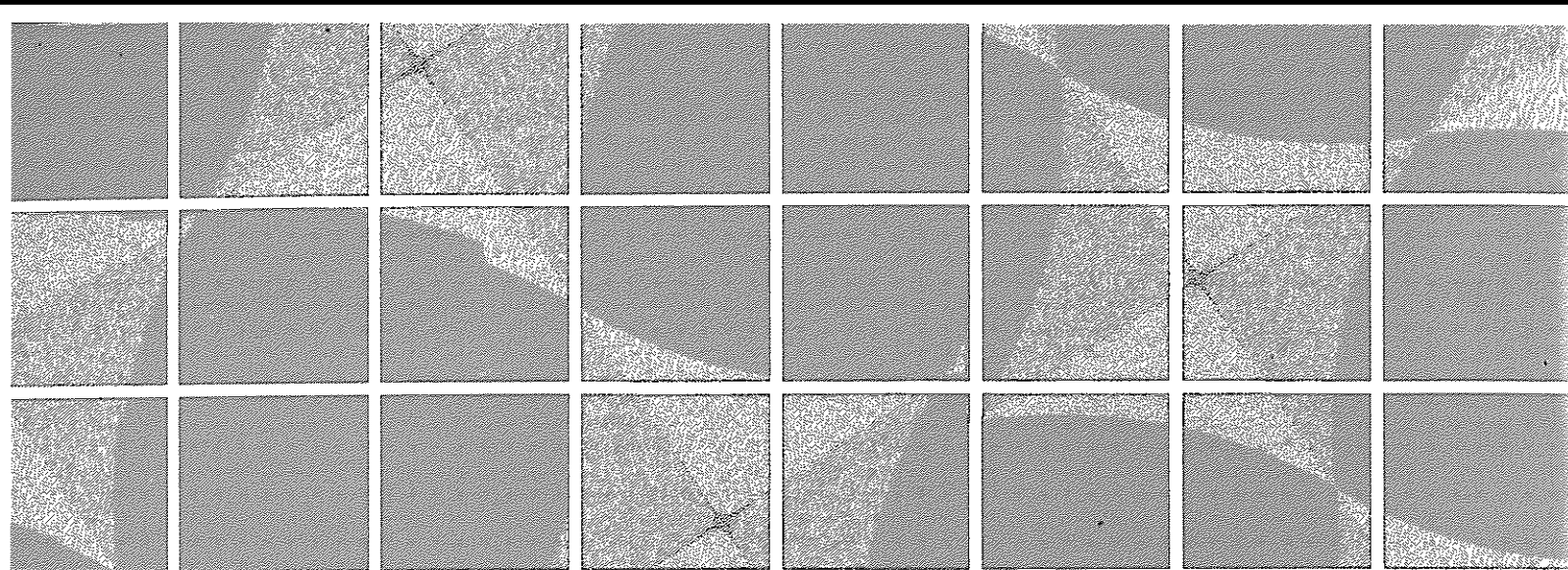


Hawaii Community Development Authority



An Annual Report
July 1, 1983-June 30, 1984



The Hawaii Community
Pages 1-4 . . . **Development Authority**

1983 - 84: Looking Back
Pages 5-16 . . . **at A Productive Year**

Encouraging Development

The Planning Continues

Environmental Questions

Aiding Kakaako Displacees

Housing in Kakaako

Roadway and Utility Systems

Improvements

Financing: The Key to Development

Pages 17-18 . . . **Financial Information**

LETTER TO THE GOVERNOR



The Honorable George R. Ariyoshi
Governor
State of Hawaii

Dear Governor Ariyoshi:

It is with great pleasure that I present to you this annual report of the Hawaii Community Development Authority's fiscal year 1983-84. The Authority's activities and accomplishments summarized in this report demonstrate that it has been a very productive and exciting year.

A very welcome indication of interest in Kakaako's development is the increasing number of development permits processed by the HCDA during the past year. Over 150 permits were approved, one of which will give birth to a large-scale, commercial-residential-industrial complex. By the close of fiscal year 1983-84, several other developers in the Kakaako District Authority with preliminary plans for even larger scale developments in the Kakaako District.

The Authority continued its engineering design work for the first increment of roadway and utility systems improvements during its seventh year. Such improvements, when completed, will encourage development and make the District a more desirable and attractive community in which to live, work and visit.

Strides were made by the Authority in other challenging and sensitive areas such as relocation assistance, housing for middle-income groups and financing of Kakaako improvements. With the continued and successful accomplishments of all HCDA activities, Kakaako's development will not only result in an attractive and functional community for its businesses and residents, but more importantly, the successful development of Kakaako will greatly benefit all of Hawaii's people. The District's development will be a major contributor to the accomplishment of many of the goals and objectives of both the State Plan and the County General Plan.

I would add that this annual report reflects the work and efforts of not only the HCDA staff, but of the Kakaako community, community groups and many government agencies. Without their involvement, the Authority's accomplishments would not be possible.

Respectfully,

Kenneth F. Brown

Kenneth F. Brown
Chairman



Brown

Coy
Daley

Fukunaga
Griffin

Hee
Itagaki
Keith

Murakami
Nitta
Shimizu

Sunn
Wiegert
Johnson

AUTHORITY MEMBERS for the Fiscal Year 1983-84

Chairman
KENNETH F. BROWN
Architect & Businessman

MICHAEL J. COY*
Vice President of
Honolulu Club

DON J. DALEY*
Senior Vice President,
First Hawaiian Bank

ERIC S. FUKUNAGA
Assistant Vice President,
Servco Pacific, Inc.

HELEN K. GRIFFIN*
Member of the League
of Women Voters

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

THOMAS ITAGAKI
President of
International Savings
& Loan Association

KENT M. KEITH
Director of State
Department of Planning
and 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

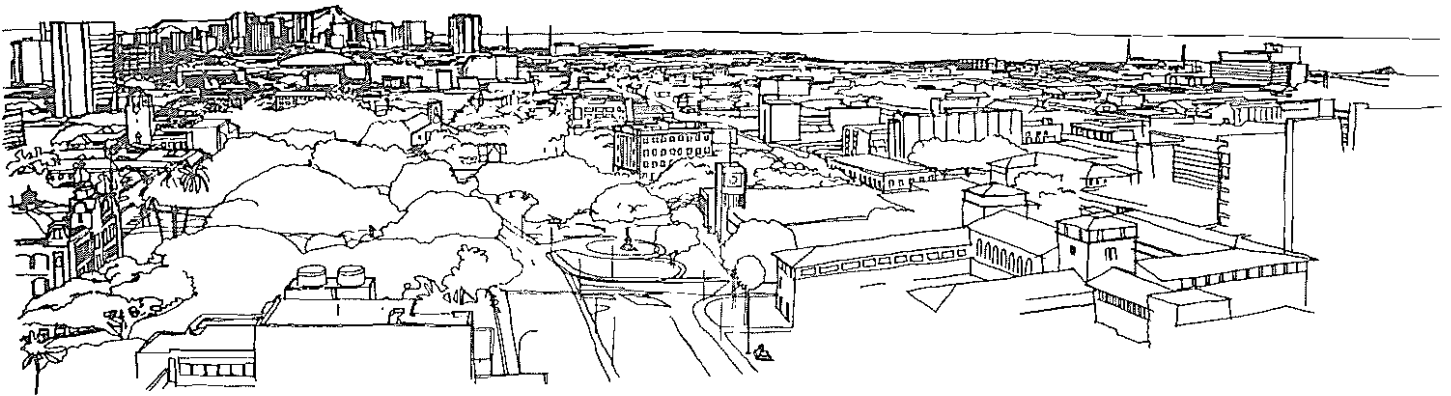
HELEN WIEGERT
Member, Hawaii Federation
of Business & Professional
Women/USA

REX D. JOHNSON
Executive Director,
Hawaii Community
Development Authority

*term expired during Fiscal Year 1983-84



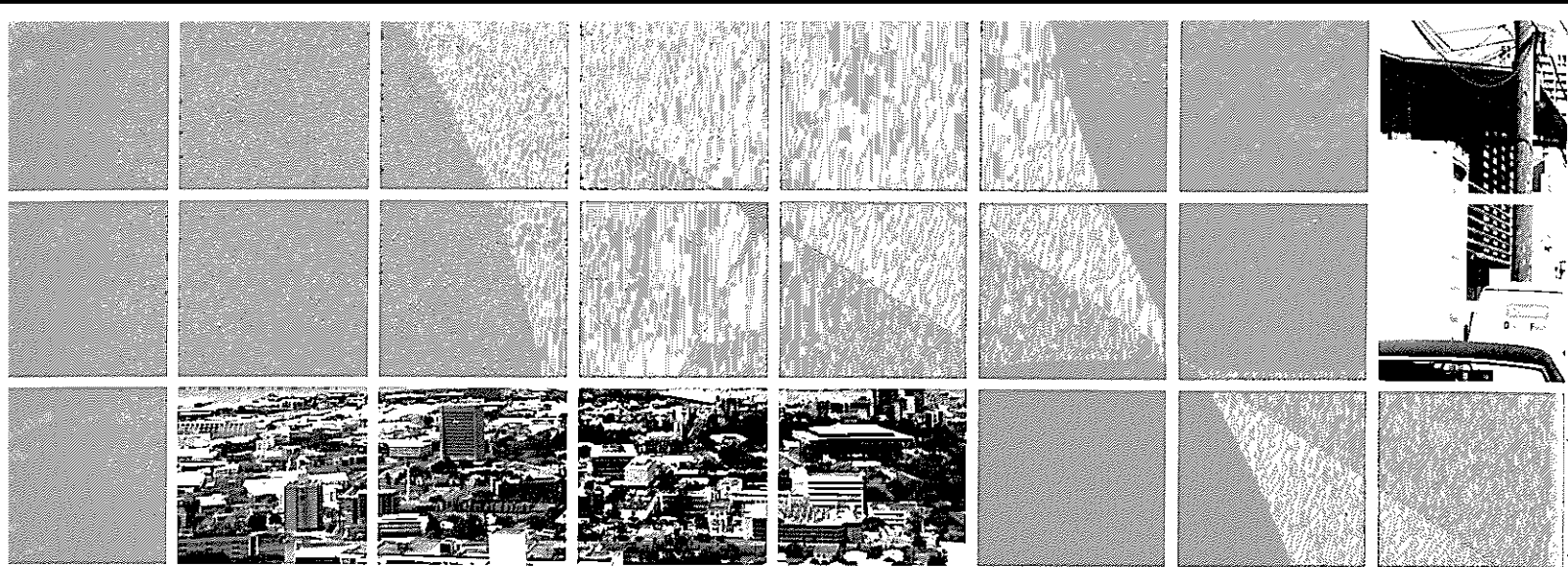
THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY



