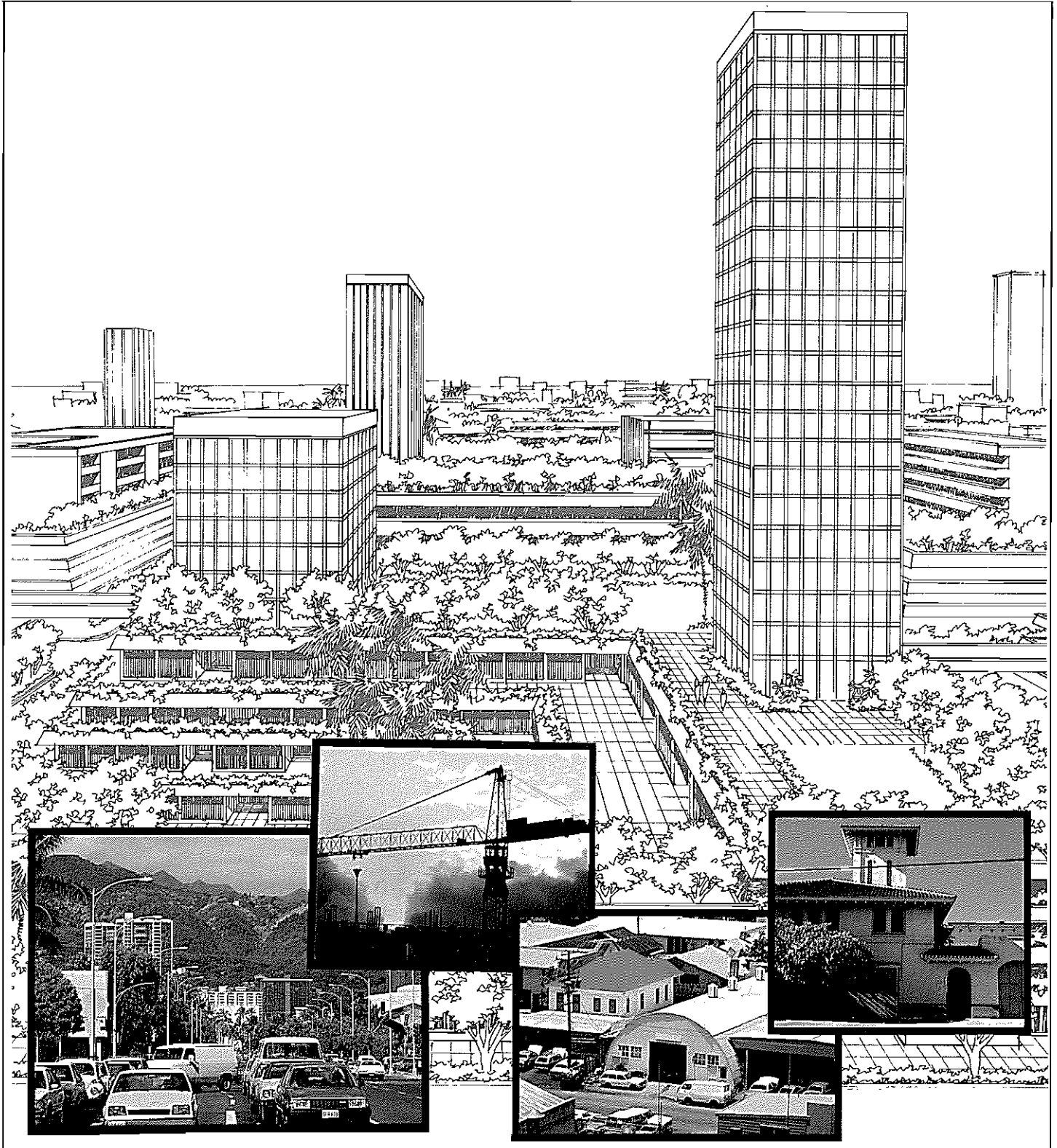




Hawaii Community Development Authority

A Sixth Year Annual Report July 1, 1982 - June 30, 1983



AUTHORITY MEMBERS

for the Fiscal Year 1982-83



Chairman
KENNETH F. BROWN
Architect & Businessman

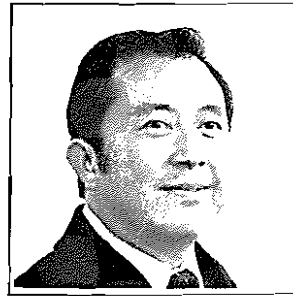
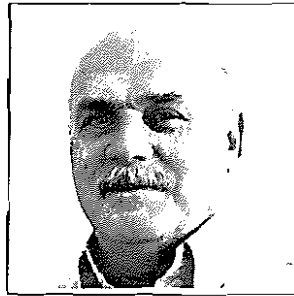


Vice-Chairman
HELEN K. GRIFFIN
Member of the League
of Women Voters



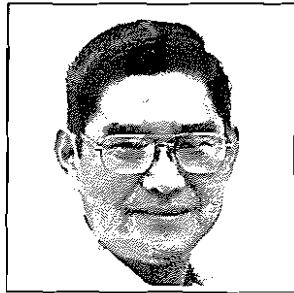
Secretary
MICHAEL J. COY
Vice President of
Honolulu Club

DON J. DALEY
Senior Vice President,
First Hawaiian Bank



JENSEN S.L. HEE
Director of State
Department of Budget
and Finance

THOMAS ITAGAKI
President of
International Savings
& Loan Association



HIDETO KONO
Director of State
Department of Planning
& Economic Development

HIDEO MURAKAMI
State Comptroller,
Department of Accounting
& General Services



GEORGE NITTA
President of
Nitta's Auto Repair

MITSUO SHIMIZU
President of
Shimizu Associates



FRANKLIN Y.K. SUNN
Director of State
Department of Social
Services & Housing

LETTER TO THE GOVERNOR



The Honorable George R. Ariyoshi
Governor
State of Hawaii

Dear Governor Ariyoshi,

The Hawaii Community Development Authority's Fiscal Year 1982-83 was both a challenging and productive one. This period was distinguished by many activities and events which are presented in this annual report.

