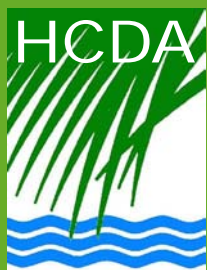


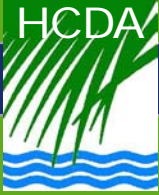


Hawaii Community Development Authority

Building Better Communities



2007
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 2006-2007 Fiscal Year. This report chronicles the Authority's visions and efforts to bring about exemplary communities that will serve the needs and desires of the people of this State.

What can clearly be seen in this report are the essential contributions and participation efforts that the community-at-large and stakeholders of the Kaka'ako and Kalaeloa Districts have made as HCDA carries out its mandate for building better communities on Oahu. As we continue to pursue the planning, regulation and development of the Kaka'ako and Kalaeloa Districts, the public's support has had a profound and direct positive influence on the Authority's success in meeting people's needs and aspirations.

The Kalaeloa Master Plan, adopted in 2006, was the result of an incredible level of community participation and assistance. Individuals and groups who have volunteered their time have been successful in beautifying the entrance to Kalaeloa and made significant strides in dealing with unsafe environmental and illegal conditions in the area's beaches and camping areas in 2007. A Kalaeloa Advisory Team was also established to help ensure timely and accurate community input on the many issues that will arise.

HCDA's efforts in the Kaka'ako District have garnered a phenomenal level of public participation over the years, no less so over the past 12 months. Input from community meetings as well as individual meetings with Kaka'ako District stakeholders helped the HCDA to prepare an exciting new draft plan for Kaka'ako's Mauka Area. This plan will foster the development of a pedestrian-friendly mixed-use district where people are able to work, live, shop and play in a neighborhood community. We are counting on continued community participation as this draft plan goes through the Supplemental Environmental Impact Statement process. For Kaka'ako's waterfront lands, a diverse group of individuals interested in the future of the Kaka'ako Makai have organized as the Kaka'ako Makai Community Planning Advisory Council (CPAC). CPAC will be making recommendations to the Authority on plans for the future of Kaka'ako Makai. It is our hope that the work of CPAC will embrace and reflect the wishes of a broad cross section of interests in a fashion that will move the State forward in using the public lands in the most feasible and fulfilling manner.

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

Respectfully yours,

A handwritten signature in black ink, appearing to read 'Jonathan W.Y. Lai', is placed below the closing.

Jonathan W.Y. Lai
Chairperson
Hawaii Community Development Authority



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**HAWAII COMMUNITY
DEVELOPMENT AUTHORITY
2007 ANNUAL REPORT**
A report covering the period of
July 1, 2006 - June 30, 2007

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On the front and back covers of this report:
Captured in pictures are the many individuals and groups
who have generously contributed their time and expertise
in helping the HCDA to build better communities in Kaka'ako and Kalaeloa.

Introduction: The Hawaii Community Development Authority



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 new 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 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 Kaka'ako 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 Kaka'ako 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 is able to go beyond traditional urban renewal methods by facilitating and participating in collaborative community development efforts between the public and private sectors.





Creating Better Communities for Tomorrow

The Hawaii Community Development Authority (HCDA) is dedicated to creating better communities for tomorrow, communities that will enhance the quality of life for the people of Hawaii. 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 entrusted HCDA to guide and direct the futures of both the Kaka'ako and Kalaeloa Districts of Oahu with specific legislative directives intended to "result in communities which serve the highest needs and aspirations of Hawaii's people".

In creating a better tomorrow, HCDA is intent in making efficient, focused, and intelligent use of the State's resources, and to wisely manage growth to achieve the desired future. HCDA envisions communities that are walkable, with housing, shopping, jobs and entertainment intermixed and in close proximity. Following the principles of 'Smart Growth', HCDA also encourages communities that offer people choices: a wide range of housing opportunities for residents, with park and outdoor

recreation areas and connections 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, HCDA is following a vision that promotes positive economic development, preserves our diverse cultural heritage, and incorporates best practices in energy and environmental sustainability. This vision fosters live, work, visit, learn, and play mixed-use neighborhoods that, at their full potential, will contribute to making Honolulu a great city. Although the work to achieve this vision in Kaka'ako is far from done, HCDA has 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 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 31 years, HCDA has expanded the 1.65 acres of parkland 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 West Oahu. 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, HCDA's focus is to set the stage for the economic engine to take hold. The Authority's 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.

In both Kaka'ako and Kalaeloa, HCDA is working to achieve better communities that incorporate the principles of sound growth policies to serve the needs and desires of people for today and tomorrow.



...HCDA is dedicated to creating communities that will enhance the quality of life for the people of Hawaii.



The Kaka'ako District

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.

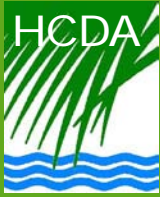
The mission of HCDA for Kaka'ako is to ensure the transformation of the District into a dynamic urban neighborhood that accommodates a mix of people with a wide spectrum of social and business activities. HCDA serves as an infrastructure developer, landowner, city planner, regulator, and property manager 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 supports existing businesses and residents; and in the process, provides the most livable community and raises standards for new communities throughout the State of Hawaii.



A Thriving Residential Community

The need for affordable housing in Hawaii is a serious concern and Kaka'ako presents the means to provide residential opportunities for people of varying incomes, ages and family groups. To date 1,451 affordable rental and condominium units have been developed in Kaka'ako, 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 Mauka Area 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 140 percent of median income or less. 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, 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's mission 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.



...the Mauka Area Plan's "reserved housing" provision requires developers to provide below market-priced units as a condition for development.

HCDA is in the process of making revisions to its reserved housing rules. A housing subcommittee was formed and it preliminarily recommended that HCDA should focus on "gap group" or "workforce" rather than affordable housing.

Under HCDA's regulatory guidelines, a total of 1,984 residential units were completed, under construction, and permitted in 2007. These private sector projects represent millions of dollars in construction activity, validating HCDA's approach of setting the stage for positive economic and social outcomes through long-range infrastructure planning and investment. Projects completed include: Moana Pacific (706 units); 909 Kapiolani Boulevard (225 units); and Keola La'i (352 units, including 63 reserved units). Projects under construction in 2007 include: 720 Kapiolani Boulevard (NCR renovation of 35 loft units), Moana Vista (492 units and at least 124 reserved rental units), and Ward Village Shops (170 rental units).

