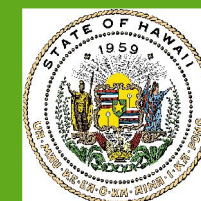
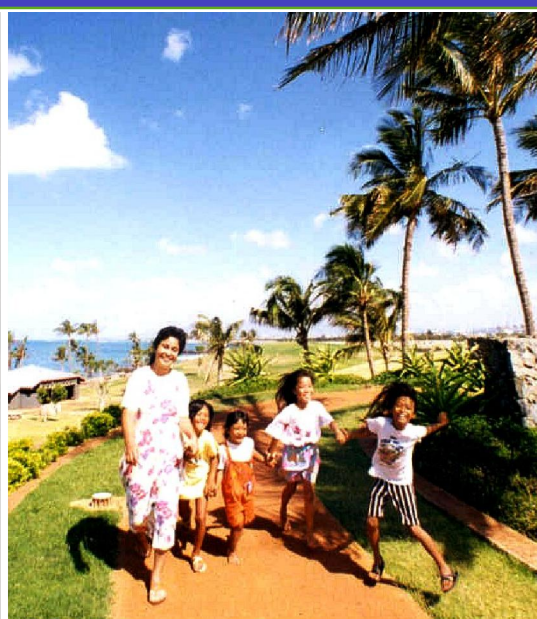




2005 ANNUAL REPORT

Hawaii Community Development Authority 30 Years of Progress



State of Hawaii
HAWAII COMMUNITY
DEVELOPMENT AUTHORITY

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Letter to the Governor



The Honorable Linda Lingle
Governor
State of Hawaii

Dear Governor Lingle:

We are pleased to present the Hawaii Community Development Authority's (HCDA) Annual Report for the 2004-2005 Fiscal Year. HCDA's legislative mandate is to accomplish the timely planning, regulation and development of underutilized areas in the State that result in communities that meet the highest needs and aspirations of Hawaii's people. The Kaka'ako and Kalaeloa Districts have been designated for such futures. It has been an exciting and challenging past three decades since HCDA was created and I'm happy to report that great progress continues to be made today.

For the Kaka'ako District, HCDA's vision of creating the most desirable and sustainable urban place in Hawaii in which to work, live, visit, learn and play is bold and ambitious. But I am proud to see this vision taking shape. HCDA remains committed, to the greatest extent possible, to provide: more housing for all income levels; more park and recreational space for all to enjoy; support for existing and future commercial and industrial activities; an improved and enhanced system of roadways and utilities; and waterfront transformation that will yield the greatest public benefits in order to create more access and more public amenities.

In two short years, we have established our vision and laying out the mechanism for making the Kalaeloa District stand out as the "Center for Excellence" for education, research, industry, recreation, cultural, environmental, and commercial activities in the fast growing Ewa region. HCDA intends to build upon the strength of existing uses so that Kalaeloa will be known as a place that excels in providing workforce housing, education, career-oriented jobs, and recreation. Our Strategic Plan for Kalaeloa for the next five years has been set and our Master Plan is being refined with the help of the public and area stakeholders. We are confident that HCDA will make substantial progress in Kalaeloa in the years to come.

HCDA's success is entirely attributable to the continued support and nurturing of the State administration; the Legislature; Kaka'ako and Kalaeloa landowners, businesses and residents; other governmental agencies; community groups; concerned citizens; and committed HCDA members and staff. Without their support, the past 30 years of accomplishments would not have been possible. We extend our thanks and appreciation as we move into our fourth decade of public service.

Respectfully yours,

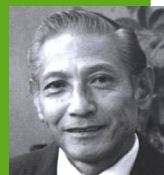
James Kometani
Chairperson
Hawaii Community Development Authority



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This report is dedicated to the late Raymond Suefuji, Executive Director of HCDA from 1976-1983. Mr. Suefuji's vision, expertise, dedication and contributions to Kaka'ako and HCDA were invaluable and his legacy provides a model to emulate today.

Introduction: Thirty Years of Progress



The year 2006 marks the 30-year anniversary of the creation of the Hawaii Community Development Authority (HCDA). The preceding three decades have been a time of visioning and progress, of setting goals and reaching significant milestones along the way. With the continued support and nurturing—both philosophically and financially—of elected officials and the State administration, HCDA has been able to ensure that the redevelopment and regeneration of the Kaka'ako District as the most desirable and sustainable urban place in Hawaii to live, work, learn and play is well on its way to becoming reality.

Today, Kaka'ako is on the verge of truly reaching its full potential as a critical and desirable part of making Honolulu a great city. The 1980 U.S. Census reported that Kaka'ako's population was 2,798 with 1,100 residential units, none of which were reserved for either affordable rental or for sale housing. Today, Kaka'ako is home to over 6,220 people with over 3,240 market units and 1,388 affordable units produced under HCDA's development guidelines. To serve Kaka'ako's growing

residential population and visitors, HCDA has expanded the 1.65 acres of park land that existed 30 years ago with an additional 45 acres of attractive park and recreational space, with more on the way. With the opening of the new University of Hawaii medical school on Kaka'ako's waterfront lands, the promise of additional educational/research facilities and related life sciences industries are being fulfilled, along with the transformation of State-owned property into a gathering place for Hawaii's people.

Kaka'ako's progress would not have been possible without the systematic upgrading of the District's infrastructure—the roadways and utility systems—that are integral to the proper functioning and development of any community. Since HCDA's inception, State lawmakers have seen the wisdom of providing \$155 million for Kaka'ako's infrastructure enhancement, and together with the \$48 million spent by private landowners and utility companies, this investment has resulted in well over \$2 billion in private sector investment in Kaka'ako. Today, Kaka'ako is more attractive and alive with more housing opportunities for the spectrum of

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income levels and more commercial and industrial space for commerce to flourish.

In the three years since the Kalaeloa District was transferred to HCDA jurisdiction, significant progress has been made in defining the Authority's vision and mission for Kalaeloa. A Strategic Plan to guide HCDA's actions and redevelopment efforts in Kalaeloa over the next five years was adopted in May 2005, and a Draft Master Plan for the District is currently being finalized with public and community participation.

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 community 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.

HCDA has also assumed the role of redevelopment authority for the Kalaeloa Community Development District. The 2002 State Legislature adopted legislation to transfer redevelopment responsibility for Kalaeloa from the Barbers Point Naval Air Station Redevelopment Commission to HCDA. 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 16 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, as well as four members-at-large. The five Kalaeloa members include: the Chairperson of the Hawaiian Home Lands 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 non ex officio members serve 4 year terms and are subject to confirmation by the State Senate. 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.

Current Activities & Projects in the Kaka'ako District

THE KAKA'AKO DISTRICT

Composed of 670 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 Pier 4 in Honolulu Harbor, and the Hawaiian Electric power plant site in downtown Honolulu. Today, the District largely consists of retail and commercial businesses, wholesale and light-industrial companies, and single- and multi-family residences.

The agency's main thrust is the use of sound planning to encourage mixed usage of Kaka'ako's valuable land, with a compatible mix of residential, commercial and industrial uses to create an interesting and lively district.

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 and sustainable 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. Through HCDA, Kaka'ako has experi-

enced:

- improved infrastructure and public facilities;
- increased housing opportunities for all segments of the community;
- increased business opportunities;
- enhanced economic activity; and
- increased public recreation and open space.

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.