One of the vital, ongoing tasks performed by the Authority since the Kaka'ako Plan took effect in February 1982 is the regulation of development in the District. During the past fiscal year the Authority reviewed and approved requests for the development of several smaller mixed use projects, as well as the major commercial-industrial-residential mixed use complex proposed for the Honolulu Ironworks properties. Over 150 permits were also processed for activities such as building renovations and additions.

Due to the Legislature's expansion of the Kaka'ako District's boundaries, the Authority conducted a planning program to formulate development guidelines for 133 acres of land located south of Ala Moana Boulevard. The concerns of government, private landowners and community organizations were weighed and a draft Makai Area Plan was completed by the close of the fiscal year. When finalized, this Plan will serve as an addendum to the Kaka'ako Plan.

The Authority also began the initial stages of programs dealing with sensitive issues such as district-wide roadway and utility systems improvements, housing for low- and middle-income groups, and relocation assistance. It is only with such programs that the Authority's goals of creating a functional and lively urban community in the Kaka'ako District can be realized.

This annual report reflects the efforts of not only the Authority staff, but of the Kaka'ako community, community groups and many government agencies. Without their help the Authority's accomplishments could not have been possible.

Respectfully,

Kenneth F. Brown

Kenneth F. Brown
Chairman

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The 1982-83 fiscal year entailed a myriad of activities including: planning for the future of the Kaka'ako District's makai area; amendments to the Kaka'ako Plan; completion of the draft Environmental Impact Statement; the beginnings of programs to handle district-wide roadway and utilities systems improvements and relocation assistance; and on-going Kaka'ako Plan enforcement.

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Providing for and facilitating the development of low- and moderate-income housing in Kaka'ako is a continuing concern of the Authority.

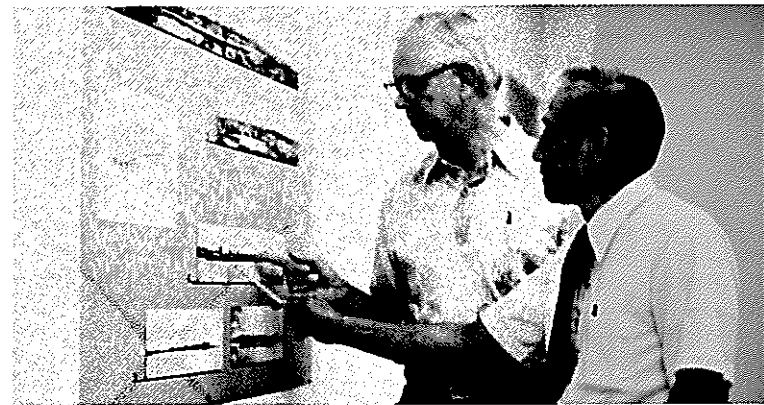
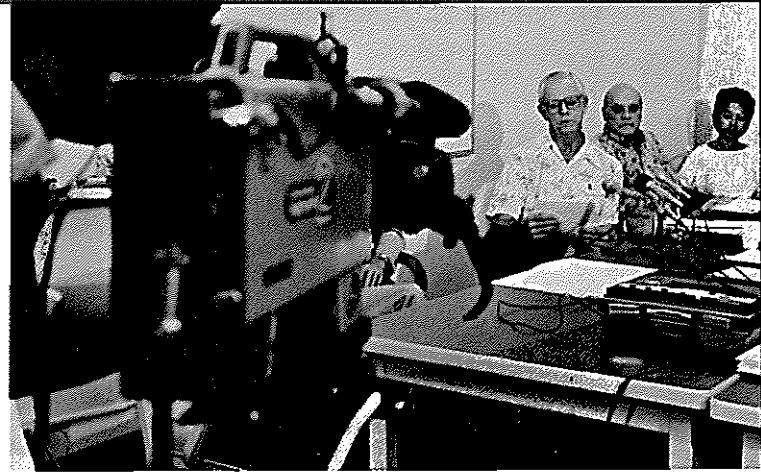
19-21 **LOOKING AHEAD:
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Many activities will reach fruition in the 1983-84 period, including the finalization of the impact statement and the Makai Area Plan, and the selection of the new Executive Director. Programs dealing with relocation assistance, housing and district-wide improvement of roadway and utilities systems will continue to be developed and implemented.

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THE AUTHORITY'S FIRST FIVE YEARS



Agency Formation

For many years State lawmakers have been aware of the potential for urban blight in the State of Hawaii, of certain areas which have not been redeveloped on a timely basis because current laws and mechanisms have been either incapable or inadequate to overcome these urban problems.

The Hawaii Community Development Authority was created by the State Legislature in 1976 to bring about the redevelopment and renewal of deteriorated and underused areas in the State. The intention was to form an innovative urban planning and redevelopment body capable of supplementing traditional community renewal methods, an agency which would stimulate and coordinate public and private sector community development efforts.

The HCDA's task is to develop and implement community development plans and programs for areas which the State Legislature designates as "community development districts." The plans are to include development guidance policies, district-wide improvement programs and rules governing building, planning, health and safety, zoning and land use. The first of these districts is the Kaka'ako Community Development District. As designated in 1976, the 450-acre Kaka'ako District was bounded by Piikoi Street, South King Street, Punchbowl Street and Ala Moana Boulevard. The 1982 Legislature further expanded the District to include an additional 133 acres of land directly makai* of Ala Moana Boulevard.