KAKAAKO. Its development and revitalization is a complex and, in many ways, unconventional community development project. It is not a project which involves open, undeveloped land, miles away from city traffic. It is not a project where roads, water lines and sewerage and drainage systems can be designed and built from scratch.

Instead, Kakaako is in a busy, urbanized area. It is an area in the heart of Honolulu; an already developed, somewhat underused, and in some areas, deteriorated portion of our city. Roads, water lines and sewers already exist. Buildings and the businesses and residents they house are already in place. And people have become accustomed to coming to Kakaako for the service and commercial activities it offers.

Much of today's Kakaako has come a long way from being a swamland or submerged under water.

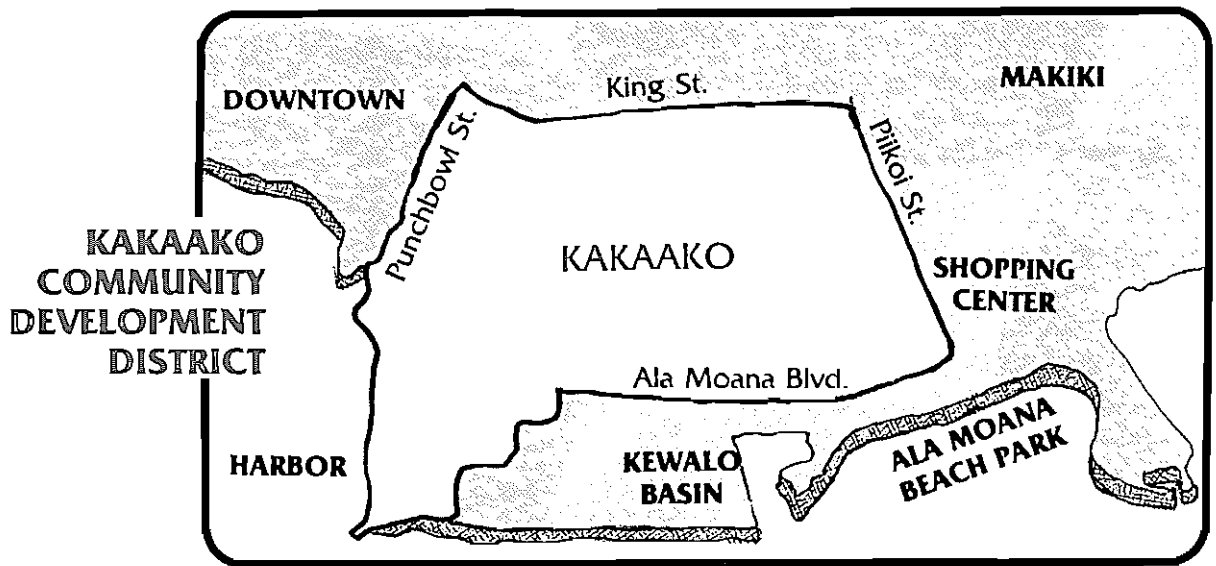
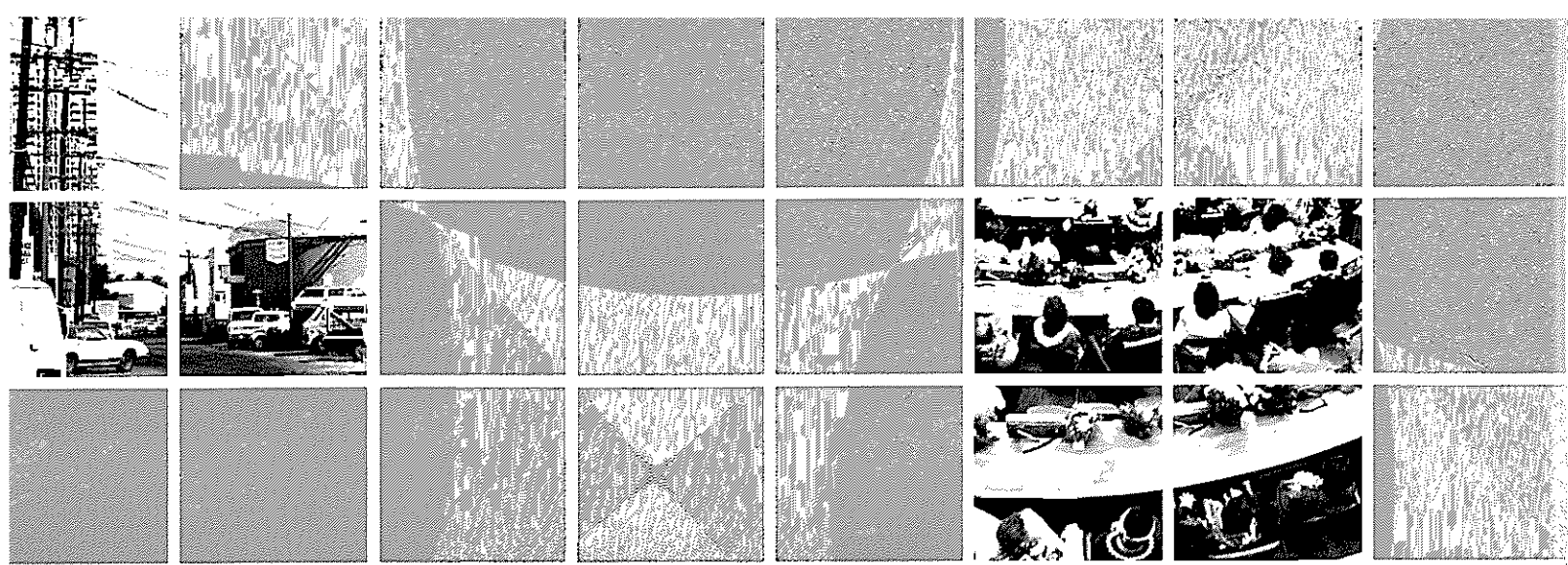


. . . a mixed-use district
where industrial, commercial
residential and public
uses can coexist
compatibly . . .

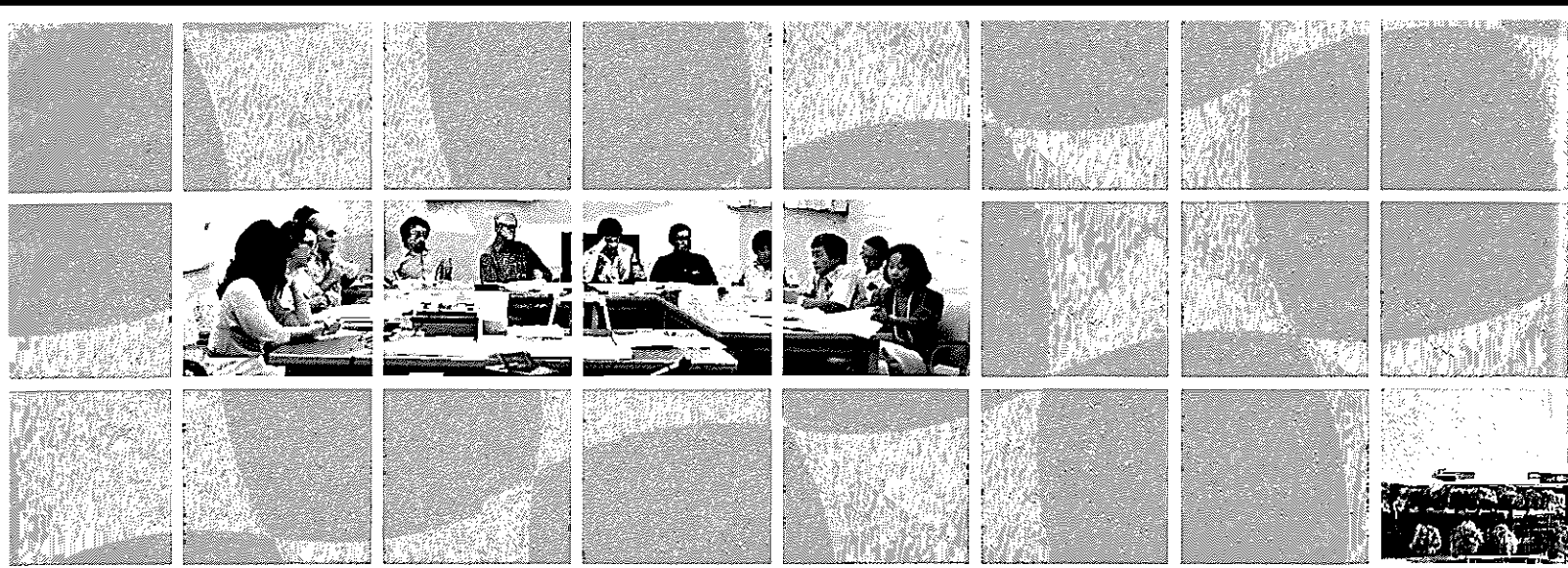
This swampland was filled, developed and even redeveloped over the years. From the early 1900s until World War II, Kakaako was an important residential area, sprinkled with stores and commercial activities which served the neighborhood. Then it changed to become an economic center.