New and planned projects containing reserved housing units in Kaka'ako include:

Keola La'i

A & B Kakaako LLC's Keola La'i residential/commercial development was substantially completed in late 2007. Located on land at South and Queen Streets, this complex provides 352 condominiums, and 63 units were sold at below-market prices. The developer contributed to HCDA \$1.3 million to help pay for public facilities and \$1.2 million to HCDA's Reserved Housing Program. The developer conducted a public lottery to sell the 63 reserved units. The average price of the reserved one-bedroom units was \$290,643 and \$358,317 for the reserved two-bedrooms. Purchase of reserved units was restricted by income and other criteria. The project also includes: 10,000 square feet of street-level commercial storefront space; an open space plaza; and 687 parking spaces. Construction will be completed in early 2008.

Moana Vista

Construction began in 2007 on the Moana Vista project, a mixed-use residential/commercial/ industrial high-rise complex on two sites at 1015 Kapiolani Boulevard and 1025 Waimanu Street. KC Rainbow 2 Development Co. LLC is the project's developer. The project includes approximately 552,000 square feet of floor area, 492 residential units, 5,500 square feet of commercial area, and 22,000 square feet of industrial space. The developer will also deliver not less than 124 two-bedroom reserved rental housing units.

Halekauwila Place

The Hawaii Housing Finance and Development Corporation has chosen Stanford Carr Development to build an 18-story complex with 196 units for low- to moderate-income renters on State land once occupied by the former Pohukaina School in Kaka'ako. The \$76 million project will be located on the Makai-Diamond Head corner of Keawe and Halekauwila Streets and will be designed to integrate a mix of families and young professionals with a range of incomes. Unit sizes will range from about 540-square-foot studios to 1,310-square-foot three-bedroom units. Monthly rental rates in 2010, when the complex is targeted to open, are estimated to be \$900 to \$2,500 and meet affordability guidelines for tenants earning 80 percent to 140 percent of Honolulu's median income. The complex would include 32 studios, 58 one-bedrooms, 86 two-bedrooms and 20 three-bedroom town homes. The project would also have a parking garage and ground-floor retail space.



At right (from top to bottom): Keola La'i, Moana Vista, and Halekauwila Place

Enhanced Infrastructure Needed to Develop Better Communities

The role of infrastructure in developing better communities has been an invaluable one in the Kaka'ako District. 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 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 flood 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. To date, \$203 million has been invested into improving Kaka'ako's infrastructure and priming the District for its role as an 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 magnitude 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 informa-

tional meetings to keep merchants, residents, landowners and the public-at-large informed of construction activities.

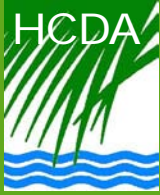
Three major infrastructure projects were completed over the past four years to prepare Kaka'ako's waterfront lands for development. Ilalo Street was improved to serve as a beautifully landscaped boulevard that now serves as the principal collector street and main thoroughfare for Kaka'ako Makai. Forrest Avenue was improved and realigned with South Street to create a straight roadway across Ala Moana Boulevard and to reconfigure the surrounding land into parcels ready for development. Improvements to Ahui, Ohe and Olomehani Streets completed in 2007 in the Kaka'ako waterfront area is typical of past projects in the benefits and improvements that it will bring. The area's infrastructure and aesthetic appearance was greatly improved. The area has 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 were created adjacent to the Kaka'ako Waterfront and Makai Gateway Parks.



...The role of infrastructure in developing better communities has been an invaluable one in the Kaka'ako District.



*Top: Ohe Street was realigned.
Below: Ilalo Street now serves as a major waterfront roadway.*



In Kaka'ako Mauka, the **Queen Street Extension** project completed in 2004, created a new urban roadway that has enhanced traffic circulation in a very dynamic and growing sector of the Kaka'ako District. The new thoroughfare extends Queen Street from Kamakee Street to Waimanu Street and allocates land for public park spaces on both sides of the street. Because of an increase in the project's cost and lack of funding, and in response to the majority consensus of the stakeholders along Queen Street, the Authority in early 2007 cancelled the Queen Street Improvements project, or Improvement District 11 (ID-11). ID-11 would have consisted of roadway and infrastructure improvements on Queen Street between Ward Avenue and Kamakee Street. Construction on the project was to start in January 2007, but the construction cost of the project increased substantially, due in large part to revisions that were made to the construction plans as required by the City and County of Honolulu. Due to the increase in project costs, and after consultation with the Attorney General's Office, staff recommended canceling the existing construction contract and to solicit community's input on how HCDA should proceed with ID-11 or another alternative. HCDA staff met with the stakeholders in an "open-house" format and survey forms were also mailed to landowners, who were assessed a portion of the ID-11 cost, and their lessees and also to properties

fronting Queen Street between Ward Avenue and Cooke Street. Generally, the consensus of stakeholders was that the project should be canceled, although there was acknowledgment that improvements are necessary on Queen Street. The majority, however, felt that individual property owners should not be assessed because they believe that the improvements benefit the general public as a whole and not only the tenants and landowners within the ID-11 assessment area. The Authority will continue to look at the best ways to address safety concerns on Queen Street with the input, participation, and support of the community.

Future Kaka'ako Waterfront Improvements Planned for Forrest Avenue

Forrest Avenue today provides a vital traffic link to the Kaka'ako waterfront out of Ilalo Street in all directions. From its connection to Ala Moana Boulevard at the Ward Avenue intersection, Ilalo Street serves as a relief street for peak hour traffic from Ala Moana Boulevard. Forrest Avenue provides the connection to Ala Moana Boulevard at the Ewa end of Ilalo Street, making it essential that Forrest Avenue be improved to handle the excess traffic and to ensure safe passage for pedestrians and vehicles. The Authority is planning infrastructure improvements to Forrest Avenue to improve safety and accommodate increases in both pedestrian and vehicular traffic and to provide improved traffic links to the John A. Burns School of Medicine (JABSOM), the proposed Cancer Research Center of Hawaii, the proposed Asia Pacific Research Center, and the Office of Hawaiian Affairs headquarters. The project would also prevent flooding and rainwater ponding in the roadway and surrounding areas because of the lack of proper drainage system and allow a left turn from the Ewa bound lane on Ala Moana Boulevard and create a safer and more convenient pedestrian crossing at the intersection of Ala Moana Boulevard and Forrest Avenue. Planned improvements would also accommodate passengers disembarking cruise ships and tour buses and allow better access to/from the container yard from Forrest Avenue



*Top: The improved Ahui Street.
Below: The Queen Street Extension.*

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 in the Central Kaka'ako District only with community and stakeholders agreement and participation. The intent is that future ID's in the area will be driven by the community and allow only areas that have upgraded infrastructure to develop at higher densities.

