

**HAWAII
COMMUNITY
DEVELOPMENT
AUTHORITY**



**1998
ANNUAL
REPORT**

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 1997-98 Fiscal Year. This report summarizes the accomplishments and progress made by the Authority as it attempts to redevelop the Kakaako District as a very special community where Hawaii's residents can live, work and play. With the passage of each year, it is very evident that the public and social benefits realized through Kakaako's revitalization are improving the quality of life for Hawaii's residents and visitors.

During the 1997-98 Fiscal Year, the HCDA continued to make significant progress in attaining its goals for Kakaako. Our ambitious program to make dramatic improvements to the roadways and utility systems in Kakaako continued, with the completion of two improvement district projects—the Kakaako Makai Gateway parklands and the first phase of Kamakee Street infrastructure enhancements. These improvements are working to create a better quality of life for businesses and residents, while making future development of the District possible. By the close of the fiscal year, the Authority was poised to begin over \$36 million of infrastructure improvements in Kakaako's Makai lands and waterfront to prime the area for its future development as a gathering place and world-class center. The Kakaako infrastructure improvements are bringing positive changes to the District and are essential steps in the rebuilding and revitalization of Kakaako.

A revised comprehensive development plan for Kakaako's Makai Area and waterfront lands was near finalization during the 1997-98 Fiscal Year. Development of Kakaako Makai will result in many outstanding social and economic benefits to Kakaako and the State at large. The HCDA is working to create a beautiful and exciting place for residents and visitors to enjoy at Kakaako Makai. A world-class aquarium, children's theater and enhancements to Kakaako Waterfront Park are just some of the attractions that the HCDA is planning. The leasing of State Makai lands for private development will also strengthen the State economy and create new business and employment opportunities.

Although much has been accomplished over the past year, the job of Kakaako's renewal is hardly done. Successful revitalization of the Kakaako District will require the continued financial support and guidance of the State administration, lawmakers, and the highly valuable alliance of government, the private sector and the general public. There are many good things in Hawaii that we can all work hard to preserve and promote. Kakaako's successful redevelopment is one of them because it will continue to have positive impacts on the lives of many, many people for generations to come.

Respectfully yours,

A handwritten signature in cursive script that reads "Lynne A. Waters". The signature is written in dark ink and is positioned above the printed name.

Lynne Waters
Chair
Hawaii Community Development Authority

**HAWAII COMMUNITY
DEVELOPMENT AUTHORITY
1998 ANNUAL REPORT**

*A report covering the period of
July 1, 1997 - June 30, 1998*

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The Kakaako District

An Introduction

The 1976 State Legislature created the Hawaii Community Development Authority to plan for and revitalize urban areas in the State which lawmakers determined to be in need of timely redevelopment. These areas, designated as "Community Development Districts", are judged to be underused and deteriorating. Moreover, these districts have the potential of greatly fulfilling the needs and desires of Hawaii's people and contributing to the economic well being of the State.

The Legislature designated the Kakaako area as the HCDA's first Community Development District in 1976, recognizing its potential for increased growth and development and its inherent economic importance to Honolulu as well as the State. Lawmakers found that Kakaako was underdeveloped and underutilized relative to its central location in urban Honolulu. The Legislature foresaw that the redevelopment of Kakaako would offer tremendous opportunities to address the need for more housing, parks, open areas, and new commercial and industrial space in the urban core.

The Kakaako Community Development District currently includes: 670 acres of land bounded by Piikoi, King, Punchbowl Streets and Ala Moana Boulevard; 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 is largely composed of retail and commercial businesses, wholesale and semi-industrial companies, and single and multi-family residences.

To be capable of carrying out the legislative mandate, the HCDA is empowered as a unique and innovative agency with comprehensive planning, development and financing responsibilities. The HCDA has the ability to supplement traditional community renewal methods and to stimulate and coordinate public and private sector community development efforts.

Following an intensive five-year planning process, the Kakaako Community Development District Plan was adopted by the HCDA in 1982. This Plan and associated rules serve as a basis for guiding both public and private development activities in the revitalization of Kakaako. The Plan was subsequently amended to include the Kakaako waterfront area and is currently comprised of two Plan documents—Mauka Area Plan and Makai Area Plan. These serve as the basis for guiding both public and private development activities in the revitalization of Kakaako.

Hamakua

In 1993, the Legislature designated the Hamakua region 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 the Hamakua Sugar Company. In doing so, the Legislature broadened the purpose of the HCDA to allow the agency to redevelop community development districts in all areas throughout the State rather than only in urban areas. While \$1 million was initially



appropriated to fund, in part, the formulation 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 the HCDA to administer this redevelopment effort or to develop a community district plan. This action has effectively relieved HCDA of its responsibility to redevelop Hamakua.

Barbers Point Naval Air Station

The 1997 State Legislature established the Barbers Point Naval Air Station Redevelopment Commission to serve as the local redevelopment authority for property at Barbers Point that has been declared surplus as a result of a Federal base realignment and closure process. The Legislature assigned the staff of the HCDA to assist the commission in its redevelopment activities. Since that time, the HCDA has provided advisory support and assistance to the commission in initiating infrastructure studies for the Barbers Point Naval Air Station.

Hawaii Maritime Authority

The 1998 State Legislature created an independent, temporary commission to determine how the State of Hawaii can best establish a Hawaii Maritime Authority that would oversee the planning and development of all maritime lands and facilities in Hawaii, including those located in the Kakaako District. The new commission was given until the end of 1998 to propose the exact form and details for establishing the Maritime Authority to the Legislature for action in its 1999 session. Lawmakers are seeking the creation of a new authority to ensure that the planning for, and development of, Hawaii's maritime lands can be carried out more efficiently, to facilitate timely decision-making, and to improve services for all users. Currently, the tasks of planning, managing and developing Hawaii's maritime lands and facilities are shared by several State agencies. These include: the Department of Transportation's Harbors Division, the Department of Land and Natural Resources' boating and ocean recreation program, the HCDA, and the Aloha Tower Development Corporation (ATDC). The 1998 Legislature stated that coordinated planning and development of maritime and waterfront activities can be carried out more effectively by a single entity having overall consolidated jurisdiction and the ability to deal with conflicts between maritime and nonmaritime uses. The Legislature also stated that fuller and more efficient use of all of the State's maritime assets would enhance efforts to revitalize Hawaii's economy. The intent is to eventually establish a Hawaii Maritime Authority that would

set statewide policy on all matters relating to Hawaii's maritime lands and facilities. The temporary commission was tasked with looking at how the functions, duties and staff of the departments and agencies currently overseeing state maritime lands and harbor facilities can be eventually transferred to a new maritime authority. The 15-member commission is composed of: the directors (or designees) of the State Departments of Transportation, Business, Economic Development and Tourism, and Budget and Finance; the chairpersons of the Board of Land and Natural Resources and the Office of Hawaiian Affairs; and the chief executive officers of the HCDA and ATDC. Other members include two members representing the private maritime industry, two members representing labor, and one member representing the general public from each of the four counties. These members are appointed by the Governor based on the person's expertise in maritime, boating, ocean recreation, coastal zone management, business, planning, and other related areas.

HCDA Organization

The HCDA is established as a public corporate entity attached to the Department of Business, Economic Development & Tourism for administrative purposes. The HCDA's board of directors is composed of 11 voting members from the private and public sectors who oversee the HCDA operations and establish policies to implement the legislative objectives. Four members are ex-officio, voting members from the following State departments: Accounting and General Services; Budget and Finance; Business, Economic Development & Tourism; and Transportation. The Governor appoints four members at large 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 HCDA Executive Director serves as the chief executive officer and is appointed by the Authority members. The HCDA staff includes personnel from several professional fields including planning, engineering, architecture, development, finance, public information and administrative services.

A Brief Historical Perspective of Kakaako

From the early settlement of the area by ancient Hawaiians and the integration of seamen and whalers, to its residential nature and later industrialization, Kakaako has undergone dramatic changes over the past century.

