have a college degree. The diversity of businesses will help the City weather future economic downturns and be less dependent on one or two major sectors for employment. These businesses also diversify the real estate tenant mix in the City.

Types of Businesses

The businesses included in interviews and meetings represent a broad cross-section of different maker industries and small-scale manufacturing. A few examples of these business types in Honolulu include:

1. **Maker industries** - Maker industries are stand-alone businesses that produce goods – often by hand or with a small set of tools. These business owners may be referred to as artisans. They have a few defining characteristics – they are full-time producers, they are generally a sole proprietor business or have 1-2 employees, and sell their goods online and/or at local markets. These businesses often use about 500 to 1000 square feet of space. They are



a unique asset to the City because these producers can choose to live anywhere. Low-cost work space and affordable housing will be key to these owners. Local businesses such as [Island Soap & Candle Works](#) in Ward Warehouse, food production businesses in Chinatown, and producers of items sold at [Fishcake](#) exemplify this business group. Based on a quick survey of market organizers, there are thousands of these businesses on O’ahu.

2. **Shared kitchen/woodshop/textile shop** - Some businesses offer access to a set of shared tools to a group of small producers. The tools may be specific to the food industry, wood fabrication, textiles or other industries. They often focused on tools within one industry, for instance, fully outfitting kitchens for food production that a small business can rent by the hour or a well-outfitted textile space accessed by a set of members who share the tools. The businesses that provide the shared access to tools occupy





spaces ranging from 2,000 to 15,000 square feet. The businesses are not open to the public. Startups and existing small producers may rent the tools for short or long-term use from the business owner. One example of this type of space in Honolulu is the [Hawaii Fashion Incubator](#). They provide shared space, some shared tools, and support fashion sector business development. Similarly, the [Culinary Kitchen Incubator](#) provides access to State of Hawaii Health Department certified kitchens to local entrepreneurs.

- 3. Small manufacturing** - Small manufacturing businesses are ones starting to scale up in size. They have dedicated production space and more tools of their own. They have 20 or fewer employees and often sell through wholesale outlets as well as online and at local markets or their own retail stores. These producers generally need 2,000 to 5,000 square feet, up to about 20,000 square feet of space. Their businesses may produce custom screen-printed shirts, design marine technology prototypes, or play a role in TV and film production. The small manufacturing businesses may be in textiles with their own cut and sew team, or create and package new food products. These businesses may need larger truck access for delivery and shipping. They may have specific exhaust needs for their production. These needs will be industry specific. Some of these businesses will not want retail frontage and will select existing industrial districts or back of the building options for space. Others will want to be more accessible to foot traffic. An example of this scale of production is [Honolulu Beerworks](#) in Kakaako.



Assets and Challenges

The small-scale manufacturing sector benefits from some support and programming in Honolulu. In many cases, the business owners convene their own events and their own organizations to promote the sector themselves. The base is strong but will not be enough to make this business sector as powerful and vibrant as it could be for Honolulu and its residents.

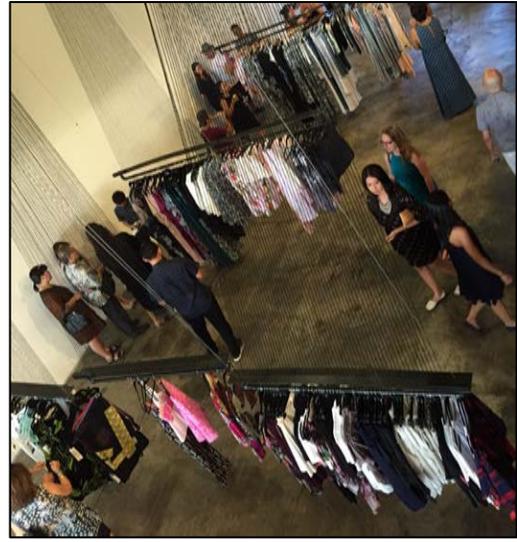
Some existing institutions and organizations recognize the importance of manufacturing for Honolulu's economy - particularly the Hawaii Chamber of Commerce, Enterprise Honolulu and Innovate Hawaii. The programs these organizations provide are mostly aimed at larger businesses and give less support to maker industries and small-scale manufacturing with 20 or fewer employees.

Many local entrepreneurs organize groups and events in Honolulu to bring this business sector together and showcase their products. These are important assets from which to build both champions for the sector and partnerships to grow it. During the visit, Recast City collected a

list of events. This should be considered a starting point to understand the activities of the sector – it is far from exhaustive.