In the past 20-25 years, Kakaako has undergone relatively few changes. There are, however, concerns and pressures today for better and more efficient use of existing urban lands in Hawaii. Lands such as Kakaako. These pressures are increased by concerns for the preservation of open spaces and agricultural lands, for the conservation of energy and water resources, for rising and shifting property taxes, and the need to maximize use of public investment in existing infrastructure. With these concerns present in everyone's minds, **KAKAAKO IS ABOUT TO CHANGE AGAIN.**

In the mid-1970s, the State Legislature was concerned that there were vast, unmet community needs within the State. Lawmakers felt that the lack of good planning and coordination had given rise to these needs. In 1976, the Legislature created the Hawaii Community Development Authority (HCDA). Its intent was to form a new and comprehensive authority which would merge the strengths and abilities of private enterprise and government into a new agency capable of, first, planning for the long range future of communities and then, implementing development to improve the community. Kakaako was chosen as the first district to be developed by the HCDA.



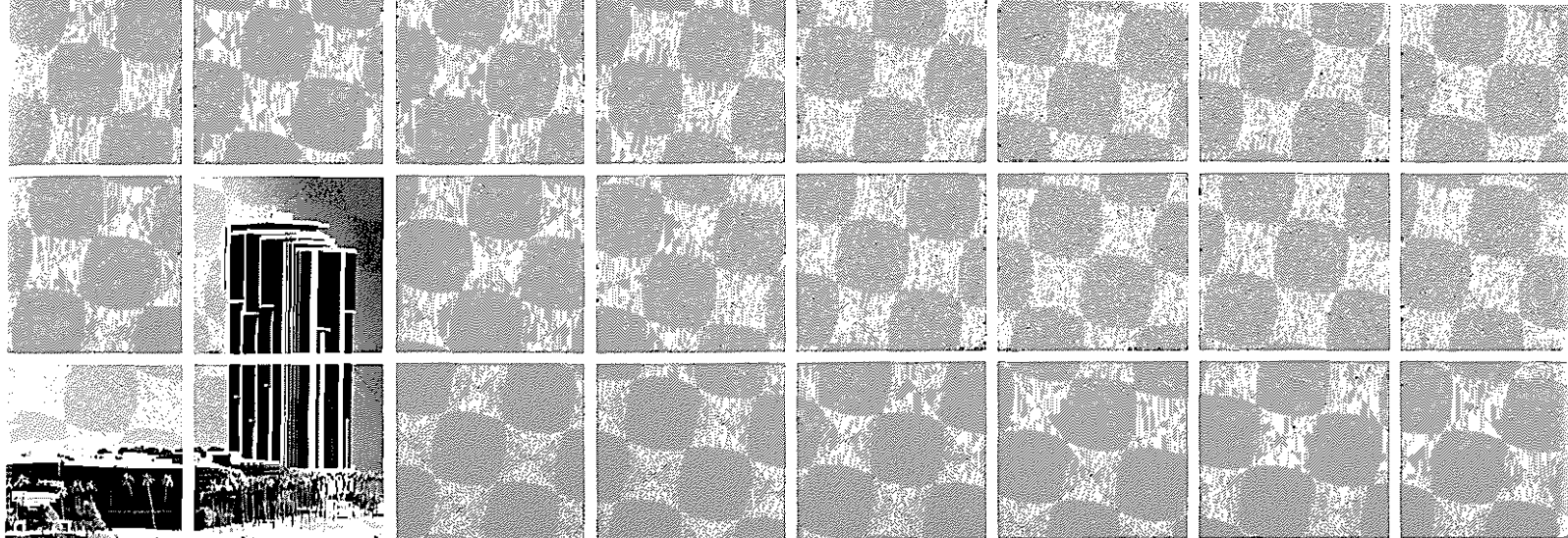
Lawmakers saw the Kakaako District as a means of providing housing, modernized commercial and industrial facilities, and improved amenities for residents. They set directions for Kakaako's revitalization and development. They envisioned a mixed-use district where industrial, commercial, residential and public uses can coexist compatibly. They also believed it important to respect and support the present functions of Kakaako as a major economic center, providing significant employment in such areas as light industrial, wholesaling, service and commercial activities. With these and other specific directives, the HCDA undertook an intensive five-year planning process, resulting in the Kakaako Community Development District Plan. This Plan took effect on February 17, 1982. The HCDA now performs regulatory and enforcement



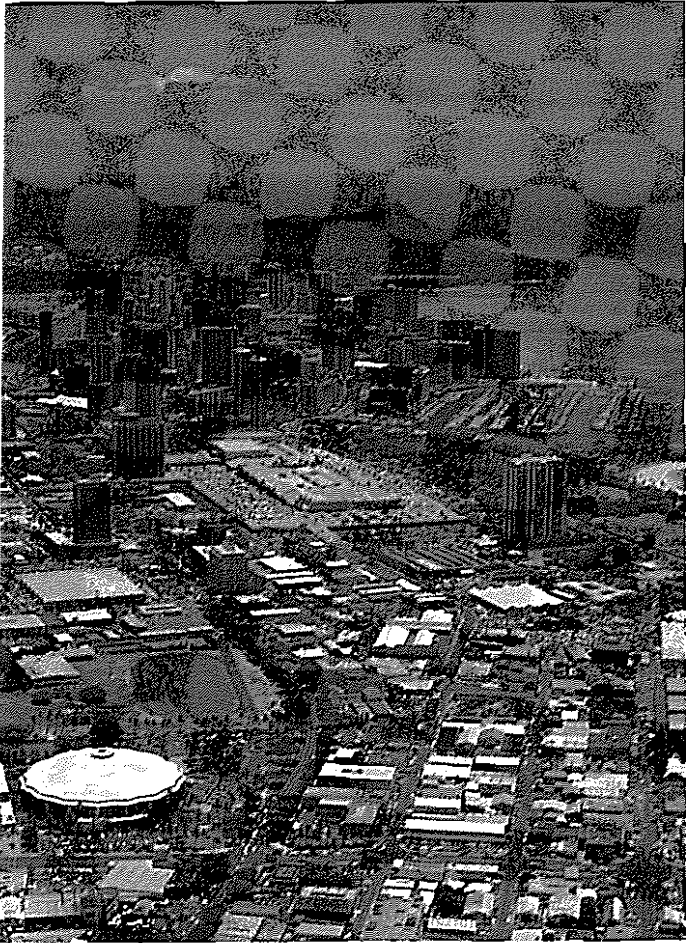
activities to ensure that any development or major improvements occurring in the District meet the provisions of the Kakaako Plan. The Authority is also empowered to get involved in actual development, such as in improving roadways and utility systems and in developing public facilities such as schools and parking garages. It is such developments that will act to foster and encourage private development in Kakaako.

The HCDA 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. Authority members establish HCDA policies and grant certain development and variance permits. There are four State government members who are designated by law and serve as exofficio 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 Honolulu City Council.

The Executive Director serves as the chief executive officer and is appointed by the Authority. The HCDA staff, also appointed by the Authority through the Executive Director, includes experienced personnel from many professional fields.