Draft Mauka Area Plan Envisions Pedestrian-Friendly Urban Village Neighborhood in Kaka'ako Mauka



Over the past year, the Hawaii Community Development Authority (HCDA) completed a comprehensive review and revision of the plan and rules governing the Mauka portion of the Kaka'ako District. With the participation and input from Kaka'ako stakeholders, government agencies and the general public, HCDA has completed a draft Plan. Developed with the principles of "Smart Growth", the draft Plan envisions the development of pedestrian-friendly urban village neighborhoods in Kaka'ako. The Draft Mauka Area Plan is now being circulated for public review and comment through a Supplemental Environmental Impact Statement (SEIS) process.



The draft plan would revise the current Mauka Area Plan by:

- ▮ Developing a pedestrian-friendly mixed-use district where people are able to work, live, shop and play in a neighborhood community. New developments would be mixed horizontally as well as vertically, while achieving the highest use of prime urban land.

- ▮ Creating great places, including a network of green streets and pedestrian-friendly environment.

- ▮ Encouraging a mix of housing opportunities, including reserved housing units for gap group residents.

- ▮ Allowing easy connections (pedestrian, bicycle, automobile and public transportation) and providing strong physical and visual Mauka-Makai connections.

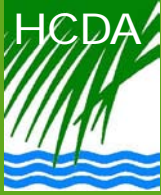
- ▮ Supporting the small lot, mixed-use pattern of Central Kaka'ako.

The Draft Mauka Area Plan proposes a mixed-use district where development projects are to be mixed horizontally as well as vertically, and include residential, commercial, industrial, community service and public uses. A strong neighborhood identity creates a sense of belonging and identity to the community. Seven neighborhoods are identified within the Kaka'ako District.



Above, Kaka 'ako District stakeholders and the community participated in the formulation of the Draft Mauka Area Plan.

...developing a pedestrian-friendly mixed-use district where people are able to work, live, shop and play in a neighborhood community.



Parks, Open Space and Views

The Draft Mauka Area Plan's strategies for meeting projected needs for parks, open space and maintaining views include: use of vacant public land; shared use of public facilities; enhancing pedestrian connections to nearby parks and campuses; and private investment in open space and recreational facilities. View planes to the mountains would be preserved by reducing allowable tower footprints and a Mauka-Makai tower orientation.

Transportation

The Draft Plan proposes a hierarchy of streets that supports the full range of transportation modes: pedestrian, bicycle, transit and vehicular. The objective is to enhance connectivity throughout the District and add connecting streets where possible to improve access within large development lots.

Reserved Housing

Under the Draft Mauka Area Plan, HCDA's housing program would be more effective if it is geared toward a specific housing product type that targets the workforce or the gap-group.

The revised Reserved Housing program is proposing that all new residential projects in Kaka'ako on lots of 20,000 square feet or more contribute to the development of reserved housing either by producing the units or by paying fees to construct these units. By linking the production of reserved housing to private development, the program can more efficiently expand the supply of moderately priced housing and dispersing these units throughout the District.

Further revisions and adjustments to the draft Plan are being made through the SEIS and public review process. The SEIS will assess the proposed amendments to the current Mauka Area Plan and Rules, particularly the proposed transportation and urban design elements. An updated master plan will ensure adequate roadways and utility systems capacity for all development lots based on the proposed street plan and densities.



Kaka 'ako Makai Community Planning Advisory Council (CPAC): Community Outreach is the Key to Planning for Kaka'ako Makai

The Hawaii Community Development Authority (HCDA) is conducting a new comprehensive community based planning process for development of the Kaka'ako Makai Area and State-owned waterfront lands. The first phase of this planning process involved the formation of an advisory working group (called the Kaka'ako Makai Community Planning Advisory Council or CPAC) composed of a broad constituency of community members, including Kaka'ako Makai stakeholder organizations and individuals. During the ongoing second phase, CPAC will develop a strategic plan that will include a vision for Kaka'ako Makai, guiding principles, and an action plan.

During the formation of CPAC, HCDA has emphasized that this community participatory planning process be open, transparent, and inclusive; a process that reaches out to a broad constituency and allows multiple ways to provide input. Further, HCDA is committing to a long-term effort in which CPAC will work with HCDA on detailed planning, design and development of Kaka'ako Makai. The role of CPAC is that of an advisory, not a decision-making group, which, like an effective neighborhood board, can be a powerful voice but will not have the final say on decisions regarding the development of Kaka'ako Makai. After carefully considering the CPAC recommendations, it would be up to the HCDA Board of Directors to ultimately decide what improvements will be made to the area.

During a five-month period, HCDA's first phase consultant conducted meetings with some 50 individuals and organizations to hear their views on Kaka'ako Makai. The stakeholder groups contacted include environmental and community groups, professional organizations, businesses in the area, public agencies, educational and cultural groups, and elected officials.

Those participating in the outreach effort agreed that the vision for the area should have a focus on the ocean; that is, enjoying the water and the waterfront. Participants also mentioned they would like improvements to the area to connect the various parts of the coastline and provide an active and lively space where people could come, as seen in vibrant waterfront areas in other cities. The outreach initiative also indicated that most stakeholders were not happy with the status quo and said the guiding principles for improvement should follow the goals most mentioned in their vision for the waterfront. With regard to the protocol for

creating a formal vision and recommendations for HCDA to follow in improving the area, interviewed stakeholders said it was essential for the process to be open, inclusive, transparent, and led by the public.

To date, eight organizational meetings, as well as numerous subcommittee meetings have been held for CPAC to set its own membership policies, establish by laws and to select a facilitator to help enable the process to move forward. CPAC will decide how it wants to handle membership, organizational and other issues. HCDA has assisted the working group secure facilities and provide the resources necessary to conduct meetings in an environment that supports productive work.



*... the Kaka'ako
Makai Community
Planning Advisory
Council is
composed of a
broad constituency
of community
members who will
develop a strategic
plan that will
include a vision for
Kaka'ako Makai.*



*...Kaka'ako...
promises to
become the heart
of new
technologies and
the life sciences
industry.*

Life Sciences Industry in Kaka'ako Makai Promises Economic Growth for the State

The life sciences industry — with a potential global market value of \$200 billion — is undoubtedly a very promising sector of economic growth for the State of Hawaii. Life sciences, also called biosciences, include all sciences that study plants, animals and human beings. It's a multibillion-dollar industry that involves research, development and commercialization of myriad drugs and medical devices. It is a clean industry that creates well-paying jobs that can keep kama'aina in the islands and bring back our children who have graduated from top mainland schools but are now unable to find suitable work in Hawaii. Kaka'ako, with its dynamic location linking downtown Honolulu with Waikiki and minutes from the Honolulu International Airport and the main University of Hawaii campus, promises to become the heart of new technologies and the life sciences industry. The movement for the establishment of the life sciences industry in Kaka'ako was jump started with the development of the John A. Burns School of Medicine on Kaka'ako waterfront lands. Other businesses and planned projects will act as a magnet to attract other life sciences-related businesses and services to the area, bringing new jobs and other opportunities to Kaka'ako that currently do not exist in the District, and, in some cases, even in Hawaii.

