

Hawaii
Community
Development
Authority

1995
ANNUAL
REPORT



KAKA'KO

LETTER TO THE GOVERNOR

*The Honorable Benjamin Cayetano
Governor
State of Hawaii*

Dear Governor Cayetano:

We are pleased to present to you the Hawaii Community Development Authority's (HCDA) Annual Report for the 1994-95 Fiscal Year. Kakaako has come a long way since the Authority was created in 1976 to bring about the redevelopment of the valuable but deteriorating Kakaako District. The HCDA's goal for Kakaako, which is as relevant today as it was almost 20 years ago, is to create a new and exciting residential and business community, with the public amenities to meet the needs of Hawaii's people. The Authority's accomplishments thus far have touched the lives of many, many people. The HCDA's success is due, in no small part, to the contributions and cooperation of the State administration, lawmakers, and many individuals, agencies and groups in both the public and private sectors.

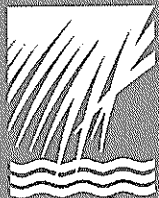
During the 1994-95 Fiscal Year, the HCDA continued to pursue activities to attain its goal for Kakaako. The Honuakaha Affordable Housing Complex and Royal Brewery Renovation Project was completed and it now offers affordable rental units for seniors, needed for-sale condominiums, and a senior citizens community center to serve Hawaii's elderly. The HCDA's ambitious and systematic program to dramatically improve the roadways and utility systems in Kakaako's Mauka area continued with the start of our fourth improvement district project on Kamakee Street. As the Authority continues to work on a comprehensive development strategy for Kakaako's important Makai Area and waterfront lands, we have developed projects which will play integral parts in establishing this "gathering place" for Hawaii's people. In 1995, the HCDA completed improvements to Kewalo Basin Park and facilities, and remediation and structural stabilization of the Kewalo Incinerator (the future home of the Children's Discovery Center).

As there is much more work that needs to be done to attain the HCDA's goal for Kakaako, the continued support and participation of the many individuals and groups who have made the HCDA and Kakaako what we are today is critical. Kakaako presents the State of Hawaii with the opportunity to accomplish even greater things for its people.

Respectfully yours,



Michael Kawaharada
Chairman
Hawaii Community Development Authority



KAKAAKO

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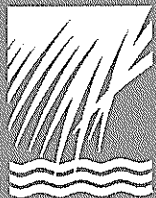
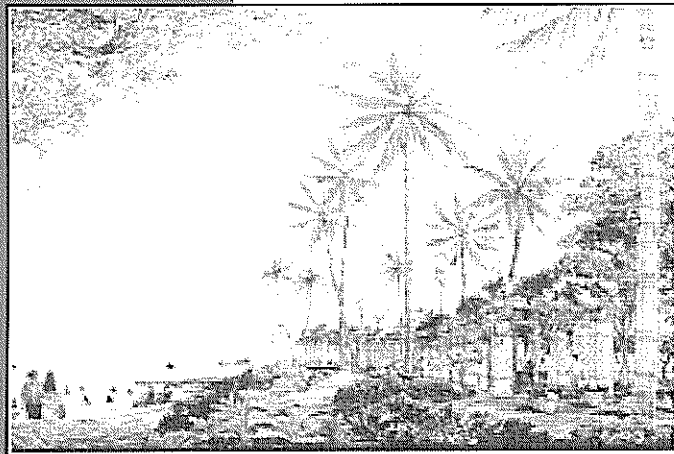
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INTRODUCTION

Hawaii Community Development Authority



KAKAOKO

THE AGENCY

The Hawaii Community Development Authority (HCDA) was created by the 1976 State Legislature to bring about the timely planning, regulation and development of areas in the State of Hawaii which are deemed run-down, underused and in danger of becoming further deteriorated. The 670-acre, strategically located Kakaako District was designated as the Authority's first "community development district". Today the boundaries of the District are defined by Piikoi, King, Punchbowl Streets and Ala Moana Boulevard, including the areas makai of Ala Moana Boulevard and all fast and submerged lands in the waterfront area from Kewalo Basin to Pier 4 in Honolulu Harbor, and the site of the existing Hawaiian Electric power plant. In order to accomplish the legislative mandate, the Legislature provided the HCDA with comprehensive powers including land use and zoning authority within the community development districts.

In 1993, the Legislature designated the Hamakua region on the Big Island of Hawaii as a new Community Development District to plan for the long-term economic stability of the area and to address the critical needs of the community as a result of the closure of Hamakua Sugar Company. In doing so, the Legislature broadened the purpose of HCDA to allow the agency to redevelop districts in all areas of the State rather than in urban areas only. While \$1

million was initially appropriated to fund, in part, the formation of a Hamakua Community Development District Plan, the 1994 Legislature reallocated these funds for specific services and projects to provide immediate relief to the Hamakua community. Funds were not set aside for HCDA to administer this redevelopment effort to develop a community district plan. This action has effectively relieved HCDA of its responsibility to redevelop Hamakua.

As a public corporation, HCDA works to bring together private enterprise and government to make redevelopment happen. Based on specific directives from lawmakers, the HCDA formulated the comprehensive Kakaako Plan (and later the Makai Area Plan to cover the District's makai and waterfront areas). Put in effect in February 1982, the Plan's goal is to create a community in Kakaako which is attractive and functional, where the needed housing, work spaces and public facilities are all accessibly located for Hawaii's people. In addition to its regulatory and planning functions, the HCDA is actively involved in the District's development. It is accomplishing badly needed infrastructure improvements and developing affordable housing, parks and other public facilities in Kakaako.

