

**Hawaii Community
Development Authority**

2000 Annual Report



Letter to the Governor



The Honorable Benjamin Cayetano
Governor
State of Hawaii

Dear Governor Cayetano:

With great pleasure, we present to you the Hawaii Community Development Authority's (HCDA) Annual Report for the 1999-2000 Fiscal Year. With this annual publication, we are pleased to report that the revitalization of the Kakaako District is progressing well. We are striving to develop an attractive, safe and conveniently located community that provides for essential needs—housing, recreation, and places to work, shop and socialize.

Successful completion of HCDA's Improvement District Program is essential for Kakaako's revitalization to be achieved. During the 1999-2000 Fiscal Year, the HCDA continued its program to revamp and expand the capacities of the aging network of utilities and roadways in Kakaako. The Kakaako infrastructure improvements are bringing positive changes to the District and are serving as a strong inducement for private sector development in Kakaako. The HCDA has nearly completed the first phase of infrastructure improvements in Kakaako's Makai Area and another project recently started will create a beautifully landscaped pedestrian-oriented thoroughfare that will serve the Kakaako Waterfront lands.

With our revised development plan in place for Kakaako Makai, we are on our way in our quest to establish a special gathering place and world-class center of activities for residents and visitors to enjoy. During the past fiscal year, the HCDA adopted a master plan for the Kakaako Waterfront Park to create a one-of-a-kind urban park with future enhancements. These enhancements, together with private development of the Kewalo Basin waterfront area and, possibly, development of a world-class aquarium in Kakaako Makai, will transform the area into a unique center for recreational, cultural and commercial activities.

Over the years, the HCDA has been fortunate to have the support, participation and cooperation of many parties who have shared in the vision of a revitalized Kakaako. We would like to acknowledge: the State administration; Legislature; other government agencies; community groups and concerned citizens; private developers; and Kakaako's landowners, business people and residents. As we continue to transform and improve the Kakaako District, the continued support of these groups will be essential to our success in revitalizing Kakaako.

Respectfully yours,

Lori Ann C. Lum
Chair
Hawaii Community Development Authority

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An Introduction

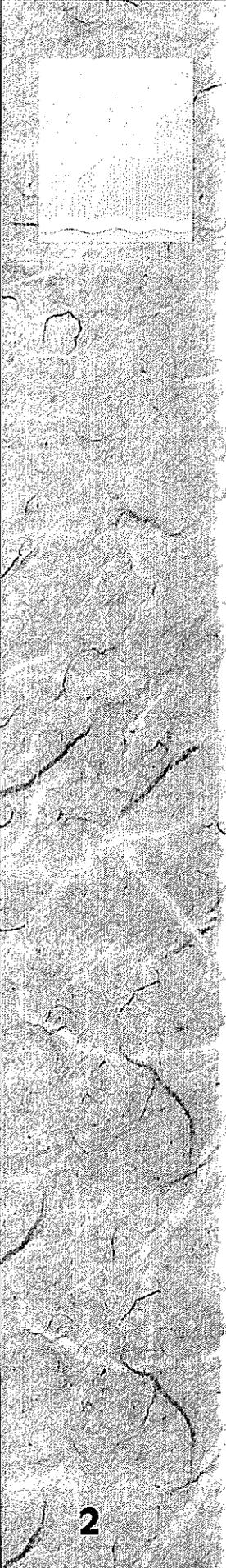


For many years, the Kakaako District held a fairly dubious reputation. Known affectionately as "the sleeping giant", the area—which had evolved principally as a commercial/industrial area—gained notoriety for its deteriorating mélange of streets, utilities and ram-shackle structures. The truth was that, aside from seeking the valuable services provided by the area's merchants and tradespeople, the public tended to stay away from Kakaako.

Today the tide has turned for Kakaako. It is evident that what was once perceived as a blemish in the urban landscape has blossomed into a vibrant community offering

different things to different people. Since its creation, the Hawaii Community Development Authority (HCDA)—with the unwavering support of the State administration and legislators, and cooperation and participation of other government agencies and Kakaako's businesses, landowners and developers—has guided the transformation of the Kakaako District.

The HCDA was created by the 1976 State Legislature to plan for and revitalize urban areas in the State which lawmakers found to be in need of timely redevelopment. These areas, designated as "Community Development Districts", are judged to be underused and/or in deteriorating condition. Further, these



districts are considered to have the potential of greatly fulfilling the needs and desires of Hawaii's people and contributing to the economic well-being of the State.

At the time of HCDA's creation, the Legislature also designated the Kakaako area of Honolulu as the Authority's first Community Development District, recognizing its potential for increased growth and development and its inherent economic importance to Honolulu as well as 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 District

The Kakaako Community Development District currently includes: 670 acres of land bounded by Piikoi, King, and 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.

By virtue of its legislative mandate, the HCDA is empowered as a unique and innovative agency with comprehensive planning, development and financing responsibilities. The HCDA is able to go beyond traditional community renewal methods and to facilitate and participate in collaborative community development efforts between the public and private sectors.

An intensive five-year planning process preceded the adoption of the HCDA's Kakaako Community Development District Plan 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 documents: the Mauka Area Plan and the Makai Area Plan. These serve as the basis for guiding both public and private development activities in the revitalization of Kakaako.

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 exofficio, 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.

