

Better Communities for Tomorrow:

Hawaii Community Development Authority 2006 Annual Report







Letter to the Governor



The Honorable Linda Lingle Governor State of Hawaii

Dear Governor Lingle:

It is with great pleasure that we present the Hawaii Community Development Authority's (HCDA) Annual Report for the 2005-2006 Fiscal Year. It has been 30 years since HCDA was created, but our goals and efforts toward creating communities that will serve as the best models of urban neighborhood excellence remain our primary focus.

As we pursue the planning, regulation and development of the Kaka'ako and Kalaeloa Districts of Oahu, meeting people's needs and aspirations remain the guiding principle for all we do and hope to do. For this reason, we have chosen to present this report largely in the voice of people — HCDA staff and the stakeholders of Kaka'ako and Kalaeloa – to highlight past achievements while looking toward the future.

In the Kaka'ako District, the past twelve months have seen a continuation of our efforts to facilitate much-needed improvements in the area's infrastructure and the development of reserved, or affordable, housing units. Roadway and utility system improvements continue to enhance the function and safety of the District, not only for today but for future growth. We strongly feel that Kaka'ako is, and can be, an even more wonderful community for all people of Hawaii, a place that celebrates and fosters diversity. We remain firm in our commitment to providing opportunities and choices for people to live, work and play within Kaka'ako. Although our attempt to transform 36½ acres of the Kaka'ako Waterfront into a mixed-use gathering place met with community and legislative opposition last year, we are implementing an inclusive and transparent process to gather and develop a consensus that embraces the wishes of a broad cross section of interests in a fashion that will move us forward. Similarly, as we have embarked on a process to revise the Kaka'ako Mauka Area Plan, we have called on the community to offer their ideas and input on how we can best guide future development, especially for small landowners, an issue left unaddressed for far too long.

The adoption of the Master Plan for Kalaeloa last year was a giant step in ensuring that the District will become a "Center of Excellence" for education, research, industry, recreation, cultural, environmental, housing, and commercial activities in the Leeward/'Ewa region. While the completed Master Plan has helped determine the potential of Kalaeloa, the magnitude of the costs has highlighted the need for a short-term strategy to address public needs until this community supported and economically viable long-term plan can be successfully implemented. As in the case of Kaka'ako, we will actively engage the public and Kalaeloa stakeholders to the greatest extent possible as we proceed with our mission there.

We extend our thanks and appreciation, to all that have supported HCDA, and we humbly ask for continued support.

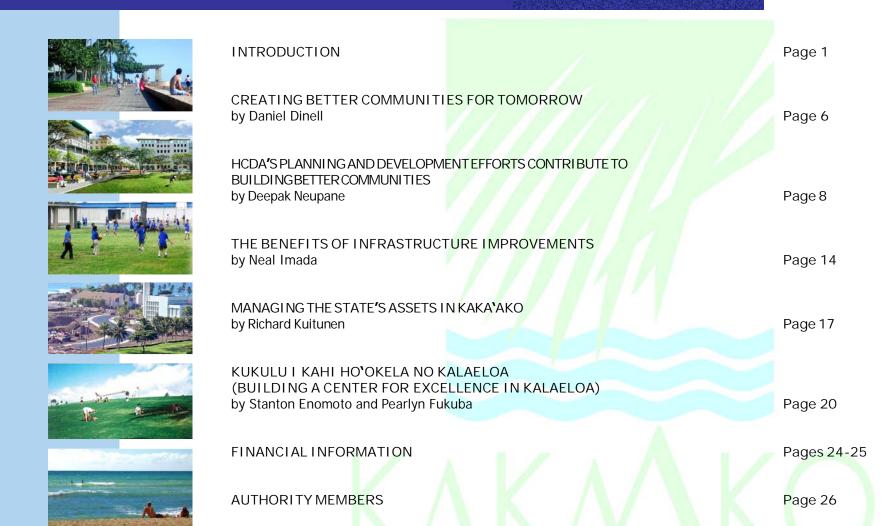
Respectfully yours,

Michael Goshi Chairperson

Hawaii Community Development Authority



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Introduction

The Hawaii Community Development Authority (HCDA) was established to supplement traditional community renewal methods by promoting and coordinating public and private sector community development. The 1976 State Legislature created HCDA to plan for and to revitalize areas in the State which lawmakers find to be in need of timely redevelopment. Its legislative mandate empowers HCDA with comprehensive planning, regulation and development responsibilities. HCDA is able to go beyond traditional urban renewal methods by facilitating and participating in collaborative community development efforts between the public and private sectors.

In creating HCDA, the Legislature also designated the Kaka'ako area of Honolulu as the Authority's first Community Development District, recognizing its potential for increased growth and development and its inherent economic importance to Honolulu as well as to the State. Lawmakers found that Kaka'ako was significantly underdeveloped and underutilized relative to its central location in urban

Honolulu. The Legislature foresaw that the redevelopment of Kaka'ako would offer tremendous opportunities to address the need for more housing, parks, and public facilities, as well as facilitating the establishment of new industries and new commercial and industrial space near downtown Honolulu.

In 2002, the State Legislature, citing HCDA's proven track record, assigned redevelopment responsibility for the Kalaeloa Community Development District to the Authority. Recognizing Kalaeloa's development potential, HCDA adopted a Master Plan to transform the District into a model community that will create jobs, nurture new businesses, and provide much-needed housing and public facilities for the people of Hawaii. Lawmakers added five new members to the Authority to represent the Kalaeloa District; these members vote only on Kalaeloa issues.

Organization of HCDA

HCDA is a public instrumentality and body corporate attached to the Department of

Business, Economic Development & Tourism for administrative purposes. The Authority is composed of 18 voting members from the private and public sectors who oversee HCDA operations and establish policies to implement its legislative objectives. Four of these eleven members are ex officio voting members from the following State departments: Accounting and General Services; Budget and Finance; Business, Economic

A 20-year horizon Kalaeloa Master Plan was approved in August 2006 and now must be implemented.

Development & Tourism; and Transportation. In addition, the Governor appoints three members from a list of names submitted by the Honolulu City Council, two members from lists submitted by the Senate President and the Speaker of the House, as well as four members at-large. The five Kalaeloa members include: the Chairperson of the Hawaiian Homes Commission; the Director of the City Department of Planning and Permitting; two community representatives (one each appointed by the Governor and the Mayor of Honolulu); and a Hawaiian cultural resources specialist appointed by the Governor. The Executive Director serves as the chief executive officer and is appointed by the Authority members. The staff includes personnel from professional fields including planning, engineering, architecture, development, finance, public information and administrative services.