Regulatory Functions

Since the adoption of the Kaka'ako Plan in 1982, HCDA has performed regulatory functions to ensure that any development occurring in the District meets the provisions of the Plan. HCDA regulates land use, zoning, and development of land within the Kaka'ako District. 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. HCDA processes permits for major planned development projects, as well as for smaller projects and building renovations. In order to meet changing conditions, the Authority initiated a major review and revision process for the Mauka Area Plan in 2004.



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Infrastructure Improvements Ensure the Most Livable Community



...for people to comfortably live, work, visit, learn and play in any neighborhood, the area's roadways and utility systems must be functional, designed for public safety, and able to accommodate current needs and future growth.

One of the most important functions that HCDA has in the Kaka'ako District is to ensure the systematic improvement of the District's network of streets and utilities for the purpose of maintaining a better community and to facilitate and encourage redevelopment. For people to comfortably live, work, visit, learn and play in any neighborhood, the area's roadways and utility systems must be functional, designed for public safety, and able to accommodate current needs and future growth. For many years, the District had been burdened with a deteriorating and inadequate infrastructure system, much of which was installed over 75 years ago. Many streets were narrow and unimproved, and susceptible to serious flooding during times of heavy rainfall. Certain roadways lacked safe pedestrian walkways and were filled with haphazardly parked vehicles. Existing overhead utility poles, cables and equipment gave an unsightly and cluttered character to the Kaka'ako streetscape. Moreover, the District's obsolete infrastructure network was not only detrimental to its businesses, residents and visitors, but it also stymied the timely redevelopment of properties. Many areas just did not have sufficient capacity to support further development.

The Improvement District (ID) Program being undertaken by HCDA has proven

to be a very effective and successful method of financing and constructing the massive infrastructure improvements that are necessary for the revitalization of Kaka'ako. For this ambitious program—which has been largely funded by the Hawaii State Legislature—HCDA has joined forces with property owners and the public utility companies to make improvements to Kaka'ako's roadways in a systematic, timely and cost-effective manner. The ID Program is being used to reconstruct and/or widen streets with new streetlights, curbs, gutters and sidewalks. In addition, drainage, sewer and water systems are being improved and upgraded. Telephone, electric and cable television systems are also being upgraded and relocated underground.

Ten ID projects had been completed by HCDA by the close of Fiscal Year 2004-05, and construction work on two new ID projects (the Ahui/Ohe/Olomehani Street Improvements and the Queen Street Improvements) are underway in Kaka'ako's Makai and Mauka areas. While greatly improving the function, safety and appearance of the area's infrastructure, these projects have also directly influenced the level of investment and development in Kaka'ako. They help to create new economic opportunities that strengthen and diversify our economy while they support and help existing businesses to grow. As mentioned earlier in this report, the



\$203 million spent since 1976 to upgrade Kaka'ako's infrastructure has resulted in over \$2 billion in private sector projects.

Implementation of Kaka'ako's Improvement District Program

Under HCDA's 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, Kaka'ako's 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. Throughout the course of each ID project, HCDA strives to

complete 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, the HCDA newsletter and website, and informational meetings to keep merchants, residents, and landowners informed of construction activities. Traffic advisories and project updates on all of the Authority's ongoing ID projects are posted on HCDA's website at www.HCDAweb.org. HCDA staff members are also available to address questions and concerns as they arise.

Queen Street Extension (Improvement District 10)

The \$7.5 million Queen Street Extension (ID-10), a new urban roadway has enhanced traffic circulation in a very dynamic and growing sector of the Kaka'ako District, was opened and dedicated in September 2004. For this project, HCDA constructed a new thoroughfare to extend Queen Street from Kamakee Street to Waimanu Street. The new roadway is 76 feet wide, including 8-foot wide sidewalks, with two traffic lanes in each direction. It includes an attractively-landscaped 8-foot wide median and 23 metered parking spaces along the street curb. The project also included widening of the portion of Waimanu Street between the new roadway and Pensacola Street. Except for the widening of Waimanu Street, which was paid for by Nauru Phosphates Royalties, Inc., the cost of ID-10 was shared by HCDA, the public utility companies, and properties benefiting from the new roadway. HCDA will develop a 2.5-acre public park on both sides of the Queen Street Extension in about two years.

...the recently improved Ilalo Street, together with the Ward Avenue Extension, now functions as a beautifully landscaped boulevard that is the main thoroughfare for the Kaka'ako Waterfront.

Improvement District Projects



MOST RECENT AND FUTURE PROJECTS	
IMPROVEMENT DISTRICT 10 (Queen Street Extension)	
Location:	Queen Street, between Kamakee and Waimanu Streets.
Scope:	Extension of Queen Street, a new 76-foot right-of-way and improvements to the water, sewer, drainage, roadway, and electrical systems.
Cost:	\$7.5 million
Completed:	September 2004
IMPROVEMENT DISTRICT 11 (Queen Street Improvements)	
Location:	Queen Street, between Ward Avenue and Kamakee Street.
Scope:	Road widening/improvements and utility system enhancements.
Cost:	\$15.8 million
Est. start:	Early 2006
Est. completion:	August 2007
IMPROVEMENT DISTRICT 12 (Ahui/Ohe/Olomehani Streets Improvements)	
Location:	Ahui Street, from Ilalo Street to Olomehani Street; Ohe Street, from Ilalo to Olomehani Streets; and Olomehani Street
Scope:	Street widening/improvements/realignment and utility system enhancements.
Cost:	\$15.6 million
Const. start:	April 2005
Est. completion:	August 2006



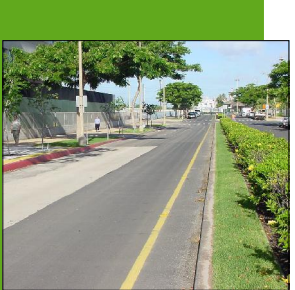
PAST PROJECTS	
IMPROVEMENT DISTRICT 1	
Location:	About 100 acres bounded by Punchbowl, King, Cooke, Queen, South, Auahi Streets, and Ala Moana Boulevard.
Scope:	Improvements to roadways, drainage, sewer, and water systems and the undergrounding of electric, telephone and CATV lines.
Cost:	\$35.2 million
Completed:	September 1988
IMPROVEMENT DISTRICT 2	
Location:	About 110 acres bounded by Keawe, Auahi, Coral, Pohukaina, Cooke and Ilalo Streets to the ocean.
Scope:	Improvements to roadways, drainage, sewer, and water systems and the undergrounding of electric, telephone and CATV lines.
Cost:	\$36.7 million
Completed:	October 1990



IMPROVEMENT DISTRICT 3	
Location:	About 60 acres involving portions of Cooke Street, Kapiolani Boulevard, Halekauwila, Keawe, Coral, Victoria & Curtis Streets.
Scope:	Improvements to roadways, drainage, sewer, and water systems and the undergrounding of electric, telephone and CATV lines.
Cost:	\$42.4 million
Completed:	October 1993
KEWALO BASIN IMPROVEMENTS	
Scope:	Improvements to Kewalo Basin access, interior roadways, grade-separated promenade, bus lanes, and parking.
Cost:	\$2.4 million
Completed:	August 1995
IMPROVEMENT DISTRICT 4	
Location:	Kamakee Street (from Kapiolani Boulevard to Queen Street)
Scope:	Improvements to roadways, drainage, sewers, water systems and the undergrounding of electric, telephone and CATV lines.
Cost:	\$12 million
Completed:	June 1999