Kakaako's Colorful Past

Over the past century, Kakaako's destiny has been one of remarkable and dramatic change. 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 been developed and redeveloped to meet the social and economic needs of the larger urban community on Oahu.

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 conditions. 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.

A Strategy for Kakaako's Future

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 social and 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 support the services, growth opportunities and quality of life that are distinguishing Kakaako as a desirable urban neighborhood. Kakaako is once again becoming a vibrant and cohesive community. To ease traffic congestion and make Kakaako a safer and more attractive environment, the HCDA is improving roadways, constructing new sidewalks and beautifying the streetscape with the planting of trees and landscaping.

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. On Kakaako's Makai lands, the HCDA has provided over 41 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 proactive strategy to develop new cultural, educational, and recreational facilities, together 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 projects and building renovations.



HCDA's Improvement District Program: Priming the District for a Better Future



For any city or district to function properly, the infrastructure system must have sufficient and expandable capacity and be in operable condition. Without these prerequisites, the locale's residents and businesses may suffer the consequences of inadequate roadways and utility systems. Visitors to such areas may stay away due to safety concerns, and the area's landowners and developers may be stymied in their efforts to develop and realize the full value of their properties due to insufficient capabilities of the infrastructure. Such was the case with some sections of the Kakaako District prior to 1986. Fourteen years ago, the HCDA began its ambitious program to make systematic improvements to Kakaako's network of streets and utilities. Today, the District is enjoying the numerous

benefits of these completed infrastructure projects, and improvements are continuing in both the Mauka and Makai areas of Kakaako.

In the past, Kakaako was best characterized as an area with: severe flooding during times of rain; narrow, irregular roadways; and deteriorating and substandard sewer, water, and drainage systems. On some streets, there were no sidewalks or pedestrian walkways and parking was haphazard and often illegal. 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 obsolete network of roadways and utility systems—much of which were installed over 75 years ago—seriously impeded redevelopment of the District.

One of the Hawaii Community Development Authority's (HCDA) primary responsibilities is the planning,

HCDA'S 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, sewer, and water systems and the undergrounding of electric, telephone and CATV lines.
Cost: \$35.2 million
Completed: September 1988

IMPROVEMENT DISTRICT 2

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

IMPROVEMENT DISTRICT 3

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

KEWALO BASIN IMPROVEMENTS

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
Completed: June 1999

IMPROVEMENT DISTRICT 5 (Kakaako Makai Gateway)

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

IMPROVEMENT DISTRICT 6 (Ward Avenue Extension)

Location: Ward Avenue (from Ala Moana Boulevard to the intersection of Ahui and Ilalo Streets)
Work: Construction of a new roadway from the intersection of Ward Avenue and Ala Moana Boulevard to the intersection of Ahui and Ilalo Streets and roadway and utility system enhancements.
Cost: \$8.2 million
Constr. start: May 1999
Est. completion: November 2000

IMPROVEMENT DISTRICT 7 (Kamakee Street Extension)

Location: Kamakee Street, between Queen Street and Ala Moana Boulevard
Work: Realignment of Kamakee Street and creation of a four-way signalized intersection at Ala Moana Boulevard and Ala Moana Park Road.
Cost: \$12.4 million
Est. start: November 1999
Est. completion: May 2001

IMPROVEMENT DISTRICT 9 (Ilalo Street Improvements)

Location: Ilalo Street, between Ahui and South Streets
Work: Widening and enhancements to Ilalo Street, from Ahui to South Streets; installation of new water, sewer and drainage systems; construction of new roadways; new driveways, sidewalks, curbs and gutters; installation of new utility lines.
Cost: \$18 million
Est. start: July 2000
Est. completion: July 2002

IMPROVEMENT DISTRICT 10 (Queen Street Extension)

Location: Queen Street, between Kamakee and Waimanu Streets.
Work: Extension of Queen Street, a new 76-foot right-of-way and improvements to the water, sewer, drainage, roadway, and electrical systems.
Cost: \$11.6 million
Est. start: July 2002
Project Duration: 24 months

engineering and construction of infrastructure improvements in Kakaako. The Authority's ongoing infrastructure improvements program is dramatically improving the performance and capabilities of the District's roadways and utilities. These improvements also bring the positive benefits of encouraging private sector development and investment in Kakaako.

The HCDA initiated its Improvement District (ID) Program to deal with the serious infrastructure problem in Kakaako. 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 better 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. By the close of the 1999-2000 Fiscal year, the HCDA had completed five Improvement District Projects, construction work on two projects (Ward Avenue Extension and Kamakee Street improvements) was ongoing, and the HCDA was set to begin construction on the Ilalo Street Improvements Project (Improvement District 9). (See chart in this section for a summary of each project.) To date, the State Legislature has appropriated approximately \$180 million for infrastructure improvements in the Kakaako District.

How Kakaako's Improvement District Projects Work

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 benefits from 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.