John A. Burns School of Medicine

Opened in 2005, the John A. Burns School of Medicine (JABSOM) in Kaka'ako is a world-class educational and research facility that is anchoring the growth of a strong life sciences industry in Hawaii. The UH medical school is

the catalyst and a tangible symbol of the movement to diversify Hawaii's economy through newly emerging science-based industries. The academic environment, which the medical school provides, will enhance the vitality and contribute to the success of biotech companies in Kaka'ako. The facility features: a biosafety level lab, genomics/protemis, broadband internet, a supercomputer, seminar rooms, auditorium and library.

Tissue Genesis Inc.

Tissue Genesis Inc. (TGI) is a Kaka'ako-based tissue engineering company located in Kaka'ako Makai. TGI's core product is an automated instrument for culturing cells, called the Bio Optimization System or BOS. Using the BOS, TGI can produce cell-lined grafts that replace natural veins and synthetic grafts currently used in vascular procedures such as heart-bypass operations and renal dialysis. These implantable tissue grafts are lined with the patient's own cells, which enable a longer-lasting graft that resists blockage and reduces rejection and complications.

Cancer Research Center of Hawaii



Cancer research is increasingly important to the community because the number of cancer cases is expected to double from 5,500 new cases per year currently to 11,000 per year by the year 2030. To help meet the demand, the University of Hawaii is planning to construct a new Cancer Research Center in Kaka'ako. HCDA is engaged in ongoing negotiations with the University of Hawaii to allow the development of the center adjacent to JABSOM. The new Research Center, planned for a vacant 5.5 acre lot next to JABSOM, will enable the center to provide the best and most comprehensive cancer care to the people in Hawaii. The center will give Hawaii residents access to innovative new drugs and devices as those emerge from the research pipeline. The center currently brings in \$45 million per year and this figure is expected to grow significantly as opportunities for research expand.



John A. Burns School of Medicine



**Kamehameha Schools’
Asia Pacific Research Center**

Kamehameha Schools is planning the development of a life sciences research complex on about 4.9 acres of land adjacent to JABSOM. The nonprofit trust plans to develop the total project site in an L-shaped parcel immediately Diamond Head and Makai of the Gold Bond building. The initial phase would consist of approximately 150,000 square feet of research space, with another 250,000 square feet to follow in a subsequent phase. The complex is expected to cost at least \$200 million and is anticipated to support more than 1,000 jobs. It

is envisioned to complement the UH medical school and the planned Cancer Research Center, and help attract other bioscience-related businesses to the area. The complex will be the only facility in Hawaii with class A wet laboratory space available to the non-institutional market and is positioned to be a catalyst spawning new international life science collaborations in the Pacific Rim for both public and private sectors.

High Technology Incubation Center

The 2007 State Legislature appropriated funds to the High Technology Development Corporation (HTDC) to negotiate a ten-year lease to house a technology incubator and innovation center in Kamehameha Schools’ planned life sciences research complex in Kaka’ako. HTDC plans to lease 66,000 square feet of laboratory and office space in the complex to operate a technology incubator and innovation center, which will support the efforts of JABSOM, the planned Cancer Research Center of Hawaii, and many related bioscience research institutions.

Managing the State’s Assets in Kaka’ako

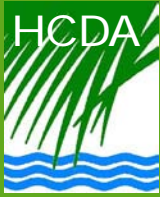
The Hawaii Community Development Authority’s (HCDA) is working to wisely use its assets in Kaka’ako for revenue generation today and to prepare them for future development. HCDA’s noteworthy assets include: the historic Kaka’ako Pumping Station on Ala Moana Boulevard; Kewalo Basin harbor; 44 acres of passive park space; affordable housing complexes; warehouse facilities and open yard areas. As a rule, for properties slated for future development, HCDA tries 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 users and tenants are a primary focus.

Kaka’ako District Parks

HCDA strives to adequately maintain the beauty, utility and safety of the 44 acres of public park space and facilities in Kaka’ako in a fiscally responsible manner. HCDA currently provides





...HCDA strives to maintain the beauty, utility and safety of the 44 acres of public park space in Kaka'ako.

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. Over the years, HCDA has continually ensured the maintenance and improvement of the hardscape and amenities of the Kaka'ako parks at a program cost of approximately \$9 million. In April 2007, another 20,000 square feet of passive park space and 90 parking stalls were 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.

HCDA in 2007 adopted new rules to update regulations, charges and fees to govern the use public parks in the Kaka'ako District and to assure that all users are treated fairly and have knowledge of what constitutes permissible activities. The new rules will maximize the public's enjoyment and use of the parks by making the facilities safe and pleasant environments for all patrons. In an effort to broaden usage and enjoyment of the public State parks in the Kaka'ako District, HCDA in 2007 began providing the option of user-friendly "Web Forms" in the website. The *Web Forms* allow users to go online, fill out and send in their permit applications for general park use and sports events.

To address security concerns in Kaka'ako 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.

Kewalo Basin Harbor

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 1990, the State Legislature expressed its intent that Kewalo be part of the overall Kaka'ako redevelopment. The Legislature reasoned that HCDA was equipped with the planning and regulatory tools to redevelop and oversee the vision for the area. On July 1, 2007, as mandated by the State Legislature, jurisdictional and management responsibilities for Kewalo Basin was to have been transferred from the Department of Transportation-Harbors Division to HCDA. To prepare for the transition, HCDA completed a Transition and Operating Plan and continued to meet each month with the Kewalo Basin Task Force, composed of Kewalo Basin stakeholders and users. HCDA issued a Request for Proposal for manage-



ment of the Kewalo Basin harbor and conducted a public hearing and informational meetings on administrative rules for Kewalo Basin. These rules, which were drafted with extensive stakeholder input, are considered necessary and desirable to facilitate and broaden the public's use and enjoyment of Kewalo Basin. The proposed rules defined permissible activities regulate operations within the harbor and set forth procedures for obtaining permits and related fees.