IMPROVEMENT DISTRICT 5 (Kaka'ako Makai Gateway)	
Location:	Cooke Street (between Ala Moana Boulevard and Ilalo Street); block bounded by Ala Moana Boulevard, Cooke, Ilalo and Ohe Streets
Scope:	and block immediately Makai of Ilalo Street and Ewa of Ohe Street. Improvements to roadways, drainage, sewer, and water systems and the undergrounding of electric, telephone & CATV lines; development of two-acre passive park and four-acre play field.
Cost:	\$6.7 million
Completed:	June 1998



IMPROVEMENT DISTRICT 6 (Ward Avenue Extension)	
Location:	Ward Avenue (from Ala Moana Boulevard to the intersection of Ahui and Ilalo Streets).
Scope:	Construction of a new roadway from the intersection of Ward Avenue and Ala Moana Boulevard to the intersection of Ahui and Ilalo Streets and roadway and utility system enhancements.
Cost:	\$8.2 million
Completed:	November 2000
IMPROVEMENT DISTRICT 7 (Kamakee Street Extension)	
Location:	Kamakee Street, between Queen Street and Ala Moana Boulevard.
Scope:	Realignment of Kamakee Street and creation of a four-way signalized intersection at Ala Moana Boulevard and Ala Moana Park Road.
Cost:	\$11 million
Completed:	December 2002
IMPROVEMENT DISTRICT 8 (Forrest Avenue Realignment)	
Location:	Forrest Avenue
Scope:	Realignment of Forrest Avenue with South Street to reconfigure the surrounding land into three development-ready parcels for commercial development. The project required a reconfiguration of a portion of the container cargo yard.
Cost:	\$4.8 million
Completed:	September 2003
IMPROVEMENT DISTRICT 9 (Ilalo Street Improvements)	
Location:	Ilalo Street, between Ahui and Forrest Avenue.
Scope:	Widening and enhancements to Ilalo Street, from Ahui Street to Forrest Avenue; installation of new water, sewer and drainage systems; construction of new roadways; new driveways, sidewalks, curbs and gutters; and installation of new utility lines.
Cost:	\$17 million
Completed:	December 2003

Ahui/Ohe/Olomehani Street Improvements (Improvement District 12)

Continuing its effort to improve access and traffic circulation in the Kaka'ako Waterfront, HCDA is currently making infrastructure improvements to a portion of Ahui Street; from Ilalo Street to the Point Panic parking lot; Ohe Street, from Ilalo to Olomehani Streets; and Olomehani Street. These improvements, which will cost approximately \$15.6 million, are intended to support the development of the neighboring parcels. Under this Project, new water, sewer and drainage systems are being installed and new driveways, sidewalks, curbs and gutters are being constructed on the roadways. The existing overhead utility lines and poles are undergoing conversion to new underground systems and the roadways will be attractively landscaped. The Project will also entail the realignment of Ohe Street, from Ilalo to Olomehani Streets, and the closure of Koula Street, between Ilalo and Olomehani Streets, creating a seven-and-one-half acre parcel that will facilitate the development of the Kaka'ako Waterfront. Ahui and Olomehani Streets will be widened as 50-foot wide roadways with eight-foot wide sidewalks. Ohe Street will be 60 feet wide with eight-foot sidewalks and parking on both sides of the roadway. The realignment of Ohe Street will create two remnant parcels that are planned to be used as parking lots to accommodate a total of about 90 stalls for additional bus and public parking. HCDA started construction work on this Project in the second quarter of 2005 and the work is expected to take about 18 months to complete.

Queen Street Improvements (Improvement District 11)

The \$15.8 million Queen Street Improvements Project, Improvement District 11 (ID-11), will enhance the infrastructure of Queen Street between Kamakee Street and Ward Avenue. The conditions that currently exist on this portion of Queen Street are unsafe for vehicular and pedestrian traffic. The roadway has no drainage system and no sidewalks from Cummins Street to Ward Avenue. Cars, some of them abandoned, currently park randomly as space permits, either perpendicular or parallel to the street, and many times, hazardously encroach into the public right-of-way. The proposed ID-



11 improvements will create a safer environment for pedestrians and vehicles, with new sidewalks and metered-parallel parking stalls. The improved roadway will be defined and pedestrians will not have to dangerously weave in or around randomly parked cars or rubbish containers to walk along Queen Street. Flooding after heavy rains will be eliminated with the construction of a drainage system. These improvements, together with the new water, sewer and underground utility systems, will allow HCDA to continue to provide redevelopment opportunities in Kaka'ako.

The first public hearing on ID-11 was held in April 2004, at which time businesses in the project area expressed concerns about the necessity of the project, the loss of parking, increased traffic and the assessment amounts. In response, and because the ID-11 project area has a larger number of small businesses than in previous IDs, the Authority approved an

...the Queen Street Extension (ID-10) is a new urban roadway that has enhanced traffic circulation in a very dynamic and growing sector of the Kaka'ako District.

... proposed ID-11 improvements will create a safer environment for pedestrians and vehicles, with new sidewalks and metered parallel-parking stalls... Flooding after heavy rains will be eliminated with the construction of a drainage system.

assessment method that reduced individual property assessments whereby owners of lots less than 80,000 square feet in size will pay less on a sliding scale. For ID-11, the State will pay for 69 percent of the total project cost, with utility companies paying for 12 percent and landowners paying 19 percent of the Project cost. To lessen the impact of construction, assessments will not be charged to properties until at least six months after the construction is completed and landowners have the option of paying their assessments in installments over a 20-year period. Also during the ID-11 construction, temporary parking will be provided for affected businesses in the future site of HCDA's Mauka Park on the Queen Street Extension and on private properties. Following a second public hearing, the Authority gave its final approval to the ID-11 Project.

The amendment to Kaka'ako Rules that establishes ID-11 was approved by Governor Linda Lingle in April 2005. The HCDA anticipates the start of construction on ID-11 in early 2006 with completion tentatively scheduled for August 2007. Initially, construction work will focus on the preparation of alternative customer and employee parking for ID-11 businesses. All replacement parking will be in place before roadway construction begins. HCDA has established a parking lot near the project area to accommodate customer parking for ID-11 businesses. Additionally, HCDA has established three nearby lots for parking for employees in the ID-11 project area to be available free of charge during construction.



At left, current Queen Street infrastructure condition.



The Kaka'ako Waterfront



Creating a People-Oriented Gathering Place and New Industries

HCDA's goal for the Kaka'ako Waterfront is to create a "gathering place", an active and attractive, people-oriented realm that helps to fulfill Hawaii's needs for public recreation, entertainment and amenities, and serves as a vibrant centerpiece for a dynamic urban community. The Kaka'ako Waterfront is widely acknowledged as Honolulu's crown jewels, an important area that offers exciting development potential. These waterfront lands, the majority of which are owned by the State of Hawaii, offer an unprecedented development opportunity, and HCDA is working towards transforming Kaka'ako's Waterfront lands into a magnificent new public place. During the Fiscal Year 2004-05, HCDA took great strides in attaining its vision for the Kaka'ako Waterfront and Makai Area lands. HCDA's mixed-use approach for the Waterfront complements and enhances the recently constructed medical school there; expands recreational, entertainment and housing options for local people; and will replace abandoned and unattractive warehouses with a vibrant gathering place.