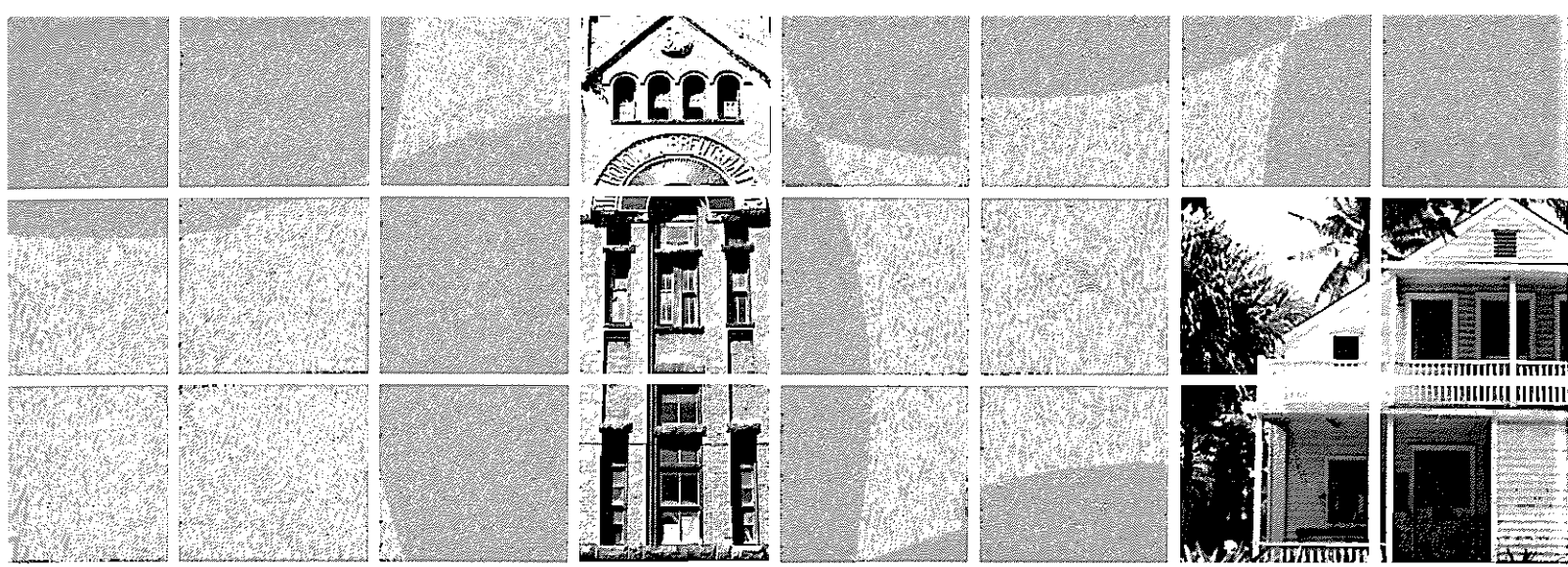
1983-84: LOOKING BACK AT A PRODUCTIVE YEAR



Encouraging Development

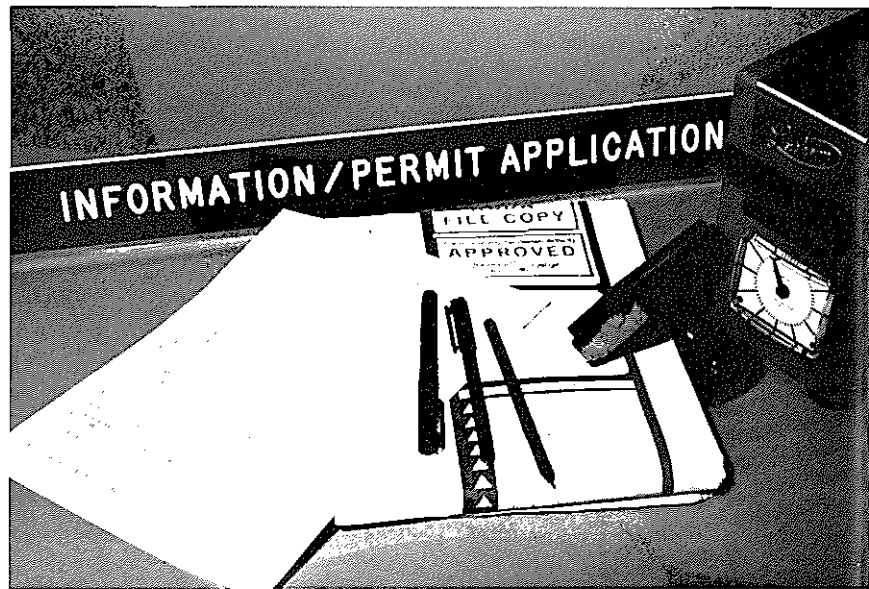
The primary intent of the Kakaako Plan is to facilitate and oversee the development of an attractive, functional urban community. The goal is to develop a community which will benefit not only Kakaako developers, landowners, businesses and residents, but, in the larger scheme of things, the people of the State of Hawaii. While Kakaako's development will result in an attractive, functional community for its residents and businesses, its most significant impact will be the substantial benefits realized by all of Hawaii's people. Kakaako's development will do much to further the goals of both the State Plan and the County General Plan, in terms of guiding population growth to the urban core, creating employment opportunities, increasing the supply of moderate-income housing and preserving and protecting the State's open spaces and agricultural lands.

Kakaako Plan provisions serve as criteria for the HCDA in its processing of development permit applications. Provisions, for example, deal with specific requirements for building densities and heights; setbacks; parking; open space; and recreation and public facilities dedications. If a developer wishes to exceed the established 45-foot height and 1.5 floor area ratio maximums, he may

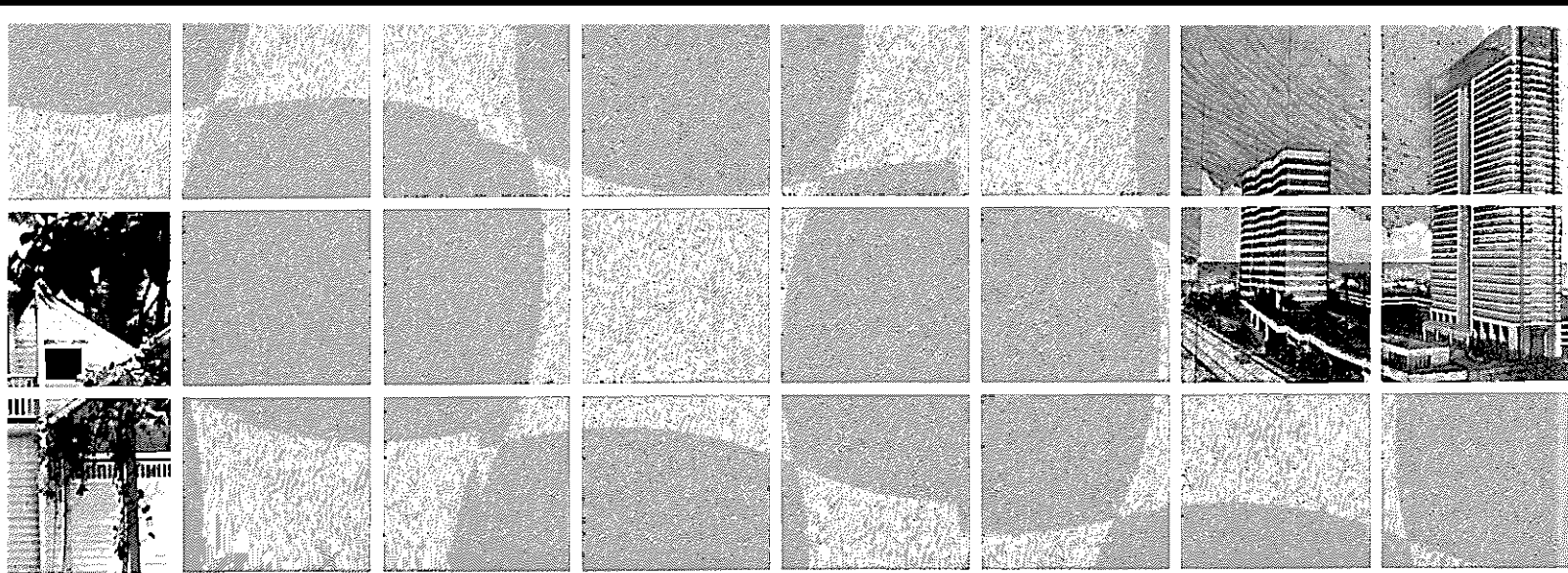


... improvements ... will
make the District
a more desirable and
attractive environment ...

do so only in exchange for certain contributions to meet public needs such as housing for moderate- and middle-income groups, and additional open space dedications.

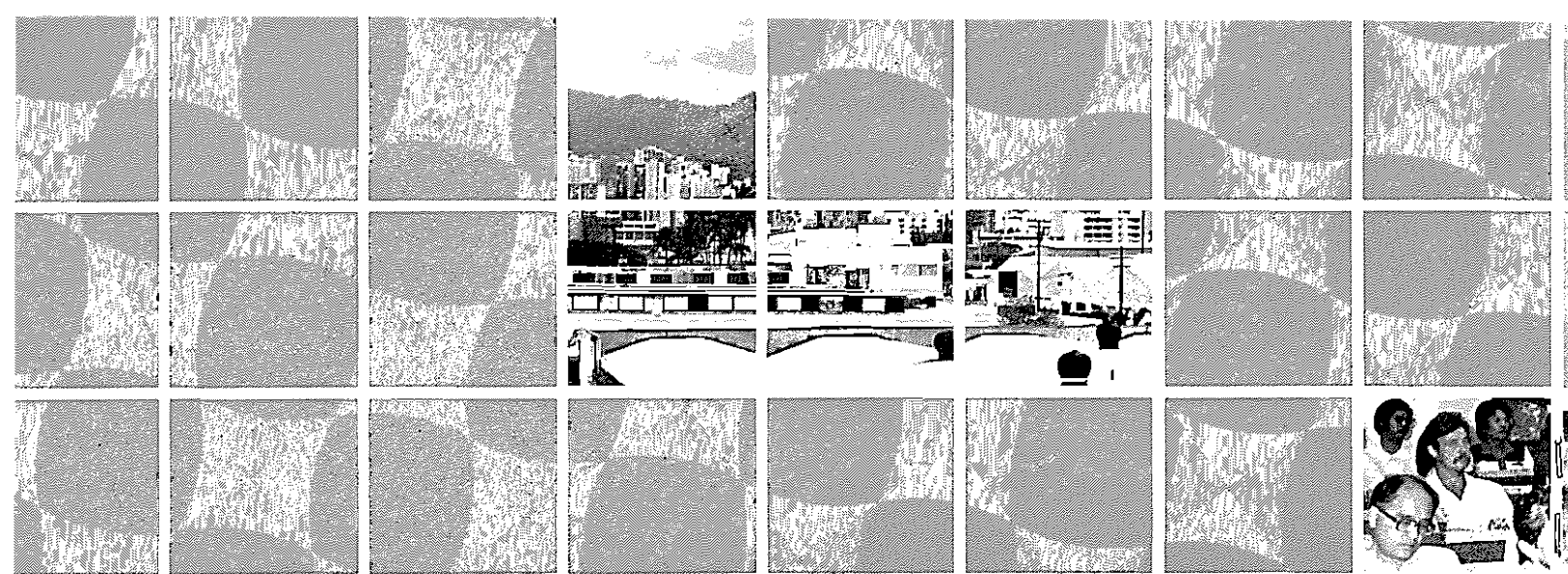


During the 1983-84 fiscal year, the HCDA processed over 150 permit applications. The majority of these involved building renovations, alterations and additions. Five special permits were granted to allow development on sites recognized as having historic significance. Kakaako, as one of the early urbanized areas of Honolulu, retains several significant historical sites. The Kakaako Plan directs that these sites or structures be preserved as much as possible, and used as dynamic elements of the community.