*"makai" — toward the ocean, generally a southerly direction

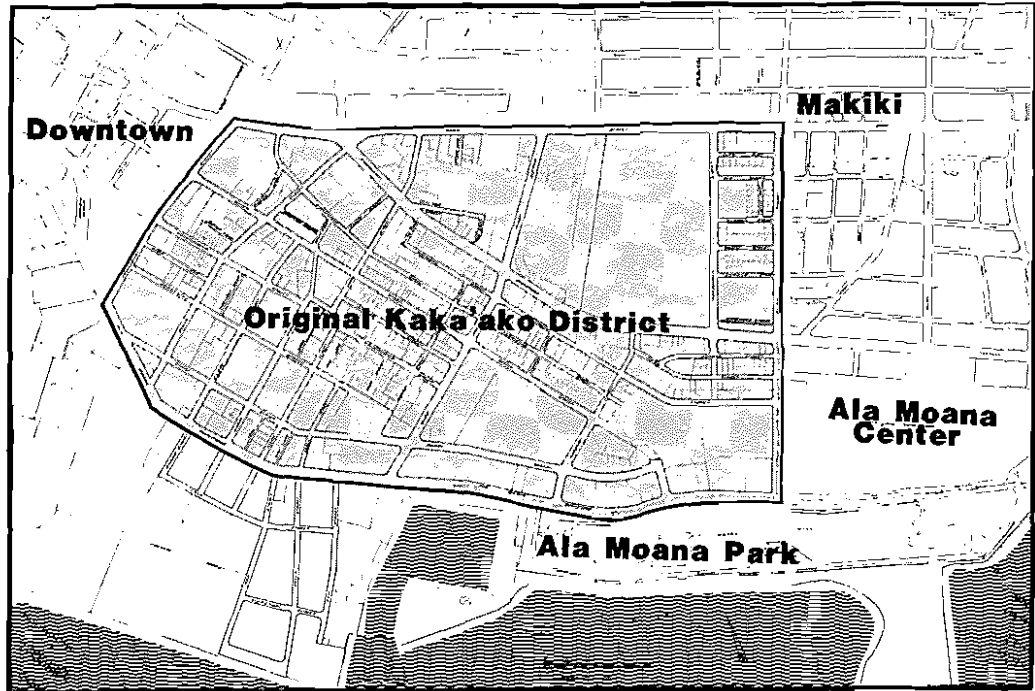
The Hawaii Community Development Authority

The Hawaii Community Development Authority is a public corporate entity attached to the Department of Planning and Economic Development.

Eleven voting members from the private and public sectors comprise the Authority (members are listed inside the front cover), which establishes the HCDA's policies and grants certain development and variance permits. The four State government members, who are designated by law, serve as ex-officio voting members. Seven members representing the general public are appointed by the Governor and confirmed by the State Senate. Three of these members are chosen from nominations by the council of the country in which a Community Development District is located.



The Executive Director serves as the chief executive officer and is appointed by the Authority members. The HCDA staff, also appointed by the Authority through the executive director, includes experienced personnel from many professions including engineering, planning, architecture, environmental science, economics, sociology, journalism and communications, and management and business administration.



Planning for the Future of the Kaka'ako District

The State Legislature designated Kaka'ako as the Authority's first Community Development District for several reasons, foremost of which is its economic importance to the State and its prime location surrounded by downtown Honolulu, the densely populated Makiki area, the Ala Moana Shopping Center and the waterfront area. The legislative body saw in Kaka'ako the potential "to become a planned new community in consonance with surrounding urban areas" and it also recognized that the district, if not redeveloped, would likely become blighted and further deteriorated.

The Authority was organized during the 1977-78 fiscal year and a planning program was developed based on guidance policies established by the legislature. These policies encouraged, for example, a mixture of land uses and densities, the accommodation and existing and future industrial uses in appropriate locations, increasing the supply of housing, and the preservation of historic and culturally significant sites and structures.

Before the Authority did any future planning for Kaka'ako, it first conducted a detailed study of the District's physical, social and economic status. Kaka'ako's soils, buildings, utilities and transportation systems, for example, were inventoried to test their capacities to support future development. What these studies confirmed was that if further development of Kaka'ako is to take place, the basic infrastructure systems (roads, drainage, water and other utilities) must be improved.

The Authority's third and fourth fiscal years involved the formulation of twelve alternative development plans for Kaka'ako. Two teams of consultants based these plans in varying degrees on existing and proposed City and County plans, policies and ordinances and on the legislative mandates as to how Kaka'ako should be developed. These alternative plans were reviewed and evaluated for feasibility and their ability to meet public needs and the goals of the State Legislature. The most feasible and desired elements of each alternative were later combined to form the draft development plan for Kaka'ako. The agency also strove to increase its

interaction with Kaka'ako land-owners and business community, concerned parties and organizations, and developers. Information meetings, public hearings and personal surveys were conducted to keep the public abreast of the agency's planning activities and to solicit the input necessary to insure that the final plan for Kaka'ako would meet the needs of all concerned.