During 2006-2007, HCDA worked with individuals and organizations representing Kewalo Basin stakeholders during which time multiple revisions were made to the draft rules. During the process, tenant input was considered and HCDA made appropriate changes to the draft rules with the intent of balancing the competing

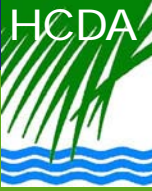
tenants but also make the state asset available for a greater cross section of the public by allowing pleasure craft. The construction costs will be paid from HCDA's revolving funds and recovered through higher fees charged for the new improved slips under a two-tier fee structure. HCDA will continue to work with Kewalo Basin tenants and the Kaka'ako Makai Community Planning Advisory Council in accordance with the Makai Area Plan to improve amenities requested by users such as improved ingress/egress, new restroom facilities, addition of convenience store, gray water pump out facility, more office and storage space for tenants and possibly fueling and boat launching facilities. Kewalo Basin tenants have indicated that their business was 60% greater when the harbor had additional activity generators. It is HCDA's belief that once additional



interests and to best protect the public health and safety, as well as the value of Kewalo Basin. Although most of the stakeholder concerns were resolved, a small group of Kewalo Basin tenants in August 2007 filed a lawsuit contesting HCDA assuming jurisdiction of Kewalo Basin. As a result, the State Attorney General's office filed a standstill agreement. It is anticipated that the jurisdiction question on Kewalo Basin Harbor will be decided during the 2008 State legislative session.

Because the HCDA is operating under a mandate that transferred jurisdiction and responsibility of Kewalo Basin to HCDA the Authority has an obligation and is committed to operating the facilities in a safe manner that benefits the general public. Despite the legal challenge, the HCDA will continue to work with the boating community to establish rules for Kewalo Basin that are in the best long-term interests of all. HCDA's plan is to make improvements to and replace deteriorating and unsafe pier slips at Kewalo Basin. HCDA's draft Administrative Rules give preference to Kewalo Basin's commercial and fishing

business and activity generators are restored; business volume and revenues will improve and provide greater cash flow to the harbor which will, in turn, allow further improvements to enhance the public's use and enjoyment of this asset. HCDA believes that Kewalo Basin will prove to be a model of public/private partnership that can be duplicated at other State harbors to enhance services and community appreciation at less cost to the State than is expended for the status quo.



Making Significant Strides in Establishing A Center for Excellence in Kalaeloa



*Kalaeloa
encompasses
about 3,700 acres
of land within the
former Barbers
Point Naval Air
Station in West
Oahu.*

Following the milestone adoption of the Kalaeloa Master Plan in 2006, the Hawaii Community Development Authority (HCDA)—with the tremendous support and participation of Kalaeloa stakeholders and the community at large—has been at work ensuring the safety and function of the District and laying the groundwork for implementation of the master plan. This plan reflects the community’s vision that Kalaeloa represent a “Wahi Ho’okela,” a Center for Excellence, in the Leeward/ ‘Ewa region. This vision is at the forefront of all HCDA activities and actions for the Kalaeloa District.

In 2007, the U.S. Navy announced its decision that a Nimitz-class aircraft carrier would not be located at Pearl Harbor. This decision allowed HCDA to focus on the preparation of Administrative Rules the formation of the Kalaeloa Advisory Team, planning for infrastructure and public safety improvements in Kalaeloa and continuing HCDA’s community outreach efforts and enlisting community participation in the District’s redevelopment.

The Kalaeloa District

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 Waihee 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 Ben 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.

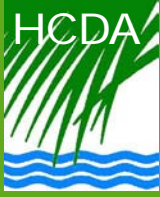
In June 2002, then Governor Ben Cayetano signed into law legislation that transferred responsibility for Kalaeloa from the BPNAS-RC to the HCDA. On July 1, 2002, HCDA assumed the responsibility for implementation of the Community Redevelopment Plan, overseeing remaining conveyances, contract administration, 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 FY 2006, 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



...Kalaeloa is a Wahi Ho'okela (Center for Excellence) where Hawaii's people come together to share knowledge, develop expertise, and advance themselves while remaining respectful of past and place.



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 Army 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. Revenue generated from the Navy's short-term leasing program helps to maintain Navy-owned buildings, roads and land parcels. 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. As part of Governor Lingle's emergency proclamation to help Hawaii's homeless, a new transitional shelter was established in Kalaeloa. This shelter houses approximately 230 people, half of whom are children.

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 FY 2006 was due, in large part, to discussion regarding the aforementioned 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 issue, other major landowners and users in Kalaeloa such as the Barbers Point Elementary School, the U.S. Coast Guard Air Station Barbers Point (USCG), Kalaeloa Airport, and Hawaii Army National Guard Youth Challenge Program continued their activities in FY 2006. 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 FY 2006.

KALAELOA MASTER PLAN

The Kalaeloa Master Plan, a community development plan for the Kalaeloa Community Development District, was adopted by HCDA on March 1, 2006. The Master Plan was subsequently approved by Governor Linda Lingle in August 2006 and will serve as an amendment to the existing Kalaeloa Community Redevelopment Plan, which was prepared as part of the BRAC process.

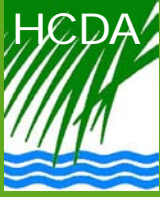
With a 20-year build out period, the Master Plan envisions mixed-use development and preservation of open spaces in Kalaeloa. Components of the Plan include:

- 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 county 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.

Kalaheoa Master Plan Preferred Land Uses





In the top two photos, the Kalaeloa Public Safety Workgroup successfully relieved the area's beaches and camping areas of unsafe and illegal conditions. Below, roadways such as this will receive life safety improvements.

The Past Twelve Months in Focus

HCDA formed three community-based groups that strive to improve current conditions in Kalaeloa and help to move the District forward. The three groups are the Kalaeloa Public Safety group (KPS), the Kalaeloa Community Network (KCN) and the Kalaeloa Advisory Team (KAT). With three current workgroups meeting monthly on Kalaeloa Community Development District matters, HCDA has access to the expertise, experience, and commitment from over 60 volunteers.

The Kalaeloa Public Safety (KPS) Workgroup

In order to address decaying and unsafe conditions in Kalaeloa, HCDA established the KPS Workgroup. The KPS, which is committed to improving and maintaining the health and public safety of Kalaeloa, consists of the City and County of Honolulu Departments of Design and Construction/Facility Maintenance/Parks and Recreation/Transportation Services, Honolulu Police Department (HPD), Honolulu Fire Department, Federal Fire Department, Navy Security, Navy Region Hawaii, Department of Transportation, USCG, Hawaii Army National Guard (HIARNG) and the Hawaii Public Housing Authority. KPS meets every month to allow participating agencies to clarify jurisdiction, collaborate, and focus on addressing all safety and illegal conditions within the District.