Early in FY 1983-84, several variances were granted to First Federal Savings and Loan to construct a four-story, 51,000-square foot commercial garden office complex at the corner of Ward Avenue and Kapiolani Boulevard. As proposed, the completed complex will offer 41,260 SF of leasable commercial space and 4,675 SF of space for industrial activities.

One large-scale mixed-use development was reviewed and given preliminary approval by the HCDA during its seventh year. The Pacific Park Plaza, a project of the TMS Co., envisions a commercial-residential-industrial complex on four acres bounded by Kapiolani Blvd., Kawaiahao St. and Cooke St. Under the approved plans, residential and commercial activities would be housed in two high-rise structures. Two hundred and ninety-three residential units would be located in the tower situated Ewa of Curtis St., and 250,000 square feet of commercial space is planned for another office tower Diamond Head of Curtis St. The project would also yield: 52,000 SF of industrial space; 980 parking stalls in two garages; 91,000 SF of recreation space; and 59 reserved housing units for moderate-income groups.



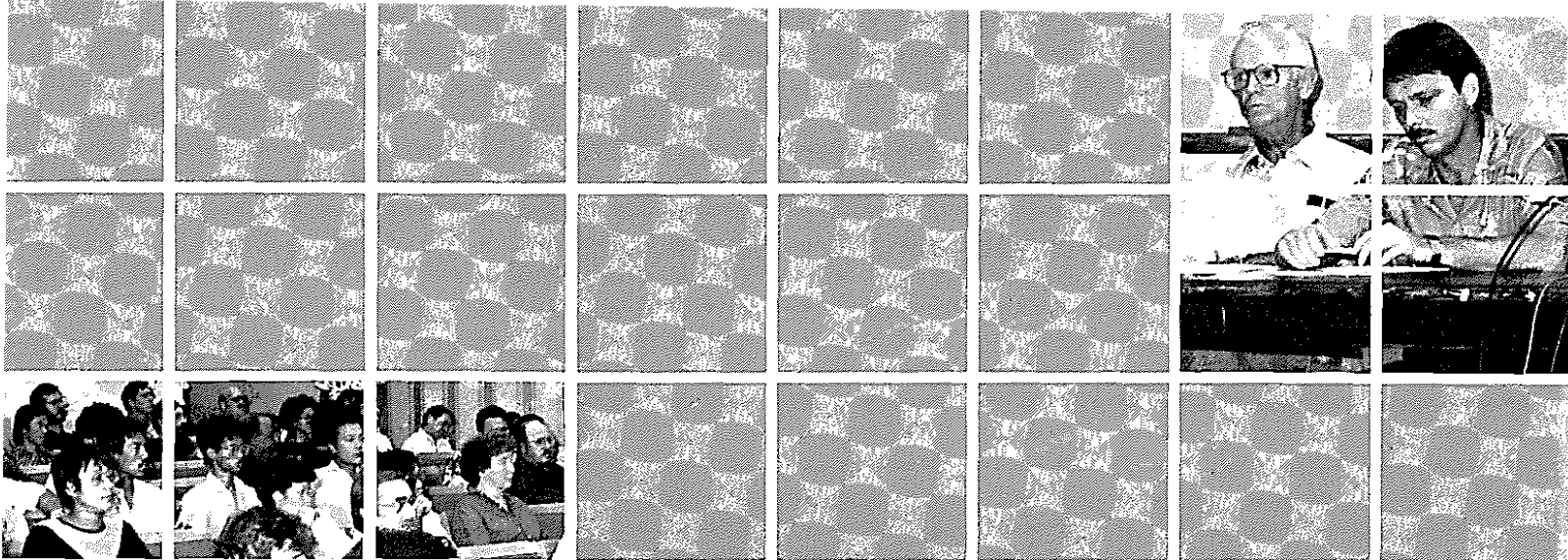
The Planning Continues

In order to update, clarify and refine sections of the Kakaako Plan, the HCDA formulated and adopted amendments to the Plan. These changes were adopted after public hearings and review by government agencies and the public.

On October 10, 1983, an addendum to the Kakaako Plan became effective. It now governs land use and development activities in 133 acres located in the makai portion of the Kakaako District. Other amendments which took effect on May, 1984 clear up inconsistencies and inequities in existing provisions of the Plan. These pertained to allowable building heights, densities and footprints; noise levels in the waterfront area; joint development; and parking space requirements.

Environmental Questions

A Final Environmental Impact Statement (EIS) for the Kakaako Plan was completed and accepted by Governor George R. Ariyoshi in August, 1983. Prepared jointly by the HCDA and the U.S. Department of Housing and Urban Development, the EIS concluded that implementation of the Kakaako Plan over the next 30 years will change a predominantly older low-rise commercial/industrial area into a modern high-density city with a large residential population. The report found that redevelopment will lead to more efficient land use



and provide a more attractive urban environment for a large number of people. These benefits are considered to justify implementation of the Plan, notwithstanding unavoidable adverse impacts.

By the close of the 1983-84 fiscal period, the Authority had begun work on a supplemental EIS to update the final EIS and to study the major impacts of development in the District's makai area. The SEIS will also address proposed roadway and utility system improvements in Kakaako.



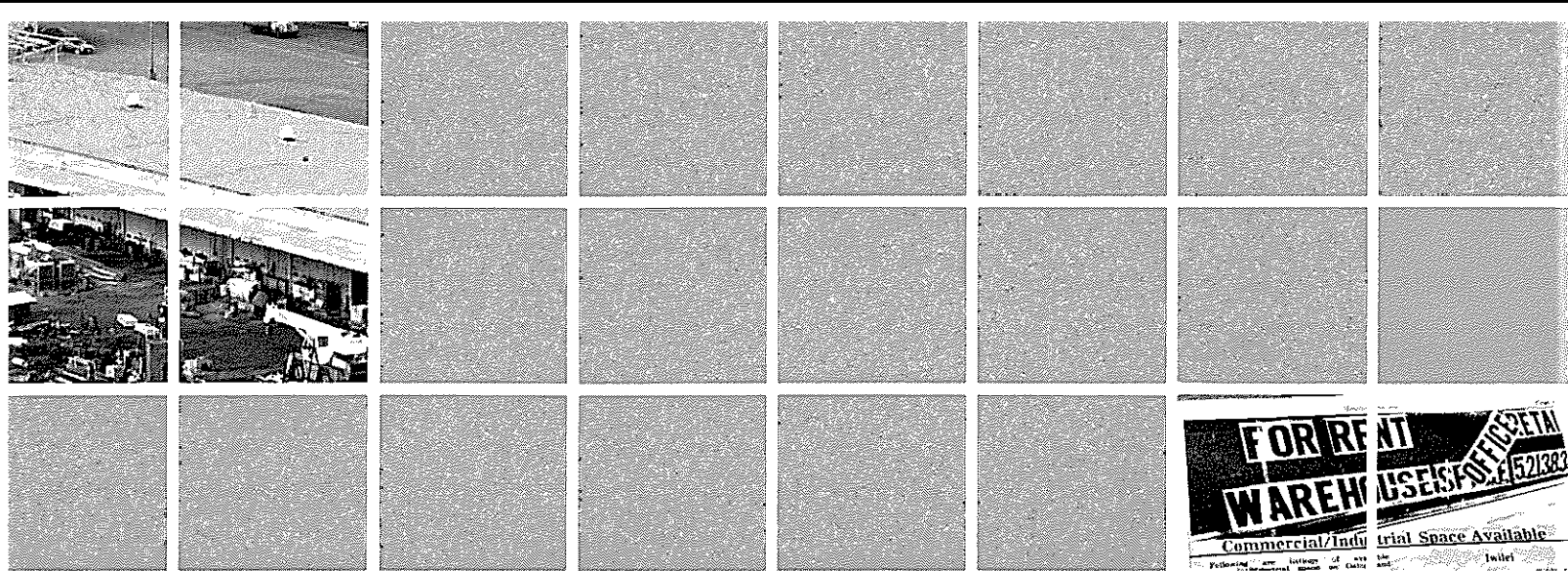


Aiding Kakaako Displacees

Many HCDA activities in 1983-84 were geared toward assisting persons and businesses who will face displacement from Kakaako because of future developments. During the 1984 State legislative session, lawmakers passed a bill which gave the HCDA the power to provide relocation assistance — but not direct monetary payments — to residents and businesses displaced by private development in Kakaako. Prior to this legislation, the Authority was empowered only to financially assist displacees of government development action. For this reason the Authority recommended passage of legislation which would allow the HCDA to provide relocation assistance to displacees of private developments.