Regulatory Functions

Since the adoption of the Kakaʻako Plan in 1982, HCDA has performed land use and zoning regulatory functions to ensure that any development occurring in the District meets the provisions of the Kakaʻako Plan. The Plan includes specific requirements and restrictions relating to height, density, building setbacks, open space, view corridors, streetscapes, landscapes and tower footprints. Additionally, the Plan contains schemes for transportation, open space and recreation areas, public facilities, and infrastructure.

A 20-year horizon Kalaeloa Master Plan was approved in August 2006 and now must be implemented. Among the next steps include the promulgation of Hawaii Administrative Rules. Community/stakeholder input is being sought to delineate goals, objectives, and guidelines for these Rules, which will then be followed by detailed language governing the District and encouraging desirable economic, social/cultural, and environmental outcomes.



HCDA's vision for Kaka'ako is to establish the District as the most desirable urban place in Hawaii in which people can work, live, visit, learn and play.

Composed of 600 acres of land, the Kaka'ako Community Development District includes the area bounded by Piikoi, King, and Punchbowl Streets and Ala Moana Boulevard, as well as the stretch of waterfront from Kewalo Basin to Forrest Avenue, and the Hawaiian Electric power plant site in downtown Honolulu.

In 1982, following an intensive five-year planning process, the Authority adopted the Kaka'ako Community Development District Plan. This Plan and associated rules serve as the basis for guiding both public and private development activities in Kaka'ako. The Plan was subsequently amended to include the Kaka'ako waterfront area and is currently comprised of two documents: the Mauka Area Plan (covering the area on the mountainside of Ala Moana Boulevard) and the Makai Area Plan (covering the lands on the ocean side of Ala Moana Boulevard). In an effort to stay in concert with changing market and social conditions, and to facilitate new development, HCDA periodically reexamines and revises its plans for Kaka'ako to meet these needs.

Vision and Mission for Kaka'ako

HCDA's vision for Kaka'ako is to establish the District as the most desirable urban place in Hawaii in which people can work, live, visit, learn and play. This direction supports the legislative intent of a mixed-use district where residential, commercial, industrial, and public uses complement each other. The mission of HCDA for Kaka'ako is to ensure the transformation of the District into a dynamic urban neighborhood that accommodates a mix of people with a wide spectrum of social and business activities. HCDA serves as an infrastructure developer, landowner, city planner, regulator, and property manager to expeditiously implement Kaka'ako's master plan. In doing so, HCDA contributes to Hawaii's economic development, education and exposure to the culture and the arts; is sensitive to and support existing businesses and residents; and in the process, provides the most livable community and raises standards for new communities throughout the State of Hawaii.

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The Kalaeloa Community Development District encompasses approximately 3,700 acres of land within the former Barbers Point Naval Air Station (BPNAS) in West Oahu. Kalaeloa is bounded by the Pacific Ocean and the lands within Roosevelt, West Perimeter, East Hansen, and Essex Roads as well as four parcels within Campbell Industrial Park.

In 1993, the U.S. Department of Defense, through the Base Realignment and Closure (BRAC) process, designated the BPNAS for closure. In response, then Governor John Waihe'e and Mayor Frank Fasi signed a joint letter establishing the BPNAS Reuse Committee in September 1993. In April 1997, the State Legislature redesignated the Committee as the BPNAS Redevelopment Commission (BPNAS-RC).

The BPNAS-RC served as the local reuse authority responsible for coordinating with the Department of Defense on the identification of land uses for the surplus properties within Kalaeloa. In December 1996, Governor Benjamin Cayetano formally approved the BPNAS Community Redevelopment Plan identifying various State and County government agencies as receiving entities for the surplus land. The Community Redevelopment Plan, with its subsequent amendments



in 1998 and 2000, has served as the principal guidance document for the Federal government in the conveyance of surplus lands.

In June 2002, then Governor Cayetano signed into law legislation that transferred responsibility for Kalaeloa from the BPNAS-RC to the HCDA. On July 1, 2002, HCDA assumed the responsibility for implementation of the Community Redevelopment Plan, overseeing remaining conveyances, contract administration, promulgation of administrative rules, and other responsibilities relating to the former BPNAS-RC. This Act also:

- expanded the designation of the Kalaeloa Community Development District to encompass all of the land within the former BPNAS, including land retained by the Navy and land conveyed to other Federal agencies;
- transferred the Kalaeloa Community Development Revolving Fund to HCDA; and
- authorized HCDA to assess non-Federal land users for a proportionate share of its staff and operating costs for Kalaeloa.

During FY2006, three of the four rental housing areas in Kalaeloa (Makai, Orion, and Orion Park) underwent renovation by California-based developer, Carmel Partners. The remainder of the land in Kalaeloa has remained virtually unchanged from previous years with landownership divided amongst various Federal, State and County agencies. Development activity on government-owned land in Kalaeloa has largely been limited to improvements of the Kalaeloa Airport, several transitional homeless shelters, Barbers Point Golf Course

and Hawaii National Guard properties.

The State Department of Hawaiian Home Lands has approximately 30 tenants with short-term leases for commercial and industrial related activities. The Navy also started short-term leases for vacant buildings and lands in Kalaeloa. Besides providing presence in the District, the short-term leases are important because they provide space for businesses to operate and jobs. Other Kalaeloa landowners, such as the U.S. Veterans Administration and the Hawaii Public Housing Authority, had pre-existing agreements with various organizations to assist in homeless and social support services for their respective constituents, the scope of which has expanded over the past year.

Nearly 1,120 acres (30% of Kalaeloa) remains either pending conveyance to a specific State or County agency or unallocated. Additionally, some 500 acres of land are to be disposed of pursuant to legislation passed by the U.S. Congress. The relative absence of development and conveyances during FY2006 was due, in large part, to discussion regarding the potential home porting of an aircraft carrier strike group at Pearl Harbor and the possibility of stationing the aircraft carrier's air wing at Kalaeloa. Despite this pending decision, other major landowners and users in Kalaeloa such as the Barbers Point Elementary School, the U.S. Coast Guard Search and Rescue Station, the Honolulu Board of Water Supply Desalination Facility, and Hawaii National Guard Youth Challenge Program continued their activities in FY2006. In addition, the public access to Kalaeloa's beaches and use of the baseball/football park facilities under license to the City & County of Honolulu was maintained during FY2006.