When fully developed, the Kaka'ako Waterfront will provide a beautiful locale for socializing, dining, living, learning, rest, and recreation. It will also be the incubator for business ideas, research and breakthroughs in technology and medicine, while providing educational opportunities for students. HCDA intends that Kaka'ako's waterfront lands become a contemporary community that accommodates the lifestyles of workers in the growing industries that represent Hawaii's economic future. In this fashion, the Kaka'ako Waterfront will serve as a symbol of Hawaii's new economy—an attractive assemblage of activities, structures and facilities that represent the community's achievements, hopes and aspirations. The University of Hawaii's opening of its new John A. Burns School of Medicine on Kaka'ako Waterfront lands signifies a world-class educational and biomedical research facility that will spur future development of the surrounding parcels while providing new jobs and helping to diversify the State's economy.

...HCDA's goal is to create an active and attractive, people-oriented realm to fulfill Hawaii's needs for public recreation, entertainment and amenities...

...the Kaka‘ako Waterfront Business Plan envisions the area as a “gathering place” that should accommodate a mix of retail, recreational, commercial and residential activities.

A Business Plan for the Kaka‘ako Waterfront

HCDA’s Waterfront Business Plan establishes a specific vision, mission and strategy for future development of the Kaka‘ako Waterfront. During the past Fiscal Year, significant advances toward implementation of the Business Plan have occurred, including the selection of a master developer for the Waterfront.

The Waterfront Business Plan envisions a contemporary pedestrian-oriented urban village for the Makai Area. The Plan calls for a mixed-use community that accommodates retail, recreational, commercial and residential activities, which complements the biotech, research and educational uses of the John A. Burns School of Medicine (JABSOM). The Plan includes the cruise ship terminal now under construction by the State Department of Transportation and anticipates development of the Kewalo Basin area to include a farmer’s market-type facility with recreational and retail activities that will draw people to the area. The overall character of the Waterfront envisioned is that of a walkable urban village with an attractive and comfortable pedestrian-friendly environment. Parking structures, containing at least 2,000-2,500 stalls, would need to be built to serve the increase in residents, visitors and

employees in the area. A land use amendment to support the Plan’s proposed residential units in the Waterfront was adopted by the Authority in September 2005. (The Makai Area Plan, first adopted in 1985, envisioned a mixed-use community with industrial, commercial, residential and public uses. In 1990, residential and industrial uses were eliminated and a new plan adopted. In 2002, in response to the decision to locate JABSOM in Kaka‘ako Makai, the Authority adopted a business plan supported by a third-party study that proposed that a minimum of 1,000 residential units were needed in Kaka‘ako Makai to activate the area for maximum social and economic value.)

CURRENT AND FUTURE KAKA‘AKO WATERFRONT DEVELOPMENTS

University of Hawaii John A. Burns School of Medicine (JABSOM)

The University of Hawaii (UH) officially opened the doors of its new bioscience research lab building of JABSOM in September 2005. The education building, opened in April 2005, brings under one roof, classrooms, faculty offices, a medical library, a multi-media auditorium, bookstore and cafeteria. The building’s high-tech enhancements include innovative “virtual labs” where students can practice surgical



techniques. The research building features state-of-the-art technology throughout its engineering and support infrastructure, with cutting edge data and communications systems. In addition to significantly strengthening the UH medical school program, the \$150 million new JABSOM complex is anticipated as an economic engine for the State that will help build a new high-tech/science-based workforce for the State, attract off-shore investment, increase research and stimulate the growth of a biotechnology industry in Hawaii. For the second phase, a developer has been chosen to construct a planned research center expansion and a parking structure.

Kaka‘ako Waterfront Development

HCDA issued a Request for Proposals (RFP) for redevelopment of the Kaka‘ako Waterfront lands in January 2005. The RFP specified that the development should preserve and enhance the natural tropical environment and Hawaii lifestyle, as well as public access to enjoyment of the ocean and shoreline. The RFP also stated that the development should provide a complement to the adjacent JABSOM and the growth of related technology and research sectors. Additionally, developers were told that the development is intended to focus on local residents, and provide a possible venue for sales of local Hawaiian products and cultural experiences. Specifically, the RFP envisioned approximately 500,000 square feet of public and commercial spaces, 250,000 square feet of entertainment and retail spaces, residential uses; and related parking. In addition, 29 acres of submerged marina lands at Kewalo Basin were

offered for management and potential redevelopment, conditioned upon the continued accommodation of existing fishing and other boat slip users.

In September 2005, discussions commenced with A&B Properties, Inc., the selected master developer, to reach agreement on the final concepts and financing for the project. During the discussion period, work will begin to: solicit community input; undertake necessary tenant relocations; complete environmental and subdivision work; and construct roadways. Public input will be incorporated into the design and development phase of the project. In response to community feedback, A&B Properties in December 2005 proposed refinements in its initial conceptual plan. The plan includes: residential condominiums (20 percent of which would be affordable units, as required by HCDA rules), as well as shops, restaurants and public gathering places. People-oriented public facilities proposed include a permanent home for hula and other performing arts coupled with a cultural marketplace featuring the foods and crafts of various ethnic groups of Hawaii; and a Farmer’s Market. Construction of the project will result in improved shoreline access; more parking for the area; and public facilities geared first and foremost to local residents

Cancer Research Center of Hawaii

HCDA is engaged in exclusive negotiations with the UH for the leasing of a 5.5-acre parcel, adjacent to JABSOM, for the development of the Cancer Research Center of Hawaii.

...the new \$150 million JABSOM complex will help create new high-tech/science-based jobs for the State, attract off-shore investment, increase research and stimulate the growth of a biotechnology industry in Hawaii.

...the Kaka'ako Waterfront would serve as a symbol of Hawaii's new economy—an attractive assemblage of activities, structures and facilities that represent the community's achievements, hopes and aspirations.



UH has chosen a private developer to construct a comprehensive Center which would include approximately 230,000 square feet of research and clinical components. The Center would represent a symbiotic use of JABSOM and add to the nucleus of biotechnological space for the Kaka'ako Waterfront, as well as stimulate similar and complementary development in the area. The combination of clinical and research facilities in the new Center will provide access to a level of cancer care not current available in Hawaii.

Pump Station Development

With the various exciting developments planned for the Kaka'ako Waterfront, HCDA is preparing a Development and Policy Strategy Plan for the historic Ala Moana Pump Station

site and other developable lands in the Ewa portion of the Waterfront area. This Plan is intended to help the Authority identify the type of development that will be most suitable for these parcels, and how it will integrate with the surrounding land uses. By the close of 2005, HCDA had conducted a workshop to solicit community participation in developing the Plan with additional planning anticipated in the coming year.

Kamehameha Schools Kaka'ako Biotech Park Development

In November 2005, Kamehameha Schools announced its plans to develop a \$200 million life sciences research complex on its

property adjacent to JABSOM in Kaka'ako Makai. The nonprofit trust selected two developers, Phase 3 Properties Inc. and KUD International LLC, to build and operate the facility. As planned, the initial phase of 150,000 square feet of research space could break ground in late 2006 and the second phase of 250,000 square feet would follow. The entire project would comprise three buildings on 5 acres of land. The project is envisioned to complement the UH medical school, the planned Cancer Research Center of Hawaii, and help attract other bioscience-related businesses to the area.

Parking Structure Project

Successful development of the Kaka'ako Waterfront will require that adequate and convenient parking opportunities are provided. In mid-2003, the Authority approved the expenditure of up to \$215,000 in HCDA public facilities dedication funds to initiate the process for developing the first phase of a parking structure project in the Kaka'ako Waterfront. The Kaka'ako Waterfront Business Plan proposes the development of two parking structures to accommodate the future need for parking in the Waterfront area.