During a January, 1984 meeting held by the Kakaako Business Association (KBA), HCDA officials, and City Council and State lawmakers heard calls for assistance from about 100 people working in Kakaako. At that time, HCDA Executive Director Rex Johnson explained that the HCDA was working with the State administration and departments to find State lands and facilities to serve as temporary relocation sites.

In April, 1984, the State administration announced that it would make available State lands and buildings in the Fort Armstrong area to provide temporary relocation facilities for displacees from the Kakaako District. Under an agreement reached by the Departments of Planning and Economic Development, Land and Natural



Resources and Transportation, and the HCDA, a private nonprofit business relocation corporation was then formed to improve and manage the State facilities.

Under the agreement, the State will lease the facilities to the corporation, which will obtain the financing for improvements and administer the relocation facilities. The corporation, comprised of members of the KBA and the Hawaii Economic Development Corporation (HEDCO LDC), will adopt policies governing the use of the temporary facilities, and their sublease to eligible businesses at fair market rents.

In-house, the HCDA began offering a referral service to help businesses facing displacement to find permanent replacement industrial and commercial space in and around Kakaako. The HCDA staff solicited the aid of the real estate community in establishing and updating the inventory of available space. A relocation assistance office was also established to answer any questions on relocation and to match the displacee with a suitable space to continue business activities.

By the close of the 1983-84 fiscal year, relocation assistance rules had been drafted and a public hearing on the rules was held to obtain input to help in its finalization. The rules, which were forwarded to the Governor for his acceptance, set forth policies and procedures regarding relocation assistance, advisory services and payments.

. . . Kakaako's development
will do much to further
the goals of both the
State Plan and
County General Plan . . .



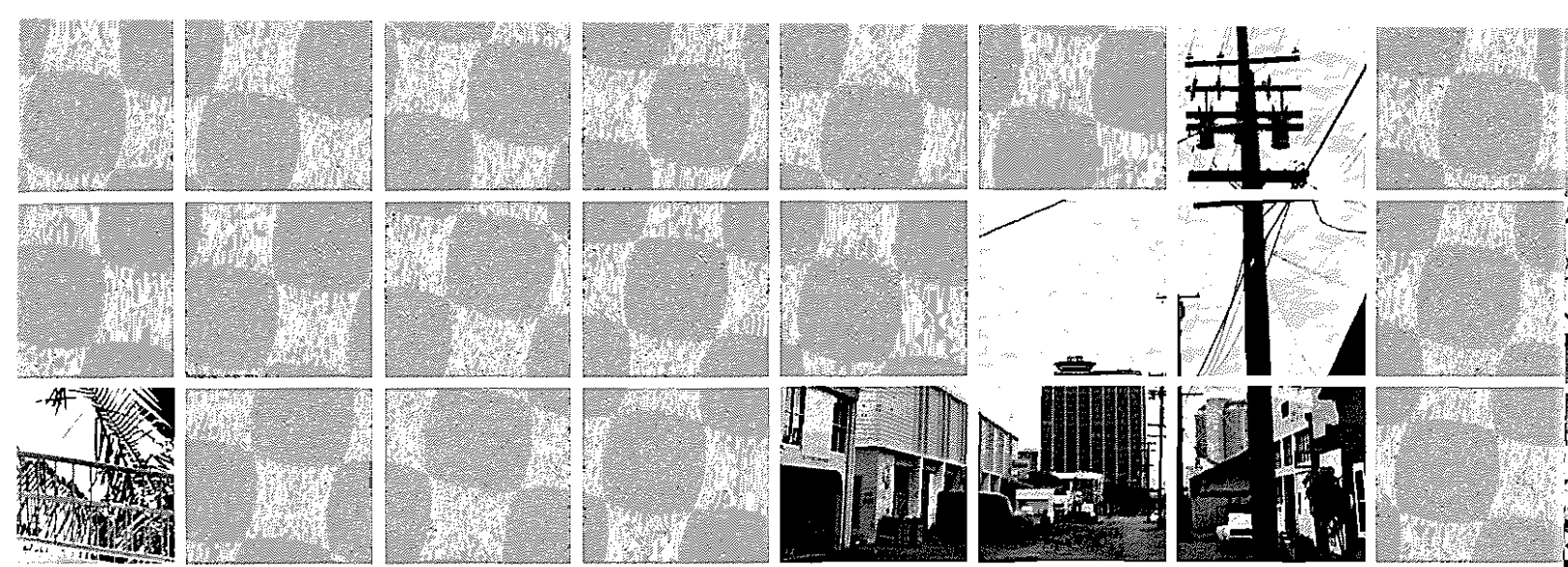
Housing in Kakaako

The scarcity of affordable housing on Oahu is a serious and continuing problem facing Island residents. The HCDA is well aware of this need and is striving to provide for and facilitate the development of housing in the Kakaako District for moderate-income families.

To help ease some of the housing needs of moderate-income families, the HCDA employs the "reserved housing" provision of the Kakaako Plan. This provision requires the private developer to contribute below market priced units in exchange for design flexibility. For example, in a case where a developer elects to construct a building 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 in the Hula Mae and unserved groups.

Instead of providing reserved housing units within the development, the Authority may also allow the developer to meet this requirement through other alternatives. The required number of housing units may be provided elsewhere in the Kakaako District or set aside for sale to the HCDA at cost. Also, the Authority may allow the developer to provide cash payments in lieu of providing reserved units.



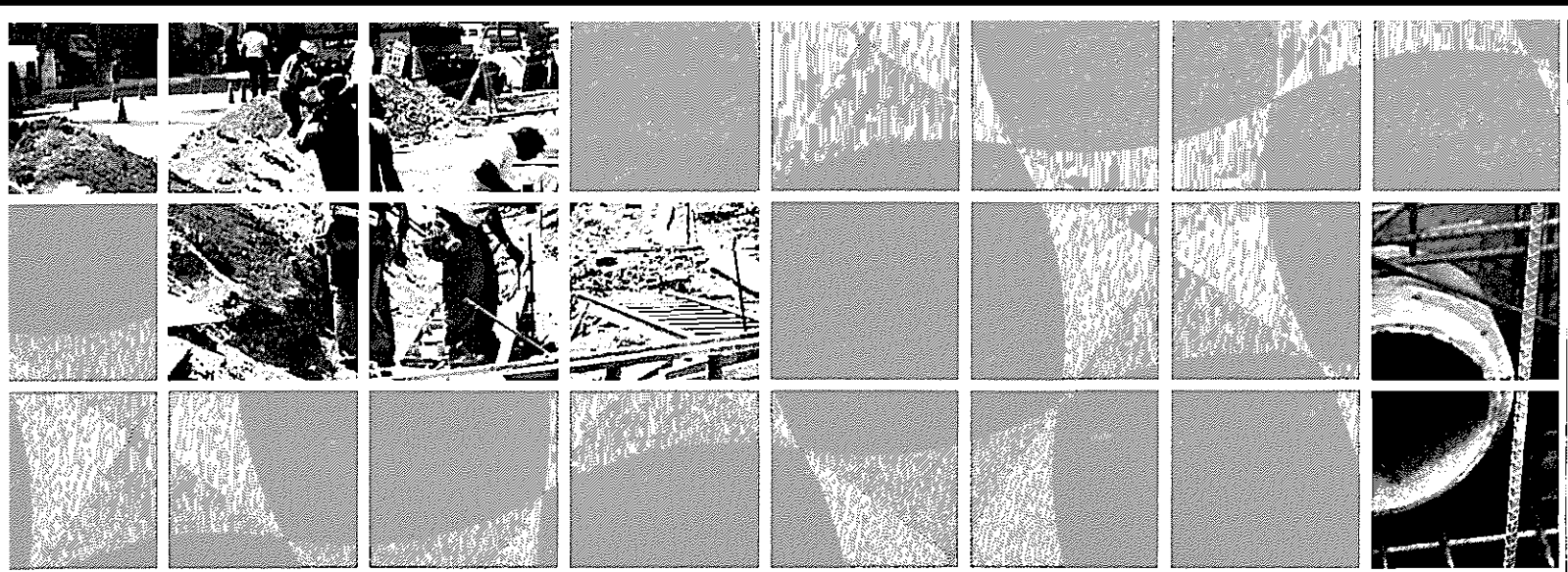


Roadway and Utility Systems Improvements

During the 1983-84 fiscal year, the Authority gave preliminary approval to the Pacific Park Plaza project, which will provide 59 reserved housing units. This includes 26 one-bedroom and 33 two-bedroom units which will be evenly allocated for sale to households with incomes ranging from \$19,666 to \$43,018. The 59 units, along with the 52 reserved housing units to be provided by the One Waterfront project approved in Fiscal Year 1982-83, will help to provide housing to families unable to purchase homes in the open market.