Creating Better Communities for Tomorrow

by Daniel Dinell



"HCDA is an agency comprised of people dedicated to creating better communities for tomorrow, communities that will enhance the quality of life for the people of Hawaii."



The Hawaii Community Development Authority (HCDA) is an agency comprised of people dedicated to creating better communities for tomorrow, communities that will enhance the quality of life for the people of Hawaii. With all our activities and actions, Authority members and staff are working to establish the most desirable and sustainable urban neighborhoods where people can pursue their interests while remaining respectful of the past, cognizant of the present, and looking to the future.

State lawmakers have, in essence, entrusted HCDA as the 'steward' of both the Kaka'ako and Kalaeloa Districts of Oahu. It's both a crucial and gratifying responsibility, one based on specific legislative directives intended to "result in communities which serve

the highest needs and aspirations of Hawaii's people". This is a stewardship we take very seriously and are honored to uphold.

We are far from perfect, yet our motives and intent are clear. In planning for creating a better tomorrow, we strive to make efficient, focused, and hopefully, intelligent use of the State's resources, and to wisely manage growth to achieve our desired future. We envision communities that are walkable, with homes, shopping, jobs and entertainment intermixed and in close proximity. Following the principles of 'Smart Growth', we also espouse communities that offer people choices: a wide range of housing opportunities for residents, with park and outdoor recreation areas and commuting options that will make life more convenient



and comfortable, all the while recognizing that we must meet the needs of today without compromising the ability of future generations to meet their needs.

In Kaka'ako, we are following a vision that promotes positive economic development, preserves our diverse cultural heritage, and incorporates best practices in energy and environmental sustainability. Our vision fosters live, work, visit, learn, and play mixeduse neighborhoods that, at their full potential, will contribute in making Honolulu a great city. Although our work to achieve this vision in Kaka'ako is far from done, we have made significant progress to date. In 1980, there were some 1,100 residences in Kaka'ako, none of them were reserved for either affordable rental or for sale. Today, HCDA has permitted an additional 2,089 market-priced homes and directed the development of 1,388 affordable units, with another 63 reserved units released to the buyers in 2006, and more are on the way. While Kaka'ako's residential population has grown from 2,798 to over 8,000 over the past 30 years, HCDA has expanded the 1.65 acres of park land available in 1976 with an additional 45 attractive acres, with several more acres in the works. The \$155 million invested by the State, along with the \$48 million spent by utility companies and private landowners, for Kaka'ako's infrastructure improvements has resulted in over \$2 billion in private sector investment in the District, \$304 million in the past year alone.

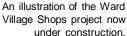
In Kalaeloa, the former Barbers Point Naval Air Station, HCDA is poised to make a profound contribution

to the future of O'ahu. There have been many changes in the region since the former base was closed in 1999 and there is much that needs to happen before Kalaeloa can realize its full potential. HCDA's mission for Kalaeloa is to create economic, cultural/social and environmental value for the region, to lead a sustained, long-term public/private commitment to establish the District as a Wahi Ho'okela (Center for Excellence) through planning, partnership, advocacy, and stewardship. A significant milestone was achieved in 2006 when, with the input and participation of Kalaeloa and regional landowners, businesses, and community groups, HCDA adopted a master plan for Kalaeloa. Approved by the Governor, this Plan has set the course for the exciting future envisioned for the District. In Kalaeloa, our focus is to set the stage for the economic engines to take hold. Our aim is to reconnect the former base to the surrounding communities and to encourage people- and transit-oriented development, while leveraging the assets of the District. Kalaeloa presents a tremendous opportunity to capitalize on creating higher density, mixed-use neighborhoods, with the public and private sectors working closely together to achieve this end.

We are taking great strides in making Kakaʻako, and now, Kalaeloa, better communities that incorporate the principles of sound growth policies. In both Districts, people must be at the center of all we do. We at HCDA are committed in doing just this, in creating communities that will serve the needs and desires of people for today and tomorrow.



"...We envision communities that are walkable, with homes, shopping, jobs and entertainment intermixed and in close proximity."



HCDA's Planning & Development Efforts Contribute To Building Better Communities

by Deepak Neupane







When the Legislature created the Kaka'ako Community Development District in 1976 the intent was to facilitate and bring about the development of housing, parks and open spaces, and commercial and industrial facilities in Kaka'ako in a timely manner. To a large extent many of the goals of the Legislature have been achieved. Today there are affordable housing, flourishing businesses, and attractive parks and public spaces in Kaka'ako. However, much more is still left to be done to make Kaka'ako a better community for the future.

The community development plans that the Hawaii Community Development Authority (HCDA) created back in the early eighties led to significant investment in improving infrastructure in Kaka'ako. This

investment has in turn spurred sizable private investment in redevelopment. It is very evident that Kaka'ako today is much different than what it was even ten years ago. Much of this change has been indisputably for the better.

Unfortunately, not all developments in Kakaʻako have created places that attract people. Some developments have kept people out. A number of highrise buildings that have gone up in Kakaʻako have created a fortress-like environment. These glass and concrete architectural behemoths are an eyesore to some, and show that even the best planning efforts sometimes lead to results that can be less than desirable.



Because not all of the development in Kakaʻako has been conducive to the environment, area businesses, residents, and users of the District, we acknowledge that as Kakaʻako positions itself for the twenty-first century, HCDA needs to plan with the people and the community to make Kakaʻako an even more desirable community. One could argue that some of the key urban design concepts and the quality of the urban environment in Kakaʻako have not worked as well as hoped for. Moving forward, HCDA has intensified its efforts to develop better urban design objectives and regulatory and design standards to make Kakaʻako a high-quality, more desirable urban community.