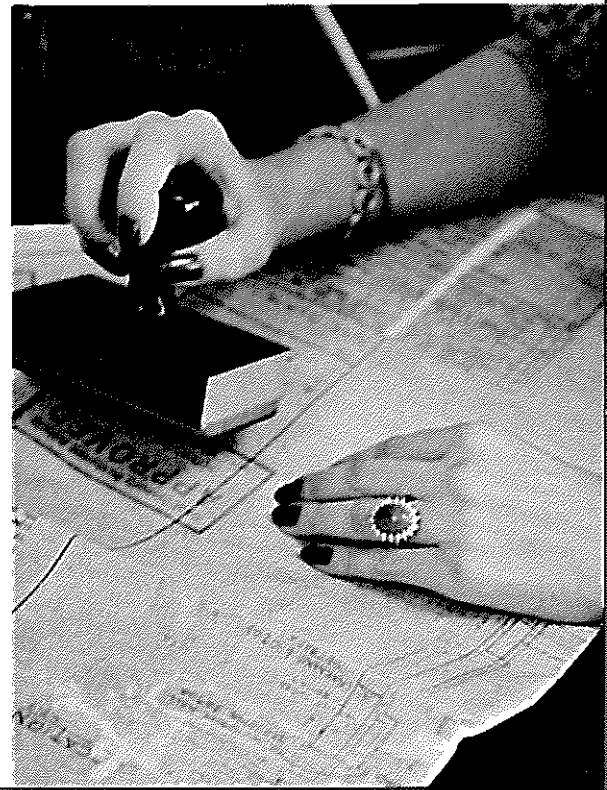
The Kaka'ako Plan

The Kaka'ako Community Development District Plan was finalized and adopted by the Authority during its fifth fiscal year (1981-82). Governor George R. Ariyoshi approved and signed into law the Kaka'ako Community Development District Plan and Rules on February 17, 1982 calling the document "a comprehensive yet flexible document which will permit, and encourage, timely redevelopment of the area."

The Authority also completed an "Action Plan" to inform State legislators on how the Kaka'ako Plan will be implemented. The Action Plan introduces the HCDA's six-year program for upgrading the streets and utility systems in the western end of the District, where major private sector development plans are underway.

During its fifth fiscal year the Authority also began its enforcement activities to ensure that any development or major improvements occurring in the District meets the provisions of the Kaka'ako Plan. HCDA staff members worked closely with the City and County of Honolulu's Departments of Building and Land Utilization, and developers to avert potential development permit processing problems and to minimize the inconvenience associated with such administration.

THE PAST YEAR'S ACTIVITIES



Actions of the 1982 State Legislature provided the impetus for much of the Authority's activities during its sixth fiscal year. During its 1982 session, legislators appropriated \$5.55 million to HCDA for the design of the first phase of street and utility improvements, and expanded the Kaka'ako District's boundaries by 133 acres to include portions of the area makai of Ala Moana Boulevard. Consequently, besides continuing its plan enforcement role, a great portion of the Authority's activities involved the initial activities necessary in formulating a district-wide improvement program to upgrade road and utility systems, and the creation of a plan to guide land use and development in the makai area.

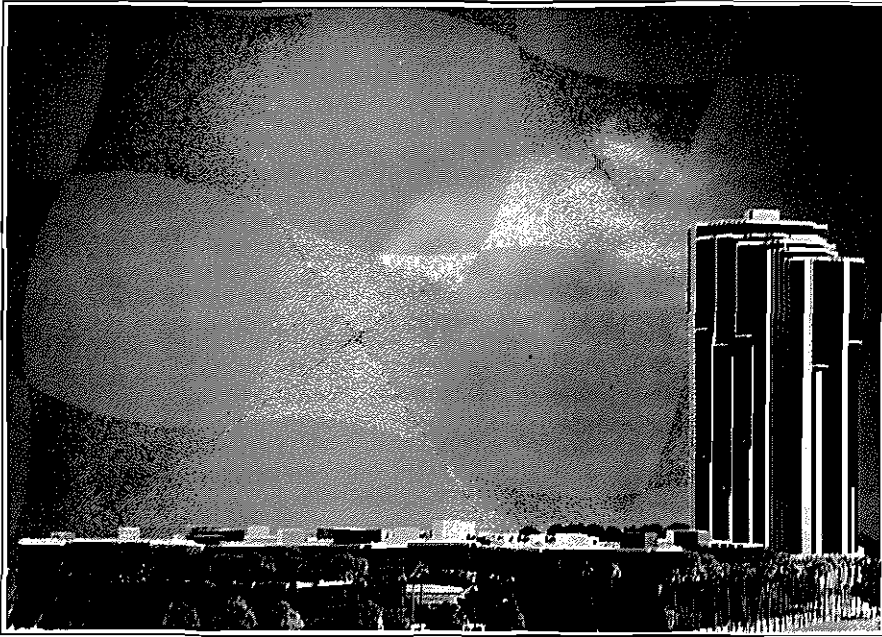
Regulating Development in the Kaka'ako District

Since February 27, 1982, a primary ongoing task of the agency has been to ensure that any proposed development or improvement occurring in the District meets the requirements of the Kaka'ako Plan and Rules. Consequently, before a developer can apply for a building permit from the City and County of Honolulu, he must first receive a permit from the Authority.

During its sixth fiscal year, the Authority processed about 140 permit applications. These involved a range of activities including building renovations and additions, new construction, sign permits and variances. The majority of these permits were issued to permit interior and exterior alteration projects in Kaka'ako.

Mixed-use development permits granted by the Authority to private developers have cleared the way for the future construction of four commercial/industrial buildings ranging in heights from two to four stories.

The “planned development” process demonstrates the flexibility of the Kaka’ako Plan, whereby a developer is granted height and density benefits beyond the established 45 foot and 1.5 floor area ratio maximums, in exchange for certain contributions to meet public needs such as housing for moderate and middle income groups, open space and public facilities.