One of the primary tasks of the HCDA is to facilitate the future development of the Kakaako District and to create a safe and pleasant environment. The challenge is great. Kakaako, for many years, has been saddled with narrow, unimproved streets with haphazardly and illegally parked cars. During times of rain, streets and properties are often flooded because of poor and unimproved drainage systems. Aging and inadequate water, sewerage and utility systems have also plagued Kakaako's infrastructure network.

Currently, Kakaako's private landowners are limited or prevented from development of their properties because of the inadequacy of infrastructure systems. In most cases, they find it economically difficult to develop their properties since they are required to improve and pay for portions of systems that benefit others, as well as improvements to areas fronting their properties. Where developments do occur, it must be done on a piecemeal basis and, as a result, are not as cost effective.

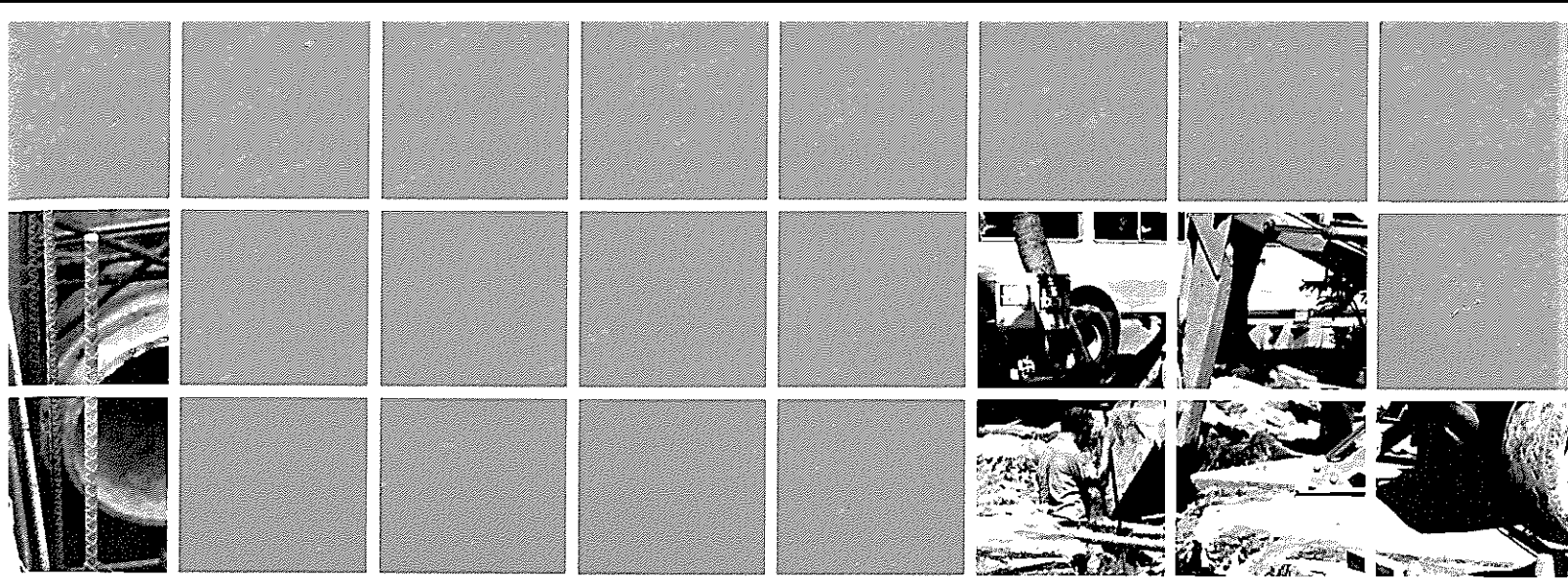


... HCDA is committed
to ... improvements to the
District's infrastructure ...

The HCDA is committed to seeing that improvements to the District's infrastructure systems are carried out. Under its Improvement District Program, the HCDA will join forces with property owners to assist in implementing and paying for infrastructure improvements on a planned and more cost-effective basis, thereby providing a stimulus for development. Improvements will result in greater potential for maximum development of properties and increased property values. It will make the District a more desirable and attractive environment in which to live, work or visit.

The Improvement District Program, which has been used in Hawaii counties and on the Mainland, will finance public improvements such as: realigning and widening of existing streets; providing sidewalks, curbs, gutters and driveways; developing and improving drainage and sewerage systems; increasing water main capacities for development uses and fire protection; and providing underground telephone and electrical lines.

The first increment of infrastructure improvement is planned for the Ewa side of the District, in the area bounded by Punchbowl St., Kapiolani Blvd., Cooke St. and Ala Moana Blvd. This area is ready to be developed and has exhibited a need for public improvements.



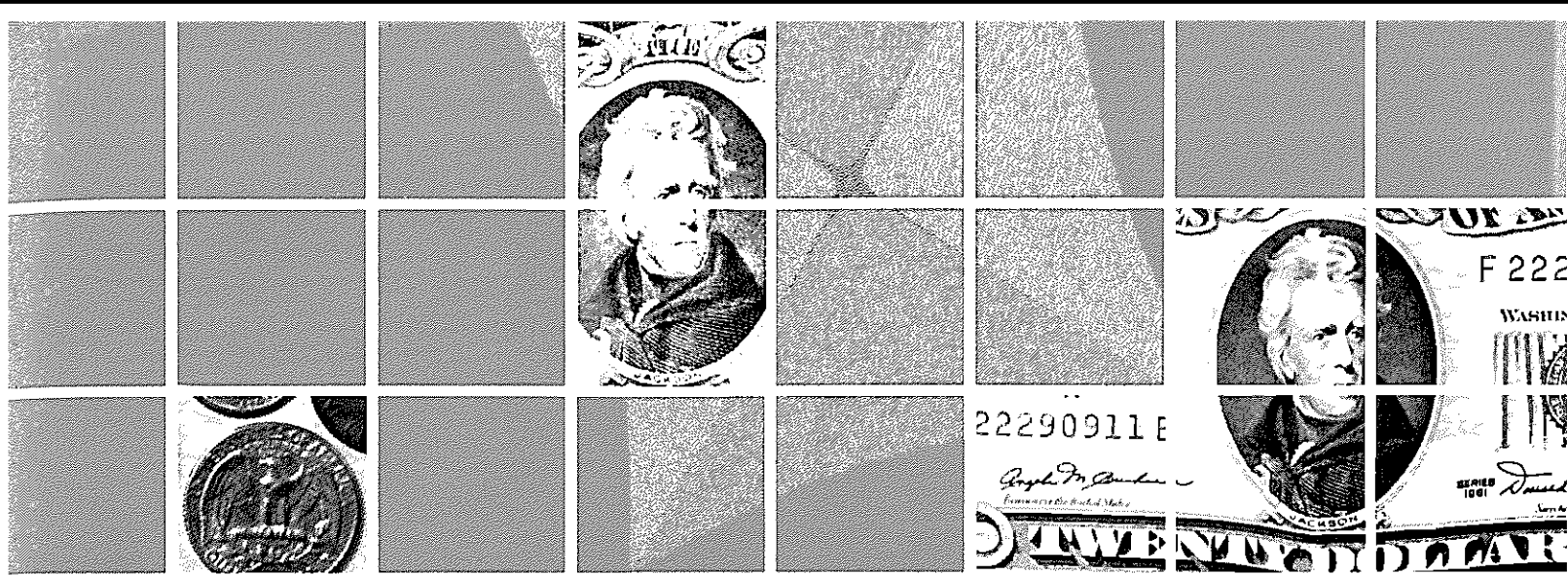
Since the onset of Fiscal Year 1983-84, the HCDA and its engineering consultant, R.M. Towill Corporation, have been at work preparing the engineering design and construction drawings for the first increment of roadway and utility improvements. The engineering activities will determine the exact design location, timing and cost of the improvements. Construction drawings will serve as the specification for bidding and construction. The HCDA expects the final engineering design to be completed in mid-1985.

The HCDA also drafted rules which spell out procedures under which the Authority may carry out the improvement of infrastructure, and to assess properties benefiting from such improvements. A public hearing was held on these rules in June, 1984.

Financing: The Key to Development

The key to Kakaako's timely development will be financing. Infrastructure improvements will require the commitment of millions of dollars from both the public and private sectors. During its seventh fiscal year, the HCDA studied methods of raising these monies in times of tight fiscal constraints. The financial firm of Merrill Lynch Capital Markets was selected by the Authority to serve as its financial advisor and work with the HCDA in developing an overall financial program.