In the 1800s, Kakaako was called "Kookau Kukui", which translates as "Where the Lights Were Lighted". Kakaako has come a long way from being a swampland or submerged underwater. This area was filled, developed and redeveloped over



the years. From the early 1900s until World War II, Kakaako was an important and thriving community of residents with an array of businesses, schools, churches, a movie house, public parks and other uses typically found in larger neighborhoods. By 1940, Kakaako's population had reached about 5,000 residents. However, rezoning of the area in the early 1950s caused a rapid decline in the residential population as other neighborhoods formed in Honolulu and manufacturing and industrial activities moved into Kakaako. In the ensuing years, Kakaako changed from a residential neighborhood to a primarily industrial area, and finally to an economic center of varied commercial and service activities.

Prior to the creation of the HCDA, Kakaako had remained relatively underutilized and underdeveloped. It had gained a certain notoriety for its deteriorating melange of streets, utilities and sprinkling of ramshackle structures. State lawmakers were concerned about the efficient use of existing urban lands in Hawaii, and they recognized Kakaako's potential to become an economically and socially viable community providing a range of public benefits.

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. Lawmakers also believed it important to respect and support the present functions of Kakaako as a major economic center.

The Legislature believed Kakaako could provide:

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

HCDA's Goals for Kakaako

The HCDA's overall mission is to ensure that the Kakaako District is invigorated and established as a dynamic urban neighborhood that accommodates an exciting mix of people with a wide spectrum of business activities. Through Kakaako's redevelopment, the State's economy is being enhanced with new business growth and opportunities and the new job opportunities that are being created. The HCDA's goal is to create a conveniently located community that is attractive and safe, with the ability to provide for housing, recreation, and places to work, shop and to socialize. As envisioned in the Kakaako development plan, the District will represent the best of Honolulu's destiny—a bustling residential and business center during the day and an exciting area for leisure

activities at night. The HCDA is working to ensure that the Kakaako District accommodates and encourages a combination of open space and parks with well-planned commercial, industrial and residential development, including affordable housing.

Public and private sector investment in Kakaako is generating new retail establishments and office space, a variety of restaurants and entertainment, and infrastructure to provide the services, growth opportunities and quality of life that are distinguishing Kakaako as the ideal urban neighborhood. Kakaako is once again becoming a vibrant and cohesive community buoyed by the people that live and work here. To ease traffic congestion and make Kakaako a safer and more attractive environment, the HCDA is improving roadways, constructing new sidewalks and increasing opportunities for public parking.

The State's ownership and control of the majority of land in Kakaako's Makai Area and waterfront give the HCDA the opportunity to create a premier gathering place, a world-class center focusing on recreational, cultural, commercial and maritime activities. In Kakaako's Makai lands, the HCDA is providing acres of new park lands and open space, making miles of shoreline accessible to residents. With the initiation of \$36 million of infrastructure improvements and a new proactive strategy to develop new cultural, educational, recreational, and entertainment facilities, along with new commercial and business opportunities, Kakaako Makai is destined to become a popular attraction for residents and visitors, while providing a strong stimulus for the State economy.

Regulatory Functions

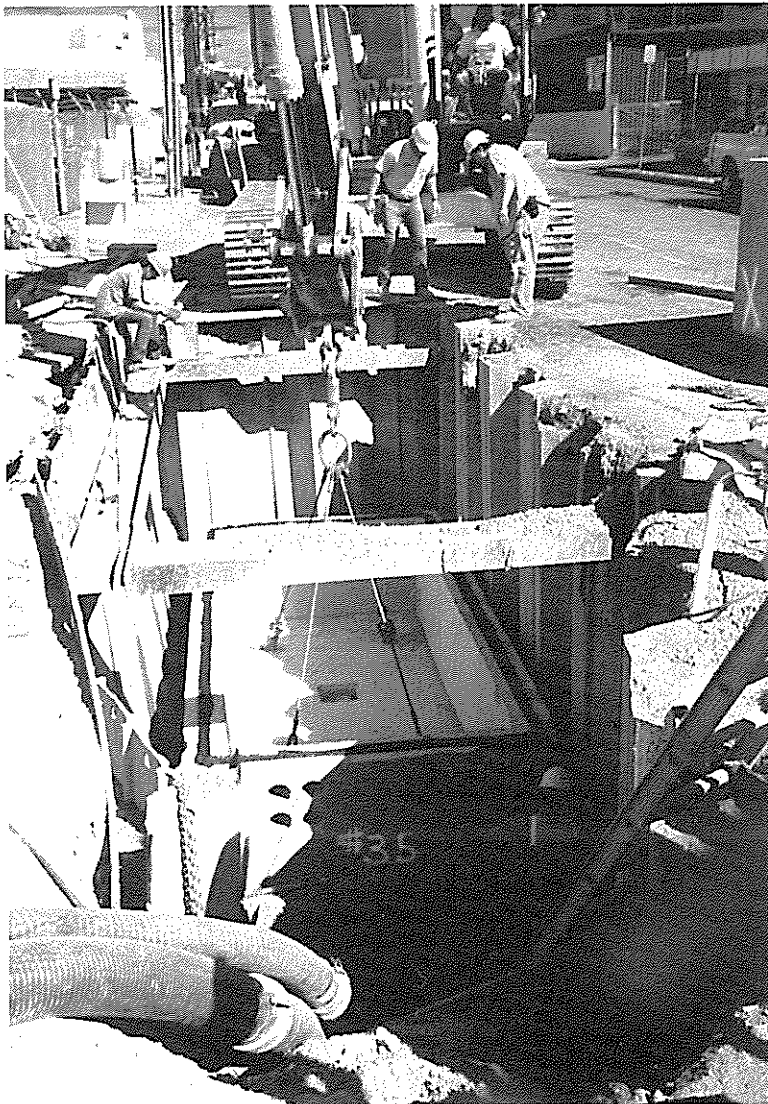
Since the adoption of the Kakaako Plan in 1982, the HCDA has performed regulatory functions to ensure that any development occurring in the District meets the provisions of the Kakaako Plan. The HCDA regulates planning, land use, zoning, and development of land within the Kakaako District. The Plan includes 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 schemes for transportation, open space and recreation spaces, public facilities, infrastructure, and relocation. The HCDA processes permits for major planned development projects as well as for smaller (base zone) developments and building renovations.



HCDA's Improvement District Program

The Hawaii Community Development Authority's ongoing infrastructure improvements program is dramatically improving the performance and capabilities of the District's roadways and utilities. The need for improving Kakaako's infrastructure is urgent. For many years, the Kakaako District had borne the burden of deteriorating and inadequate infrastructure systems, a great portion of which were installed over 75 years ago. In many areas of the District, streets were unimproved, narrow and deluged by flooding during times of heavy rainfall. Some streets in Kakaako were afflicted with a lack of sidewalks, pedestrian walkways and haphazard, illegal parking. In addition to being an eyesore, a threat to public safety and a general nuisance to the District's businesses, residents and visitors, the inadequate infrastructure has been a serious roadblock to the development of new projects in Kakaako.

The HCDA initiated its Improvement District (ID) Program to deal with this serious problem. Roadways and utility systems are essential elements for any community to function



and grow. A community's 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.

Anyone passing through Kakaako since 1986 has probably become aware of the scale and extent of infrastructure improvements being undertaken in the District. HCDA's Improvement District Program is accomplishing the systematic improvement of Kakaako's network of streets and utilities. The ID Program is being employed to reconstruct and/or widen streets with new curbs, gutters, pavement and sidewalks. The HCDA is reconstructing Kakaako's roadways to make them safer and able to accommodate both present and future traffic and pedestrian flow. Sidewalks, curbs, pavement and gutters have been installed in areas where previously there were none.

Drainage, sewer and water systems are being repaired and expanded. Telephone, electric and cable television systems are also being expanded and moved underground to improve the Kakaako street environment. To date, the HCDA has completed four Improvement District Projects and a fifth project was nearing completion by the close of the 1997-98 Fiscal Year. (See chart in this section for a summary of each project.)