HCDA ORGANIZATION

The HCDA is a public corporate entity attached to the Department of Business, Economic Development &

Tourism for administrative purposes. The HCDA is governed by a board of directors comprised of 11 members. Four members are ex-officio, voting members from the State Department of Accounting and General Services; Budget and Finance; Business, Economic Development and Tourism; and Transportation. Four members are appointed at large by the Governor and three are appointed by the Governor from names submitted by the Council of the county in which a community development district is situated. The Authority is staffed by an agency headed by an Executive Director who reports directly to the Authority. The HCDA staff functions are in the areas of planning, engineering, development, finance, relocation, public information and administrative services.

THE KAKAAKO DISTRICT

In the 1800s, Kakaako was called “Kookau Kukui”, which translates as “Where the Lights Were Lighted”. Kakaako’s past has been one of change and evolution. From the early settlement of the area by ancient Hawaiians and the integration of the seamen and whalers, to the residential nature and ensuing industrialization of the District, Kakaako has undergone major dramatic changes. Prior to the creation of the HCDA, Kakaako had remained relatively underutilized and underdeveloped. There were, however, concerns and pressures for better and more efficient use of existing urban lands in Hawaii. The Legislature recognized the

potential for Kakaako to become an economically and socially viable community providing a range of public benefits. These benefits include: increasing housing opportunities for all segments of the population; improving and coordinating infrastructure and public improvements; increasing commercial and industrial business opportunities; increasing economic activity; increasing public recreation and open space and establishing an efficient transportation system. In creating the HCDA, the Legislature set directions for Kakaako’s revitalization and development. They envisioned a mixed-use district where residential, commercial, industrial and public uses would coexist compatibly.

KAKAAKO PLAN REGULATION

With the adoption of the Kakaako Plan in 1982, the HCDA has performed regulatory activities to ensure that any development occurring in the District meets the goals and provisions of the HCDA plan. The Plan includes specific requirements and restrictions relating to height, density, building setbacks, front yards, open space, view corridors, streetscapes, landscapes and tower footprints. Additionally, the Plan contains directives relating to transportation, open space and recreation, public facilities, infrastructure and relocation.

To date, the HCDA has approved planned development permits for nine major private projects, and thousands of permits

for smaller scale mixed-use zone (MUZ) projects. In total, the nine planned development projects have an estimated market value of well over \$1.45 billion. Projects which have been constructed include: One Waterfront Plaza and Towers, The Pacific Park Plaza, The Royal Capitol Plaza, The Imperial Plaza, and the Nauru Tower. Construction of the other formerly-approved major projects have slowed over the past few years. The current market realities statewide have forced some of Kakaako’s private developers who had planned “high end” projects to redesign their projects to offer lower prices. The resurgence of activity in smaller scale development in Kakaako has been apparent over the past fiscal year. During the 1994-95 period, the HCDA processed about 125 permits for MUZ projects. (Some of the noteworthy projects include: the Office Max Project, the Ward Centre Garage Addition/ Borders Bookstore, the Cooke Street Center, the Office Depot facility, and the Theo Davies Euromotors complex.) The construction of mixed use zone developments indicate a renewal of interest and new investment coming in the Kakaako District. The emergence of smaller projects in Kakaako comes on the heels of changes to development rules that were enacted by the HCDA board. These changes were aimed specifically at facilitating and encouraging small-scale development in the District.

IMPROVEMENT
DISTRICT
PROGRAM



Dramatic improvements to Kakaako's roadways and utilities...



KAKAOKO

Roadways and utility systems are essential elements for any community to function and grow. Ideally, the infrastructure system must be in good operating condition and be able to accommodate the present and future needs of its residents, businesses, landowners and visitors.

For many years, the Kakaako District had borne the affliction of a deteriorating and inadequate infrastructure system, a great portion of which was installed over 70 years ago. In many areas of the District, streets are unimproved, narrow and burdened by flooding during heavy rainfall. In addition to being an eyesore and a threat to public safety, the inadequate infrastructure has been a serious roadblock to the development of new projects in Kakaako.

Because the successful and timely redevelopment of Kakaako is dependent on infrastructure improvements, this responsibility is a critical priority for the Hawaii Community Development Authority. Since the Kakaako Plan was implemented, the HCDA has actively pursued the planning, engineering and construction of infrastructure improvements in Kakaako. These major improvements involve the installation of water, sewer and drainage lines, the widening of roadways, the construction of curbs, gutters and sidewalks,

and the undergrounding of electrical and telephone lines. To date the HCDA has completed three Improvement District Projects with a fourth project underway by the close of the 1994-95 Fiscal Year.

COVERING THE COST

Under the HCDA's Improvement District (ID) Program, the total cost of infrastructure improvements is shared by government, property owners and the public utility companies. A greater share of the cost is funded by government because the general public derives the benefits of the improvements. A major public cost involves improvements to the drainage system. For the first three ID projects, the majority of the construction cost was for major drainage systems that run through Kakaako and serves the Punchbowl and lower Makiki areas. Since these drainage improvements benefit out-of-District as well as Kakaako property owners, a substantial amount of the cost cannot be assessed on the properties within Kakaako. Kakaako's landowners are assessed only for improvements which specially benefit them. In implementing each improvement district project, the Authority typically arranges for the sale of assessment area bonds to provide financing for property owners who are being assessed. Through this arrangement, landowners have the option of paying for their assessments in installments over a period of up to 20 years,

along with the interest.