Making Our Plans & Rules 'Smart' for Future Growth

With that in mind, HCDA has started the process of amending the Mauka Area Plan and Rules that govern development of the area. The Plan and Rules have been changed in sections over the past 20 years, but this is a new comprehensive amendment that is again enlisting the participation of Kaka'ako's stakeholders and the public at-large. The intent of this amendment is to develop a new planning framework for

Kaka'ako based on the principles of "smart growth". Smart growth is an organizing framework used to identify a set of policies governing transportation and land use planning policy for urban areas that benefits communities and preserves the natural environment. Smart growth advocates land use patterns that are compact, transit-oriented, walkable, bicycle-friendly, and include mixed-use development with a range of housing choices. This philosophy keeps density concentrated in the center of a town or city, combating urban sprawl.

Smart growth advocates comprehensive planning to guide, design, develop, revitalize and build communities that:

- have a unique sense of community and place;
- preserve and enhance natural and cultural resources;
- equitably distribute the costs and benefits of development;
- expand the range of transportation, employment and housing choices;

Sue Deuber, Principal of the award-winning Voyager Public Charter School, and her students. "We selected Kaka'ako as the location for the school because it is quickly becoming the business/learning center of Honolulu. It is the perfect place to develop and grow a cutting edge public elementary school. We love being a part of the Kaka'ako community."

Susan Deuber, Principal, Voyager Public Charter School

- value long-range, regional considerations of sustainability over a short-term focus; and
- promote public health and healthy communities.

The new Mauka Area Plan will focus on neighborhoods as the basic building blocks of the community and will use corridors, such as parks, greenbelts and transportation right-of-ways, as boundaries as well as connections between neighborhoods. It will promote human scale to develop the urban form. It will establish street hierarchies ranging from broad boulevards to narrow lanes and alleys. It will create a circulation network that supports a full range of transportation modes including pedestrian, bicycle, vehicular, and transit.

Urban neighborhoods that are compact and liveable attract more people and businesses. Creating such neighborhoods in urban areas such as Kaka'ako is a critical element in reducing urban sprawl on Oahu and protecting open spaces for future generations.

Development Projects Underway

With the recent opening of the John A. Burns School of Medicine (JABSOM), Kakaʻakoʻs Makai Area is well positioned to become the hub of medical and life sciences research activities in Honolulu. HCDA has been working with the University of Hawaii as it moves forward in the coming year in developing the Cancer Research Center of Hawaii (CRCH) and possibly a Regional Biosafety Laboratory (RBL) to take advantage of the investment made into JABSOM.

Apart from the medical school and life science projects, we are also working with the Office of Hawaiian Affairs (OHA) in developing a Hawaiian Cultural Center and headquarters office complex on a 5-acre lot in the Kaka'ako Waterfront. OHA's intention for the first phase is a 30,000 square foot headquarters building and a 30,000 square foot cultural center to accommodate exhibits and cultural activities.

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There are also public facility projects on the drawing board both in Kaka'ako's Mauka and Makai areas. In the Makai Area we are looking into developing a parking garage that will provide public parking as well as serve the JABSOM, CRCH, RBL, and OHA projects.

In the Mauka Area we are beginning discussions with the Department of Education and McKinley High School on the development of an athletic complex within the school campus that will serve both the school and the Kaka'ako community. Earlier this year, the Authority committed resources for a public parking facility in the Mauka Area to alleviate the parking needs of businesses and residents of the area. Meanwhile conceptual

planning for a mixed-use project on Cooke Street that will include retail spaces, a community center, automated mechanical parking, and office spaces further positions HCDA as forward thinking in meeting community needs. Also in the pipeline is a neighborhood park along both sides of the new Queen Street extension. This two-acre park will provide passive recreation space for residents and others in the area. Wide sidewalks around, and pathways through, the park will link existing and future residential towers with the surrounding commercial area. All in all, at HCDA, we are looking towards developing community facilities over the next five years.

"One of our biggest challenges is to be able to involve the community in all of our planning and development work. We have taken some very concrete steps towards that by establishing a community participatory planning process that goes beyond what is traditionally done by State government."







The Challenge of Planning and Development for Kaka'ako

Planning and development never occur in a vacuum. There are always people involved in the process. One of our biggest challenges is to be able to involve the community in all of our planning and development work. We have taken some very concrete steps towards that by establishing a community participatory planning process that goes beyond what is traditionally done by State government. We are making sure that the community gets involved in our planning process to the greatest extent possible. A good example is the Mauka Area Plan revision. We have created community advisory groups, focus groups for small lot owners in the Mauka Area, and we are conducting larger community meetings to review the plan with the community and to receive feedback. We are also taking advantage of technology to inform the community and to ask for community input and feedback with a website that provides information on all of HCDA's planning and development process and enables the community to provide comments and feedback electronically. We are

also moving forward in creating an Advisory Working Group that will facilitate a community-based participatory planning process for the Kakaʻako Makai Area.

At HCDA we are acutely aware that some of the criticism from some has been that there is no "community" in HCDA. To some extent, that criticism may be valid. However, I think the steps we have taken in getting the community involved in HCDA's planning and development process shows that we at HCDA are serious about community involvement and want to make sure that there is "community" in HCDA. That said, I also believe that the community needs to come together in visioning the future of Kaka'ako in a constructive manner and not just be loose alliance of fragmented special interest groups that only have their own interests at heart. We, meaning both HCDA and the Kaka'ako community, need to be inclusive and not think in terms of "us" and "them". Together we need to work towards the common vision for Kaka'ako, and that's the challenge. And that challenge, in my opinion, is also our opportunity to make Kaka'ako one of the most outstanding communities on this island.

Reserved Housing in Kakafako

The need for affordable housing in Hawaii is a serious concern. Kaka'ako presents the means to provide residential opportunities for people of varying incomes, ages and family groups.