In FY 2006 the KPS made significant strides in dealing with unsafe environmental and illegal conditions in the area's beaches and camping areas. A coordinated effort by the City and County Department of Parks and Recreation, Department of Land and Natural Resources, Navy Security, Hawaiian Humane Society and State Sheriff's office, revitalized the Kalaeloa campgrounds so the general public could once again utilize the area for camping and outdoor recreation. The effort resulted in the issuance of 95 citations for expired camping permits and 58 citations for illegal activities. Sixteen warrants were served and five tons of trash and illegal structures were removed from Kalaeloa campgrounds and beach area. Illegally parked vehicles were towed and stray animals were also removed from the area. In order to maintain public access to this valued community recreation area, HPD and Navy Security added the Kalaeloa campgrounds to its regular patrol routes.

Another focus of the KPS has been the maintenance and reconditioning of roadways and pedestrian walk paths. The State DOT and the City and County of Honolulu conducted major maintenance projects on Kalaeloa roadways. The scope of work included installation of new signage, restriping of crosswalks, lanes and



Under the Kalaeloa Community Network's supervision, community volunteers beautified the Ft. Barrette entrance, and added new signage and flag.

road shoulders and removal of overgrown vegetation. The new speed limit and pedestrian signage helps night time vision in the area and improves public safety. The KPS monthly meetings and communications established in the past fiscal year proved to be valuable in 2007 as the Hawaii State Legislature appropriated \$250,000 for life safety projects to address decaying and unsafe conditions in Kalaeloa. In November of 2007, the Governor released the funds and HCDA staff is moving forward on hiring contractors to address lighting, walkways, and other life safety improvement projects. HCDA's continued building and strengthening collaboration between agencies resulting in added state street maintenance, increased Navy security and HPD presence, crime reduction along the beaches, consistent maintenance of overgrown areas, and increased focus on agency budgeting for the District.

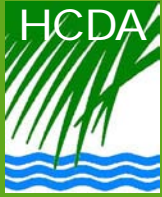
Kalaeloa Community Network (KCN)

HCDA also engages Kalaeloa landowners, businesses, residents and elected officials through its monthly meetings of the KCN. HCDA started the KCN in October 2006 to create an information exchange, address issues that affect those that work, live and play in Kalaeloa and to engage elected officials for guidance and assistance. In FY 2006 the KCN membership more than doubled in size and now includes participation from American Renaissance Academy, Councilmember Todd Apo, Barbers Point Commissary, Barbers Point Elementary School, Bauske Environmental, Containers Hawaii, Department of Transportation – Kalaeloa Airport, Senator Mike Gabbard, Representative Sharon Har, Department of Hawaiian Homes Lands, Hawaii National Guard Youth Challenge Academy, Hawaii Public Housing Authority, HIARNG, Hope Chapel Kapolei, Hunt Building Company, Kalaeloa Rental Homes, Mercy Vineyard West Oahu, Naval Air Museum Barbers Point, Navy Region Hawaii, Onelau'ena Transitional Shelter, Onemalu Transitional Shelter, Responsive Caregivers of Hawaii, Subway Barbers Point, USCG, U.S. Vets and West O'ahu Community Federal Credit Union.

In FY 2006, the KCN identified the beautification of the main entrance to Kalaeloa as a priority. HCDA members approved \$20,000 for project expenses and the KCN provided project design/management for a complete makeover of the Ft. Barrette entrance. The improvements included removal of rusted equipment, painting of curbs and surrounding structures, landscaping, lighting, irrigation, flag replacement, and new signage. Approximately 80+ volunteers representing 24 agencies and businesses contributed manpower, heavy equipment and operators, materials and other donations. It is



...collaboration between agencies has resulted in added state street maintenance, increased Navy security and HPD presence, crime reduction along the beaches, consistent maintenance of overgrown areas, and increased focus on agency budgeting for the District.



...Through the pursuit of Excellence, Kalaeloa is a model for achievement to surrounding communities, the island of Hawaii, and the world.

estimated that these donations added \$25,000 in value to the project's completion.

The Kalaeloa Advisory Team (KAT)

Administrative Rules for Kalaeloa is integral to the implementation of the Master Plan. These rules are being 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 codes for Kalaeloa.

The KAT was established to provide suggestions and feedback to the HCDA staff on planning and development matters in the Kalaeloa District which will include the formulation of the Administrative Rules, the development of infrastructure, and marketing. The voluntary team includes members from the Waianae, Kapolei, and Ewa Neighborhood boards, area developers, area legislators, district non-profit organizations and the HCDA task force. A KAT subcommittee was assembled to work specifically on the Administrative Rules. In early 2006, the planning firm of Townscape Inc. was hired as the consultant to assist HCDA and its stakeholders to develop the rules. Due to staff changes and delays in beginning the process, the Townscape contract was extended. The first draft of the Administrative Rules is targeted for completion in June 2008.

Government Agency Coordination

Given the multiple landownership in Kalaeloa of Federal, State, City, and private, it is vital for HCDA to continue coordination with all Kalaeloa stakeholders to address a variety of issues affecting the District. In the summer of 2007,

"all-hands" meetings were organized to move BRAC lands and the 499-plus acres of Navy retained land (or commonly referred to as "Brokered Land") conveyances forward. The participating members and agencies included Congressman Neil Abercrombie, HCDA Member Micah Kane (Chairman of the Hawaiian Homes Commission of Department of Hawaiian Home Lands [DHHL]), General Robert Lee, Parks and Recreation Director Lester Chang, Executive Assistant Tim Houghton, City and County Department of Environmental Services and Navy Region Hawaii. Both the BRAC and brokered lands are on target to be conveyed or in binding agreements by September 30, 2008.

Infrastructure Planning

The infrastructure conditions in Kalaeloa are sub-standard and local agencies will not accept conveyance until it is brought up to minimal standards. Though it may be sufficient for current users, the Kalaeloa Master Plan requires upgrading or construction of new infrastructure for sewer, drainage, roadway, water, electric, and telecommunications. HCDA will explore all opportunities and will continue to work with all agencies, stakeholders, and all interested developers to address infrastructure needs. In FY 2007, preliminary talks on alternative energy opportunities for the District and HCDA will increase the focus on this matter as the KAT sub-committee will be focusing on this issue.

Continued Community Outreach

HCDA has expanded the level of community outreach by providing quarterly updates at the Waianae and Ewa Neighborhood Boards in addition to the monthly updates for Kapolei Neighborhood Board.

The Coming Years

In the coming year, the HCDA will focus on continuing the promulgation of Administrative Rules for the Kalaeloa District and needed infrastructure planning. HCDA intends to continue and expand its community outreach efforts by increasing opportunities for facilitation of community and business relations. HCDA will pursue legislative support for a Supplemental Environmental Impact Statement for the Kalaeloa District Master Plan.