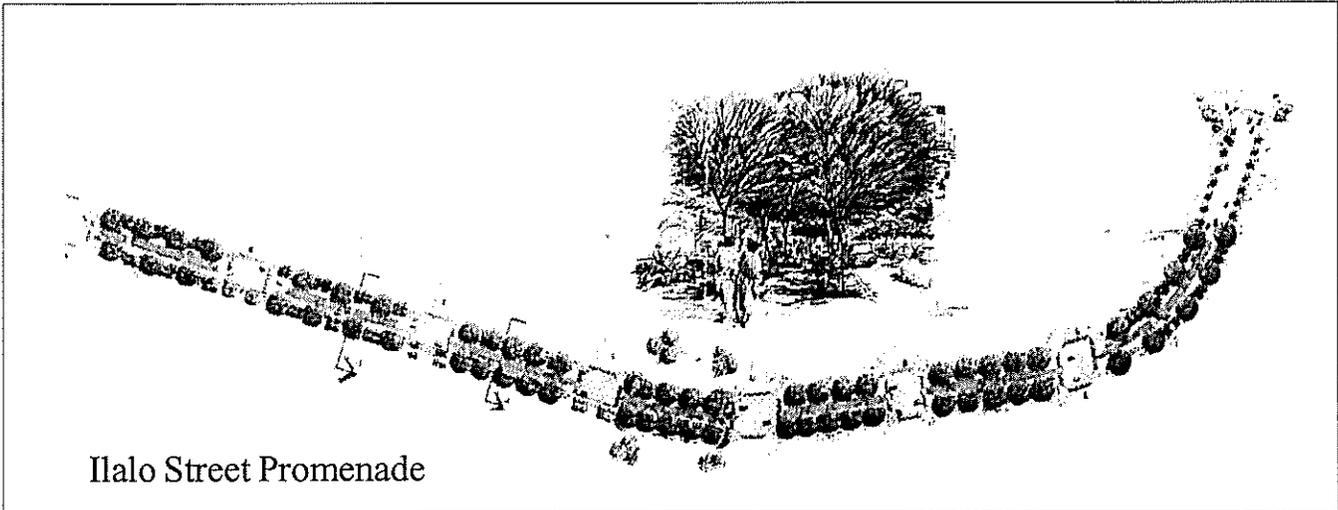
The massive scale of the ID projects makes it imperative for the HCDA to inform all affected property owners and recorded lessees of the proposed improvements prior to actual construction. This process involves individual meetings, public informational meetings and two public hearings. The entire process, from the preliminary engineering and design work to the completion of the project, typically extends over a two- to three-year period. Throughout the course of 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, and informational meetings to keep merchants, residents, and landowners informed of construction activities. The newly redesigned HCDA website posts traffic advisories and project updates on all of the Authority's ongoing improvement

district projects.

**Ward Avenue Extension Project
(Improvement District 6)**

Construction on the Ward Avenue Extension Project—the first phase in the development of new and enhanced roadways and utility systems in Kakaako's Makai Area—began in May 1999 and was nearing the end of construction by mid-2000. In this \$8.2 million public works project, a new roadway is being built from the intersection of Ward Avenue and Ala Moana Boulevard to the intersection of Ahihi and Ilalo Streets. The roadway and utility system improvements constructed for the Ward Avenue Extension will facilitate the redevelopment of Kewalo Basin's Ewa edge and the surrounding area, playing a crucial role in the State's plan to

improvements on a portion of Kamakee Street. 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 Ahihi 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 new, direct link between Ala Moana Beach Park and Kakaako. Construction is expected to be completed in May 2001.



Ilalo Street Promenade

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 an exceptional gathering place in Kakaako Makai with recreational, cultural, and commercial activities. The Ward Avenue Extension Project will greatly improve vehicular and pedestrian access and circulation and establish a streetscape theme for Kakaako Makai. The Ward Avenue Extension Project is scheduled for completion and opening in November 2000.

**Kamakee Street Improvements
Project (Improvement District 7)**

In November 1999, the HCDA began construction work on the second phase of infrastructure

**Ilalo Street Improvements
(Improvement District 9)**

Following public hearings, the HCDA was set to start construction work on the Ilalo Street Improvements Project by the close of the 1999-2000 Fiscal Year. This \$18 million project will involve infrastructure improvements to Ilalo Street, from Ahihi Street to Forrest Avenue (South Street).

Currently, infrastructure in Kakaako's Makai Area is inadequate and improvements are required to support development of the area. To facilitate development of the Kakaako Makai Area lands and redevelopment of the Kewalo Basin waterfront area, the HCDA is planning this project to widen and improve Ilalo Street and to create an extension to Forrest Avenue (South Street). The 1997 State Legislature appropriated \$36.3 million to the HCDA to

construct infrastructure improvements in Kakaako Makai. Ilalo Street, together with the Ward Avenue Extension, 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 attractive and comfortable pedestrian environment. Proposed improvements will include: the installation of new water, sewer and drainage systems; construction of the new landscaped roadway; new driveways, sidewalks, curbs and gutters; and the installation of new utility lines. Construction of the Ilalo Street Improvements is scheduled to begin in July 2000 and be completed in two years.

Queen Street Improvements (Improvement District 10)

The 1999 State Legislature appropriated \$9.6 million to the HCDA for infrastructure improvements on a portion of Queen Street, between Ward Avenue and Waimanu Street. The HCDA's long-term plan for Queen Street is to improve the water, sewer, drainage, roadway, and electrical systems on Queen Street between Ward Avenue and Waimanu Street. Initially, the \$9.6 million appropriation, combined with \$2 million of HCDA revolving funds, will allow the HCDA to complete the design work for the entire project and to construct the extension of Queen Street from Kamakee Street to Waimanu Street. The new infrastructure will improve services to property owners in the area and provide added capacity for future private development.