To date 1,388 affordable rental and condominium units have been developed in Kaka'ako, another 63 units are under construction, with 124 units to be delivered in the near future. The Hawaii Community Development Authority (HCDA) provides for the delivery of housing by undertaking projects with the participation and resources of the private sector and other governmental agencies. The Kaka'ako Plan's "reserved housing" provision requires developers to provide below market-priced units as a condition for development. A developer must "reserve" 20 percent of the total number of residential units in the development for families earning less than 140 percent of median income. Under certain conditions, the Authority may allow a developer to meet the reserved housing requirement through various alternatives such as providing the required number of units elsewhere in Kaka'ako, selling the units at a negotiated price to the Authority, or providing a cash payment in lieu of providing the reserved units. In lieu funds collected thus far have been used in part by HCDA

to construct its own affordable housing projects. In an effort to ensure the delivery of the greatest amount possible of reserved housing in Kaka'ako, HCDA is in the process of making revisions to its reserved housing rules. A Housing Task Force was formed and it preliminarily recommended that HCDA should focus on "gap group" or "workforce" rather than affordable housing (targeted to people earning under 80 percent of median income). The Task Force also recommended that: current buyback provisions be retained; a preference for units over in lieu fees be established; incentive bonuses be offered on a selective basis: public-private joint ventures be pursued; and the Mauka and Makai Area Rules relating to reserved housing be merged. In the months ahead, HCDA will review and analyze the Task Force's recommendations, conduct interviews with industry professionals and collect input from the Hawaii Housing Finance & Development Corporation and other housing entities, stakeholders, private developers and professionals, and assess the existing Mauka Area Reserved Housing Program for its effectiveness. Possible strategies and options needed to meet the program's objectives will be developed, and in this process of developing new reserved housing rules. HCDA will be also be seeking input from the community.

"I really love living here.
It's close to Downtown and
Ala Moana, and within
walking distance to the
parks. The people who
live here are my friends
and it's great to live in a
nice place that I can
afford. I wouldn't want to
live anywhere else, in fact,
if someone gave me a
million dollars, I'd ask if I
could stay here."

Paul La Brasca Resident of Na Lei Hulu Kupuna



Na Lei Hulu Kupuna 75 affordable senior rentals



Honuakaha 150 affordable senior rentals & 93 affordable fee simple units



Kamakee Vista 225 affordable family rentals



Kauhale Kaka'ako
258 affordable family rentals



1133 Waimanu 18 affordable rental units & 264 affordable condominiums



Pohulani 262 affordable senior rentals



Keola La'i63 affordable condominiums (under construction)



Moana Vista
124 affordable rental units
(to be constructed)



The Benefits of Infrastructure Improvements

by Neal Imada



"The use of improvement districts, or the systematic upgrading of infrastructure, is the backbone of any effort to develop functional and attractive communities for the present and future."



The role of infrastructure improvements in developing better communities is second to none. The use of improvement districts (IDs), or the systematic upgrading of infrastructure, is the backbone of any effort to develop functional and attractive communities for the present and future. New and upgraded roadways and utility systems work to provide better services and safety for the area's existing residents, businesses and visitors. As the capacity and performance of infrastructure is enhanced, landowners are better able to improve and develop their properties.

When the Hawaii Community Development Authority (HCDA) was created in 1976, Kaka'ako was hampered with a deteriorating and inadequate infrastructure system, much of which was put in place more than 75 years ago. Many streets were unimproved, narrow and had the tendency to become seriously flooded when it rained. Some streets lacked safe pedestrian walkways and contained haphazardly and illegally parked vehicles. And the existing overhead utility poles, cables and equipment cluttered the Kaka'ako streetscape. Many landowners could not afford to make the infrastructure improvements required for development of their properties.

HCDA's solution was the undertaking of its ID Program. This has proven to be a very effective and successful method of financing and constructing the massive infrastructure improvements that are necessary to provide for the revitalization of Kaka'ako. (See sidebar story on How Improvement Districts Work on Page 16.)

To date, \$203 million has been invested into improving Kaka'ako's infrastructure and priming the District for its role as a better urban community. The result has been over \$2 billion in private sector investment in Kaka'ako. ID projects thus far have greatly allowed those who live, work, visit and play in Kaka'ako to better travel through the area and to be more comfortable in their residences and places of business. The replacement of aging infrastructure has worked to avoid situations where utilities break down, causing inconveniences, hardships and delays for people. Areas that have been treated to improved infrastructure are safer, less likely to be flooded in times of heavy rainfall, and better able to accommodate new developments and neighbors.

Part of the challenge in doing projects of such magnitudes is to ensure that HCDA carries out construction activities in an expeditious and cost-effective manner, while ensuring public safety and minimizing the disruptions and inconveniences to the businesses and public. The Authority uses flyers, press releases, the HCDA newsletter and website, and informational meetings to keep merchants, residents, landowners and the public-at-large informed of construction activities. HCDA staff members are available to address questions and concerns as they arise.

The current \$15.6 million ID project (ID-12) in the Kaka'ako Waterfront area is nearing the end of construction and is typical of past projects in the benefits and improvements that it will bring. When completed in April 2007, the area's infrastructure will be greatly improved, as will the aesthetic appearance. The area will also become a much safer and more pedestrian friendly environment. As a result of this project, a new ½-acre passive park and 90 parking stalls will be created adjacent of the Kaka'ako Waterfront and Makai Gateway Parks. ID-12 includes improvements to Ahui Street, from Ilalo Street to the Point Panic parking lot; Olomehani Street, from Ahui to Ohe Streets; and the

realignment of Ohe Street, from Ilalo to Olomehani Streets. Improvements involve upgrading the sewer, water, and drain systems; new roadway pavement with sidewalks, curbs and gutters; landscaping; and the undergrounding of utility lines. Also, Koula Street, between Ilalo and Olomehani Streets, will be closed.

At this point in time, the major infrastructure systems of Kaka'ako have now been enhanced through HCDA's ID Program. Yet to be completed are projects that will upgrade localized lines and roadways fronting smaller lots in the central area of Kaka'ako. To successfully continue the improvement of Kaka'ako's infrastructure, HCDA is looking at ways to design infrastructure improvement projects only with community and stakeholders agreement and participation. We intend future improvement districts to be driven by the community and allow only areas that have upgraded infrastructure to develop at higher densities.



The improved Ahui Street was reopened in late 2006.

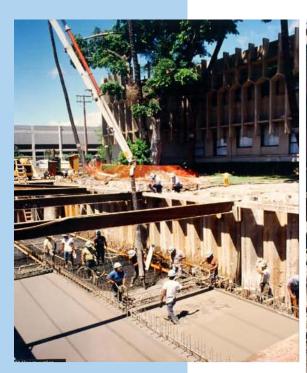
"As members of the business community in Kaka'ako, we realize that we need people to come to the District for businesses to survive and thrive. HCDA's redevelopment of Kaka'ako has substantially drawn people to the District. More people are living here, more people are working here, and more people are coming here to play and be entertained. This is good for businesses and for the future of Kaka'ako."