The proposed Honolulu Ironworks project (now called “One Waterfront Tower and Plaza” by its developer) is the first large-scale “planned development” project that was reviewed and approved by the Authority. This project is a major mixed-use complex on 11.4 acres of land bounded by South, Auahi, Punchbowl and Pohukaina Streets and Ala Moana Boulevard. The project includes seven low rise commercial office buildings and a slender high-rise residential tower (with 200

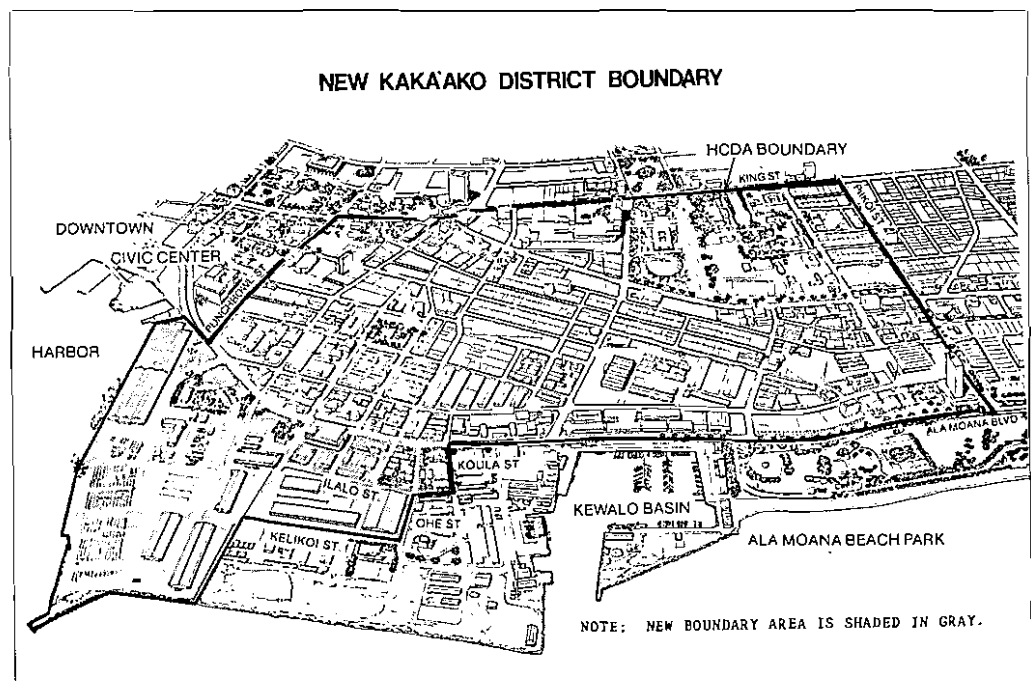
units) to be located on a platform and landscaped deck. Fifty-two “reserved housing” units in low-rise structures and a 81,000-square-foot park are some of the required contributions being made by the developer to meet public needs. The relocation of businesses in the Ironworks Complex, although not due to government action, will nonetheless receive critical attention by the Authority.

Amending the Kaka'ako Plan

One of the important inherent features of the Kaka'ako Plan is that it is sufficiently flexible to allow for changing economic conditions and social needs and concerns. In December, 1982, the Authority adopted changes to the Kaka'ako Plan and Rules to help clarify and improve some of the provisions and development guidelines. Other changes were adopted to ameliorate situations and problems which were faced by the HCDA and the public in the ten months since the Plan went into effect. These changes basically dealt with open space requirements, requirements for non-conforming buildings, parking garages and the use of vacant lands in Kaka'ako. The Authority will continue to periodically monitor and amend the Kaka'ako Plan when necessary.

Makai Area Planning

By the end of its sixth fiscal year, the Authority had completed its draft of the Makai Area Plan to address important aspects of development and improvement such as the use of land, the physical appearance of the future developed community, the transportation system, housing and the timely improvement of roadways and utility systems in the makai area.



In formulating the Makai Area Plan, the Authority used a planning process similar to that employed for the District's mauka* portion. Three alternative plans were developed following planning activities which involved finding out what kinds of buildings and activities currently exist in the makai area, and identifying objectives and solutions to deal with problems and the unique concerns of the area. The three plans were reviewed by various State, City and Federal agencies and community organizations.

A public informational meeting was held on April 12, 1983 to explain the three alternative plans, and to answer questions and listen to comments from the public.



Since 90 percent of the makai area land is owned by the State, the HCDA also held small workshops with members of various government agencies and the area's landowners. These interactions fostered a dialogue and provided the Authority with a better understanding of public concerns and the input necessary to formulate a draft plan for the makai area. This draft was distributed to agencies, community groups and

the area's landowners in May 1983, and a formal public hearing on the draft plan was held in mid-June. Much of the testimony presented at this hearing was conflicting in nature; the Authority heard requests for relocation areas for displaced businesses, housing, and the accommodation of industrial and commercial activities in the makai portion of the District. The Authority would weigh these concerns in finalizing the Makai Area Plan.

*"mauka" — toward the mountain, generally a northerly direction.

Assessing Environmental Effects

How will Kaka'ako be impacted when development under the Kaka'ako Plan actually occurs? More precisely, how could the District's noise and air quality change? How would the location of land use activities be affected, and what could happen in the areas of employment and housing? These are some of the questions the Authority was faced with as it worked to complete the Environmental Impact Statement (EIS) for the Kaka'ako District during its 1982-83 fiscal year.

The overall District impact statement is being prepared by the HCDA in collaboration with the U.S. Department of Housing and Urban Development because developments in the District could require environmental impact statements at both the State and Federal levels. A draft EIS was completed in August 1982 and submitted to various governmental agencies and community organizations for their review and comments. These comments will be addressed in the final EIS.