State government, Kakaako property owners and the public utility companies share the total cost of infrastructure improvements under the HCDA's ID Program. Government pays for the greater share of the cost because the general public derives the benefits of the improvements. For example, a major public cost involves improvements to the drainage system. In the first four ID projects, the majority of the construction cost was for major drainage systems that run through Kakaako and serve 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 that specially benefit them. In implementing each improvement district project, the Authority may arrange 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 with interest.

The massive scale of the ID projects makes it imperative for the HCDA to inform all affected property owners and recorded lessees of the proposed improvements prior to actual construction. This process involves individual meetings, a public informational meeting and two public hearings. The entire process, from the preliminary

engineering and design work to the completion of the project, typically extends over a three- to four- year period. Throughout the course of any ID project, the HCDA strives to complete construction activities as expeditiously as possible, while ensuring public safety and minimizing the disruptions and inconveniences to the businesses and public to the greatest extent possible. HCDA staff responds to problems on a case-by-case basis as they occur. The Authority uses flyers, the HCDA newsletter and Website, informational meetings, and a construction hotline to keep merchants, residents, and landowners informed of construction activities.

Improvement District 4 (ID-4)

Construction was substantially completed on Improvement District 4 during the 1997-98 Fiscal Year. This project involves infrastructure improvements on Kamakee Street, between Kapiolani Boulevard and Queen Street. Similar in nature to the previous improvement district projects, ID-4 construction work includes the installation of drainage, water, sewer, and roadway improvements, and the undergrounding of existing overhead utility lines.

Several new measures were employed in ID-4 to reduce the impacts to businesses and alleviate the consequences of construction noise, dust and difficult access on day-to-day operations. To assist ID-4 area businesses, the Authority allowed the deferral of assessments until six months after the completion of construction to assure property owners that construction work will be substantially completed before any assessments are collected. Construction activities were closely monitored and phased during ID-4 to minimize disruption to businesses. To the greatest extent possible, the more complicated work was concentrated on one segment and one side of the street at a time. Installing sidewalks and pavement on a block-by-block basis minimized dust in the area and allowed businesses partial use of the improvements while construction occurred. The HCDA worked with ID-4 area businesses, residents and permitting agencies to phase construction work during "non-standard" hours, generally between 12 noon and 9:30 p.m. on weekdays. By beginning construction work at mid-day, merchants are allowed to schedule their work accordingly and operate in a fairly normal fashion during the morning hours, without construction equipment on the roadways. The HCDA staff was 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. Through in-the-field and one-to-one contact, the HCDA was better able to keep merchants and residents informed of pending roadway and utility system improvements as they were scheduled to

HCDA IMPROVEMENT DISTRICT PROJECTS

IMPROVEMENT DISTRICT 1

Location: 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

Location: 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

Location: About 60 acres involving portion of Cooke Street, Kapiolani Boulevard, Halekiauila, Keawe, Coral, Victoria & 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 lanes, parking.
Cost: \$2.4 million
Completed: August 1995

IMPROVEMENT DISTRICT 4

Location: 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
Est. completion: November 1998

IMPROVEMENT DISTRICT 5 (Kakaako Makai Gateway)

Location: Looke Street (between Ala Moana Boulevard and Ilalo Street); block bounded by Ala Moana Blvd., Cooke, Ilalo & Ohe Streets and block immediately Makai of Ilalo Street & Ewa of Ohe Street
Work: Improvements to roadways, drainage, sewers, water systems and the undergrounding of electric, telephone & CATV lines; development of two-acre passive park & four-acre play field.
Cost: \$6.7 million
Est. Completion: Mid-1998

IMPROVEMENT DISTRICT 6 (Ward Avenue Extension)

Location: Ward Avenue (from Ala Moana Boulevard to the intersection of Ahui and Ilalo Streets)
Work: Construction of a new roadway from the intersection of Ward Avenue & Ala Moana Blvd. to the intersection of Ahui & Ilalo Streets & roadway and utility system enhancements.
Cost: \$8 million
Est. start: Late 1998
Project Duration: 18 months

IMPROVEMENT DISTRICT 7 (Kamakee Street Extension)

Location: Kamakee Street, between Auahi Street and Ala Moana Boulevard
Work: Realignment of Kamakee Street & creation of a four-way signalized intersection at Ala Moana Boulevard and Ala Moana Park Road.
Cost: \$11 million
Est. start: Late 1998
Project Duration: 18 months

KAKAAKO MAKAI INFRASTRUCTURE IMPROVEMENTS

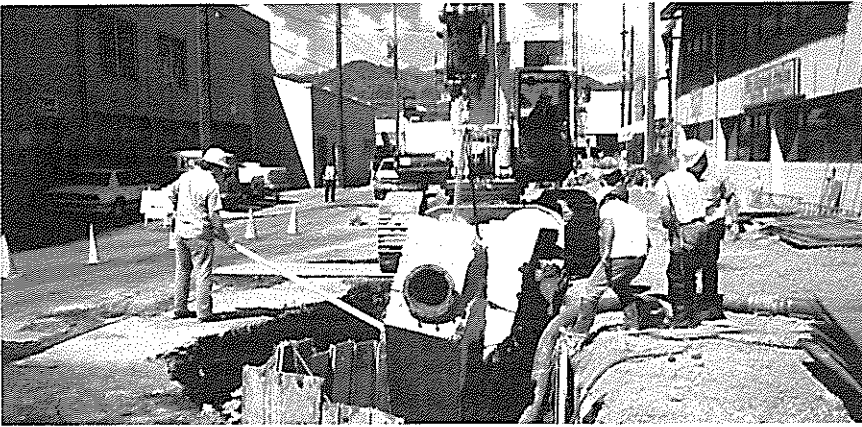
Location: Ilalo Street, Punchbowl and South Streets
Work: Widening and enhancements to Ilalo Street, creation of new extensions to Punchbowl & South Streets; installation of new water, sewer & drainage structures; construction of new roadways; new driveways, sidewalks, curbs and gutters; installation of new utility lines.
Cost: \$28.3 million
Est. start: Early 2000
Project Duration: 24 months

occur in the area.

Kakaako Makai Gateway Project

By mid-1998, the HCDA had completed construction work on the Kakaako Makai Gateway Project (also known as Improvement District 5)— a major public works undertaking creating an attractive six-acre park that now serves as a visible "gateway" to, and extension of, the Kakaako Waterfront Park. ID-5 is a very important component of HCDA's plans to transform Kakaako's Makai Area and waterfront into a people-oriented center of activities to be enjoyed by Hawaii's families and visitors. The Kakaako Makai Gateway forms a dramatic view corridor from Ala Moana Boulevard to the water-





front. Large landscaped lawns and festival grounds provide space for recreational and social activities, and offer many other exciting possibilities that will contribute to the active and attractive people-oriented place planned for Kakaako's Makai Area. The project includes a two-acre passive park and a four-acre playing field with a comfort station.

The \$6.7 million project also included significant roadway and utility systems improvements on Cooke Street, between Ala Moana Boulevard and Ilalo Street. New water, sewer, and drainage systems were installed and new driveways, sidewalks, walkways, curbs, gutters and streetlights were constructed. The existing overhead utility lines were relocated underground.

Ward Avenue Extension Project (Improvement District 6) (ID-6)

In May 1998, the Authority voted to proceed with the Ward Avenue Extension Project, the first phase in the development of new and enhanced roadways and utility systems in Kakaako's Makai Area. This \$6.6 million public works project will construct a new roadway from the intersection of Ward Avenue and Ala Moana Boulevard to the intersection of Ahi and Ilalo Streets. The roadway and utility system enhancements to be constructed in the Ward Avenue Extension Project will play a crucial role in the State's plan to transform Kakaako's Makai Area and waterfront into a world-class center of activities to be enjoyed by Hawaii's families and visitors. It will provide the necessary infrastructure to support the creation of a beautiful, active area in Kakaako Makai for recreation, cultural activities, shopping, waterfront restaurants, and entertainment. The Ward Avenue Extension Project will greatly improve vehicular and pedestrian access and circulation in Kakaako Makai. Improvements will include: the installation of new water, sewer and drainage structures; construction of the new roadway; new driveways, sidewalks, curbs and gutters; and the relocation and expansion of existing

overhead electrical, telephone and cable television lines to new underground systems.