Current studies show that traffic along Ala Moana Boulevard will continue to degrade unless alternate routes are developed. The HCDA has long designated Queen Street as an alternate route to Kapiolani and Ala Moana Boulevards. Presently, sidewalks, curbs and gutters are needed to accommodate both vehicular and pedestrian traffic safely through the District. The proposed roadway improvements will make the area more accessible and safer, and enhance its development potential. The proposal for the extension calls for a 76-foot right-of-way wide enough to

accommodate one bike lane, one travel lane and one lane for street parking in each direction. The extension would also include trees along the sidewalks and a landscaped median. Design work for the Queen Street Extension Project will begin in September 2000. Tentative plans are to start construction on this project by July 2002, and the construction period is an estimated 24 months.

The HCDA is negotiating with Victoria Ward, Limited (VWL) and the Nauru Phosphates Royalties Trust on a land exchange agreement that would allow the Authority to proceed with its proposed Queen Street Extension Project and to develop two neighborhood parks in Kakaako. Because the planned Queen Street extension right-of-way would be located on land owned by the HCDA, as well as VWL and Nauru, the Authority is working to obtain ownership of the land with a minimum of land acquisition costs. The proposed land exchange, scheduled for Authority action in late 2000, would create two park sites totaling 108,000 square feet along both sides of the Queen Street extension. Preliminary plans for the parks include field, court and playground areas, restrooms and parking. The proposed construction period for the parks would be from January through December 2003.

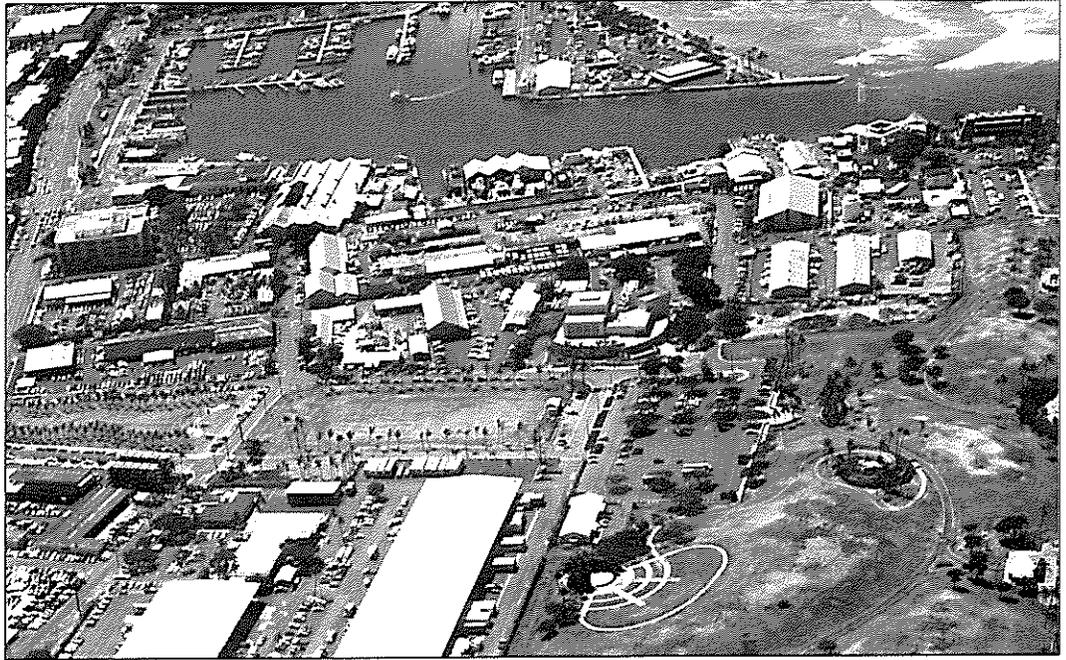
Development in Kakaako Makai



Kakaako's Makai Area lands and waterfront are widely acknowledged as Honolulu's last remaining crown jewel. Of all of nature's gifts to Hawaii's people, the waterfront offers a very special place where visitors can enjoy the serene beauty and tranquility of the area. The waterfront lands, the majority of which are owned by the State of Hawaii, provide an opportunity to create an exceptional gathering place, as well as a center of learning, research, and economic growth. Significant progress has been made towards realizing this unprecedented development opportunity to transform Kakaako's waterfront lands into a magnificent new public place.

Recognizing the significance and inherent value of Kakaako's waterfront, 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 significant social, recreational 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 offers a place where islanders and visitors could gather in an attractive and peaceful setting centrally located in the urban core. Kakaako Makai could also be a place where Hawaii's strengths in ocean science, volcanology, and astronomy are showcased to the world. Finally, it can provide the opportunity to develop and promote promising new industries for Hawaii, such as biotechnology and high technology.

Kakaako Makai is comprised of 227 acres of land below Ala Moana Boulevard, from Kewalo Basin to Aloha Tower.



The State is considering development options for 18 acres of prime waterfront properties in Kakaako Makai.

About 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 Makai lands also provide an opportunity to increase revenues to the State through the leasing of lands for private development.

The Plan for Kakaako Makai

The Kakaako Makai Area Plan and Rules, adopted in August 1998, sets the framework for development of Kakaako's Makai Area (including the Kakaako waterfront) into a vibrant, exciting and attractive "gathering place" for Hawaii's residents and visitors. The Plan emphasizes the creation of amenities in Kakaako Makai, including an abundance of parks and open spaces, spacious tree-lined streets and sidewalks that enhance and enrich Hawaii's outdoor environment. Under the plan, a variety of new developments could be developed, including an enhanced waterfront park, restaurants and seafood markets along Kewalo Basin, 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.