Because of the massive scale of the Improvement District projects, the HCDA—prior to actual construction—undertakes an extensive process to inform all affected property owners and recorded lessees of the proposed Improvement District project. This process involves individual meetings, a public information meeting and two public hearings. The entire process, from the preliminary engineering and design work to the completion of the project extends over a three to four year period.



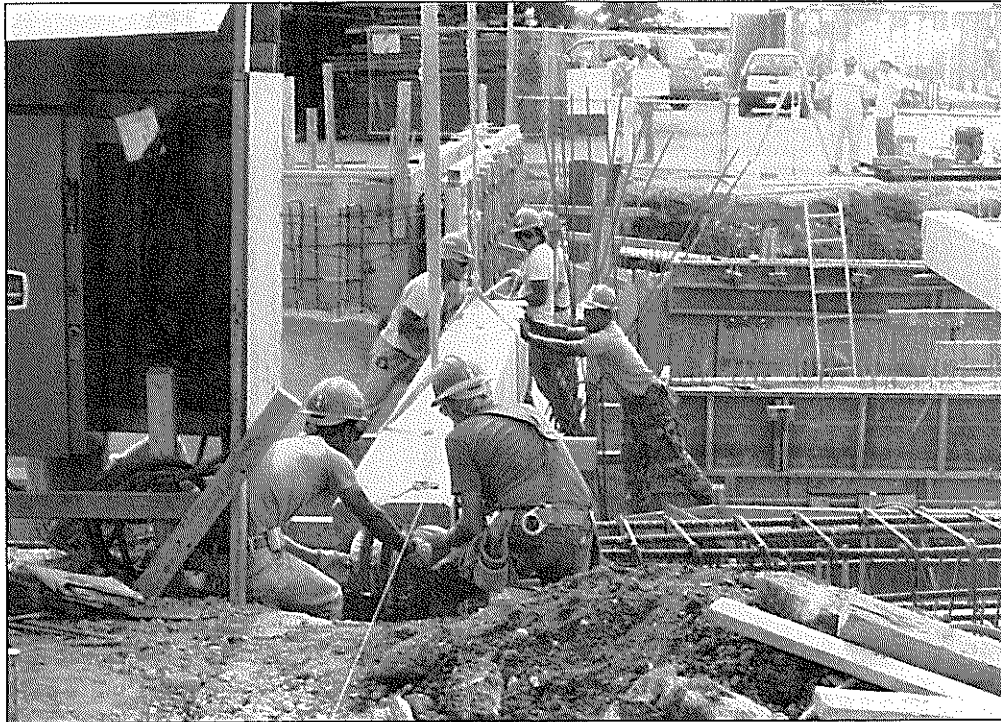
DRAMATIC IMPROVEMENTS

The three improvement district projects completed by the HCDA thus far have been successful in dramatically improving the area's infrastructure for its merchants, landowners and tenants, residents and visitors. The ID projects have upgraded various utility systems, improved their functioning and their ability to handle future increases in capacities. Various

drainage, sewer and water systems have been reconstructed and expanded. Telephone, electric and cable television systems are also improved and relocated underground to make the Kakaako environment less cluttered and more attractive. The roadways have been reconstructed and are now safer and can accommodate both present and future traffic and pedestrian flow. Sidewalks, curbs, pavement and gutters have been installed in

areas where there previously were none.

The three ID projects completed to date have cost approximately \$114 million. They have greatly enhanced the infrastructure as well as the development potential for approximately one-third of Kakaako, mauka of Ala Moana Boulevard. The ID-1 Project (completed in September 1988) refurbished and upgraded the infrastructure for approximately 100 acres of land bounded by Punchbowl, Ala Moana, Queen, Cooke, Kapiolani Blvd. and King Streets. The roadways and utilities in roughly 59 acres of land bounded by South, Pohukaina, Halekauwila, Cooke and Ilalo Streets were the focus of the second ID project, which was completed in December 1990. In 1994, the HCDA completed construction of its third ID project. ID-3 renovated and upgraded the infrastructure in 60 acres of land bounded by King, Kapiolani Blvd., Cooke, Queen, South and Pohukaina Streets.



THE CURRENT CHALLENGE

In August 1995, the HCDA began construction work on the Improvement District 4 (ID-4) Project. This project involves the reconstruction and upgrading of infrastructure on Kamakee Street, between Kapiolani Boulevard and Queen Street. Similar in nature to previous ID projects,

ID-4 entails the installation of drainage, water, sewer and roadway systems, and the under grounding of existing overhead utility lines. Prior to construction, the HCDA staff met with the affected ID-4 landowners and lessees to explain the proposed construction scenarios and how assessments were arrived at. Public hearings were held and the Authority ultimately approved the ID-4 project, which will cost approximately \$12 million and is scheduled for completion in late 1996/early 1997.

One of the most pressing concerns for the HCDA is to ensure that the ID-4 construction activities are carried out as quickly as possible, while maintaining public safety and minimizing the disruptions and inconveniences to the businesses and public to the greatest extent possible. As a result of experience gained from past ID projects, many measures to mitigate the unavoidable effects of noise, dust and difficult access on day-to-day business operations have been initiated. The HCDA will continue to search for and institute ways to reduce the impacts to businesses and to foster communication with the business community. The ID-4 Project allows the deferral of assessments until two years after the start of construction to help the businesses in the project area. Construction will be substantially completed before any assessments will be collected from the property owners. Throughout the ID-4

construction, the phasing of construction will be closely monitored with the more complicated work concentrated on one segment and one side of the street at a time. By finishing the sidewalks and installing pavement on a block-by-block basis, the amount of dust on the street will be lessened and businesses will have partial use; of the improvements while the construction is taking place.