Jay Kadowaki, President,Kaka'ako Improvement Association

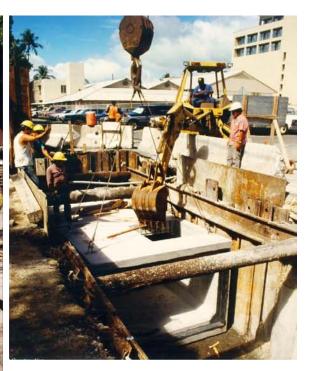
How Improvement Districts Work

Under HCDA's Improvement District (ID)
Program, the total cost of infrastructure improvements is shared by State government, Kaka'ako property owners, and public utility companies. The State pays for the greater share of the cost because the general public derives benefits from the improvements. For example, in the first four ID projects, the majority of the construction cost was for major drainage systems that run through Kaka'ako and serve the Punchbowl and lower Makiki areas. Since these drainage improvements substantially benefit out-of-District as well as Kaka'ako property owners, the cost is distributed accordingly, with State government paying the largest share.

As mandated by State law, Kakaʻakoʻs landowners are assessed only for improvements that specially benefit them. To assist landowners in paying assessments, landowners have the option of paying their assessments (with interest) in installments over a period of up to 20 years. The massive scale of the ID projects makes it imperative for HCDA to inform all affected property owners and recorded lessees of the proposed improvements prior to actual construction. This process involves individual meetings, public informational meetings and two public hearings. The entire process, from the preliminary engineering and design work to the completion of the project, typically extends over a two-to three-year period.







Managing The State's Assets In Kaka'ako

by Richard Kuitunen



The Asset Management team's primary focus is to shepherd the Hawaii Community Development Authority's (HCDA) assets for revenue generation today and to prepare them for development tomorrow. HCDA's assets in Kaka'ako play a considerable role in our ability to develop a desirable and exciting new community for tomorrow. Noteworthy assets include: the historic Kaka'ako Pumping Station on Ala Moana Boulevard; Kewalo Basin harbor; 44 acres of passive park; affordable housing complexes; warehouse facilities and open yard areas. As a rule, for properties slated for future development, we endeavor to put them into productive use today to provide funding for other projects and to protect these assets from deterioration. For assets that are not currently slated for development (such as the Kaka'ako Pumping Station, Kewalo Basin,

Parks and HCDA housing complexes), improving the property's condition, efficiency and comfort for our tenants are our primary focus.

The Kaka'ako Pumping Station is a shining labor of love for HCDA and the community. The former pumping station is significant both for its unique architectural character and historic relevance. The station's sound construction has protected the now 105year old structure from the ravages of time and non-use. Recently, HCDA and volunteers from the community and professional organizations carried out some cosmetic work to improve the appearance of the structure in anticipation of a future restoration of the historic buildings. Progress to date has included the cleaning up of the entire property, removal of non-historic structures,



"HCDA's assets in Kaka'ako play a considerable role in our ability to develop a desirable and exciting new community for tomorrow."

"Over 500,000 visitors have come to the Hawaii Children's Discovery Center to explore, discover, imagine and dream. We truly have been blessed with wonderful friends, the generosity of donors, and loyal supporters who have helped us succeed in building what many consider to be one of the finest children's museums in the country! But there is still more to be done . . . plans are now underway for a \$6 million expansion, which will enable us to serve even more of Hawaii's children and families in the future."

Loretta Yajima, President & CEO, Hawaii Children's Discovery Center



eventually opening up the facility for occasional events until such time as the building can be properly restored.

In July 2007, HCDA will kick off one of its most ambitious undertakings—the assumption of jurisdiction and management responsibilities for the Kewalo Basin harbor from the State Department of Transportation. Over the past eight decades, the evolution of Kewalo Basin—the hub of Oahu's commercial fishing, charter sport fishing, and ocean excursion industries—has contributed to the richness and vibrancy of the State's economy. The 142-slip Kewalo Basin has also served as an outstanding recreational resource for residents and visitors. It is a popular site for surfing and fishing, and the park grounds developed by HCDA have become a beautiful, scenic retreat.

In addition to managing the day-to-day operations of the harbor, HCDA, with the assistance from a user group Task Force, will be implementing short- and long-term improvements to the harbor to increase its amenities and number of users. Concerns of the Task Force and a user survey reflected dissatisfaction with how the harbor had been maintained in the past. Task Force members, along with the survey respondents, expressed a desire to see that attention is



given to improving Kewalo Basin's physical condition, accessibility and usage. With the help of the Task Force, HCDA drafted administrative rules for Kewalo Basin.

HCDA's 44 acres of park space present a tough challenge: how to adequately maintain the beauty, utility and safety of the popular facilities, while keeping an eye on the cost. HCDA currently provides management of passive parklands in three facilities (Kaka'ako Waterfront Park, Kaka'ako Makai Gateway Park, and Kewalo Basin Park) in the urban core of Honolulu. These parks are enjoyed daily by thousands for picnics, gatherings, weddings, concerts, hill sliding, surfing and body surfing, soccer practice, jogging, relaxation and meditation. As experienced in other Hawaii park facilities, deterioration, vandalism and crime are problems to be dealt with. In June 2006, HCDA sought community input regarding current and future operations at the Kaka'ako Waterfront, Makai Gateway and Kewalo Basin Parks as a means to plan current and future operations and improvements. Responses from park stakeholders, including frequent park users, tenants in the park vicinity, interested parties and government agencies, have already helped us program enhancements, set priorities, and will guide us in the future.



Over the past year, HCDA has made headway in improving the hardscape and amenities of the Kaka'ako parks. New drinking fountains, trash receptacles and picnic tables have been installed and community bulletin boards have been established. In April 2007, another 20,000 square feet of passive park space and 90 parking stalls will be opened along the realigned Ohe Street, adjacent to the Kaka'ako Waterfront and Makai Gateway Parks. With the anticipated clearing of the vacant Kewalo Basin Marine Mammal Lab facility and former gas station site on the Diamond Head edge of Kewalo Basin in early 2008, a new promenade, lookout site and concession area will be developed, further strengthening the "Lei of Green" concept along the Kaka'ako Waterfront.

To address security concerns in Kakaʻako parks, HCDA has proactively ventured in several areas including the hiring of private park security services for overnight patrols, requesting more frequent patrols by the Honolulu Police Department's Crime Reduction Unit, and formed a neighborhood safety network program with the participation of Makai Area businesses and stakeholders.