Existing events that showcase the maker industry economy in Honolulu include:

- Popular local craft fairs like the Moanalua 99 Fair and the Honolulu Craft and Gift Fair
- [Made in Hawaii Festival](#) that occurs in the fall
- Neighborhood farmers' markets that include prepared food items and non-food local products
- [Hawaii Craftsmen](#) that promotes craft work through education and outreach
- [Art + Flea](#) a monthly event that curates 50-60 maker industry businesses from a list of over 800 applicants. This event also has a pop-up shop in Ward Warehouse, called Mori, and hosts monthly workshops on subjects ranging from crochet work to tea.
- [Night Market](#) in Kakaako is a monthly event that showcases local maker industries
- [Eat the Street](#) organizes food truck events, both large (over 50 trucks) to small (3-5 trucks), to showcase local prepared food
- [Startup Weekend](#) Honolulu brings together tech entrepreneurs to test out startup ideas over 2-3 days. This event could connect with local producers interested in the Internet of Things (IoT).
- [MAMo](#) events feature Hawaiian artists and products for Maoli Arts Month and is considered by many to be the premier event for high quality local, indigenous products
- Lana Lane Studios in Kakaako is a studio for small music producers. They host the [Pow Wow Festival](#) to bring together Hawaiian musicians and artists.



There are many other Meetups and Eventbrite gatherings that bring this community together as well.

Similarly, cowork spaces and programs at local institutions are growing pieces of support for this business community. These assets need to be connected to each other and to the members of the existing maker and production community so that business leaders can use them to their fullest.

- Cowork spaces are growing in Honolulu, but are still a fairly new concept. In some cases, the cowork spaces are used by small manufacturing businesses and designers whose production is offshore. [BoxJelly](#), Blue Planet, [ROC](#) are important locations to connect with the local maker industries.
- Local makerspaces, like [Oahu Makerspace](#), give people access to shared tools for a monthly membership fee. These spaces are open to the public. The Hawaii State Public Library System is also working to add makerspaces so that more people have access to training, tools and other shared resources.
- [Pacific Center for Advanced Technology Training](#) at Honolulu Community College has specialized training and access to hardware tools for students. It is in one of the TOD areas, which will increase accessibility to the facility. Connecting these students to existing businesses will be important to retain them in Honolulu.
- [Cut Collective](#) has a training program for small production of cut and sew in fashion alongside its incubator. High quality cut and sew skills are in demand and should be connected to HiFi and others in the garment industry.
- Punahou, Mid-Pacific and other private schools have makershops for students. These shops are important to show students the diversity of job types available in the community. They should be connected to existing businesses so that students understand different professional paths to use these tools long term.
- Many public high schools have strong robotics programs. These will be important to expand the marine technology sector and expand businesses focused on the Internet of Things (IoT) where technology and tangible products come together. These students should be exposed to local businesses using similar

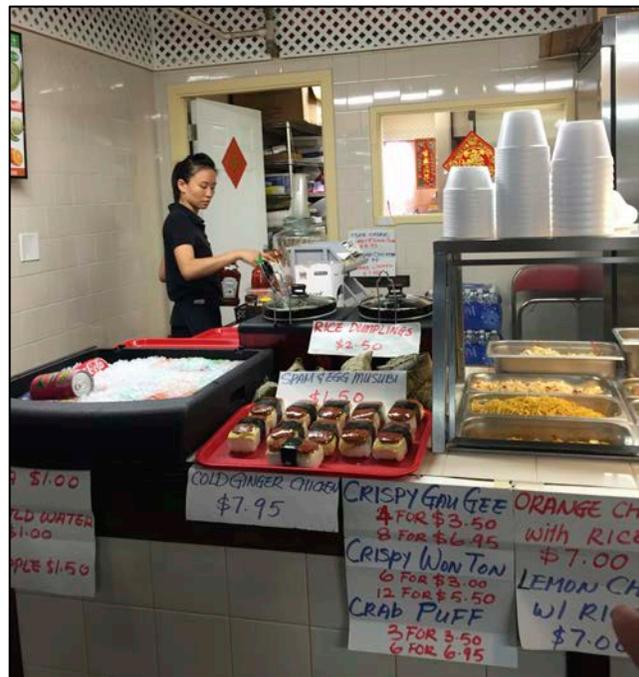


technology so they see a professional path to stay in the islands.