Raymond Suefuji Retires

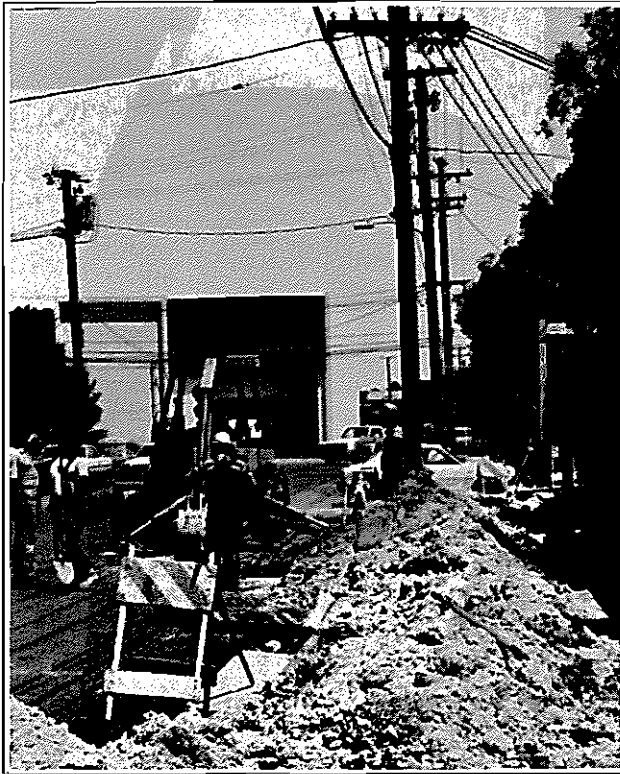
On January 12, 1983, the Authority members accepted the resignation of Raymond H. Suefuji as Executive Director of the Hawaii Community Development Authority. Suefuji's resignation became effective on January 31, 1983, culminating nearly 36 years of widely-recognized public service. Suefuji was appointed by the Authority as its Chief Executive Officer in 1977. He served as the Planning Director of the County of Hawaii for 11 years and later as a consultant to the Legislative Reference Bureau before he was appointed to the HCDA.



To serve as Acting Executive Director while it began the search for a qualified successor, the Authority selected HCDA Project Coordinator Paul T. Tajima.

District-Wide Roadway and Utilities Systems Improvements

Kaka'ako's private landowners are limited or prevented from growth and modernization because the District suffers from inadequate water and sewerage, poor drainage, aging utility lines, and narrow, bumpy streets often clogged by parked vehicles. Many parts of these utility systems were built some 30 to 50 years ago and are not up to current standards and



needs. Property owners, therefore, do not find it economically feasible to develop because existing government policies require the owner to improve portions of the entire system and not just the area fronting their lots.

One of the Authority's tasks is to participate in the initiation of infrastructure improvements in areas where there is expressed interest for development, and to stimulate actual development. During the past fiscal year, the HCDA developed a detailed "scope of work" to prescribe the engineering services required for the first phase of infrastructure improvements. This scope will be used to select consulting services

to perform the engineering design work and construction drawings. The engineering activities will serve as a basis for determining the exact design location, timing and cost of roadway and utility systems improvements. Construction drawings will then be prepared to serve as the specifications for bidding and construction for the first phase of infrastructure improvements.

Relocation Program Activities

In upgrading facilities and redeveloping an area the size of Kaka'ako, a certain amount of disruption and relocation is unavoidable and necessary. Chapter 206E of the Hawaii Revised Statutes, as amended, directs the HCDA to adopt rules for the relocation of persons, families and businesses which are displaced due to government actions within the Kaka'ako District.

During its 6th fiscal year, the Authority began work on a "relocation assistance program" — on which the rules will be based — to provide the necessary direction throughout the relocation process. The program will spell out the HCDA's responsibilities in relocating displaced persons and businesses. It will also provide guidelines relating to the amount of monetary payments and assistance services to be provided, and procedures to assure that relocation programs for specific public developments can be successfully implemented.



HOUSING IN KAKA'AKO



Housing Development in Kaka'ako

Providing for and facilitating the development of low- and moderate-income housing in the Kaka'ako District is a continuing concern of the Authority. In the Kaka'ako Plan, the Authority designates four income groups, adjusted by size of household, in need of assistance. These are the very low income, the low and low-moderate income; the Hula Mae and the Unserviced income groups.

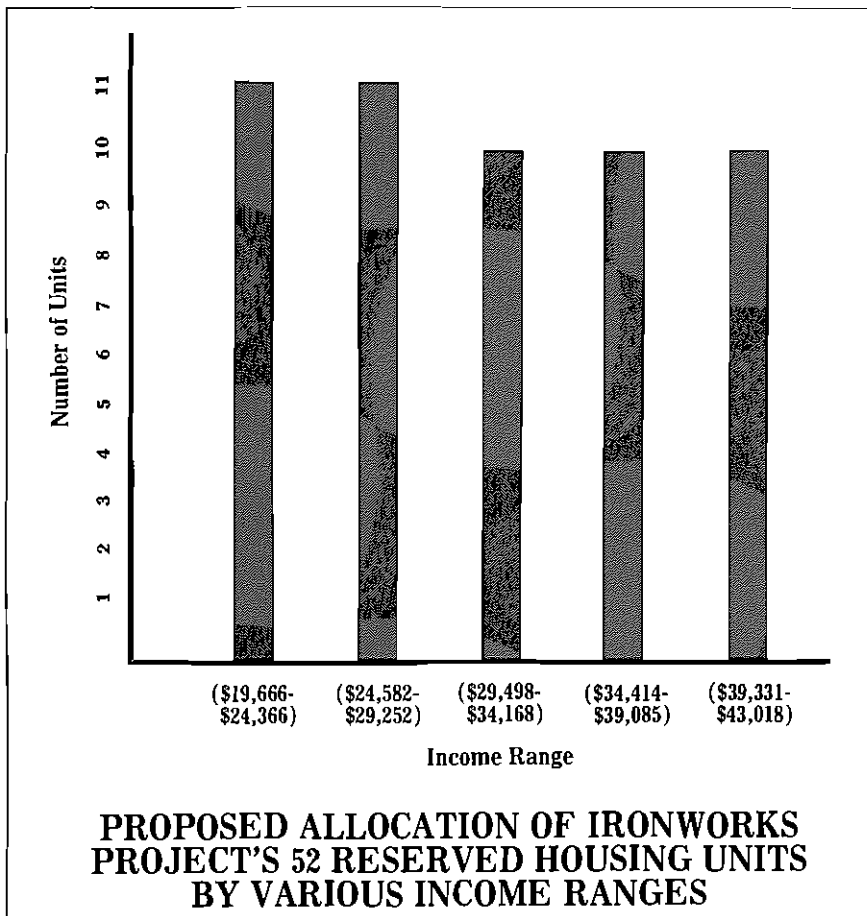
Households in the very low income group have annual incomes that are less than 50 percent of the median income in the State. Using the Hula Mae median income of \$24,582, a family of four considered to be very low income would earn less than \$12,291 per year. Households in the low and low-moderate income groups earn between 50 percent and 80 percent of median income (\$12,291 to \$19,666 for a family of four). The Hula Mae group ranges from 80 percent to 150 percent of median income (\$19,666 to \$36,873 for a family of four).