The Ward Avenue Extension will be constructed in two phases. The first phase, to start construction in late 1998, will involve the demolition of several structures in the Kewalo Basin area. The infrastructure and roadway improvements will be done in the second phase. The entire project is expected to take 15-18 months to complete.

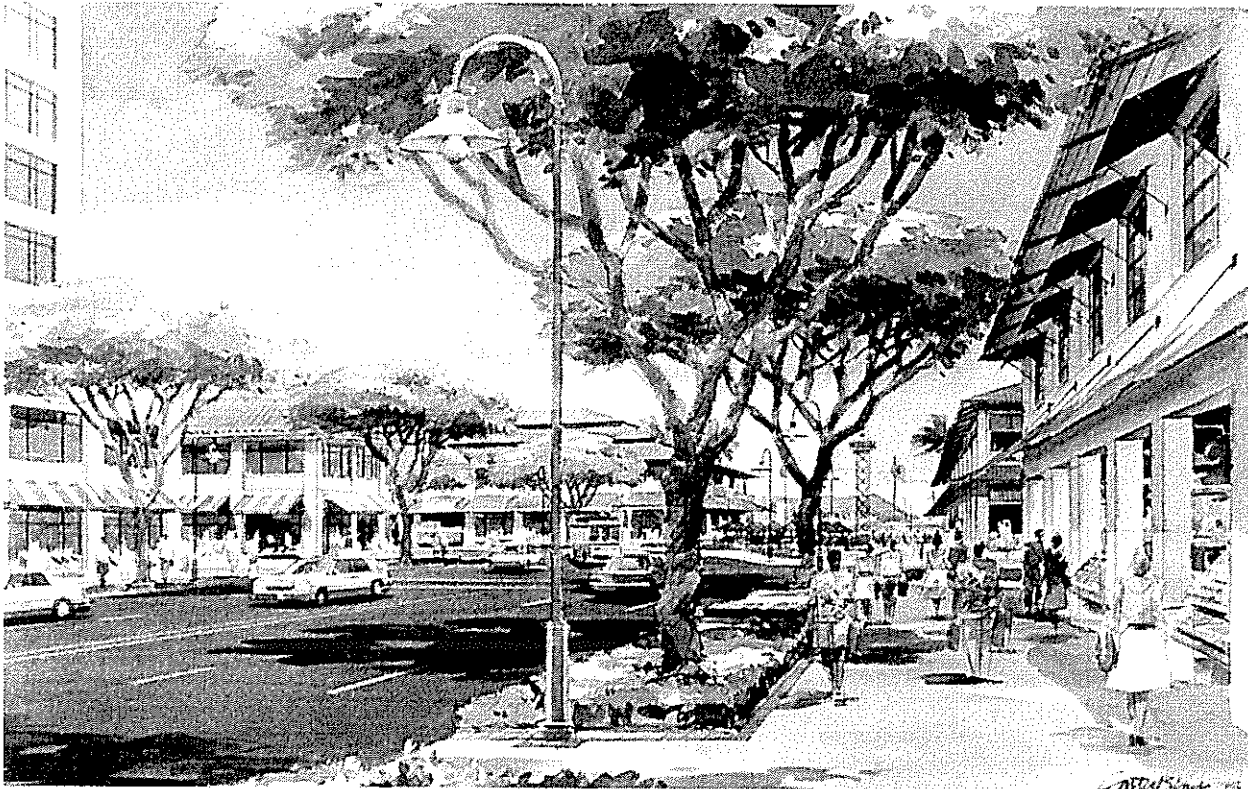
Kamakee Street Improvements Project (Improvement District 7)

Following two public hearings, the members of the HCDA in July 1998 gave final approval to proceed with the second phase of Kamakee Street improvements. The 1997 State Legislature appropriated \$11.1 million in Capital Improvement Project (CIP) funds to the HCDA to fund the realignment and infrastructure improvements to a portion of Kamakee Street, from Queen Street to Kewalo Basin. This project, called ID-7, will complete the installation of the last major drainage system in the Mauka portion of Kakaako. It will realign Kamakee Street (between Auahi Street and Ala Moana Boulevard) and create a four-way signalized intersection at Ala Moana Boulevard and Ala Moana Park Road. The ID-7 Project will improve traffic circulation through the Kakaako District and create a direct link between Ala Moana Beach Park and Kakaako. Construction is scheduled to begin in late 1998 and take about 18 months to complete.

Future Kakaako Makai Infrastructure Improvements

Infrastructure in Kakaako's Makai Area is inadequate or nonexistent and improvements are required to support development of the area. To facilitate development of Kakaako Makai Area lands and redevelopment of the Kewalo Basin waterfront area, the HCDA is planning projects to widen and improve Ilalo Street and to create new extensions to Punchbowl and South Streets. The 1997 State Legislature appropriated \$36.3 million to the HCDA to construct infrastructure improvements in Kakaako Makai. Ilalo Street is planned to be a beautifully landscaped boulevard that would serve as the principal collector street for the Makai Area. Ilalo Street would also provide an active and exciting pedestrian environment. Proposed improvements will include: the installation of new water, sewer and drainage structures; construction of the new roadway; new driveways, sidewalks, curbs and gutters; and the installation of new utility lines. In the coming year, the HCDA will conduct public hearings and proceed with design work for these Kakaako Makai road improvements. If all approvals are obtained, construction could start in early 2000.





The future Kakaako Makai will include an abundance of parks and open space, spacious tree-lined streets and sidewalks that enhance and enrich Hawaii's outdoor environment.

Kakaako Makai Development

Development of the Kakaako District's Makai lands and waterfront is surely one of the State's most important and exciting projects in terms of the remarkable social and economic benefits it can bring to the Kakaako District and the people of Hawaii. Kakaako Makai is an extraordinary place that offers immense potential. It provides a place where land meets the waterfront, where islanders and visitors can enjoy the serene beauty and tranquility of lands centrally located in the urban core. No less important, Kakaako Makai provides the means to accommodate the expanding recreational, educational, cultural and commercial needs of Honolulu's residents, as well as serving the maritime and economic requirements of the State.

Kakaako Makai includes 227 acres of land below Ala Moana Boulevard, from Kewalo Basin to Aloha Tower. Many factors contribute to the value of Kakaako's Makai lands. A substantial portion (200 acres) of the land is owned and controlled by the State of Hawaii. It contains an abundant, scenic stretch of ocean frontage and is centrally located between downtown Honolulu and Waikiki. Kakaako Makai could provide substantial amenities through the development of civic, cultural and recreational facilities. The HCDA is working to create an attractive and vibrant people-oriented place and a world-class waterfront at Kakaako Makai. The Makai lands also give the public an opportunity to realize financial rewards through the leasing of lands for private development.

The Revised Makai Area Plan

During the 1997-98 Fiscal Year, the HCDA worked to finalize a new plan that will set strategies to attain its goals for Kakaako Makai. The proposed revised Kakaako Makai Area Plan was scheduled for a final public hearing and adoption in August 1998. A traffic study and infrastructure master plan were also conducted to fine-tune the revisions to the Plan, and a supplemental environmental impact statement was prepared during the 1997-98 Fiscal Year.

The revised documents call for the creation of remarkable physical amenities including an abundance of parks and open spaces, spacious tree-lined streets and sidewalks that enhance and enrich Hawaii's outdoor environment. Under the proposed plan, a variety of new developments could be developed, including an enhanced waterfront park, maritime uses along the harbor, restaurants, seafood markets and entertainment along Kewalo Basin, a children's museum and a theater for performing arts, a world-class aquarium, and commercial development of the interior areas. Public open spaces, cultural facilities and amenities would also distinguish the Makai Area as a place dedicated to the people of Hawaii.