HCDA is currently working on a parking feasibility study that will eventually include a projection of parking needs, an analysis of market and financial feasibility, preliminary design (including environmental analysis of the site), construction cost estimates, and a traffic study.

Honolulu Harbor Facilities

The State Department of Transportation is constructing a new cruise terminal facility on the Kaka'ako Waterfront, involving the renovation of the existing Pier 2 shed to create a modern, full-service passenger terminal facility. Completion of the finished terminal in 2006 will accommodate up to 2,500 passengers from a single cruise ship using an elevated concourse and gangway system. The new improvements are designed to give arriving and departing passengers an experience more like the ones their fellow travelers receive at the cruise ship terminal near Aloha Tower.

Lively Development Activity in Kaka'ako's Mauka Area



In FY 2004-05, the Kaka'ako District continued its surge of private sector development activity and interest, due in great part to the State's recovering economy and the State's commitment to infrastructure enhancement in Kaka'ako. The residential twin-tower Moana Pacific project on Kapiolani Boulevard, began construction in September 2004. Meanwhile, the completion of the new \$7.5 million Queen Street Extension has stimulated over \$180 million in private sector residential construction in the immediate vicinity of the roadway. The Ko'olani and Hokua complexes, which were under construction during the 2004-05 period, will add 618 residential units to Kaka'ako's housing inventory. The Queen Street Extension has also prompted General Growth Properties (which bought Victoria Ward, Limited in 2002) to propose the development of a \$100 million residential and retail project, approved by HCDA in December 2004. The company intends to replace the Ward Village Shops and two warehouses with market-priced rental apartments, a retail center, and associated parking.

Affordable Housing in the Kaka'ako District

Kaka'ako represents an opportunity to be part of the attractive and convenient residential community—of varying incomes, ages and family groups—there. To date 1,388 affordable rental and condominium units have been developed in Kaka'ako, and another 63 units are slated for construction in 2006. HCDA is providing for the delivery of housing in Kaka'ako in several ways. The Kaka'ako Community Development District Plan's "reserved housing" provision requires private developers to provide below market priced units as a condition for development. A private developer must "reserve" 20 percent of the total number of residential units in the development for families earning between 65 percent to 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



Hokua



Ko'olani



Moana Pacific



Honolulu Fire Department Headquarters

...a renewed surge of private sector development activity and interest due in great part to the State's commitment to infrastructure enhancement in Kaka'ako.

State Legislature
creates HCDA



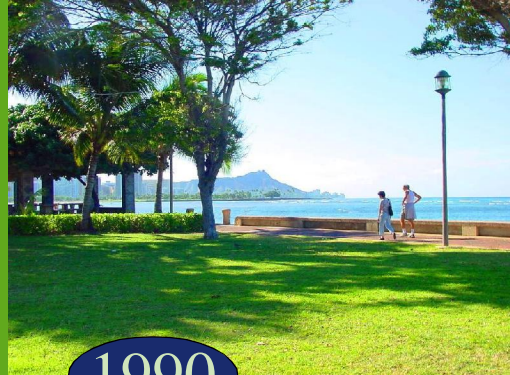
1976

Kaka'ako District Expanded
to include Waterfront Area



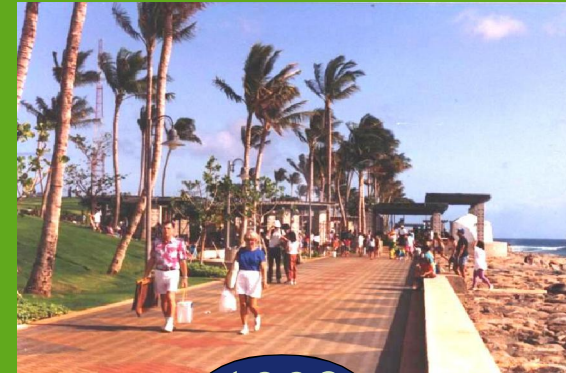
1987

Kewalo Basin Park
Completed



1990

30-Acre Kaka'ako
Waterfront Park is Opened



1992

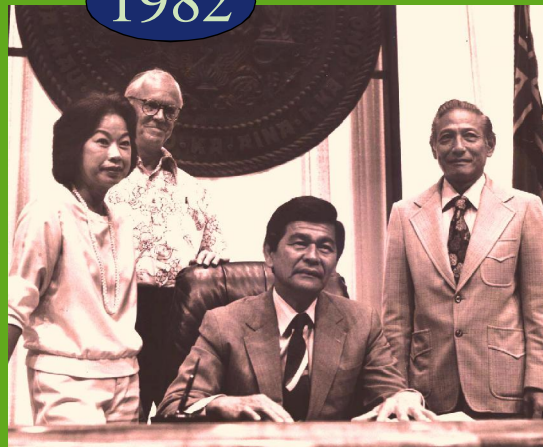
Kaka'ako Waterfront
Business Plan Adopted
and
HCDA Given Responsibility
for Kalaeloa District



2002

30 YEARS OF PROGRESS

1982



Kaka'ako Plan & Rules
Signed into Law

1988



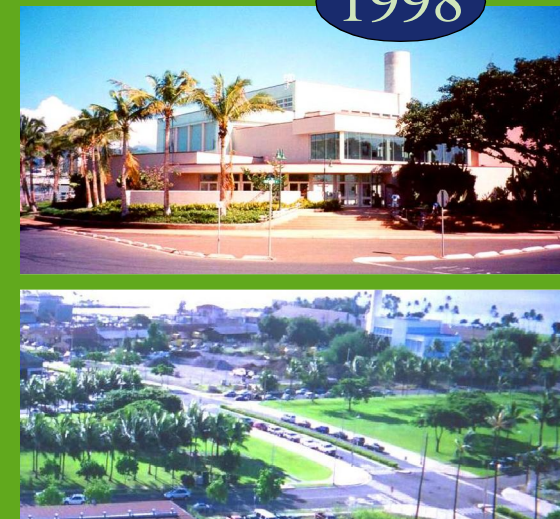
First Improvement District
Project Completed

1991



First of Five
Affordable Housing
Projects Completed

1998



Children's Discovery Center
and Makai Gateway Park
are Opened

2005



UH John A. Burns
School of Medicine
Phase 1 Completed

THEN/NOW Parks: 1.7 acres → 47 acres Affordable Housing Units: 0 → 1,388 \$155 million Public Infrastructure → \$2+ billion private investment

funds collected thus far have been used in part by HCDA to construct affordable housing projects. Another important means that HCDA has employed to develop affordable housing is to undertake projects with the participation and resources of other governmental agencies and the private sector

New Parks Along Queen Street Extension

HCDA is planning the development of over two acres of park lands along the Mauka and Makai sides of the Queen Street Extension. This neighborhood park will provide passive recreation space for residents and others in the area. The park will link existing and future residential towers with the surrounding commercial area and will provide pathways along with other park amenities. The estimated construction cost of the new parks is \$2 million, which will be funded by public facilities dedication fees. Construction is tentatively set to start in two years.