The HCDA worked very closely with the project area's businesses, residents and permitting agencies to work out a system of phasing construction work during "non-standard" hours, generally between 12 noon and 9:30 p.m. on weekdays. Starting construction work at noon time allows merchants to operate in a fairly normal fashion in the morning, without construction equipment on the roadways. The HCDA staff is present in the project area on a daily basis to serve as a liaison between the Authority and businesses, and to deal with problems on an individual basis as they may occur. Through in-the-field and one-to-one contact, the HCDA personnel can keep the merchants and residents better informed of pending roadway and utility system improvements in their areas.

INFRASTRUCTURE IMPROVEMENT PROJECTS

IMPROVEMENT DISTRICT 1

Area: About 100 acres bounded by Punchbowl, King, Cooke, Queen, South & Auahi Streets, and Ala Moana Boulevard.
Work: Improvements to roadways, drainage, sewers, water systems and the undergrounding of electric, telephone and CATV lines.
Cost: \$35.2 million *Completed:* September 1988

IMPROVEMENT DISTRICT 2

Area: About 110 acres bounded by Keawe, Auahi, Coral, Pohukaina, Cooke and Ilalo Streets to the ocean.
Work: Improvements to roadways, drainage, sewers, water systems and the undergrounding of electric, telephone and CATV lines.
Cost: \$36.7 million *Completed:* October 1990

IMPROVEMENT DISTRICT 3

Area: About 60 acres involving portions of Cooke Street, Kapiolani Boulevard, Halekauwila, Keawe, Coral, Victoria and Curtis Streets.
Work: Improvements to roadways, drainage, sewers, water systems and the undergrounding of electric, telephone and CATV lines.
Cost: \$42.4 million *Completed:* October 1993

KEWALO BASIN IMPROVEMENTS

Work: Improvements to Kewalo Basin access, interior roadways, grade-separated promenade, bus land, parking.
Cost: \$2.4 million *Completed:* August 1995

IMPROVEMENT DISTRICT 4

Area: Kamakee Street (from Kapiolani Boulevard to Queen Street)
Work: Improvements to roadways, drainage, sewers, water systems and the undergrounding of electric, telephone and CATV lines.
Cost: \$12 million *Construction Start:* August 1995
Completion: Scheduled for late 1996/early 1997

HOUSING
IN
KAKAAKO



KAKAAKO

Providing a safe, livable residential community in Kakaako...

For anyone who has felt the bite of the shortage of affordable housing in the State of Hawaii, Kakaako represents an opportunity to be part of the attractive and convenient residential community that is reemerging there.

Since its inception, the Hawaii Community Development Authority has searched for and attained feasible means of developing affordable housing and the public facilities to support new development in the Kakaako District. In creating the HCDA, the State Legislature directed the agency to ensure that residential development is provided in Kakaako for varying incomes, ages and family groups. Since that time, the HCDA, in association with the Housing Finance and Development Corporation (HFDC) and the private sector, has constructed 1069 affordable rental and for-sale housing units for Oahu's families and the elderly. Another 310 reserved (affordable) units have been constructed by the private sector. By the close of the 1994-95 Fiscal Year, the Authority was nearing completion of construction of the Honuakaha affordable housing and senior citizens' center project, which provides 150 affordable senior rental units and 93 affordable studio and one-bedroom condominiums for sale.

The State's need for affordable housing is well documented. With the shortage of public funds, the high cost of construction and the lack of available land, clearly, creative solutions must be found to meet this need. The HCDA is providing for the delivery of housing in Kakaako in several ways. The Kakaako 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 Kakaako, 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 the HCDA to construct its affordable housing project. Another important means that the HCDA has used to develop affordable housing is to undertake projects with the participation and resources of other government agencies and the private sector. As State funding for housing development continues to

be tight, projects such as these must be pursued.

COMPLETED UNITS

Affordable housing projects completed in the Kakaako District prior to Fiscal Year 1994-95 include: the Kamakee Vista mixed-use affordable family rental project (with 225 one- and two-bedroom units); the Pohulani affordable elderly rental housing complex (with 262 studio and one-bedroom units); the Na Lei Hulu Kupuna affordable elderly rental housing project (with 75 studio apartments); and the Kauhale Kakaako affordable housing complex (with 264 one- and two-bedroom rental units).

THE HONUAKAHA

The HCDA substantially completed construction on its newest affordable housing complex by the close of Fiscal Year 1994-95. The Honuakaha includes 243 affordable housing units, 150 of which are rental apartments for seniors and 93 condominium units for sale. The Project design respects and complements the architecture of the historic Royal Brewery building which stands as the cornerstone of the Honuakaha Project. As part of the Project, the

Royal Brewery has been completely renovated and transformed to now serve as a senior citizen community center.

The project was accomplished through the unique partnership of the HCDA and First Hawaiian Bank (FHB). FHB contributed 99 percent of the equity for the elderly housing component through the Low-Income Housing Tax Credit Program and provided the interim construction financing for the project.