A larger goal of the Makai Area Plan is to diversify Hawaii's economy while establishing a special people-oriented

place. Under the plan, a substantial portion of the Makai Area is reserved for public enjoyment and access to the waterfront. A portion of State-owned lands is earmarked for commercial development and the revenues generated would help support the public parks and other amenities. The Plan's land use directives maintain a central corridor of park lands in Kakaako Makai. 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 and one mile of shoreline is dedicated to park use. Maritime activities are also a priority, and the Plan reserves land in the Fort Armstrong area and along Piers 1 and 2 for maritime uses. Park, commercial, industrial, waterfront commercial, and public activities are allowed in land use zones established in the revised Makai Area Plan. A *park zone* accommodates a variety of park environments. The *park zone* allows cultural, educational and active recreational activities.

The *commercial zone*, encompassing about 54 acres of land, permits a wide range of commercial land uses such as high technology offices and retail establishments. The *industrial mixed-use zone*, covering 62.3 acres, supports maritime activities and facilities within Honolulu Harbor as well as limited commercial activities. Typical uses in

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

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

Kakaako Waterfront Park Enhancements

A new master 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. Adopted in February 2000.

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. Completed in late 1999.

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. Initial feasibility study release in late 1998.

Kakaako Makai Shared Use Path

The HCDA is planning the development of a \$2.2 million shared use path through Kakaako's Makai Area and waterfront. This shared use path will be designed as a bicycle facility and will also be used by other recreational users such as pedestrians, joggers, persons in wheelchairs, and skaters. Tentatively scheduled for construction in April 2001.

Kewalo Basin Land Development

Considering development options and courses of action for 18 acres of prime, Kakaako Makai State-owned waterfront properties zoned for retail, office, and restaurant uses.

this zone include a proposed cruise ship passenger terminal at Pier 2 and container yard areas within Fort Armstrong. A *waterfront commercial zone*, encompassing 22.7 acres, allows 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 Department of Health building and the current Ala Moana Pump Station.

In keeping with the vision of the Kakaako waterfront as a people-oriented place, the 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 Down-

town Honolulu, Ala Moana Park and Kakaako's Mauka Area, the Plan includes a bikeway system within the Makai Area that will ultimately connect the Kakaako Waterfront Park to Ala Moana Beach Park.

CURRENT AND FUTURE KAKAAKO MAKAI DEVELOPMENTS

Enhancing the Future of the Kakaako Waterfront Park

The HCDA in February 2000 approved a master plan that will guide the future development of the Kakaako Waterfront Park. The Master Plan will serve as an important framework as the State develops future cultural programs and recreational facilities and will create a unique place for people to gather. The aim of the plan is to create a great urban park that will provide vital recreation and cultural activities for the people of Hawaii and for visitors. Prior to the Authority's

adoption of the master plan, public comments and suggestions were solicited and incorporated, where possible, into the final master plan. The plan basically supports the future development of cultural and recreational attractions in the waterfront park, along with the enhancement of pedestrian circulation, passive park use and the waterfront promenade. It envisions the creation of a "heart" of the Kakaako Waterfront Park through the development of attractions such as an interactive water feature, a children's play plaza, and a relocated amphitheater in the area surrounding the Children's Discovery Center.

Under the plan, the Kakaako Waterfront Park's scenic promenade activities will be enhanced by: enlarging the trellised areas; providing additional seating and picnicking areas; and preserving access to ocean-related activities such as body-surfing, surfing and fishing. Other future elements envisioned for the Park include: enhanced Park entry features; a public arts program; tidal pools (to be built in conjunction with an aquarium); exercise/play stations; a carousel; and alternative energy devices. The master plan also provides for a well-planned circulation route to incorporate various Park activities and features, and to connect the Park to Kewalo Basin and to Kakaako's Mauka Area along Cooke Street. An abundance of shade trees and canopies throughout the park will provide shade and encourage Park use. To maximize the usable areas of the Park, the plan limits vehicular access within the Park by placing parking and access roads along the perimeter of the Park. To establish and foster the 'spirit' of the Park, the plan recommends the incorporation of public art conceived and produced by artists and crafts-people from Hawaii and around the world.

The Kakaako Waterfront Park Master Plan identifies a combined play plaza and interactive fountain as a possible landmark, first phase project that would generate excitement and bring more people to the Park. The play plaza and interactive fountain could be a one-of-a-kind attraction that would establish the character of the Park as a fun and exciting place to visit, unlike any other public park in the State. The interactive fountain is to be composed of a series of interactive jets simulating a wave set through which children can actually walk. In addition to the interactive water feature, a passive seating area is envisioned within the plaza area. Modular, internally lit fiberglass seats, intended for play as well, are suggested for the seating area. By the close of the 1999-2000 Fiscal Year, the HCDA was conducting a feasibility analysis for the suggested first

phase project.

The Kakaako Waterfront Park Master Plan is based on a conceptual plan developed by Wallace Roberts and Todd, LLC (WRT). Following the solicitation of conceptual master plan proposals, WRT was selected by the Authority to prepare the final Park master plan and to design the first phase of Park improvements. WRT was chosen because its conceptual master plan design best met the State's criteria for improving the Kakaako Waterfront Park to meet community needs for recreation, social interaction and cultural enrichment. The HCDA held a public informational meeting in June 1999 to explain WRT's concept and to solicit public comments and input. The draft final Master Plan for the Kakaako Waterfront Park was presented to the Authority and the public in November 1999.