Developments in Kaka‘ako Mauka

Major private sector construction activity during the 2004-05 Fiscal Year included:

- M.K. Management, LLC's Hokua, a 40-story residential and commercial complex located along Ala Moana Boulevard between the Nauru Tower and the IBM Building.
- Crescent Heights' Ko'olani condominium at 1189 Waimanu Street with 372 residential units.
- The 706-unit residential Moana Pacific project, which includes commercial space on a six-acre site at Kapiolani Boulevard and Piikoi Street.
- The City and County of Honolulu's \$12.7 million Headquarters Complex for the Honolulu Fire Department (HFD). Being constructed on 1.6 acres of land at the

intersection of Queen and South Streets, the complex will include: a new 32,000 square foot Headquarters Building; a renovation of the historic Kaka‘ako Fire Station (on South Street) into a HFD Museum; a renovation of the existing Kaka‘ako Fire Station (on Queen Street); and the development of a 50-stall parking lot.

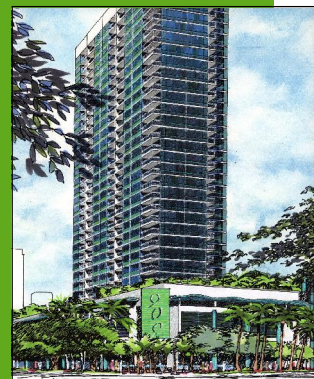
- Public Storage, Inc.'s six-story industrial/commercial complex under construction at 1067 Kapiolani Blvd., which includes 185,350 square feet industrial storage space, 6,650 square feet of commercial use, and an open space landscape plaza.

Major private sector projects approved by HCDA in 2004 and 2005 include:

- Victoria Ward, Limited's Ward Village Shops Project, a commercial/residential development on a block bounded by Auahi, Kamakee and Queen Streets and the Queen Street Makai Park site, to include 165 rental residential units, 224,000 square feet of commercial space, 34,000 square feet of open space and 1,010 parking spaces.
- A&B Kakaako LLC's Keola La'i, a residential/commercial complex to be built at 600 Queen Street and will include 352 market units, 63 affordable units, and a \$1.2 million cash-in-lieu fee to HCDA for affordable housing.
- POSEC Hawaii, Inc.'s 909 Kapiolani, a residential/commercial/industrial project with 225 residential units, and a total of 22,000 square feet of commercial and industrial floor space.
- KC Rainbow 2 Development Co. LLC's Moana Vista, a mixed-use residential/commercial/industrial complex with 520 residential units (including 124 affordable rental units).



Keola La'i rendering



909 Kapiolani rendering



Moana Vista rendering



Ward Village Shops Project model

Current Activities & Projects in the Kalaeloa District



THE KALAELOA DISTRICT

The Kalaeloa Community Development District (Kalaeloa) encompasses approximately 3,695 acres of land within the former Barbers Point Naval Air Station (BPNAS) in Leeward 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.

The lands within Kalaeloa are presently owned by various Federal, State, and County agencies, as well as two private entities. In 1993, the U.S. Department of Defense, through the Base Realignment and Closure (BRAC) process, designated the BPNAS for closure. As part of the closure process, roughly 1,050 acres were retained by the Navy, 472 acres were declared as excess and transferred to other Federal agencies and the remaining 2,165 acres were declared as surplus, making them available

for conveyance to State and local government agencies. Of the land retained by the Navy, approximately 675 acres have been set aside for transfer or brokered sale to support the development at Ford Island in Pearl Harbor.

In March 1997, the State of Hawaii BPNAS Redevelopment Commission (BPNAS-RC) adopted a Community Reuse Plan which identified various State and County government agencies as receiving entities for the surplus land. The Reuse Plan, with its subsequent amendments in 1998 and 2000, has served as the primary guidance document in the conveyance of surplus lands. Since the formal closure of the BPNAS as an active naval installation in July 1999, approximately two-thirds of the surplus lands have been conveyed to the respective end users.

...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.

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

In June 2002, then Governor Benjamin Cayetano signed into law Senate Bill 2702 (becoming Act 184) which transferred responsibility for Kalaeloa from the BPNAS-RC to HCDA. Pursuant to Act 184 of the 2002 Hawaii State Legislature, effective 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. Act 184 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. Act 184 further 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.

STATUS OF KALAELOA IN FY 2004-05

Land Development and Conveyance Status:

During FY 2004-05, land development and conveyances were limited to only several parcels in Kalaeloa. Four former Navy housing areas operated by Ford Island Properties, Inc. received a zoning variance from the City and County of Honolulu in July 2004 that allowed for more extensive renovation of the combined 548 market rental units. Ford Island Properties,

Inc. assumed management responsibility of the Orion, Makai, Orion Park, and On-Station housing areas in mid-2003 as part of their agreement with the U.S. Navy for construction and redevelopment of Ford Island in Pearl Harbor.

In early 2005, Ford Island Properties, Inc. received the fee conveyance of the four housing areas and marketed them for sale. In May 2005, three of the four housing areas (Orion, Makai, and Orion Park) were sold to California-based developer, Carmel Partners for nearly \$80 million. Carmel Partners intends on continuing renovation of the housing areas under the zoning variance and retain them as market rental units. Ford Island Properties, Inc. retained ownership of the On-Station housing area.

Meanwhile, the rest of the land in Kalaeloa remained virtually unchanged from previous years with landownership divided amongst various Federal, State and County agencies. Development activity on government-owned land in Kalaeloa was limited to improvements of the Kalaeloa Airport, Barbers Point Golf Course and Hawaii National Guard properties.

The State of Hawaii, Department of Hawaiian Home Lands (DHHL) was the only land owner in Kalaeloa to issue short-term leases for commercial and industrial-related activities. By the close of FY2005, DHHL had approximately 20 tenants on their lands. Other Kalaeloa

and the Housing and Community Development Corporation of Hawaii had pre-existing agreements with various organizations to assist in homeless and social support services for their respective communities.

Regarding lands designated for conveyance as part of the BPNAS closure, there was no change in FY 2005 from the previous year. Nearly 1,150 acres (31% of Kalaeloa's land area) was either pending conveyance to a specific State or County agency or unallocated.

The relative absence of development and conveyances during FY2005 was due, in large part, to the potential homeporting of an aircraft carrier strike group at Pearl Harbor and the possibility of stationing the aircraft carrier's air wing at Kalaeloa. Land owners, including the U.S. Navy, were waiting on this decision and therefore reluctant to convey or lease land in the fear that it would foreclose on the future needs of an aircraft carrier air wing.

Despite this pending decision, other major land owners 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 FY 2005. In addition, the public access to Kalaeloa's beaches and use of various park

facilities under license to the City and County of Honolulu was maintained during FY2005.

U.S. Economic Development Administration Grant:

In early FY 2005, HCDA completed an agreement with the U.S. Economic Development Administration (EDA) for the transfer of a \$450,000 grant originally awarded to the DHHL for land use and economic planning at Kalaeloa. As condition of the transfer, EDA required that HCDA provide an equal match to the Federal funds. Subsequently, HCDA secured matching funds via a general obligation bond through Act 41 of the 2004 Hawaii State Legislature. Due to federal time limitations, EDA grant funding was limited to only FY 2005 and the first quarter of FY 2006.

During FY 2005, HCDA used the EDA grant for the funding of staff, the preparation of a 5-year Strategic Plan, and the implementation of a Master Plan for Kalaeloa.

Administrative Status:

During FY 2005, HCDA was successful in recruiting and hiring professional staff. The position of Director of Planning and Development was filled in August 2004 to assist the Executive Director with development manage-



...HCDA's mission is to lead a sustained, long-term public/private commitment for the realization of Kalaeloa as a Center for Excellence through partnerships, planning, advocacy, and stewardship.



ment, planning, engineering, and property management activities for Kalaeloa. Funding for the position during FY 2005 was split between a grant from the U.S. Economic Development Administration and the Kalaeloa Community Development Revolving Fund.