As a component of the Honuakaha Project, the Royal Brewery structure was rehabilitated to include five stories of newly constructed loft space. The first three floors of the building will house the 6,800 square foot community center and the top two floors provide commercial office space. The Royal Brewery structure, which is listed on the National Register of Historic Places, was constructed in 1900 but attempts over the past few decades to preserve and rehabilitate this historic resource were unsuccessful. Honuakaha's community center will enhance the quality of life for more than 650 residents in senior citizen housing in Kakaako and hundreds more in neighboring areas. Seniors visiting

the center will have direct access to educational courses, recreational and leisure activities, volunteer opportunities and housing assistance.

An eight-story, low-rise complex next to the Brewery building contains Honuakaha's rental apartments. Each fully-furnished studio and one-bedroom unit—ranging in size from 325 to 515 square feet—has its own bedroom furniture, kitchen appliances, dining table, chairs, television set, emergency call system, and air-conditioning. Units will rent for \$375 and \$425 per month for studios and one-bedrooms, respectively. The 93 fee simple studio and one-bedroom condominium units are located in the same building. These units range in size from 510 to 675 square feet and are priced from \$158,000 to \$187,000. The State also dedicated a quarter-acre parcel of the project site as a commemorative park for historic Hawaiian burial sites adjacent to Quinn Lane.

IMPORTANT CHANGES TO RESERVED HOUSING RULES

By the close of the 1994-95 Fiscal Year, the Authority adopted a package of important amendments to the Kakaako District Mauka Area rules

which will facilitate the production of middle income housing in Kakaako. One amendment revised the cash fee required in lieu of providing reserved housing. Developers and landowners in Kakaako had expressed concerns that the former reserved housing requirements tended to work against the development of middle income housing. The change provides a proportional reduction (from 4 percent to 0 percent) based on the amount of the reserved housing provided and the affordability of the market units in the development. The amendment is aimed at encouraging development of lower priced housing by reducing cash in lieu fees in



Honuakaha's attractive courtyard area.

accordance with the average prices of non-reserved housing units.

Another amendment adopted by the HCDA dealt with the Authority's reserved housing buyback requirements which were found to be overly restrictive in certain circumstances. The buyback term changed from a fixed 10-year period to a graduated buyback schedule. The change addresses the concern that the fixed 10-year buyback period impedes sales of, and is disproportionate to, reserved housing units that are not priced far enough below fair market value to justify this restriction. The graduated buyback method is based on identifying affordable price levels for specific income groups and comparing these levels to comparable market rate housing. The smaller the gap between affordable price and the market price, the shorter the buyback period will be. It is anticipated that these amendments, along with others passed by the Authority, will increase the supply of middle income housing for Hawaii's people.

WAIMANU STREET AFFORDABLE HOUSING

During 1995, construction began on the 1133 Waimanu Street affordable housing project in Kakaako. This

project is being developed by Waimanu Ventures to satisfy the HCDA's reserved housing requirements for the developer's 404 Piikoi Street project, the first phase of which is the Nauru Tower. The 1133 Waimanu Project complex will consist of a 26-story residential building containing 282 affordable units (130 one-bedroom and 152 two-bedroom apartments) and a parking structure with 311 parking stalls. The one-bedroom units will be priced from \$146,000 and the two-bedroom apartments will start at \$173,000. A public lottery was held in March 1995 to determine the prospective buyers for these units. The project is scheduled for completion in the fall of 1996.

PROVIDING FOR A SAFE, LIVABLE COMMUNITY

While the availability of housing and the residential population continues to grow in Kakaako, HCDA will pursue the development of adequate public facilities (such as public parks) to enhance the quality of life of the residents there. Programs and facilities being provided by the HCDA are geared to support the growing business and residential community in Kakaako and to nurture a sense of pride and unity among the people who work and live



A model for-sale condominium in Honuakaha.

there.