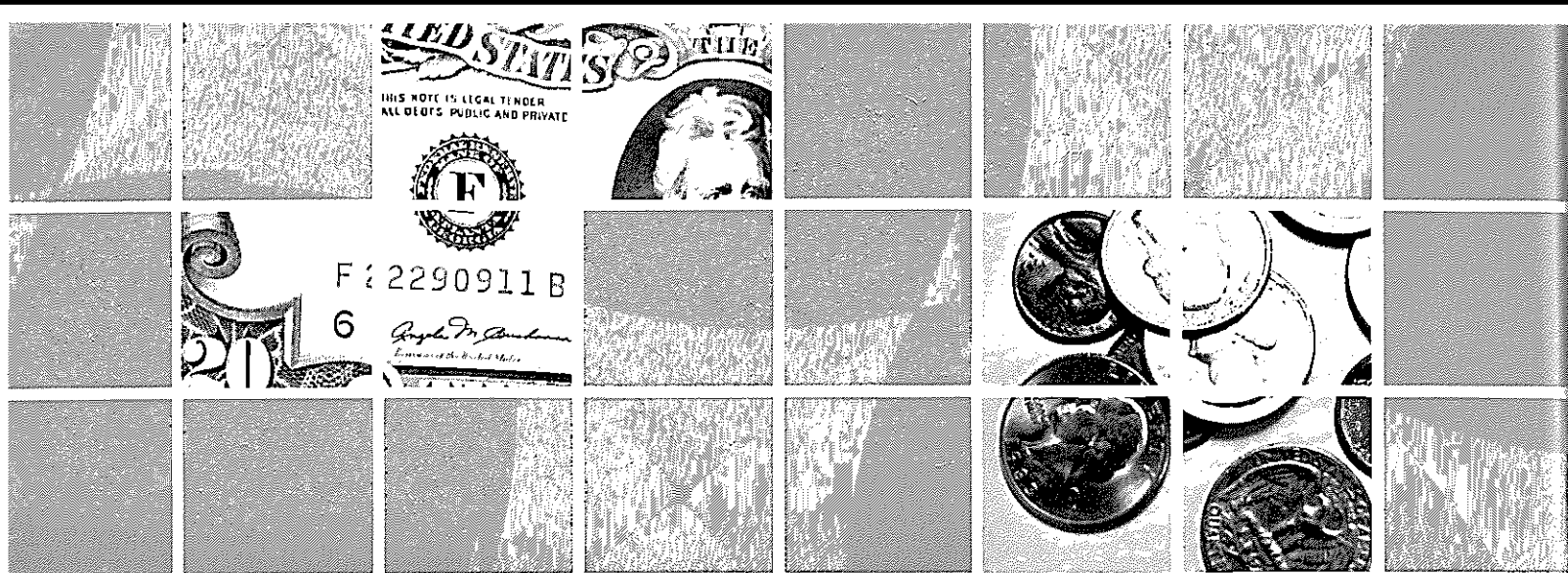
It is estimated that the first increment of infrastructure improvements is going to cost approximately \$85 million. To raise this amount, the HCDA will rely on a combination of financing methods. These include State and County capital improvement funds, improvement district assessments and federal funds. The State administration and lawmakers have shown their tremendous commitment to Kakaako's development by creating the HCDA and appropriating, thus far, over \$15 million for infrastructure improvements. During the 1984 legislative session, legislators also granted the Authority more flexibility in financing these improvements by authorizing the HCDA to issue up to \$30 million in improvement district bonds for construction of infrastructure improvements.



FINANCIAL INFORMATION

Hawaii Community Development Authority STATEMENT OF EXPENDITURES For the Fiscal Years Ending June 30, 1984 and June 30, 1983

	FY 1983-1984		FY 1982-1983	
	OPERATING FUNDS	PROJECT FUNDS	TOTAL EXPENDITURES	TOTAL EXPENDITURES
Personal Services	\$169,477.22	\$ 297,712.58	\$ 467,189.80	\$380,075.11
Other Current Expenses	24,723.26	1,972,917.91	1,997,641.17	203,008.87
Equipment	126.69	4,385.59	4,512.28	4,376.11
TOTAL EXPENDITURES	<u>\$194,327.17</u>	<u>\$2,275,016.08</u>	<u>\$2,469,343.25</u>	<u>\$587,460.09</u>



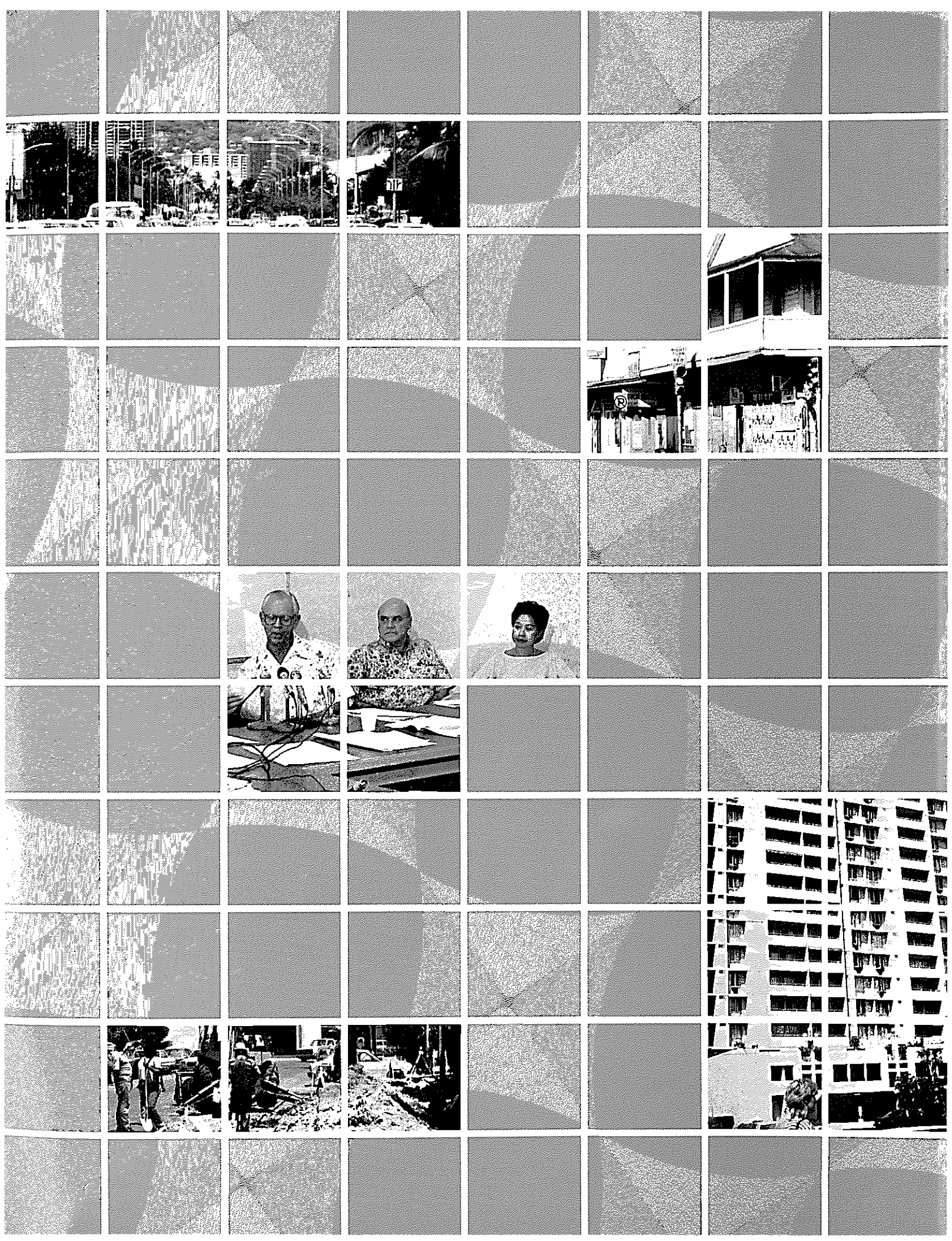
Hawaii Community Development Authority
**STATEMENT OF APPROPRIATIONS, EXPENDITURES,
 ENCUMBRANCES, AND BALANCES**
 For Fiscal Year ended June 30, 1984

	Prior Year Available Funds 7/1/83	Appropriations	Transfers	Expenditures
OPERATING FUNDS				
Act 264, SLH 1982	\$ 46.25	--	--	\$ 46.25
Act 301, SLH 1983	--	\$ 223,855.00	--	194,280.92
PROJECT FUNDS —				
KAKA'AKO COMMUNITY DEVELOPMENT DISTRICT				
Act 243, SLH 1978	1,860.00	--	--	--
Act 214, SLH 1979	7,102.50	--	--	7,102.50
Act 300, SLH 1980	29,327.50	--	--	29,327.50
Act 264, SLH 1982	5,249,728.40	--	23,000.00 ²	2,238,586.08
Act 301, SLH 1983	--	5,500,000.00	--	--
REVOLVING FUND	188,012.86	2,826.76 ¹	--	--
TOTALS	<u>\$5,476,087.51</u>	<u>\$5,726,681.76</u>	<u>\$23,000.00</u>	<u>\$2,469,343.25</u>

¹ Variance and dedication fees collected.

² Funds transferred to the Department of Accounting and General Services for audit services.

	UNEXPENDED BALANCES				
	Encumbrances	Allotments	Unallotted Appropriations	Revolving Fund	Lapsed
OPERATING FUNDS					
Act 264, SLH 1982	--	--	--	--	--
Act 301, SLH 1983	\$ 7,060.00	--	--	--	\$22,514.08
PROJECT FUNDS —					
KAKA'AKO COMMUNITY DEVELOPMENT DISTRICT					
Act 214, SLH 1979	1,860.00	--	--	--	--
Act 300, SLH 1980	--	--	--	--	--
Act 264, SLH 1982	2,938,282.40	--	--	--	49,869.92
Act 301, SLH 1983	--	125,000.00	5,375,000.00	--	--
REVOLVING FUND	--	--	--	190,839.62	--
TOTALS	<u>\$2,947,202.40</u>	<u>\$125,000.00</u>	<u>\$5,375,000.00</u>	<u>\$190,839.62</u>	<u>\$72,384.00</u>





State of Hawaii
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
677 Ala Moana Boulevard
Suite 1001
Honolulu, Hawaii 96813
Telephone: (808) 548-7180