The next several years will be a very dynamic time for HCDA and the Kalaeloa District. 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 HCDA proactively interfaces with neighboring developers, engage the support of the community and elected officials, and breathe life into the redevelopment of this special District.



HCDA members held a meeting and toured the Kalaeloa District in March 2007.



Hawaii Community Development Authority
Financial Highlights
 For Fiscal Year Ended June 30, 2007



Improvement Districts

Invested in infrastructure upgrades	6,345,887
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Parks

Park operating maintenance and security	650,901
New park development and art work	1,250



Staff & Office

Personnel expenditure	1,749,191
Administrative expenditure	342,771



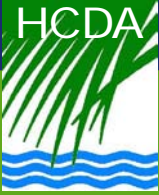
Planning

Permit approved	136
Worth of projects in million \$	85



Kalaeloa

Community development rules	17,000
Personnel expenditure	117,886
Administrative expenditure	21,155



Financial Information

STATE OF HAWAII
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
STATEMENT OF NET ASSETS, UNAUDITED
June 30, 2006 and 2007

<u>ASSETS</u>	<u>6/30/2006</u>	<u>6/30/2007</u>
CURRENT ASSETS		
Cash and cash equivalents	53,742,850	52,029,521
Cash held in escrow	-	-
Accounts receivable	460,856	54,080
Prepaid expenses	<u>14,471</u>	<u>14,582</u>
TOTAL CURRENT ASSETS	<u>54,218,177</u>	<u>52,098,183</u>
LONG-TERM ASSETS		
Investment in limited partnerships	164,000	159,221
Water source allocation credits	257,000	257,000
Due from other funds	<u>6,026,384</u>	<u>6,067,685</u>
TOTAL LONG-TERM ASSETS	<u>6,447,384</u>	<u>6,483,906</u>
CAPITAL ASSETS		
Land, improvements & construction in progress	180,218,278	144,933,427
Other capital assets, net of depreciation	<u>66,439,082</u>	<u>61,572,619</u>
TOTAL CAPITAL ASSETS	<u>246,657,360</u>	<u>206,506,045</u>
TOTAL ASSETS	<u>307,322,922</u>	<u>265,088,134</u>
 <u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable	577,625	999,613
Accrued payroll	72,227	113,386
Deferred revenues	-	-
Rental security deposit	<u>128,318</u>	<u>204,494</u>
TOTAL CURRENT LIABILITIES	<u>778,170</u>	<u>1,317,493</u>
LONG-TERM LIABILITIES		
Due within one year	72,871	84,464
Due in more than one year	<u>31,999,812</u>	<u>32,107,323</u>
TOTAL LONG-TERM LIABILITIES	<u>32,072,683</u>	<u>32,191,787</u>
TOTAL LIABILITIES	<u>32,850,853</u>	<u>33,509,280</u>
 <u>NET ASSETS</u>		
INVESTED IN CAPITAL ASSETS	246,657,360	206,506,045
RESTRICTED FOR:		
Capital projects	24,813,383	15,865,325
Community redevelopment	21,639,233	25,076,693
Debt Service	-	-
Other purposes	7,205,818	10,064,108
UNRESTRICTED (DEFICIT)	<u>(25,843,727)</u>	<u>(25,933,317)</u>
TOTAL NET ASSETS	<u>274,472,069</u>	<u>231,578,854</u>
TOTAL LIABILITIES AND NET ASSETS	<u>307,322,922</u>	<u>265,088,134</u>



STATE OF HAWAII
 HAWAII COMMUNITY DEVELOPMENT AUTHORITY
 STATEMENT OF ACTIVITIES, UNAUDITED
 For the Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue and Change in Net Assets
GOVERNMENT ACTIVITIES			
General government	330,314	-	(330,314)
Leasing and managing	1,417,709	2,888,979	1,471,270
Community redevelopment	(5,553,885)	4,388,722	9,942,607
Capital improvement project	56,363,843	-	(56,363,843)
Debt service	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GOVERNMENT			
ACTIVITIES	<u>52,557,981</u>	<u>7,277,701</u>	<u>(45,280,280)</u>
GENERAL REVENUES			
State allotments			813,605
Investment earnings			1,540,640
Miscellaneous			32,821
OTHER USES - Transfer, net			<u>-</u>
CHANGE IN NET ASSETS			(42,893,215)
NET ASSETS, beginning of year			<u>274,472,069</u>
NET ASSETS, end of year			<u>231,578,854</u>



Financial Information

STATE OF HAWAII
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
BALANCE SHEET - GOVERNMENTAL FUNDS, UNAUDITED
June 30, 2007

Description	General Fund	Leasing and Managing	Community Redevelopment	Capital Projects Funds	Other Gov'tl. Funds	Total Gov'tl. Funds
ASSETS						
Cash and cash equivalent	4,000	8,759,718	33,080,211	10,157,527	-	52,001,457
Cash held in escrow	-	-	-	-	28,064	28,064
Note receivable, net of allowance	-	-	-	-	-	-
Accounts receivable	-	52,000	2,080	-	-	54,080
Prepaid expenses	14,582	-	257,000	-	-	271,582
Due from other funds	-	-	-	<u>6,067,685</u>	-	<u>6,067,685</u>
TOTAL ASSETS	<u>18,582</u>	<u>8,811,718</u>	<u>33,339,291</u>	<u>16,225,212</u>	<u>28,064</u>	<u>58,422,868</u>
LIABILITIES AND FUND BALANCES						
Accounts payable	-	41,925	416,610	268,705	-	727,241
Accrued payroll	22,204	-	-	91,182	-	113,386
Unearned revenue	-	-	-	-	-	-
Deferred rent	-	-	-	-	-	-
Deferred revenues	-	240,480	31,892	-	-	272,372
Rental security deposit	-	204,494	-	-	-	204,494
Due to bond trustee	-	-	-	-	-	-
Due to other funds	-	-	6,067,685	-	-	6,067,685
Due to State General Fund	<u>3,500</u>	-	-	-	<u>28,064</u>	<u>31,564</u>
TOTAL LIABILITIES	<u>25,704</u>	<u>486,900</u>	<u>6,516,187</u>	<u>359,88</u>	<u>28,064</u>	<u>7,416,742</u>
FUND BALANCES						
Reserved for:						-
Encumbrances	(7,122)	204,355	6,872,091	15,034,628	-	22,103,952
Public facilities	-	-	16,182,928	-	-	16,182,928
Housing program	-	-	1,768,975	-	-	1,768,975
Future debit service	-	-	-	-	-	-
Continuing appropriations	-	-	-	830,697	-	830,697
Unreserved	-	<u>8,120,463</u>	<u>1,999,110</u>	-	-	<u>10,119,574</u>
TOTAL FUND BALANCES	<u>(7,122)</u>	<u>8,324,819</u>	<u>26,823,104</u>	<u>15,865,325</u>	-	<u>51,006,126</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>18,582</u>	<u>8,811,718</u>	<u>33,339,291</u>	<u>16,225,212</u>	<u>28,064</u>	<u>58,422,868</u>