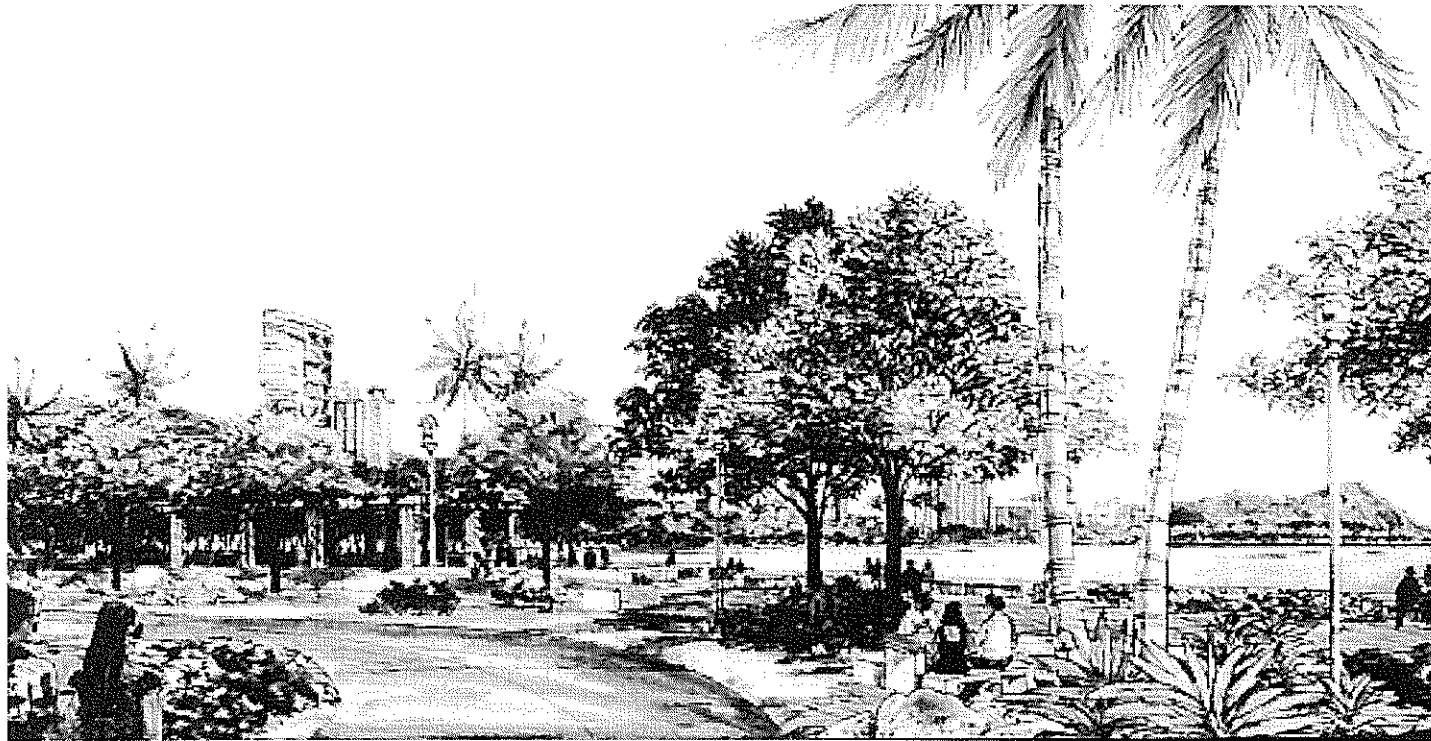
By early 1995, the HCDA had completed an attractive and functional expansion of Mother Waldron Park. This facility is strategically situated in close proximity to many of the new residential developments which have been built in Kakaako. These temporary improvements have enlarged the total area of Mother Waldron Park by adding the Coral Street right-of-way (between

Halekauwila and Pohukaina Streets) and the vacant lot between Cooke Street and the present Park site. In expanding the Park, with the City and County of Honolulu's Department of Parks and Recreation (DPR), permanently closed the one-block segment of the Coral Street right-of-way and replaced it with landscaping. The vacant lot on Cooke Street was grassed over and attractively landscaped. These improvements are temporary, pending the completion by HCDA and DPR of a comprehensive master plan for the expanded Mother Waldron Park.

The HCDA has provided quarters (next to Mother Waldron Park) for the Honolulu Police Department Community Policing - District 1 team. Community Policing teams are assigned to districts on Oahu to work with the community to make Honolulu a safer and more livable City. Since the Community Policing Team District 1 was established in Kakaako, it has been very successful in gaining the respect and support of businesses and residents to deal with problems of graffiti, vandalism, gang and drug related activities, illegally parked cars and abandoned vehicles. In 1995, an agreement between the courts, the City Council and the State of Hawaii cleared the way for the District 1 team to use juvenile offenders

(those sentenced to community service) to perform clean up and beautification activities on Kakaako's public and private properties. These activities have included litter pickup, painting over graffiti and smaller beautification efforts. The Community Policing Team of District 1 is providing an invaluable service to the HCDA and the Kakaako community as the District evolves into an attractive and livable urban neighborhood.

COMPLETED & ONGOING AFFORDABLE HOUSING PROJECTS & PUBLIC FACILITIES		
PROJECT	UNITS	COMPLETION DATE
KAMAKEE VISTA Mixed-Use Family Rentals	225	December 1991
POHULANI Mixed-Use Senior Rentals	262	August 1992
NA LEI HULU KUPUNA Senior Rental Housing	75	November 1992
KAUHALE KAKA'AKO Mixed-Use Family Rentals	258	December 1993
HONUAKAHA Affordable Senior Rentals and For-Sale Condominiums	243	November 1995
HONUAKAHA SENIOR CITIZENS CENTER	6,800 sf	November 1995
MOTHER WALDRON PARK EXPANSION One acre addition, landscaping		Late 1994



KAKAAKO'S MAKAI AREA AND WATERFRONT

Development of Kakaako's Makai Area lands and the Kakaako waterfront represents an exciting opportunity to provide for the increasing recreational, cultural, commercial, and maritime needs of Honolulu's people. With numerous projects (including the first phase of the Kakaako Waterfront Park), the HCDA has taken steps in that direction. The HCDA is currently working on development strategies to create an active, attractive and people-oriented place in Kakaako Makai, and to harmoniously integrate urban Honolulu with its underutilized central waterfront. During the 1994-95 Fiscal Year, the HCDA neared completion of two projects: improvements to Kewalo Basin Park and facilities and remediation and structural stabilization of the Kewalo Incinerator (the future home of the Children's Discovery Center).



WATERFRONT RENAISSANCE

In 1987, the State—recognizing the Honolulu waterfront as a remarkable resource with vast unrealized potential—undertook an effort to develop and improve the entire six-mile coastal stretch of the Honolulu waterfront from Ala Wai Canal to the Honolulu International Airport. In 1989 the State completed the Honolulu Waterfront Master Plan, which presented a vision for Kakaako Makai as one element of a comprehensive plan for the entire Honolulu waterfront. The Master Plan envisioned an extensive system of parkways, waterways and public amenities. Most of the funding for these amenities was to come from development of 7.5 million square feet of commercial space in the area. This assumption was made because of the high investment in and demand for commercial space which prevailed in the late 1980s. In early 1990, the HCDA adopted its Makai Area Plan and Rules—which prescribe controls and standards for the area’s development—based on this vision. Because the State economy has weakened dramatically in the 1990s, the HCDA is presently working to develop a broader, more proactive development strategy for Kakaako’s Makai Area. The agency’s goal, however, is still to ultimately create a people-oriented gathering place, and to develop the area in a manner

which will have the maximum social and economic benefits for the State of Hawaii.