During the 2005 legislative session, HCDA was successful in securing a second professional staff position, a Program Specialist IV, to assist the Director of Planning and Development in the implementation of the plans and coordinating activities within Kalaeloa. HCDA intends to recruit and hire the Program Specialist in FY 2006. This position will be required to work at both the HCDA's main office as well as a field office to be established in Kalaeloa. Also, during the 2005 legislative session, the method of funding for both Kalaeloa staff positions was converted to general funds.

Kalaeloa Community Development Revolving Fund Status:

At the start of FY 2005, the Kalaeloa Community Development Revolving Fund had a beginning balance of \$73,545. During the year, HCDA focused its attention on projects that were reimbursable under the EDA grant. Therefore, the main encumbrances on the

Revolving Fund were for staff costs; of which, 50% was reimburseable under the EDA grant. Also during the year, prior assessment balances were received and deposited into the Revolving Fund. The Kalaeloa Community Development Revolving Fund closed FY 2005 with an ending balance of \$170,451.

MAJOR ACTIONS DURING FY 2005

Over the course of FY 2005, HCDA was active on four major activities related to Kalaeloa: 1) the completion of a 5-year Kalaeloa Strategic Plan; 2) implementation of a Master Plan for Kalaeloa; 3) the demolition of the former Guard Shack at the Fort Barrette Gate; and 4) increased government and community consultation regarding Kalaeloa. Each of these activities are discussed in detail below.

5-Year Kalaeloa Strategic Plan:

In September 2004, HCDA discussed the need for establishing a vision and direction for Kalaeloa and agreed on the preparation of a Strategic Plan. Utilizing the EDA grant, HCDA hired a consultant and formed a subcommittee of Authority members to work with staff. Throughout the remainder of 2004 and early 2005,

HCDA identified specific core values and guiding principles that would be used to anchor a vision for Kalaeloa and define HCDA's mission and near-term objectives in reaching the vision.

A draft Kalaeloa Strategic Plan was completed in March 2005 and meetings and workshops were held with government officials, stakeholders and the community to receive input. Additional postings on the HCDA website, news stories in the local media announced the meetings and provided content on the Strategic Plan. Throughout this process, nearly 100 people participated and contributed to the formulation of the Kalaeloa Strategic Plan.

HCDA integrated the comments received, and in May 2005, the Authority formally adopted the Kalaeloa Strategic Plan that envisioned Kalaeloa as a "Center for Excellence" or *Wahi Ho 'okela* within the Ewa District of Oahu. This vision is founded on core values aimed at striving for excellence in multiple disciplines, respect for the past and environment, creating social and economic value, and the necessity for community involvement. Therefore, Kalaeloa is seen as becoming a center for Hawaii's people to share knowledge, develop expertise, and advance themselves while remaining respectful of past and place. Through this pursuit of excellence, Kalaeloa is striving to become a model for achievement to surrounding communities, the islands of Hawaii, and the world.

HCDA realizes that fulfillment of the vision for Kalaeloa is not a simple task nor will it be accomplished within a period of months or even a few years. The redevelopment of Kalaeloa is an extraordinarily complex undertaking that will occur over the course of a generation or more. Throughout this time, many events will happen that may affect the redevelopment in terms of market demand, economic cycles, governance policy and timing. Nonetheless, it is important however, that through these events, the vision established in the Kalaeloa Strategic Plan and the core values that it is founded upon remain constant.

The Kalaeloa Strategic Plan also established a mission statement for HCDA to lead a sustained, long-term public/private commitment for the realization of Kalaeloa as a Center for Excellence through *partnerships*,

planning, *advocacy*, and *stewardship*. Through these four concepts, a list of near-term priority actions and timeline have been developed.

Kalaeloa Master Plan

Noted among the near-term priority actions in the Kalaeloa Strategic Plan is the review and updating of the Community Redevelopment Plan to reflect current conditions, core values, and vision for Kalaeloa. The existing Community Redevelopment Plan represents more of a landownership plan to support the conveyance of surplus land from the U.S. Navy and did not fully serve as a community master plan addressing economic anchors, and infrastructure needs necessary to create a sustainable tax base.

Further, conditions in and around Kalaeloa have changed since the former BPNAS closed and many of the planning assumptions contained in the existing Community Redevelopment Plan are no longer valid. Such changes in conditions include:

- Since the closure of BPNAS, community concerns persist regarding the progressive decay of existing structures and general area maintenance and upkeep, lack of economic activity, and





proper preservation of archaeological features and endangered plants.

- In late FY 2003, HCDA was informed by the U.S. Navy and Department of Defense of the potential for homeporting an aircraft carrier strike group at Pearl Harbor and the possibility of stationing the aircraft carrier's air wing at Kalaeloa. Pending the outcome of this process, property conveyances and brokerage of Navy-retained lands have been placed on-hold and use of conveyed lands are constrained to short-term leases.
- Development surrounding Kalaeloa is continuing with projects emerging in the City of Kapolei, Villages of Kapolei, Ewa Marina/Ocean Pointe, Campbell Industrial Park, and Kapolei Business Park as well as the broader region at Ko'olina and the University of Hawaii West Oahu Campus.
- Over 500 acres of land retained by the Navy for brokered sale are situated within Kalaeloa. Due their initial "retained" status, the BPNAS-RC was not required to include these lands as part of its Community Redevelopment Plan. The absence of planning for these lands also poses an information gap and

constraint to the U.S. Navy brokerage of these lands.

In order to address these changes in conditions, HCDA utilized the EDA grant to issue a Request for Proposals for the preparation of a Kalaeloa Master Plan in January 2005. Upon an evaluation of the proposals, a consultant was selected in March 2005 and a formal notice to proceed issued in May 2005. The contract involved the completion of four tasks: a status report, regional economic analysis, master plan, and aircraft carrier assessment.

- The status report is intended to document past and current conditions/activities in and around Kalaeloa to provide the background support for the Master Plan. Information in the status report includes, among other things, a discussion of: infrastructure, land conveyances, cultural and natural resources and environmental conditions.
- A regional economic analysis was considered necessary to evaluate the market potential and feasibility of specific uses within Kalaeloa and recommend an optimum economic development scenario consisting of the most appropriate uses. The regional economic analysis highlights and describes feasible and realistic "economic engines" that can be developed in a manner supportive of the vision for Kalaeloa.
- By integrating the status report and regional economic analysis, as well as the policies and guidance set forth in the Kalaeloa Strategic Plan, a comprehensive Kalaeloa Master Plan was developed that articulates optimum land use relationships, site physical characteristics, vehicular and pedestrian circulation, basic infrastructure improvements, open space, design guidelines, and HCDA policy directions. The Kalaeloa Master Plan also includes development phasing recommendations that contain a feasible and realistic financial projection of expenditures and revenue streams that balances profitable development with land availability over time.

- The aircraft carrier strike group (CSG) assessment reviewed the Federal decision-making process for the CSG, defined the anticipated functional needs of the U.S. Navy in Kalaeloa should a CSG be stationed at Pearl Harbor; the likely areas where such functions would be implemented; and the expected timeframe or schedule in which military re-use of Kalaeloa could occur. With this information it is intended that impacts on the Kalaeloa Master Plan can be ascertained and alternative land use scenarios proposed.

The Kalaeloa Master Plan is anticipated to be completed in FY 2006.