Financial Information



STATE OF HAWAII
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS, UNAUDITED
For the Year Ended June 30, 2007

Description	General Fund	Leasing and Managing	Community Redevelopment	Capital Projects Funds	Other Gov'tl. Funds	Total Gov'tl. Funds
REVENUES						
State allotted appropriations	294,600	-	-	1,210,139	-	1,504,739
Contributions from property owners	-	-	1,031,335	-	-	1,031,335
Reimbursements for capital outlays	-	-	-	-	-	-
Dedication and reserve housing fees	-	-	3,357,387	-	-	3,357,387
Investment earnings	-	325,716	1,214,924	-	-	1,540,640
Leasing and management	-	2,888,979	-	-	-	2,888,979
Grant	-	-	-	-	-	-
Proceeds from land sale	-	-	-	-	-	-
Other	-	<u>377,348</u>	<u>37,600</u>	-	-	<u>414,947</u>
TOTAL REVENUES	<u>294,600</u>	<u>3,592,042</u>	<u>5,641,246</u>	<u>1,210,139</u>	<u>-</u>	<u>10,738,027</u>
EXPENDITURES						
General government	301,722	-	-	-	-	301,722
Debt service	-	-	-	-	-	-
Capital outlays	-	<u>1,776,965</u>	<u>(4,914,233)</u>	<u>15,534,748</u>	-	<u>12,397,480</u>
TOTAL EXPENDITURES	<u>301,722</u>	<u>1,776,965</u>	<u>(4,914,233)</u>	<u>15,534,748</u>	<u>-</u>	<u>12,699,202</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(7,122)	1,815,077	10,555,479	(14,324,609)	-	(1,961,175)
OTHER FINANCING SOURCES (USES)						
Transfer in (out)	-	(189,730)	(5,877,954)	6,067,685	-	-
Transfer to General Fund	-	-	-	-	-	-
Lapsed appropriation	-	-	-	<u>(691,134)</u>	-	<u>(691,134)</u>
NET CHANGE IN FUND BALANCES	(7,122)	1,625,347	4,677,525	(8,948,059)	-	(2,652,309)
FUND BALANCE, Beginning of year	-	<u>6,699,472</u>	<u>22,145,580</u>	<u>24,813,383</u>	-	<u>53,658,435</u>
FUND BALANCE, End of year	<u>(7,122)</u>	<u>8,324,819</u>	<u>26,823,104</u>	<u>15,865,325</u>	<u>-</u>	<u>51,006,126</u>
	(7,122)	8,324,819	26,823,104	15,865,325	-	51,006,126



Authority Members

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JONATHAN LAI
Partner
Watanabe Ing & Komeiji LLP

Vice Chairperson
PAUL KIMURA
President
City Fender & Body Service Ltd.

Secretary
AMANDA S. CHANG
Attorney At Law
Law Offices of Amanda S. Chang

WILLIAM J. AILA, JR.*
Harbor Agent III
Waianae Boat Harbor
(served until June 2007)

C. SCOTT BRADLEY
Managing Director
Coldwell Banker Pacific Properties

GRADY CHUN
Financial Consultant
Linsco/Private Ledger

JOSEPH DWIGHT, IV
President & State Manager,
First American Title Company, Inc.
(served from October 2007)

STANTON ENOMOTO*
Special Assistant to the Administrator
Office of Hawaiian Affairs
(served from July 2007)

HENRY ENG, FAICP*
Director
Department of Planning and Permitting
City and County of Honolulu

BARRY FUKUNAGA
Director
Department of Transportation
(served until December 2007)

MICHAEL GOSHI, NCARB, AIA
Principal
Design Partners Incorporated
(served until October 2007)

MICAH KANE*
Chairman
Hawaiian Homes Commission
Department of Hawaiian Home Lands

GEORGINA K. KAWAMURA
Director
Department of Budget and Finance

CHRISTOPHER KOBAYASHI
Partner
Kobayashi Sugita & Goda
(served from July 2007)

GARY I. KONDO, D.D.S.
CEO and President
Hawaii Dental Group
(served until 6/30/06)

THEODORE E. LIU
Director
Department of Business, Economic
Development
& Tourism

BRENNON MORIOKA
Acting Director
Department of Transportation
(served from December 2007)

KAY MUKAIGAWA
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Primary Properties, Inc.

DEXTER OKADA
President
U. Okada & Co., Ltd.
(served from July 2007)

RUSS SAITO
Comptroller
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Services

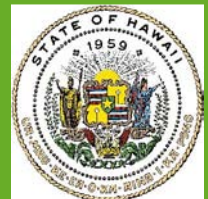
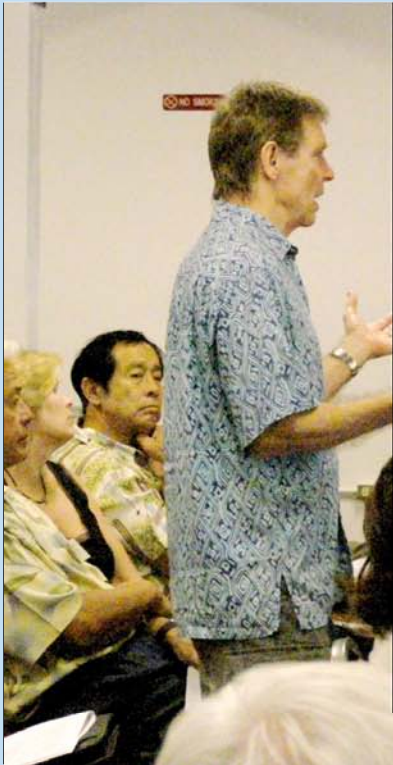
EVELYN SOUZA*
Parent Community Network Center
Coordinator
Makakilo Elementary School

MAEDA C. TIMSON*
Assistant Vice President, Retirement
Savings Plan
First Hawaiian Bank

*Kalaeloa Member

Executive Director
ANTHONY J. H. CHING

Special thanks to:
DANIEL DINELL who served as
HCDA Executive Director until August 2007.



State of Hawaii
HAWAII COMMUNITY
DEVELOPMENT AUTHORITY

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