The Kakaako waterfront has tremendous development potential because of its strategic location, its proximity to downtown, and because the State controls a substantial amount of land. As pressure on development in the Honolulu urban core increases and resources become more limited, the conversion of these lands to more intensive uses becomes increasingly relevant.

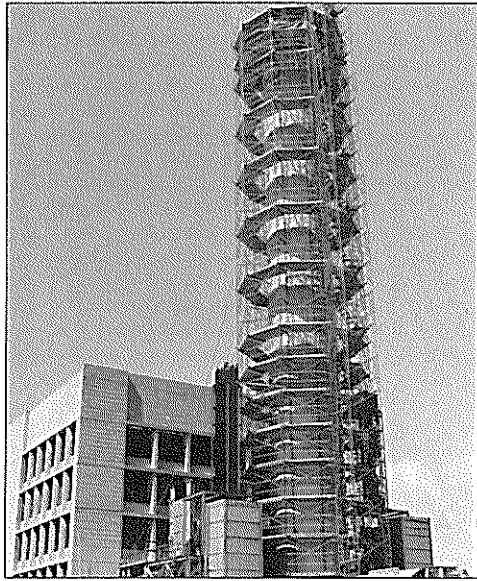
Kakaako’s Makai Area offers land development opportunities for both private and public lands. Approximately 12 acres of

privately owned lands could accommodate approximately 4.7 million square feet of building area. The 200 acres of State-owned lands have the potential for approximately 5.1 million square feet of building area.

As the HCDA comes closer to finalizing its development strategy, it will continue to recognize the economic as well as intrinsic social value of its Makai lands to Hawaii’s residents. The primary goals of the HCDA is to return the waterfront to public use, achieve maximum public benefits, and to create an actively populated area. To reach these goals, new developments must provide sufficient revenues to offset the cost of the significant public amenities planned



The new promenade at Kewalo Basin.

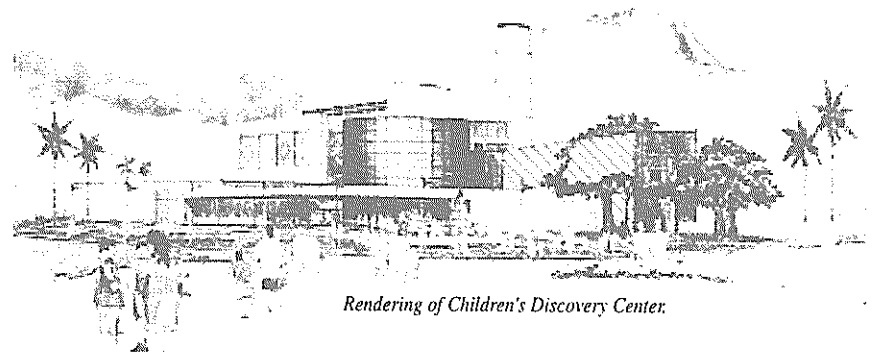


Structural repairs to the former Kewalo Incinerator.

for the Makai Area. Therefore, the underlying premise of any development strategy would be to foster new economic activities by capitalizing on the advantages inherent in the area. Equally fundamental is the need to aggressively pursue new industries which will broaden Hawaii's economic base and ensure sustainable revenue generators to support the development and maintenance of the public realm.

TREMENDOUS FIRST STEPS

The five-acre Kewalo Basin



Rendering of Children's Discovery Center.

Park, located in Kewalo Basin, was the first Kakaako waterfront project completed in 1990. This attractive and well-used shorefront park, which fronts a popular surfing spot, is a favorite picnic area for Honolulu's people. Kewalo Basin Park's pedestrian promenade and observation areas provide breathtaking views of Ala Moana Beach, Magic Island and Diamond Head. The Park includes a trellised picnic area, raised seawall, comfort station and shower facilities, and a new net shed.

The first phase of the Kakaako Waterfront Park, completed in 1992, has garnered numerous awards and has cast a beguiling spell on those who have discovered it. This unique Park's first phase, entailing 30 acres of passive recreational park space, consists of contoured, rolling landscaped mounds. At the shoreline, the Park offers a scenic pedestrian promenade

with comfort stations and picnic areas. This 20-foot wide promenade spans the entire length of the Park connecting five oceanfront observation areas. The Kakaako Waterfront Park also contains a community amphitheater and a central lookout area. To accommodate surfers, fishermen and water enthusiasts, the HCDA constructed two water access points in the Park.

KEWALO BASIN IMPROVEMENTS

By the close of the Fiscal Year 1994-95, the HCDA had substantially completed its construction of the second phase of harbor and park improvements at Kewalo Basin. These improvements will collectively support and enhance the economic vitality of the Basin, which serves as the home port for excursion, commercial fishing and charter sport fishing boats. The improvements ensure that Kewalo Basin will be the continuing focal point for these important industries in the future.