In leasing of the 82,000 square feet of space in two warehouse buildings in the Makai Area, the

emphasis has been on securing short-term leases, and we take pride in our ability to turn over premises to tenants even quicker than most private sector landowners. Because we are in an area where change is underway, all of HCDA's leases need to be managed to not inhibit future development. However, juggling shortterm tenants requires more attention than having longer term leases. In May 2006, we were pleased to work with the Office of the Governor to offer 35,000 square feet of space in one of our facilities for the opening of the Next Step Program's transitional homeless shelter. This temporary facility, which accommodates about 300 people, is open from 5:00 p.m. to 8:30 a.m. daily for those needing shelter. Food and social services for the shelter users are provided by the churches and other service organizations.

The cooperation and participation by all involved in the opening of the transitional homeless shelter is a microcosm for the larger Kaka'ako District. We at HCDA are very appreciative for all the support we receive from our stakeholders and the general public as we perform our duties. Everything HCDA does is for the betterment of the Kaka'ako District and without the input from the public today, it would not be possible for us to take the actions required to assure that our facilities in Kaka'ako will be better tomorrow and into the future.

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Governor Linda Lingle talks with occupants of the Kaka'ako transitional homeless shelter.

Kukulu i kahi hoʻokela no Kalaeloa (Building a Center for Excellence in Kalaeloa)

by Stanton Enomoto* and Pearlyn Fukuba







The past fiscal year has been an exciting time as the foundation for the redevelopment of Kalaeloa was successfully laid. One of the major steps in building a foundation was the adoption of the Kalaeloa Master Plan. The Master Plan reflects the community's vision that Kalaeloa will be a "Wahi Hoʻokela," a Center for Excellence, in the Leeward/Ewa region. We strive to keep this vision at the forefront as we carefully craft the development of this District.

Over the course of FY2006, we directed our attention to five major areas related to Kalaeloa: 1) finalization of the Kalaeloa Master Plan (see sidebar story on page 23); 2) contracting for the preparation of Administrative Rules; 3) establishing a Field Office and hiring professional staff; 4) forming a Public Safety Workgroup; and 5) continuing coordination with the local community.

Preparation of Kalaeloa Community Development Rules

With the completion of the Kalaeloa Master Plan, the next step is to begin the preparation of community development rules for Kalaeloa. The Hawaii Community Development Authority (HCDA) awarded a contract to the consulting firm of Townscape Inc. to engage the community and stakeholders and seek input on the establishment of administrative rules that will specify the zoning and design guidelines for the District.

Establishing the Kalaeloa Field Office and Adding New Staff

We recognize the necessity of having a dedicated presence in Kalaeloa. Since HCDA assumed responsibility for Kalaeloa, we have recognized that onground observations and monitoring of activities, as well

as providing a local office for those living and working in the District, are important considerations. In January 2006, a lease agreement with the Department of Hawaiian Home Lands was secured for the establishment of a Field Office in Kalaeloa. A dedication ceremony for the Field Office, located in Building 1756, at the corner of Enterprise & Yorktown Streets, was held in May 2006 after making minor renovations and installing office equipment.

The 2005 Legislature provided HCDA with a second professional staff position, a Program Specialist, to assist the Director of Planning & Development in the implementation of the plans and coordinating activities within Kalaeloa. The position was filled in February 2006 and primarily works out of the Kalaeloa Field Office.

Kalaeloa Public Safety Workgroup

In recognition of the disparate landowners in Kalaeloa and the condition of the infrastructure within its boundaries, HCDA recognizes the need to bring together various Federal, State, and County agencies and discuss matters of mutual concern. In May 2006, the first Public

Safety Workgroup meeting was convened and was attended by the Honolulu Police Department, U.S. Navy Security and Regional Engineer Offices, State Department of Transportation, City Department of Transportation Services and HCDA. The Workgroup has evolved to also include the U.S. Coast Guard, Hawaii Army National Guard, Department of Hawaiian Home Lands, Hawaii Public Housing Authority, and the City's Department of Design and Construction and Department of Facility Maintenance. The workgroup has been meeting on a monthly basis to provide critical coordination amongst agencies and to address public safety issues in the District.

Community Coordination

HCDA has expanded its level of community consultation in Kalaeloa, largely through the hiring of additional staff and the establishment of the Kalaeloa Field Office. By having this added coverage, HCDA has been better able to serve the community by providing general information, responding to complaints and concerns, and coordinating volunteer activities within the District.

and work in Kalaeloa.
This is a special place and our community is glad to have an open dialogue with HCDA.
Together we hope to implement positive changes for a bright future."

Suzette Smith.

"I'm very fortunate to live

Suzette Smith,
Kalaeloa resident &
district manager for
Kalaeloa Rental Homes



Dedication of the Kalaeloa Field Office.



Chaminade University students volunteer to beautify Kalaeloa.

"We're glad that HCDA provides volunteer opportunities because our university encourages community service. It is important that Hawaii's future business leaders have a foundation of community awareness and civic responsibility."

Stephanie Rezentes, President, University of Chaminade Business Club Additionally, monthly updates are provided to the neighborhood boards in Waianae, 'Ewa, and Kapolei/Makakilo/Honokai Hale. Separate community informational meetings and public hearings were held during the preparation of the Kalaeloa Master Plan. Through these meetings there was media coverage in both regional papers, television and major daily newspapers that reached island-wide and State-wide audiences. HCDA was also successful in partnering with several organizations and government agencies in support of volunteer projects in Kalaeloa.

In the coming year, we will focus on:

- 1. <u>Promulgation of Administrative Rules:</u> Administrative Rules for Kalaeloa are necessary for the implementation of the Master Plan. These rules will be prepared in accordance with State requirements and involve community coordination, consultation with the City & County of Honolulu, a formal public hearing, and final approval by the Governor. Once adopted, the Administrative Rules will establish the land use and zoning code for Kalaeloa.
- 2. <u>Government Agency Coordination</u>: Given the diverse land ownership of federal, state, and county agencies, it is necessary for HCDA to continue coordination on a variety of matters, including: integration of mass transit, land conveyances and leases, zoning and entitlements, infrastructure improvements, environmental protection, utility maintenance, and public safety. Additionally, HCDA will continue to dialogue with the Administration and State Legislature to secure funding for technical studies and capital improvement projects in Kalaeloa.
- 3. Infrastructure Planning: The current infrastructure systems in Kalaeloa must function more efficiently to meet the demands of existing users. Further, implementation of the Kalaeloa Master Plan requires upgrading these systems or installing of new water, electrical, sewer, roadway, drainage, and telecommunication systems. Therefore, HCDA will be working with appropriate governmental agencies and utility companies to improve existing services as well as

prepare detailed infrastructure plans for future development.