Kakaako Makai Shared Use Path

In conjunction with the City and County of Honolulu's Honolulu Bicycle Master Plan, the HCDA will develop a shared use path through Kakaako's Makai Area and waterfront. This shared use path will be designed as a bicycle facility and will also be used by other recreational users such as pedestrians, joggers, persons in wheelchairs, and skaters. The path will provide a safe and outstanding environment for cyclists and pedestrians to enjoy the various amenities in the Kakaako Makai Area.

The shared use path will connect Aloha Tower with Kewalo Basin. From Aloha Tower Drive, near the existing Coast Guard Station, the path will proceed along Ala Moana Boulevard toward Keawe Street. The existing sidewalk will serve as the shared use path along Ala Moana Boulevard. At the intersection of Keawe Street and Ala Moana Boulevard, the path would proceed in the makai direction along Keawe Street, through the Kakaako Waterfront Park, and to the Kakaako Waterfront Park promenade. The existing promenade will serve as the shared use path along the waterfront edge. At the East end of the promenade, the path will proceed on Ahui Street, entering Kewalo Basin from the new access driveway being constructed as part of HCDA's Ward Avenue Extension Project. The path would then connect to the existing promenade at Kewalo Basin that encircles the Basin. The shared use path will be a 12-foot wide path with a textured concrete surface, similar to sidewalks that will be constructed for the Ward Avenue Extension and Ilalo Street Improvements projects.

The estimated cost of the project is \$2.2 million. The Federal government will pay 80 percent of the total cost and the State will fund the remainder of the cost. If all approvals are received, construction on the project could begin in April 2001. The construction is anticipated to be completed in March 2001.

Ala Moana Pump Station

In early 2000, the HCDA stopped negotiations with a developer who had been selected to transform the former Ala Moana Sewage Pump Station into a complex incorporating a signature restaurant and outdoor marketplace. The developer did not meet the HCDA's deadline for signing a lease agreement. The Weiser Companies, Inc.'s development scenario had called for the historic pump station building at Ala Moana and Keawe Street to be renovated for the new development. Plans called for a 10,000-square-foot restaurant that would also contain a microbrewery, bar, deli and bakery. The developer was unable to secure financing for the proposed facility.

The former Ala Moana Sewage Pump Station site currently contains three historic structures built in 1900 and 1938. The historic buildings were placed on the National Register of Historic Places in 1978 because of their historic and architectural significance. The HCDA recognizes that the development of the Ala Moana Pump Station site is a unique opportunity. The Authority is continuing to look at development alternatives and proposals for the pump station site that will retain and enhance its historic aspects. After the Ilalo Street Improvements Project is completed in 2002, the site will become part of a larger parcel that could be made available for development.

A World-Class Kakaako Aquarium

The HCDA continues to believe that a world-class aquarium in Kakaako's Makai Area could serve as the focal point of the District's waterfront area and could create an economic anchor for waterfront development at Kewalo Basin. These were some of the conclusions of an initial feasibility study released by the HCDA in October 1998.

The study examined the feasibility of developing such a facility in the Kakaako Makai Area near Kewalo Basin and the Kakaako Waterfront Park. The vision for Kakaako Makai is of a gathering place offering a core of world-class cultural facilities and private commercial development for Hawaii's residents and visitors. A possible anchor development could be a world-

class aquarium. This new facility would incorporate and expand upon the present Waikiki Aquarium and complement the adjacent Children's Discovery Center and six-acre expansion to the Kakaako Waterfront Park. A new aquarium facility could be a learning place for Hawaii's children and a new attraction to keep visitors returning to Hawaii.

The initial aquarium study concluded that a world-class aquarium facility in Kakaako Makai could attract 900,000 visitors in its first year, and 750,000 each year thereafter, generating enough revenue to pay for operations and service a significant amount of debt. The aquarium is envisioned to have indoor and outdoor exhibits. An 800,000-gallon open ocean exhibit could be an underwater observatory. If the aquarium were to be combined with the major ocean research institutions currently in Kakaako's Makai Area, the State could offer a significant center of marine research and education.

Currently, the State administration is enlisting the support and participation of the private sector to form an organization that would be capable of