The proposed revised Makai Area Plan's larger goal is to diversify Hawaii's economy while establishing a special people-oriented place. Under the proposed plan, a substantial portion of the Makai Area would be used for public enjoyment and access to the waterfront. A portion of State-owned lands



MAKAI AREA PROJECTS

Kewalo Basin Park

A five-acre scenic shorefront park located in Kewalo Basin. Includes a pedestrian promenade, observation areas, trellised picnic area, reconstructed seawall, comfort station and shower facilities and a new net shed. Completed in 1990.

Kakaako Waterfront Park/Phase 1

Thirty acres of passive recreational park space built on a former landfill site. Includes contoured rolling landscaped mounds, a scenic pedestrian promenade spanning the length of the park, comfort stations and picnic areas, five oceanfront observation areas, a community amphitheater, and two protected water access points. Completed in 1992.

Kewalo Basin Harbor & Park Improvements

Improvements facilitate and enhance access, traffic circulation and parking within the Kewalo Basin harbor area. Includes a pedestrian promenade along the Mauka and Diamond Head pier face. Completed in July 1995.

Children's Discovery Center

HCDCA completed remediation and structural stabilization of the former Kewalo Incinerator for use as a children's museum. The Children's Discovery Center (CDC) is continuing the extensive construction work, additional structure work, tenant improvements, exhibit fabrication and landscaping work. HCDCA's work was completed in September 1995. The CDC is expected to be opened in late 1998.

Kakaako Makai Gateway Project

Creation of a scenic gateway to, and extension of, the Kakaako Waterfront Park with the addition of an attractive six-acre park. Also involves infrastructure improvements on a portion of Cooke Street, including roadway, drainage, sewer and water system enhancements, and relocation of electric and telephone lines underground. The project also includes a two-acre passive park and a four-acre play field. Completed in mid-1998.

Ala Moana Sewage Pump Station Project

HCDCA has selected a developer to transform the former Ala Moana Sewage Pump Station into a complex incorporating a Hawaiian-themed restaurant and concert theater facility. Planned for opening in December 1999.

Kakaako Brownfields Project

A "brownfields" environmental study of lands in Kakaako's Makai Area to evaluate whether contamination exists on State-owned parcels in Kakaako Makai.

Kakaako Aquarium Study

A study of the feasibility of developing a world-class aquarium facility in the Kakaako Makai Area near Kewalo Basin and the Kakaako Waterfront Park.

Kakaako Waterfront Park Enhancements

Preparation of a new development plan for the Kakaako Waterfront Park that could accommodate new cultural attractions and a broad range of amenities such as water features, works of art, interpretative walks and gardens, a carousel, and innovative children's play areas.

Kewalo Basin Land Development

Seeking development proposals for 18 acres of prime, Kakaako Makai State-owned waterfront properties zoned for retail, office, entertainment and restaurant uses.

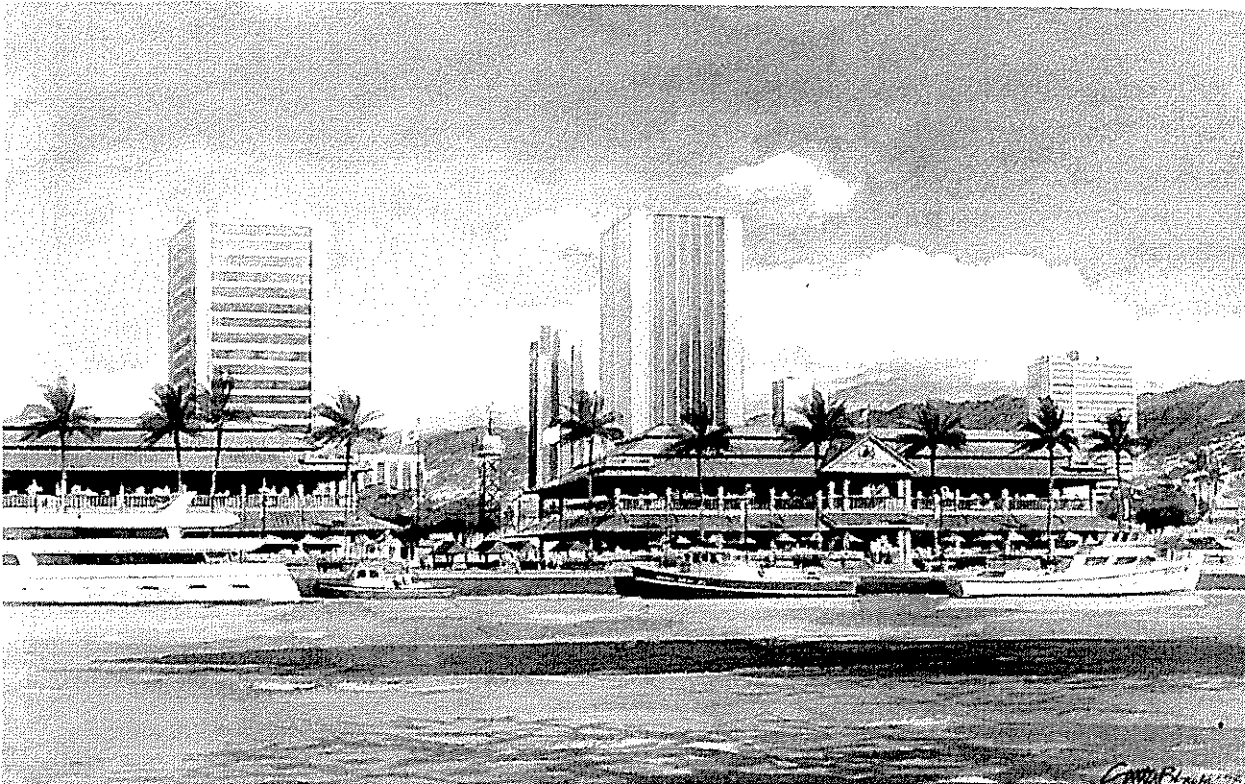
would be developed for commercial uses and the revenues generated would help support the public parks and other amenities. In configuring the location of permitted activities in Kakaako Makai, the HCDCA maintained a central corridor of park lands. The Kakaako Waterfront Park has been extended to Ala Moana Boulevard to enhance its visibility and reinforce its prominence as a major public park that will serve as a centerpiece for adjacent commercial developments.

Public access to the Kakaako waterfront is a high priority of the proposed revised 1998 Plan and one mile of shoreline is dedicated to park use. Maritime activities are also a priority, and the Plan would reserve land in the Fort Armstrong area and along Piers 1 and 2 for maritime uses. Kewalo Basin would give the public the opportunity to view and enjoy the working wharf aspect of the waterfront. Fishing and tourism-related activities would remain at Kewalo Basin, although there are plans to relocate certain fishing services to Honolulu Harbor.

Under the proposed revised Makai Area Plan, the land use zones would allow park, commercial, industrial, waterfront commercial, and public activities. A *park zone* would accommodate a variety of park environments. The existing Kakaako Waterfront Park provides a passive park for walking, picnics and quiet contemplation. To enhance public enjoyment of Kakaako Makai, the revised Makai Area Plan proposes a variety of additions to the Kakaako Waterfront Park. These general development concepts include: a world-class aquarium and research facility; a large urban "green" area for active play and festivals; an interactive children's play area with water features and play apparatus; a cultural facility within the existing amphitheater in the Kakaako Waterfront Park; and extensions of the current promenade around Kewalo Basin and mauka via a Mauka/Makai promenade. The *park zone* would also allow cultural, educational and active recreational activities to provide additional public resources.

The *commercial zone*, encompassing about 54 acres of land, would permit a wide range of commercial land uses such as high technology offices and retail establishments. The *industrial mixed-use zone*, covering 62.3 acres, would support maritime activities and facilities within Honolulu Harbor as well as limited commercial activities. Typical uses in this zone would include a proposed passenger cruise terminal at Pier 2 and container yard areas within Fort Armstrong. A *waterfront commercial zone*, encompassing 22.7 acres, would allow commercial activities and fishing and boating services along the edges of Kewalo Basin. The *public zone* sets aside land for existing public uses such as the U. S. Immigration Station, the Depart-





The State is offering 15 acres of prime waterfront properties in Kakaako Makai for development.

ment of Health building and the Ala Moana Pump Station.