4. Continued Community Outreach: HCDA, through its Kalaeloa Field Office, will expand the level of community outreach and enter into partnerships or cooperative use agreements with community groups, area schools and non-profits to support common area maintenance, cultural resource preservation, ecological restoration programs, and educational research projects. Already, monthly Kalaeloa Community Network meetings are bringing together stakeholders in order to address issues of concern and, importantly, implement solutions. Additionally, HCDA will continue to serve as the "ombudsman" for the community, provide up-to-date information about the redevelopment process, and respond to inquiries and concerns.

The next several years will be a very dynamic time. Decisions and plans for surrounding areas will all have a profound impact on life within the Leeward/'Ewa region and Kalaeloa. In order to create a better tomorrow, it is important that we proactively interface with neighboring developers, engage the support of the community and elected officials, and breathe life into the redevelopment of this special District.



Monthly Kalaeloa Community Network meetings are bringing together stakeholders in order to address issues of concern.



The Kalaeloa Master Plan

The Kalaeloa Master Plan, a community development plan for the Kalaeloa Community Development District, was adopted by the Hawaii Community Development Authority (HCDA) on March 1, 2006. The Plan, approved by Governor Linda Lingle in August 2006, will serve as an amendment to the existing Kalaeloa Community Redevelopment Plan, which was prepared as part of the U.S. Navy's Base Realignment and Closure process.

With a 20-year build out period, the Master Plan envisions mixed-use development and preservation of open spaces in Kalaeloa. Components of the Plan include:

- improving connectivity within the region through a series of new regional North-South and East-West roadways;
- providing for the integration of a regional mass transportation system; creating business opportunities with over 3,000,000 square feet of mixed-use commercial/office and light industrial land use designations;
- 6,350 residential units (with a minimum of 30 percent of affordable units);
- accommodating two new public schools to support new residential communities;
- eco-industrial and alternative energy development;
- the protection of cultural and natural resources:
- creation of 7,000 new job opportunities; and
- the preservation of hundreds of acres of open space for recreation, beach access, and parks.

Throughout the entire planning process, HCDA solicited and received the participation of the public; Kalaeloa stakeholders; Federal, State and City agencies; and elected officials. In this planning period, the community and stakeholders engaged, through focus group and informational meetings and a public



hearing, in meaningful dialogue and contributed towards the articulation of a viable land use framework that embraces the vision for Kalaeloa and addresses the community's needs in a manner that is financially realistic.



A series of public meetings were held during the formulation of the Kalaeloa Master Plan.

"The Kalaeloa Master Plan gives more direction and defines an implementation strategy superior to that of the plan adopted under the BRAC process."

Henry Eng, Director, City Department of Planning & Permitting

Financial Information

Hawaii Community Development Authority Statement of Funds (cash basis) For Fiscal Year Ended June 30, 2006

Funding Source	Beginning balance as of 7/1/2005	Revenue	Expenditure	Unallotted, Lapsed, Transferred	Encumbered & Committed	Available Fund at 6/30/2006
Kaka'ako District						
Legislature appropriation Prior year capital improvement 2005 Session appropriation for:	\$ 28,539,675		\$ 8,282,682	\$ 2,694,337	\$ 17,562,656	
Operating		\$ 174,156	166,841	7,315		
Capital Improvement		2,603,000	1,032,853	,	1,550,911	\$ 19,236
	28,539,675	2,777,156	9,482,376	2,701,652	19,113,567	19,236
Kakaʻako revolving fund						
Improvement District	12,245,101	754,133	140,491		9,445,317	3,413,426
Public Facility Dedication	8,828,569	3,493,018	55,800		7,205,830	5,059,957
Reserved Housing	1,584,682	343,214	230,253		,,	1,697,643
Leasing and Management	5,584,321	2,339, 111	1,391,488		1,660,235	4,871,709
Deposit	65,235	101,948	22,995		144,188	
Subtotal: Kaka'ako Revolving Fund	28,307,908	7,031,424	1,841,027		18,455,570	15,042,735
Improvement District Bond Fund	642,891	1,092,335	931,551		803,675	
Grand Total - Kaka'ako District	57,490,474	10,900,915	12,254,954	2,701,652	38,372,812	15,061,971
Kalaeloa District						
Legislature appropriation Prior year capital improvement 2005 Session appropriation for:	186,698	331,036	440,830		76,904	
Operating		94,581	94,581			
Subtotal: Legislature appropriation	186,698	425,617	535,411		76,904	
Kalaeloa Revolving Fund	170,451	68,387	26,936			211,902
Grand Total - Kalaeloa District	357,149	494,004	562,347		76,904	211,902

IMPROVEMENT DISTRICTS

Invested in infrastructure upgrades \$7,501,503



PARKS

Park operating maintenance and security \$ 625,674 New park development and art work \$ 55,800



STAFF & OFFICE

Personnel expenditure \$ 1,658,442 Administrative expenditure \$ 321,532



PLANNING

Permits approved 141 Worth of projects in million \$ 487,027



KALAELOA

Master Plan\$ 367,021Personnel expenditure\$ 101,608Administrative expenditure\$ 12,228



HCDA's
Revolving Fund
allows essential
programs
including
park and
other public
investments
to be built
and
appropriately
maintained.



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MICHAEL GOSHI, NCARB, AIA

Principal

Design Partners Incorporated

Vice Chairperson

PAUL KIMURA

President

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Harbor Agent III

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Law Offices of Amanda S. Chang

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GRADY CHUN

Financial Consultant

Linsco/Private Ledger

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Department of Planning and Permitting

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MICAH KANE*

Chairman

Hawaiian Homes Commission

Department of Hawaiian Home Lands

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First Hawaiian Bank

*Kalaeloa Member

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The HCDA Staff: Dedicated to Creating Better Communities for Tomorrow





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