High interest rates and increasing development costs have created the Unserviced income group. These households earn incomes greater than the maximum limits for Hula Mae assistance but insufficient to buy a home on the open market. The size of the Unserviced group fluctuates significantly with changes in prevailing mortgage interest rates and terms.

The Authority has addressed housing needs of the Hula Mae and Unserviced groups through the "reserved housing" provision of the Kaka'ako Plan, effective since February 1982. This provision requires private developer participation in the delivery of below market priced units. The reserved housing provision applies in cases where a private developer desires to build a structure over 45 feet in height on a lot of 20,000 square feet or more. The Authority requires that 20 percent of the total number of residential units in the development be "reserved" for households with incomes from 80 percent to 175 percent of median, or between \$19,666 to \$43,018.

The essence of the reserved housing requirement is that private developers receive bonuses in density and height in exchange for providing housing units for families unable to purchase homes in the open market. In administering this requirement, the Authority is aware of the need to balance concerns of economic feasibility of a particular project with the pressing social need of affordable housing. An overly stringent reserved housing requirement may only serve to stifle development in Kaka'ako. On the other hand, a lenient approach to reserved housing may not meet larger social needs.

Instead of providing reserved housing units within the development, the Authority may also determine that a developer meet this requirement through various alternatives. For example, the appropriate number of reserved housing units may be provided elsewhere in the Kaka'ako District. Or, reserved housing units may be set aside for sale to the Authority at cost. And finally, cash payments may be made by the developer in lieu of providing reserved units.

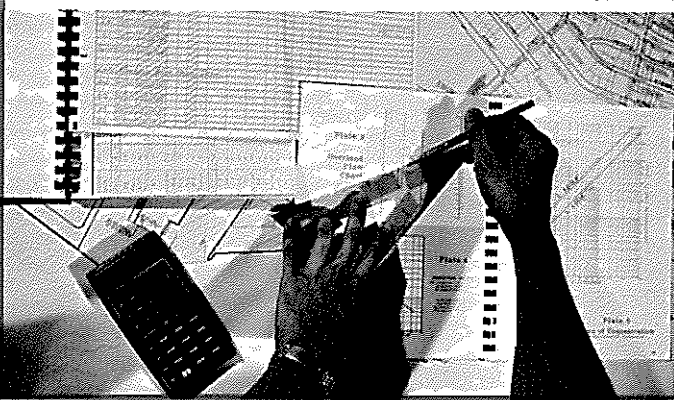
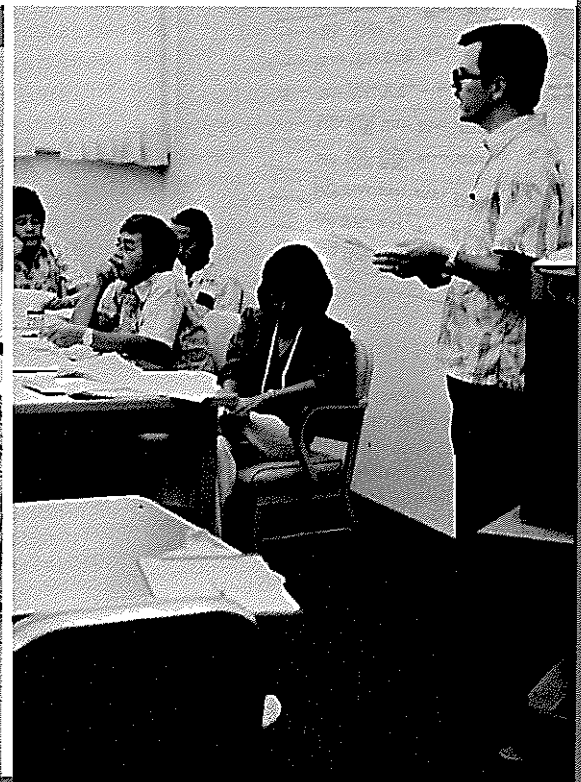
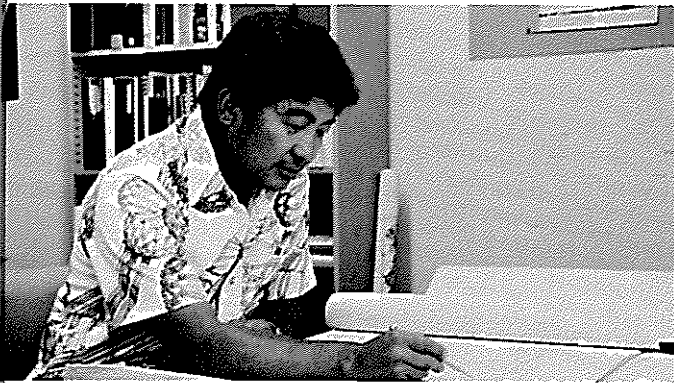


The Authority's only action on reserved housing thus far involves the proposed development at the Honolulu Ironworks site, where a total of 52 reserved housing units was required. The Authority approved the proposal for this industrial-commercial-residential mixed-use project on December 1, 1982. The developer is required to allocate the 52 reserved housing units evenly to households of various income ranges as shown at left.