In keeping with the vision of the Kakaako waterfront as a people-oriented place, the proposed new Makai Area Plan emphasizes pedestrian movement through the area. Pedestrian promenades would run along the waterfront and along Cooke Street. Ilalo Street is designed to be a major strolling and shopping corridor with large shade trees, generous sidewalks and street furnishings. To increase non-vehicular access to Kakaako Makai from Downtown Honolulu, Ala Moana Park and Kakaako's Mauka Area, the proposed Plan includes a bikeway system within the Makai Area that will ultimately connect the Kakaako Waterfront Park to Ala Moana Beach Park.

FUTURE AND POTENTIAL KAKAAKO MAKAI DEVELOPMENTS

Children's Discovery Center

Construction work on the Children's Discovery Center (CDC) continued during the past fiscal year. Fronting a prime corner of the Kakaako Waterfront Park, the CDC will be another key attraction in Kakaako Makai, offering interactive exhibits that teach children about culture, science and technology. For this facility, the HCDA completed remediation and structural stabilization

work on the former Kewalo Incinerator for leasing to the CDC to be used as a children's museum. The CDC has completed the renovation of the 17,000 square foot structure and the addition of 20,000 square feet of new construction, and is finalizing the fabrication of exhibits. The new facility will be opened to the public in late 1998.

Ala Moana Pump Station

In late 1997, the HCDA selected a developer to transform the former Ala Moana Sewage Pump Station into a complex incorporating a restaurant and open-air market. The former Ala Moana Pump Station site currently contains three historic structures built in 1900 and 1938. The station was Honolulu's first waste disposal facility and the historic buildings were placed on the National Register of Historic Places in 1978 because of their historic and architectural significance. The HCDA selected Weiser Companies, Inc.'s development scenario for the property after considering three plans that were submitted in response to a request for proposals. The Weiser Companies, Inc. project concept called for the historic pump station building to be renovated as a 8,000 square foot "Best of Hawaii" restaurant featuring a bakery, deli, wine cellar and a microbrewery. A 3,000 square foot open-air market would offer fresh produce, plants and local crafts. The Authority selected the project because it was expected to attract and



generate activity, promote pedestrian interaction and enliven Kakaako's Makai Area. The project will also create cultural opportunities, as well as new jobs, tax revenues and other economic benefits for the State. (Note: In late 1998, the Authority approved the developer's request to change the open air market to a Hawaiian-themed concert theater, while maintaining the restaurant and microbrewery.) The Weiser Companies, Inc. expects to open the \$5.6 million facility by December 1999.

Kakaako Aquarium

During the 1997-98 Fiscal Year, the HCDA conducted a study of the feasibility of developing a world-class aquarium facility in the Kakaako Makai Area near Kewalo Basin and the Kakaako Waterfront Park. The State's vision for Kakaako Makai includes the possible development of a world-class aquarium as an anchor attraction. This new facility would incorporate and expand upon the present Waikiki Aquarium and complement the adjacent Children's Discovery Center and Makai Gateway Park. A new aquarium facility—presenting the natural environment of Hawaii's oceans—could be a learning place for Hawaii's children and a new attraction to keep visitors returning to Hawaii. The HCDA is conducting the study to verify costs and assess the financial feasibility and drawing power of a world-class aquarium in Kakaako Makai. The initial aquarium studies have shown that a world-class aquarium facility in Kakaako Makai could attract 750,000

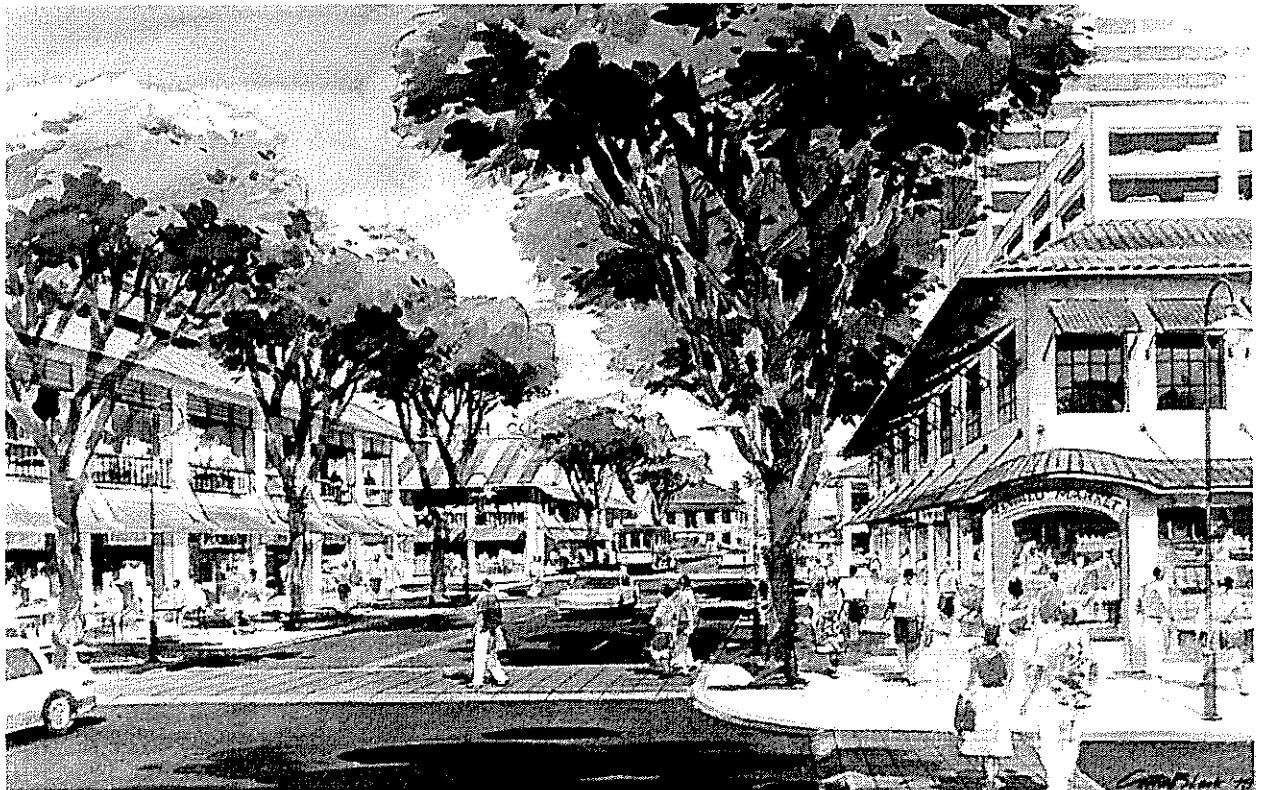
visitors a year. If the aquarium were to be combined with the major ocean research institutions currently in Kakaako's Makai Area, the State could offer a major center for marine research and education. The Kakaako Aquarium study is scheduled for completion in November 1998.

Kewalo Basin Development

By the close of the 1997-98 Fiscal Year, the HCDA was preparing to issue a request for development proposals for approximately 18 acres of prime, State-owned waterfront properties located in Kakaako Makai. The five State-owned properties being offered for development have over 1,300 feet of ocean frontage with dramatic views of Waikiki and Diamond Head. The properties are zoned for retail, office, entertainment, and restaurant uses. The HCDA plans to accept responses to the request for developer qualifications until September 1998. After its review of the responses, the Authority will select a limited number of developers to submit development proposals in early 1999.

Kakaako Waterfront Park Enhancements

The HCDA will be preparing a new development plan for the Kakaako Waterfront Park to create a one-of-a-kind urban park that will become an attraction and resource for the residents of Hawaii. The Kakaako Waterfront Park today generally supports passive recreation, with its picnic areas and promenade along the waterfront.