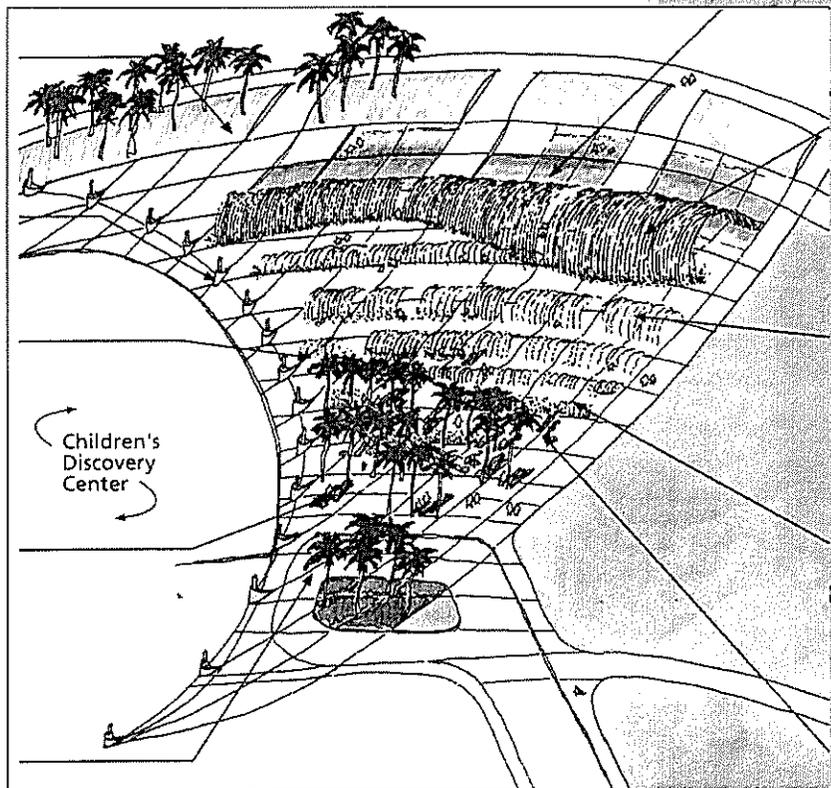


Illustration of the suggested first phase project of the Kakaako Waterfront Park Master Plan.

raising funds and developing a world-class aquarium facility in Kakaako.

HCDA Turns Down Development Proposal for Kakaako Waterfront Lands

Following the recommendation of an HCDA subcommittee, the Authority in December 1999 terminated negotiations with a potential developer for up to 10 acres of State-owned land in the Kewalo Basin waterfront area. Authority members voted to cease negotiations and cancel the Request for Proposals (RFP) process for the Kewalo Basin lands. The developer had proposed a mixed-use development on three harborfront parcels that would have offered recreation, shopping and dining opportunities. The proposal was to include an open-air restaurant, Ferris wheel, carousel, championship mini-golf course and places for tour boats. The subcommittee made its recommendation based on a determination that there was a substantial risk that the proposed project would not be economically feasible because of a combination of the developer's "understated cost projections and overstated revenue projections".

Kewalo Project Development Ltd. was selected by the Authority in August 1999 to develop up to 10 acres of State-owned land in the Kewalo Basin waterfront area. The developer's selection was the result of a comprehensive review process conducted by the Authority. Prior to the selection, the HCDA had solicited development proposals for approximately 18 acres of Honolulu's premier urban waterfront property located at Kakaako Makai. The five State-owned properties that were 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 and have the potential for 1.34 million square feet of commercial space.

In the coming months, the Authority will be looking at different development options for the Kewalo Basin parcels in order to find projects that will best meet public needs and generate a maximum level of revenues for the State.

Environmental Study of Kakaako Makai Parcels Completed

An environmental study of industrial lands in Kakaako's Makai Area was completed in late 1999. With a \$90,000 grant from the U.S. Environmental Protection Agency (EPA), the HCDA undertook a "brownfields" environmental study of ten sites in Kakaako's Makai Area. The study will play a critical role in allow-

ing the HCDA to restore and safely develop the State-owned properties in Kakaako Makai. The EPA Brownfields grant was awarded to the State Department of Health (DOH) to assist the State's efforts in redeveloping Kakaako Makai as an environmentally safe and productive area. The HCDA received the grant from the DOH to evaluate whether contamination exists on the State-owned land.

The Kakaako Brownfields study analyzed over 410 samples of the soil, sediment and water found on the ten sites. The soils analyses essentially found no major environmental problems in the project areas. The data was compared to a variety of regulatory standards, including those of the EPA and DOH. The majority of the analyses indicated levels of possible contaminants at less than reporting or detection limits. This means that, in general, it does not appear that there are major environmental problems within the study area. The study identified some limited problem areas where elevated concentrations of metals and petroleum were found in soils. In those areas, remediation alternatives (removal or capping with soil or a permanent structure) are being considered and some groundwater issues are also being monitored.

Development in Kakaako's Mauka Area



In the microcosm that is the Kakaako District, the nature of private developments in the District's Mauka Area—where the majority of land is privately owned—has mirrored the State's market and economic conditions. Over the past few years, the development of major planned developments in Kakaako has slowed considerably, while smaller-scaled complexes and projects are more prevalent.

Since the HCDA came into existence, Kakaako has evolved as a vibrant and diverse community of people from all walks of life, coexisting with the neighborhood businesses and recreational facilities that serve them and the larger community. To maintain and further revitalize this community, the HCDA has endeavored to find ways of encouraging and facilitating development projects in the District. To this end, the Authority has modified and eased development restrictions and fees to stimulate new project construction, and the agency will continue in this direction.

One of the State's main goals has been the aggressive pursuit and 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.

Planning for Future Use of the Former Pohukaina School/Mother Waldron Park Site

A charette process and community participation was employed in 1999 to finalize a draft master plan for the redevelopment of the former Pohukaina School and Mother Waldron Park site in Kakaako. 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 HCDA is developing a master plan for the redevelopment of the Pohukaina School/Mother Waldron Park site in Kakaako. With the appropriation, the HCDA in 1998 conducted a charette to master plan the redevelopment of the former Pohukaina School and Mother Waldron Park site. The three proposed components for the site include developing an elementary school, constructing an affordable housing tower, and

providing improved park and recreation facilities. The State Dept. of Education has pointed out a need for a new elementary school in the near future if housing development continues in Kakaako and nearby areas.