- High schools also have advanced programs in digital filmmaking. Digital design and production are important compliments to businesses creating tangible items.
- The strong [Women in Film](#) program, based at The Arts at Mark's Garage near Chinatown, can also be connected to the maker industries – both to showcase it and to connect complimentary parts of the sector. The [Academy for Creative Media](#) at University of Hawaii can serve a similar role.
- The Hawaii music industry is strong and active. The energy behind music production can be connected to the other creators of products to showcase the strong local culture of creativity and inventiveness.

These events and conveners serve an important role to support and bring together the existing businesses and entrepreneurs in the community. Yet, the community of makers and doers faces a number of challenges to retain and grow this business sector.

- There is a lack of communication and connections between different types of producers and businesses that use different materials. For instance, those using technology (like marine fabrication) and those in textiles have limited contact although marine textile technologies could be a competitive edge for Honolulu if the sub-sectors worked together.
- There is limited communication between the communities of maker industries (different materials) and the rest of the business community in Honolulu. The larger businesses could commission detailed work from the small local producers and/or the small and scalable businesses could find mentors in the large ones. This is an important hurdle to bridge.
- The City and County of Honolulu does not hear vocal champions for this business sector in city decision-making processes. No one currently represents the maker industries in front of City zoning officials, City elected officials, or the Hawaii Chamber of Commerce. Enterprise Honolulu and Innovate Hawaii could play key roles to identify and convene these champions.
- The maker industries have no cohesive brand or marketing so that the rest of Honolulu, Hawaii, and buyers from other states and countries, know that they are “buying local.”



Communications and outreach will be key to the business sector’s success. Yet the largest current challenge to this business sector may be the local real estate context. Real estate

development is changing so fast in Honolulu that it is beginning to threaten the viability of this business sector.

- “Cool spaces” used by some of the local maker businesses in Kakaako will soon be redeveloped.
- New interest for spaces in nearby Chinatown could threaten its cultural heritage businesses.
- Retail space lease rates are rising. Most small producers with a retail frontage can not compete with larger retail tenants on price per square foot.
- Business owners noted that it is difficult to find true industrial space (I-2) in Honolulu when it is needed. Landowners do not want “dirty” businesses – they are concerned about high liability risk for anything that might be a pollutant and taint the property for other future uses.
- Owners of industrial property can get higher lease rates for retail so they lobby the City for a zoning change. IMX zoning is flexible but does not protect against transition of spaces from industrial to retail and office.
- Some local producers will still need large spaces for production even as real estate changes. Affordable leases for 2,000-10,000 square foot space will be key to retain. This may be challenging as areas redevelop. The City and developers need to look carefully at the TOD neighborhood plans and understand where these kinds of spaces are likely to be retained.

Findings and Recommendations:

The site visit included time to meet with representatives of local maker industries and with leaders in Chinatown to understand how these two important community assets may come together and compliment each other for future investments. The findings and recommendations below focus on **Makers and Doers** and on **Chinatown** needs separately but work best in combination to build upon the community’s strengths and enhance economic development opportunities.

Makers and Doers - Findings

There is a strong community of small producers in Honolulu. They cover textiles, metal, jewelry, music production, hardware prototyping, food production and film





technology – at minimum. The businesses in this sector number in the thousands, but no one has a complete understanding of who is in this sector. There are a number of leaders/connectors in this sector who have lists they may be willing to share, such as [Mori](#) (with over 800 vendors), [Eat the Street](#), [BoxJelly](#), existing makerspaces, [Innovate Hawaii](#), [Hawaii Fashion Incubator](#), [MAMo](#), [Fishcake](#), and the other institutions and events listed above.

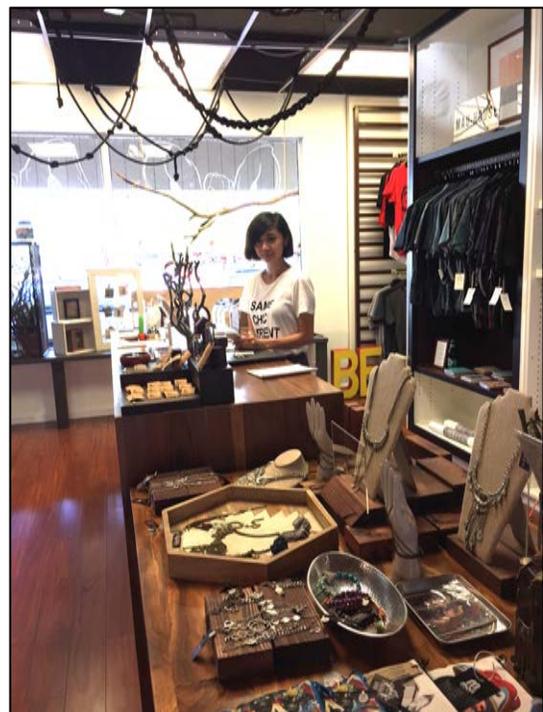
Any organizing of this sector must take into account the geographic distribution of the businesses and understand how this will change with coming development around the rail transit stations. For instance, some retail focused producers are in Ward Warehouse and others congregate in other parts of Kakaako. These businesses will likely be displaced by future development and will need new homes – ideally in other TOD areas. All of these businesses are concerned about when they will be kicked out of their space. They do not know where they will go next. Chinatown has a strong history of small businesses and producers, but it is not clear how much production takes place there now. Any decision to accommodate more Honolulu producers in Chinatown must be done with an awareness and appreciation of the cultural heritage of the neighborhood.