A world-class aquarium facility in Kakaako Makai near Kewalo Basin and the Kakaako Waterfront Park could serve as an anchor attraction.

By planning for future improvements to the park, the State has an exceptional opportunity to revitalize the waterfront area, establish a unique gathering place, and complement future commercial development on adjacent State-owned lands. This could be accomplished by accommodating new cultural attractions and a broad range of amenities such as water features, works of art, interpretative walks and gardens, a carousel, and innovative children's play areas.

During the 1997-98 Fiscal Year, the HCDA was planning to conduct a limited design competition for the park to generate new development ideas and an integrated overall plan. The competition will advertise for qualifications of park designers (including landscape architects and architects), who will be asked to submit examples of their work. The HCDA will select three firms to prepare a conceptual master plan for the park and a preferred plan will be selected in early 1999.

High Technology Park/Offices

Kakaako Makai offers office space opportunities for high technology research and development firms that have expressed an interest in

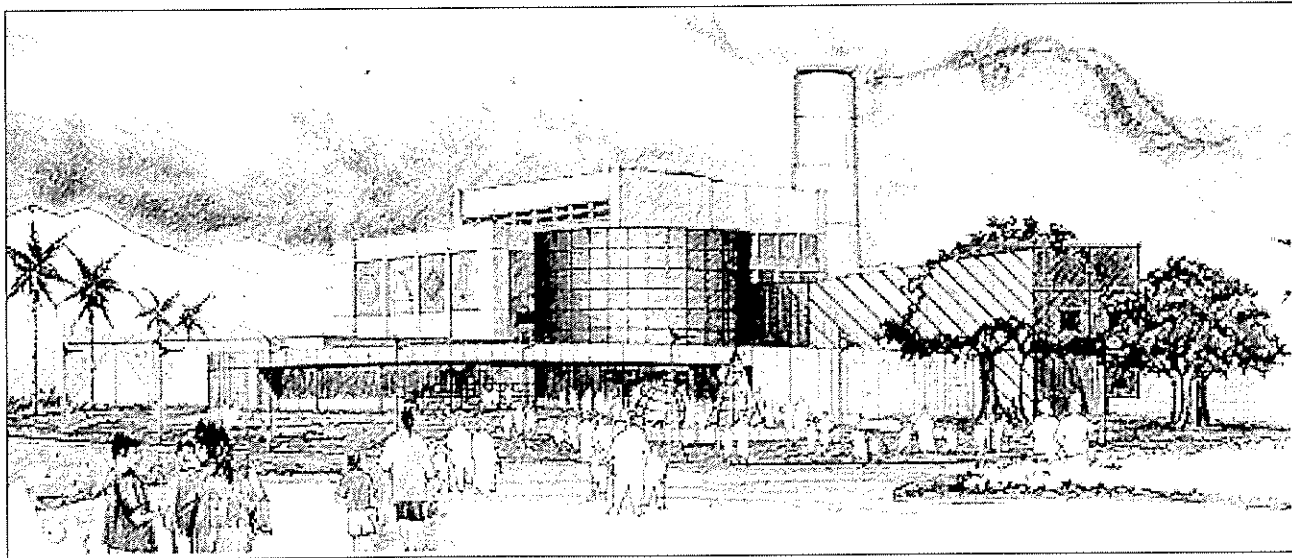
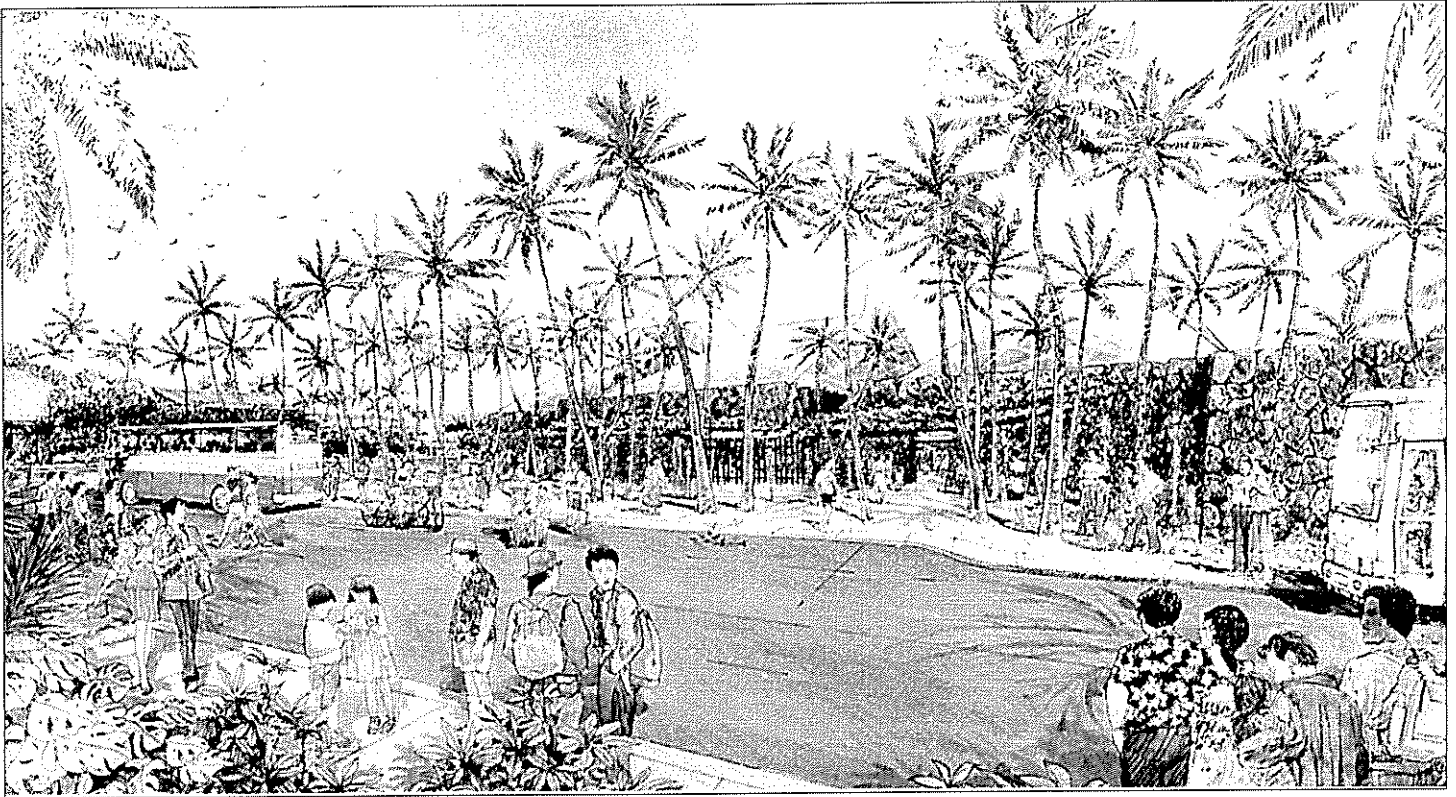
expanding into Hawaii. A niche market for high-tech office space has been identified as holding promise for Hawaii's economy and the Makai Area.

Recently, several Japanese companies have opened Hawaii offices for research and development of software and it appears possible that others in this category could be attracted to Hawaii if proper support and infrastructure were available. HCDA will be researching the concept of establishing a high-tech park in Kakaako Makai. The area offers an excellent location that is central and attractive, with generous recreational amenities. The provision of infrastructure and other incentives to attract high technology firms to the area will also be explored.

Other Potential Kakaako Makai Attractions

In the months ahead, HCDA will consider other possible attractions in Kakaako Makai that would further the theme of education and entertainment, appealing to both local residents and tourists. These include a children's theatre, a facility that could be operated by the Honolulu Theatre for Youth. The State has set aside land adjacent to the Children's Discovery Center for this purpose.





At the top of the page, another rendering of a possible Kakaako Aquarium facility. Below it, a rendering of the soon-to-be-opened Children's Discovery Center.