Fort Barrette Gate Guard Shack Demolition:

Since the closure of BPNAS in 1999, many facilities and buildings in Kalaeloa have fallen into disrepair, becoming a target for vandalism and graffiti. Perhaps one of the most visible structures in this regard was the guard shack at the Fort Barrette Road entrance into Kalaeloa. The damaged structure had become an easy target for vandals and a daily eyesore for the community who transited Kalaeloa.

In August 2004, HCDA proceeded with the demolition and removal of the guard shack as community service gesture. The demolition occurred in one day with volunteer assistance from the Hawaii Army National Guard and the City and County of Honolulu.

Government and Community Consultation:

In FY 2005, HCDA sought to increase the level of government and community consultation on Kalaeloa, particularly during the preparation of the Kalaeloa Strategic Plan and implementation of the Kalaeloa Master Plan. HCDA staff conducted numerous briefings and meetings with the U.S. Navy regarding the status of land and infrastructure conveyances in Kalaeloa and the decision-making process and timing of the aircraft carrier decision. Additionally, meetings were held with the City and County of Honolulu regarding the conveyance of designated parcels from the U.S. Navy as well as administrative coordination on land use entitlements, compliance issues and the issuance of permits. HCDA, further consulted with other



State agencies including the Departments of Defense, Transportation, Hawaiian Home Lands, and Health regarding land use in Kalaeloa and the status of on-going Navy cleanup of environmental contaminants. The offices of Hawaii's Congressional delegation, Governor, State legislators, Mayor, and County Council members were also included in briefings regarding HCDA's plans in Kalaeloa.

In consulting with the public, HCDA sought to better communicate with residents in Leeward communities. Periodic updates were provided to the Neighborhood Boards in Waianae, Ewa, and Kapolei/Makakilo/Honokai Hale, as well as at separate community informational meetings and stakeholder workshops that were held during the preparation of the Kalaeloa Strategic Plan and the Kalaeloa Master Plan. Through these meetings there was media coverage in both regional papers, public television and major daily newspapers that reached island-wide and state-wide audiences.

In addition to community outreach, HCDA began implementation of Act 188 (Senate Bill 2869) that was passed by the 2004 Hawaii State Legislature. This Act requires HCDA to serve as an ombudsman for information and issues of concern within Kalaeloa. During FY 2005, HCDA received numerous inquiries on the availability of housing and commercial space, as well as occasional complaints regarding the condition of facilities and activities occurring within the District. In response, HCDA provided timely and relevant information and followed up on various complaints. Reports on the status of the inquiries and complaints were also provided to the Authority at monthly meetings and to the Kapolei/Makakilo/Honokai Hale Neighborhood Board on a periodic basis.

The Kalaeloa Master Plan articulates optimum land use relationships, site physical characteristics, vehicular and pedestrian circulation, basic infrastructure improvements, open space, design guidelines, and HCDA policy directions.



Financial Information

Hawaii Community Development Authority Statement of Funds (cash basis) For Fiscal Year Ended June 30, 2005

Funding Source	Beginning balance as of 7/1/2004	Revenue	Expenditure	Unallotted, Lapsed Transferred	Encumbered & committed	Available Fund at 6/30/05
Kaka'ako District						
Legislature appropriation						
Prior year capital improvement	23,664,783		1,999,155	624,179	21,041,449	-
2004 Session appropriation for:						
Operating		140,975	140,975			-
Capital Improvement		8,569,000	1,070,775	6,811,943	638,471	47,811
Subtotal: Legislature appropriation	<u>23,664,783</u>	<u>8,709,975</u>	<u>3,210,905</u>	<u>7,436,122</u>	<u>21,679,920</u>	<u>47,811</u>
Kaka'ako revolving fund						
Improvement District	11,006,118	1,966,910	727,927		9,513,284	2,731,817
Public Facility Dedication	18,513,564	378,525	63,520	10,000,000	7,260,630	1,567,939
Reserved Housing	1,542,690	41,992	-			1,584,682
Leasing and Management	5,427,745	1,455,670	1,233,860		2,151,362	3,498,193
Subtotal: Kaka'ako revolving fund	<u>36,490,117</u>	<u>3,843,097</u>	<u>2,025,307</u>	<u>10,000,000</u>	<u>18,925,276</u>	<u>9,382,631</u>
Improvement District Bond fund	<u>1,775,824</u>	<u>1,124,690</u>	<u>2,257,624</u>		<u>642,890</u>	-
Grand Total - Kaka'ako District	<u>61,930,724</u>	<u>13,677,762</u>	<u>7,493,836</u>	<u>17,436,122</u>	<u>41,248,086</u>	<u>9,430,442</u>
Kalaeloa District						
Legislature appropriation						
2004 Session appropriation for:						
Capital Improvement		<u>492,060</u>	<u>305,362</u>		<u>186,698</u>	-
Kalaeloa revolving fund	<u>73,545</u>	<u>158,309</u>	<u>61,403</u>			<u>170,451</u>
Grand Total - Kalaeloa District	<u>73,545</u>	<u>650,369</u>	<u>366,766</u>	-	<u>186,698</u>	<u>170,451</u>

FY 2004-05 Financial & Program Highlights



Improvement Districts:

Invested in infrastructure upgrades	\$ 2,115,692
Percentage privately financed	19%



Parks

Park operating maintenance and security	\$ 651,253
New park development & art work	\$ 63,520



Staff

Personnel expenditure	\$ 1,465,124
Administrative expenditure	\$ 344,419



Planning

Permits approved	124
Value of Projects	\$ 112,815,612



Kalaeloa

Strategic plan	\$ 24,960
Master plan	\$ 257,284
Administrative & other expenditures	\$ 84,038

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



Authority Members

Chairperson

JAMES KOMETANI

President and Principal Broker
James Kometani, Inc., Realtors

Vice-Chairperson

MICHAEL GOSHI, NCARB, AIA

Principal
Design Partners Incorporated

Secretary

PAUL KIMURA

President
City Fender & Body Services

WILLIAM J. AILA, JR.*

Harbor Agent III
Waianae Boat Harbor

GRADY CHUN

Financial Consultant
Linsco/Private Ledger
(served from April 25, 2005)

HENRY ENG*

Director
Department of Planning and Permitting
City and County of Honolulu

RODNEY HARAGA

Director
Department of Transportation

MICAH KANE*

Chairman
Hawaiian Homes Commission
Department of Hawaiian Home Lands

GEORGINA K. KAWAMURA

Director
Department of Budget and Finance

GARY I. KONDO, D.D.S.

CEO and President
Hawaii Dental Group

JONATHAN LAI

Partner
Watanabe Ing Kawashima & Komeiji

THEODORE E. LIU

Director
Department of Business, Economic Development
& Tourism

ALLAN LOS BANOS, JR.

Safety Coordinator/Program Specialist
Hawaii Masons Union
(term ended June 30, 2005)

KAY MUKAIGAWA

Principal Broker
Primary Properties, Inc.
(served from July 1, 2005)

RUSS SAITO

Comptroller
Department of Accounting and General Services

EVELYN SOUZA*

Parent Community Network Center Coordinator
Makakilo Elementary School

MAEDA C. TIMSON*

Assistant Vice President, Retirement Savings Plan
First Hawaiian Bank

WARREN WEGESEND, JR., CPM

General Manager
Villages of Kapolei Association
(resigned January 31, 2005)

**Kalaeloa Member*

Executive Director

DANIEL DINELL