Based on a number of conversations, it seems that there are a number of challenges specific to maker industries in Honolulu. For instance, the Chamber of Commerce programs in support of manufacturing are aimed at advanced manufacturing and larger businesses and are not promoted specifically to small maker industries. Also, the Airport area property owners are just beginning to think about how to harness the energy around the new transit line, in part by re-envisioning their industrial space for maker industries. They are mostly content with service industry users that are there now. Additionally, it is unclear whether multi-floor industrial construction would be financially feasible near rail stations and if the market for industrial uses would support the cost of construction.

Makers and Doers - Recommendations

Based on these findings, Recast City recommends the City and its partners in real estate, small-scale manufacturing and economic development consider a number of initiatives to support and expand the production community and attract local high school and college graduates into this workforce:

1. Work with the existing leaders in this sector to convene the maker industries and other doers to understand their successes and challenges as a business sector. Consider doing a full market analysis of this business sector. Develop an economic development strategy that supports this sector from sole-proprietor producers to scalable manufacturing businesses.



2. Continue to work with the maker businesses to understand the TOD neighborhood plans that will retain industrial and warehouse uses. Determine the appropriate places for small-scale manufacturing and maker industries in these target areas and encourage the businesses to move, so that they are not lost in the transition of station area redevelopment. Encourage maker industries to locate at the stations already targeted for employment centers or industrial areas.
3. Consider partnering with an entrepreneur and/or developer to create a hub for small-scale manufacturing. The hub can be an existing building that is subdivided for a number of small space users. The City or State can invest in the rehabilitation of the building as a way to keep it low-cost for local maker industries. The hub would function like a cowork space for small producers. The hub could be launched in a City or State-owned building to pilot the concept at a low cost.
4. Establish a Made in Honolulu or Made in Hawaii brand. Work with the small manufacturers and maker industries to determine the best way for branding and marketing to work. Promote these businesses to local residents, tourists and internationally. Daylight this business sector and show its value to citizens and to the city leadership.
5. Consider a density bonus or other incentive for developers to include micro-retail spaces, lower cost retail for local small businesses, or light industrial uses in real estate projects. This will be especially effective in multi-use plans where the developer can underwrite the low lease rates of the subsidized work spaces through the premiums it can achieve on other parts of the development.
6. Meet with property owners in Chinatown near Downtown to help them understand the opportunity to bring small-scale producers to their upper floors. These users will support the trend of downtown-adjacent retail and bring more life to those streets.
7. Consider creating a program like Detroit's [Motor City Match](#) to encourage people from Hawaii to come back from the mainland and establish their businesses here. This program is a competitive grant for locals to either expand existing businesses into Hawaii or create new businesses within the community.
8. Work with rail station area property owners to conduct a financial feasibility analysis of multi-floor industrial development to understand if the product is realistic in the current market or if it needs financial support to happen. Consider the first analysis as a pilot project and test out the City approval process and review systems to understand any barriers to approval.



9. Set up a matching program like [SFMade](#) to connect small-scale producers with affordable work spaces to help businesses find stable, low-cost locations during the redevelopment period of Iwilei/Kapalama and Kakaako.
10. Host a Summit on maker industries and tie it into the Comprehensive Economic Development Strategy (CEDS) drafting process. Enterprise Honolulu volunteered to explore hosting this Summit. The Summit should attempt to create metrics for the business community and begin to flesh out its economic impact.