Kakaako Brownfields Project

Through a \$75,000 grant from the U.S. Environmental Protection Agency (EPA), the HCDA is proceeding with a "brownfields" environmental study of lands in Kakaako's Makai Area. The EPA Brownfields grant was awarded to the Department of Health to assist the State's efforts to redevelop Kakaako Makai lands into a thriving, productive area. The HCDA received the grant from the DOH to evaluate whether contamination exists on eight state-owned parcels in Kakaako Makai. If contamination is found, the study will examine its type and

extent. Sampling and cleanup plans, along with cost estimates for cleanup, will then be developed. The study will ensure that development in Kakaako Makai is not hindered by the presence or suspected presence of environmental contamination from past industrial and commercial activities. The Brownfields grant will play a critical role in allowing the HCDA to restore and safely develop the State-owned properties in Kakaako Makai. The evaluation is expected to be completed in late 1998.



The Growing Residential Community in Kakaako



Today, Kakaako is clearly emerging once again as a lively and diverse residential community of people from all walks of life. This could not have happened without the State's commitment to, and aggressive pursuit of, the development of affordable housing in Kakaako. To date, more than one-half of the housing units constructed in Kakaako under HCDA's guidance have been affordably priced units. The HCDA has developed, through alliances with other government agencies and the private sector, a total of about 1,100 affordable residential units in two family rental projects, three senior citizen rental projects, and a for-sale condominium project. (See accompanying residential projects chart.)

Pohukaina Mixed-Use Project

To satisfy the needs for affordable housing and a new elementary school facility in Kakaako, the HCDA in 1998 conducted a charette to master plan the redevelopment of the former Pohukaina School and Mother Waldron Park site. The 1997 State Legislature appropriated \$250,000 to the HCDA for the planning and design of a new elementary school on the 6.8-acre site bounded by Pohukaina, Keawe and Halekauwila Streets and Mother Waldron Park. The site offers a central location to accommodate the three proposed components including the rebuilding of a new elementary school, constructing affordable housing, and providing improved park and recreation facilities.

The Department of Education has pointed out the need for a new elementary school in the near future as housing development continues in Kakaako. HCDA's preliminary evaluation indicates that, in addition to the new elementary school, residential units could be built on the Pohukaina site.

The ongoing charette process consists of facilitated workshop meetings with the participation of Department of Education teachers and administrators, City Department of Parks and Recreation planners and park maintenance supervisors, and local housing providers and advocates. During the charette, public meetings are being held to obtain feedback from neighboring residents, businesses and park users about the results of the work groups and to receive general comments. Following completion of the charette in late 1998, the HCDA will prepare schematic design plans for the project.

HCDA AFFORDABLE HOUSING PROJECTS AND PUBLIC FACILITIES

<u>Project</u>	<u>Units</u>
KAMAKEE VISTA Mixed-Use Family Rentals	225
POHULANI Mixed-Use Senior Rentals	262
NA LEI HULU KUPUNA Senior Rental Housing	75
KAUHALE KAKA'AKO Mixed-Use Family Rentals	258
HONUAKAHA Affordable Senior Rentals & For-Sale Condominiums	243
HONUAKAHA SENIOR CITIZEN/COMMUNITY CENTER	6,800 sf



Private Development in Kakaako



During the 1997-98 Fiscal Year, the HCDA processed approximately 170 permits for smaller scale projects. Construction on several major planned development projects continued during the past fiscal year. Construction work on The Myers Corporation's One Archer Lane project at 801 South King Street was completed in mid-1998. This \$42.5 million fee-simple residential condominium was specifically designed and priced to attract "a broad cross-section of middle-income buyers seeking high quality housing within the urban core," according to its developer. This complex offers 331 one- and two-bedroom residences and approximately 33,000 square feet of commercial/industrial space on the first two floors of the building. One Archer Lane was originally conceived as the reserved housing component of the proposed Symphony Park luxury condominium project. However, changing economic conditions resulted in a fee simple middle-market condominium project for the One Archer Lane site.

The Nauru Phosphate Royalties (Honolulu) Inc. continued construction on the Hawaiki Tower project in the 1997-98 period across the street from the Ala Moana Shopping Center. Hawaiki Tower, the next phase of the 404 Piikoi Street project, is a 46-story, 427-unit residential commercial condominium. This \$97.9 million complex will include 1,034,720 square feet of building space, and commercial/retail space at grade level. The project's estimated construction completion date is March 1999.

CompUSA Inc. constructed and opened the state's largest computer store in Kakaako during the 1997-98 Fiscal Year. This 40,000-square-foot, single story store is located on the 3.32-acre block bordered by Ala Moana Boulevard, and South, Keawe and Auahi Streets. The new retail store, which includes a multi-classroom training center, employs about 95 people.





Financial Information

Hawaii Community Development Authority STATEMENT OF APPROPRIATIONS, EXPENDITURES, ENCUMBRANCES AND BALANCES For Fiscal Year Ended June 30, 1998

	Prior Year Available Funds 7/1/97	Appropriations	Transfers	Expenditures	Encumbrances	Allotments	Unallotted	Funds	Lapsed
OPERATING FUNDS									
Act 287, SLH 1996	---	\$ 119,846	---	\$ 112,485	---	---	---	---	\$ 7,361
PROJECT FUNDS									
Kakaako Community Development District									
Act 300, SLH 1985	\$ 396	---	---	208	\$ 188	---	---	---	---
Act 216, SLH 1987	55,289	---	---	40,622	14,667	---	---	---	---
Act 299, SLH 1990	34,128	---	---	---	34,128	---	---	---	---
Act 296, SLH 1991	741,185	---	---	45,024	621,433	---	---	---	74,728
Act 289, SLH 1993	2,036,806	---	---	1,717,137	216,183	---	---	\$ 103,486	---
Act 252, SLH 1994	5,240,566	---	---	3,983,795	755,456	---	---	394,215	107,100
Act 218, SLH 1995	2,514,519	---	---	348,755	541,442	---	---	1,609,953	14,369
Act 287, SLH 1996	846,859	---	---	358,958	90,105	---	---	5,474	392,322
Act 328, SLH 1997	---	36,459,000	---	1,687,490	3,051,690	---	\$13,478,216	18,241,604	---
Act 116, SLH 1998	---	19,000,000	---	---	---	---	19,000,000	---	---
DELEGATIONS	715,568	---	---	93,318	622,250	---	---	---	---
IMPROVEMENT DISTRICT BOND FUNDS									
	---	---	---	---	---	---	---	---	---
REVOLVING FUND									
	19,671,183	18,492,374 ^{1/}	(\$12,449)	12,180,268	1,124,809	---	---	24,846,031	---
	<u>\$31,856,499</u>	<u>\$74,071,220</u>	<u>(\$12,449)</u>	<u>\$20,568,060</u>	<u>\$7,072,351</u>	---	<u>\$32,478,216</u>	<u>\$45,200,763</u>	<u>\$595,880</u>

^{1/} Variance, dedication fees, assessment fees, etc., collected.



Financial Information

Hawaii Community Development Authority STATEMENT OF EXPENDITURES (For Fiscal Years Ending June 30, 1997 and June 30, 1998)

	June 30, 1998		June 30, 1997
	Operating Funds	Project Funds	Total Expenditures
Personal Services	\$109,853	\$ 1,204,182	\$ 1,490,771
Other Current Expenses	2,632	19,250,409	12,874,841
Equipment	---	984	33,660
TOTAL EXPENDITURES	<u>\$112,485</u>	<u>\$20,455,575</u>	<u>\$14,399,272</u>

**AUTHORITY
MEMBERS**

**(July 1, 1997-
June 30, 1998)**

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Production Director
KGMB-9 TV**

**Vice Chairman
LORI ANN LUM
President
Lori Lum & Associates**

**Secretary
MICHAEL KAWAHARADA
Vice President and Director of
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**SAM CALLEJO
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Consultant**

**BRIAN MINAAI
(resigned in July 1997)**

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STATE OF HAWAII

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