Since the early part of the 20th century, Kewalo Basin has experienced incremental improvements and expansion in response to the urban and mercantile growth of Honolulu. Currently, Kewalo Basin is the hub of the commercial fishing industry as well as a major center for the visitor excursion industry. The HCDA first phase of improvements at Kewalo Basin was the development of the Kewalo Basin Park. The second phase continues the State's efforts to create a "lei of green" along Honolulu's urban shoreline by integrating Kewalo Basin Park and the adjoining harbor with Ala Moana Park. The second phase improvements include: a new signalized intersection at Ala Moana Boulevard; segregated bus loading/unloading areas; a new centralized parking area and a revamped vehicular circulation system which separates service and general auto traffic. These improvements will greatly enhance the capacity of the basin to efficiently handle traffic flow, enhancing safety and accessibility for park users and Kewalo Basin boaters and visitors. A continuous pedestrian promenade was also constructed along the harbor front, while extensive new landscaping was added along Ala Moana Boulevard. The improvements will restore the role of the once unsightly basin as a vital community asset.

CHILDREN'S DISCOVERY CENTER

In September 1995, the HCDA completed the remediation and structural stabilization of the former Kewalo Incinerator for use as a

children's museum. The Children's Discovery Center (previously known as the Hawaii Children's Museum) will now continue the extensive construction work using private funds and a grant-in-aid received from the State Legislature in 1994. Under the agreement with the HCDA, the Children's Discovery Center will lease about 55,000 square feet of land at the corner of Ohe and Olomehani Street (in Kakaako's Makai Area). The incinerator structure's warehouse-type space, along with its large open areas, were found to be appropriate for reuse by the Center, where large exhibit space is needed. The Children's Discovery Center has initiated fund-raising efforts to cover the cost for the additional structural work, tenant improvements, and exhibits and landscaping work. The establishment of the Children's Discovery Center in the Kakaako Waterfront Park area will be mutually advantageous to the Center and the HCDA, and ultimately, to the community.

FINANCIAL INFORMATION



KAKA'AKO

HAWAII COMMUNITY DEVELOPMENT AUTHORITY
Statement Of Appropriations, Expenditures, Encumbrances And Balances
(For Fiscal Year Ended June 30, 1995)

	Prior Year Available Funds 7/1/94	Appropriations	Transfers	Expenditures	Encumbrances	Allotments	Unallotted	Funds	Lapsed
OPERATING FUNDS									
Act 252, SLH 1994	-	\$ 308,003	(\$ 3,679)	\$ 254,374	-	-	-	-	\$49,950
PROJECT FUNDS									
Kakaako Community									
Development District									
Act 264, SLH 1982	\$ 22,816	-	-	-	\$ 22,816	-	-	-	-
Act 301, SLH 1983	19,118	-	-	-	19,118	-	-	-	-
Act 300, SLH 1985	11,531	-	-	-	11,531	-	-	-	-
Act 216, SLH 1987	71,780	-	-	2,423	69,357	-	-	-	-
Act 316, SLH 1989	62,828	-	-	15,612	47,211	-	-	-	5
Act 299, SLH 1990	454,006	-	-	343,561	110,445	-	-	-	-
Act 296, SLH 1991	3,375,347	-	-	1,415,747	1,959,600	-	-	-	-
Act 300, SLH 1992	4,114,752	-	-	3,507,856	606,896	-	-	-	-
Act 289, SLH 1993	18,361,307	-	-	7,438,888	6,801,328	\$2,499,091	\$1,622,000	-	-
Act 252, SLH 1994	-	15,576,000	-	2,514,445	3,899,250	162,305	9,000,000	-	-
Delegations	2,521,144	-	-	575,367	1,273,449	-	-	\$ 672,328	-
IMPROVEMENT DISTRICT									
BOND FUNDS									
	902,675	-	(902,675)	-	-	-	-	-	-
REVOLVING FUND	<u>16,782,024</u>	<u>12,446,314^{1/}</u>	<u>642,220</u>	<u>11,738,466</u>	<u>2,975,134</u>	<u>---</u>	<u>---</u>	<u>15,156,958</u>	<u>---</u>
	<u>\$46,699,328</u>	<u>\$28,330,317</u>	<u>(\$264,134)</u>	<u>\$27,806,739</u>	<u>\$17,796,135</u>	<u>\$2,661,396</u>	<u>\$10,622,000</u>	<u>\$15,829,286</u>	<u>\$49,955</u>

1/ Variance, dedication fees, assessment fees, etc., collected.

HAWAII COMMUNITY DEVELOPMENT AUTHORITY

Statement Of Expenditures (For the Fiscal Years Ending June 30, 1994 and June 30, 1995)

	<u>June 30, 1995</u>			<u>June 30, 1994</u>
	Operating	Project	Total	Total
	Funds	Funds	Expenditures	Expenditures
Personal Services	\$216,237	\$ 1,852,161	\$ 2,068,398	\$ 2,050,732
Other Current Expenses	38,137	25,699,321	25,737,458	12,486,349
Equipment	<u>--</u>	<u>883</u>	<u>883</u>	<u>30,015</u>
TOTAL EXPENDITURES	<u>\$254,374</u>	<u>\$27,552,365</u>	<u>\$27,806,739</u>	<u>\$14,567,096</u>

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AUTHORITY MEMBERS

(July 1, 1994-
June 30, 1995)



KAKA KO



HAWAII COMMUNITY
DEVELOPMENT AUTHORITY



KAKAKO
Where Honolulu Greets The Sea