Chinatown - Findings

Honolulu's Chinatown is a vibrant community undergoing transition. The neighborhood has two distinct parts – new small businesses and galleries on the streets closest to Downtown in the east; and the Chinese and southeast Asian businesses and institutions in the center and west. The area to the east has boutique shops, bars and some restaurants. These businesses are not heritage businesses that showcase the Chinese culture. They are new small businesses launched by local entrepreneurs, often showcasing locally produced items. The ethnic area includes traditionally Chinese businesses and community spaces such as micro-retail stores, produce sellers, prepared food stalls, and open air markets. This area also includes the traditional Chinese “societies” that are meeting places for members and businesses of different religious and ethnic groups within the southeast Asian community.



Currently, the different types of businesses co-exist within the Chinatown neighborhood, but recent changes should be noted. For instance, some local entrepreneurs are moving west to open new businesses. This brings needed activity to the area, but could put pressure on the Chinatown building owners to move away from heritage businesses and attract higher-paying tenants from other locations in the City. Also, a number of Chinatown market stalls are currently empty as family businesses close when finances change or the next generation is not interested in the fish or butcher shop. Additionally, historically significant buildings owned by local families for generations are falling into disrepair and could be damaging for future neighborhood investment.

These challenges are major hurdles for the neighborhood to address, but can be overcome through purposeful outreach and engagement of different community members. Community and city leaders need to continue to reach out directly to property owners in the neighborhood to understand what barriers they face in redevelopment efforts. Community intermediaries,



such as the leaders of the Chinese societies (like Dr. Young), need to be engaged to bridge the language and cultural gap and to help build trust between city leaders and a community that operates fairly independently. Entrepreneurs from new and historic businesses need to be brought together to unite the neighborhood and build on its assets coherently.

Chinatown - Recommendations

Based on these findings, Recast City recommends that City and Chinatown leaders consider a number of steps to retain the cultural heritage of the neighborhood and support local entrepreneurs:

1. Consider establishing a [cultural heritage land trust for Chinatown](#) to purchase some of the most historically significant buildings, rehabilitate them, and sell or lease them with covenants that retain cultural heritage uses. The San Francisco model for [Japantown](#) is a good example of this type of trust.



2. Pilot the [city approvals process for reuse of a Chinatown property with vacant second or third floors](#).

Work with the owner to take the property through the city process to convert the upstairs into small-scale production space. The pilot should:

- a. Test out the City's new building code for existing structures and fire code review to see what the City can do to support reuse of the second floor;
- b. Identify City, State and HART programs that can help finance needed renovations;
- c. Understand whether this kind of project is financially feasible or needs more public support.

This pilot should also consider residential conversion or micro-units in a similar process with the City.

3. Host [more frequent, smaller events in Chinatown to showcase the area's ethnic cultures](#). For instance, consider a monthly event on River Street around the three temples with traditional music performers. Similarly, work with the Chinese societies to host events at different intersections that showcase products from different regions, or organize historic walking tours of the neighborhoods through which the elders of the community can tell the stories of Chinatown's past. The community may also choose to showcase new products created by younger generations of southeast Asians with local maker industry businesses.



4. Work with the property owners to create a [Business Improvement District](#) for Chinatown. Look at highly successful BIDs on the mainland as examples and reach out to the [International Downtown Association](#) about BIDs specific to cultural heritage areas. Launch the BID with a focus on clean and safe – the BID must have regularly visible staff on the street to promote safety in the neighborhood and to combat the perception of an unsafe area with many homeless people. The BID can then begin to host movie nights, art walks, cultural heritage events and other activities to bring people together in the neighborhood.
5. Consider creating a shared workspace for maker industry businesses in a City or State-owned building in Chinatown. The shared space should be aimed at small producers who have their own tools but would like to be a part of a community of businesses. This is a great opportunity to test the market for small production spaces while activating an unused space in the neighborhood. The City should consider partnering with an existing Honolulu entrepreneur that has experience with maker industries and/or cowork space, like [Art + Flea](#), [BoxJelly](#) or Chinatown entrepreneurs like the owner of [APB Boardshop](#).



Conclusion:

Honolulu has an amazing culture of make-it-local, and a growing family of entrepreneurs committed to making the community an exciting and vibrant place to live and work. Small-scale manufacturing and maker industries are setting up shop in Honolulu and growing. Now is the time for the City and community leaders to embrace these small businesses and include them in rail transit station area redevelopment and growth plans. The City will attract more small producers into this sector as it daylights the entrepreneurial and job opportunities. Honolulu's neighborhoods will benefit from incorporating these businesses into existing and new real estate products to bring people together, create more job opportunities, and showcase the buy-local power inherent in Honolulu's culture.