The charette process consisted 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 were held to obtain feedback from neighboring residents, businesses and park users about the results of the work groups and to receive general comments. The HCDA held a community informational meeting on June 3, 1999 to present a proposed revised master plan for development of the former Pohukaina School site and improvements to Mother Waldron Park. The final master plan will be issued in early 2001.

Current Private Developments in Kakaako

In May 2000, Victoria Ward, Limited began construction work on the Ward Entertainment Center on a 3.5 acre lot located at the mauka-Ewa corner of the intersection of Auahi and Kamakee Streets. The two-level structure will contain retail and parking on the first level and a 16-screen theater complex and additional retail uses on the second level. The entertainment center is planned for opening in late May 2001.

Other noteworthy private sector projects completed and/or under construction in Kakaako during the 1999-2000 Fiscal Year include: the BMW of Honolulu new showroom and service center at 777 Kapiolani Boulevard (completed in July 2000); the Nordstrom Rack discount clothing store at 1020 Auahi Street (completed in mid-2000); the Word of Life Sanctuary \$2.6 million renovation project at 544 Queen Street (started in mid-2000); the Tesoro Gas Express commercial building/convenience store at the corner of King and Cooke Streets (slated for completion in early 2001); and the Altres Building, a \$1.4 million commercial structure at 976 Kapiolani Boulevard (set for completion in late 2000).

HCDA Affordable Housing Projects and Public Facilities

Project	Units
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

Hawaii Community Development Authority

STATEMENT OF APPROPRIATIONS, EXPENDITURES, ENCUMBRANCES AND BALANCES For Fiscal Year Ended June 30, 2000

	PRIOR YEAR AVAILABLE FUNDS 7/1/99		APPN	TRANSFERS	EXPENDITURES	ENCUMBRANCES	ALLOTMENTS	UNALLOTTED	FUNDS	LAPSED
OPERATING FUNDS										
ACT 116, SLH 1998	5,994	123,730		-	129,724					-
PROJECT FUNDS										
Kakaako Community Development District										
ACT 216, SLH 1987	14,230					14,230				
ACT 299, SLH 1990	3,846					3,846				
ACT 296, SLH 1991	514,821				12,767	502,054				
ACT 289, SLH 1993	123,486					20,000				103,486
ACT 252, SLH 1994	198,612				66,413	132,199				
ACT 218, SLH 1995	1,124,010				560,972	563,038				
ACT 328, SLH 1997	30,449,870				9,514,904	18,095,407				523,325
ACT 116, SLH 1998	17,322,397			(401,982)	360,220	12,269,172				560,195
ACT 91, SLH 1999	-	27,406,000			775,059	65,018		25,274,341		
DELEGATIONS										
	530,702				109,964	420,738				
IMPROVEMENT DISTRICT BOND FUNDS										
REVOLVING FUND	27,617,876	3,669,582	1/	(2,082)	948,717	1,229,683				
	<u>77,905,844</u>	<u>31,199,312</u>		<u>(404,064)</u>	<u>12,478,740</u>	<u>33,315,385</u>		<u>25,274,341</u>		<u>1,187,006</u>

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

**Financial
Information**

**Hawaii Community Development Authority
STATEMENT OF EXPENDITURES
(For Fiscal Years Ending June 30, 1999
and June 30, 2000)**

	JUNE 30, 2000		TOTAL EXPENDITURES	JUNE 30, 1999 TOTAL
	FUNDS	PROJECT FUNDS		
PERSONAL SERVICES	127,299	1,129,419	1,256,718	1,148,417
OTHER CURRENT EXPENSES	2,425	11,178,139	11,180,564	25,254,172
EQUIPMENT	-	41,458	41,458	1,451
TOTAL EXPENDITURES	<u>129,724</u>	<u>12,349,016</u>	<u>12,478,740</u>	<u>26,404,040</u>

AUTHORITY MEMBERS
(July 1, 1999 – June 30, 2000)

Chair

LORI ANN C. LUM
Public Affairs Advisor
Watanabe Ing & Kawashima

Chair

LYNNE WATERS
(Resigned September 1999)

Vice Chair

MICHAEL K. KAWAHARADA, S.E.
Vice President and Director of
Hawaii Office, The Englekirk Companies

Secretary

DOUGLAS WON
Vice President
Sause Bros.

MICHAEL GOSHI, NCARB, AIA

Principal
Design Partners Incorporated

KAZU HAYASHIDA

Director
Department of Transportation

AUDREY HIDANO

Secretary and Treasurer
Hidano Construction, Inc.

PATRICK K. KOBAYASHI

Vice President
General Services, Inc.

PATRICK KUBOTA

Executive Director and Chief Operating Officer
Unity House, Incorporated

NEAL MIYAHIRA

Director of Finance
Department of Budget and Finance

SEIJI NAYA, Ph.D.

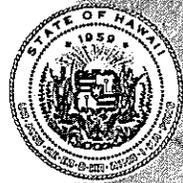
Director
Department of Business, Economic Development & Tourism

RAYMOND SATO

Comptroller
Department of Accounting and General Services

Executive Director

JAN YOKOTA



State of Hawaii

**HAWAII
COMMUNITY
DEVELOPMENT
AUTHORITY**

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