With regard to very low- and low-moderate income housing, it should be noted that only rental units appear to be feasible for these groups. Even then, significant ongoing public subsidies would be required. In light of scarce government resources available for housing and Kaka'ako's relatively high land cost, the Authority has found it very difficult to implement housing projects for very low-, low- and low-moderate income households in the District.

In the months ahead, the Authority — in cooperation with the State Hawaii Housing Authority, the U.S. Department of Housing and Urban Development, the City Department of Housing and Community Development and the private sector — will formulate a detailed housing implementation program. This program will offer the types of assistance now being provided by the agencies mentioned above.


LOOKING AHEAD: CURRENT HCDA ACTIVITIES



As a continuing and vital agency activity, the Authority will continue to enforce and implement the provisions of the Kaka'ako Plan during its seventh fiscal year, 1983-84. Responding to the changes in the economy and in social conditions, and the incremental development of Kaka'ako, the Authority will conduct long-range planning activities for the District. These activities will involve the monitoring of public and private development projects, periodic reviews of the Kaka'ako Plan to make necessary changes, and the creation and administering of all other programs dealing with infrastructure and community facilities improvement, housing, relocation, and infrastructure financing.

Many activities which were near completion at the close of the 1982-83 period will reach fruition in the Authority's seventh year of operations. The Kaka'ako District Environmental Impact Statement will be finalized and forwarded to the Governor for official acceptance. Likewise, based on public comments and reactions, the HCDA staff will finalize the draft plan for the makai area and present it for Authority action. The document will then be forwarded to the Governor's Office for executive approval. On an administrative level, the Authority will appoint a new Executive Director to oversee and direct the HCDA's wide ranging activities.

The formulation of a district-wide improvement program to upgrade road and utility systems in Kaka'ako will be a top priority. Planning for district-wide improvement is complicated since these systems must be integrated with infrastructure outside of the Kaka'ako District. A lengthy planning period is therefore required. Some basic activities to be undertaken in this area include: determining the exact boundaries for the first increment of roadway and utilities improvements, the selection of consultants to perform engineering design services and prepare construction drawings for the first increment, and methods of financing an improvement program of such magnitude. One such method to be considered will be the creation of "improvement districts" for areas where infrastructure improvements are needed. Under this method, the public and private sectors would share the cost of improvements and the property owner would be assessed only for his pro-rata share of the cost of the improvements.



Continuing work begun in the 1982-83 period, the Authority will tackle the sensitive issues of relocation and housing (discussed in the preceding section) in Kaka'ako.

The need for government to provide relocation benefits for private displacements is a major concern that has been expressed to HCDA. Although the majority of displacements in Kaka'ako is likely to be caused by private development actions, existing laws limit relocation assistance to those displaced by "governmental action" within the district.

The Authority will also continue to foster the agency's accessibility and relationship with Kaka'ako's residents, businesses and land-owners, community organizations and other governmental agencies. A continual dialogue with these public and private elements of the community is recognized as an integral part of the redevelopment of any community.

FINANCIAL INFORMATION

Hawaii Community Development Authority STATEMENT OF EXPENDITURES For the Fiscal Years Ending June 30, 1983 and June 30, 1982

	FY 1982-1983			FY 1981-1982
	OPERATING FUNDS	PROJECT FUNDS	TOTAL EXPENDITURES	TOTAL EXPENDITURES
Personal Services	\$151,556.63	\$228,518.48	\$380,075.11	\$ 396,668.65
Other Current Expenses	42,376.73	160,632.14	203,008.87	855,745.58
Equipment	913.98	3,462.13	4,376.11	467.60
TOTAL EXPENDITURES	<u>\$194,847.34</u>	<u>\$392,612.75</u>	<u>\$587,460.09</u>	<u>\$1,252,881.83</u>

Hawaii Community Development Authority STATEMENT OF APPROPRIATIONS, EXPENDITURES, ENCUMBRANCES, AND BALANCES For Fiscal Year Ended June 30, 1983

UNEXPENDED BALANCES

	Prior Year Available Funds 7/1/82	Appropriations	Expenditures	Encumbrances	Allotments	Unallotted Appropriations	Revolving Fund	Lapsed
OPERATING FUNDS								
Act 1, SpSLH 1981	\$ 78.10	—	\$ 61.47	—	—	—	—	\$ 16.63
Act 264, SLH 1982	—	\$ 248,877.00	194,785.87	\$ 46.25	—	—	—	54,044.88
PROJECT FUNDS —								
KAKA'AKO COMMUNITY DEVELOPMENT DISTRICT								
Act 243, SLH 1978	1,860.00	—	—	1,860.00	—	—	—	—
Act 214, SLH 1979	36,706.90	—	29,211.15	7,102.50	—	—	—	393.25
Act 300, SLH 1980	87,467.50	—	58,140.00	29,237.50	—	—	—	—
Act 264, SLH 1982	—	5,555,000.00	305,261.60	—	\$30,109.40	\$5,219,629.00	—	—
REVOLVING FUND	183,232.19	4,780.67*	—	—	—	—	\$188,012.86	—
Totals	<u>\$309,344.69</u>	<u>\$5,808,657.67</u>	<u>\$587,460.09</u>	<u>\$38,336.25</u>	<u>\$30,109.40</u>	<u>\$5,219,629.00</u>	<u>\$188,012.86</u>	<u>\$54,454.76</u>

*Variance and dedication fees collected.

**State of Hawaii
Hawaii Community Development Authority
677 Ala Moana Blvd., Suite 1001
Honolulu, Hawaii 96813**