

**1985-86 Annual Report  
Hawaii Community  
Development Authority**

# **T**able of Contents

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	Page
<b>Hawaii Community Development Authority</b> .....	<b>2</b>
<b>Regulating Kakaako's Revitalization</b> .....	<b>4</b>
New Kakaako Developments	
Constructing the Larger Developments	
Ironworks Properties Reborn	
Easing Parking Problems	
New Residences on the Way	
Kakaako's Bright Future	
<b>Participation in Development: Roadway &amp; Utility Improvements Begin</b> .....	<b>10</b>
Sharing the Cost	
Ground Breaking and Preparation for Construction	
The Construction Begins	
<b>Financial Information</b> .....	<b>16</b>

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# Letter to the Governor



Hawaii Community Development Authority  
State of Hawaii

John Waihee  
Governor

Kenneth K. Takenaka  
Chairman

Rex D. Johnson  
Executive Director

677 Ala Moana Boulevard, Suite 1001 • Honolulu, Hawaii 96813  
(808) 548-7180

The Honorable John Waihee  
Governor  
State of Hawaii

Dear Governor Waihee:

It is with pleasure that I present to you this annual report of the Hawaii Community Development Authority's (HCDA) Fiscal Year 1985-86.

The HCDA's ninth year of operation was witness to many important accomplishments and several milestone events. Two large-scale developments began construction during this period. These projects are the first residential and commercial developments to be approved and constructed under the HCDA's Kakaako Community Development District Plan. The Kakaako Venture's One Waterfront Plaza on the Honolulu Ironworks property will offer over 510,000 square feet of new commercial and office space when completed in September, 1987. Business Investment, Ltd.'s The Royal Capitol Plaza complex, also to be completed by September, 1987, will contain 293 residential condominiums.

During Fiscal Year 1985-86, the HCDA also began construction on the Kakaako Improvement District I project, which we feel to be one of the most important projects in the State of Hawaii. For the next two years, the infrastructure system in the Ewa portion of Kakaako will be improved and upgraded, making the District safer, more attractive and functional. These improvements to roadways and utility systems will also serve to encourage future development of this strategically located area.

The annual report summarizes the major activities and accomplishments of the HCDA during the 1985-86 Fiscal Year. These accomplishments and our fruitful year are due, in great part, to the continued cooperation and support the HCDA has received from the State administration and Legislature, Kakaako's landowners, businesses and residents, and from community groups and other governmental organizations.

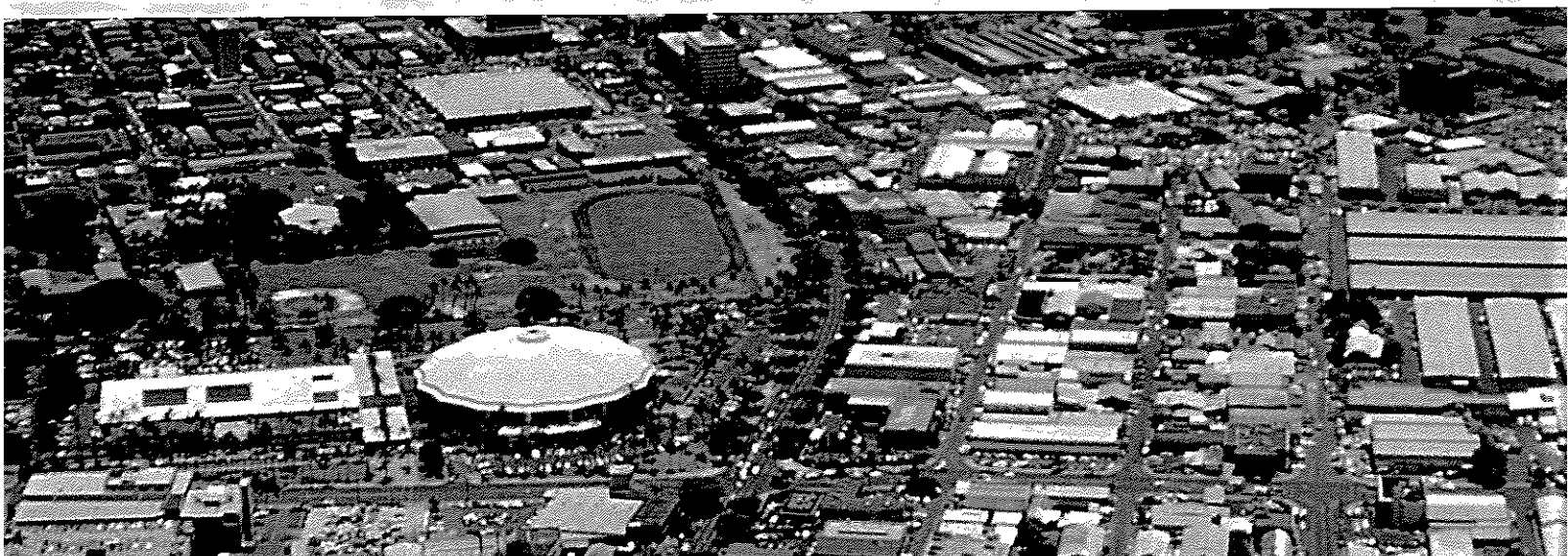
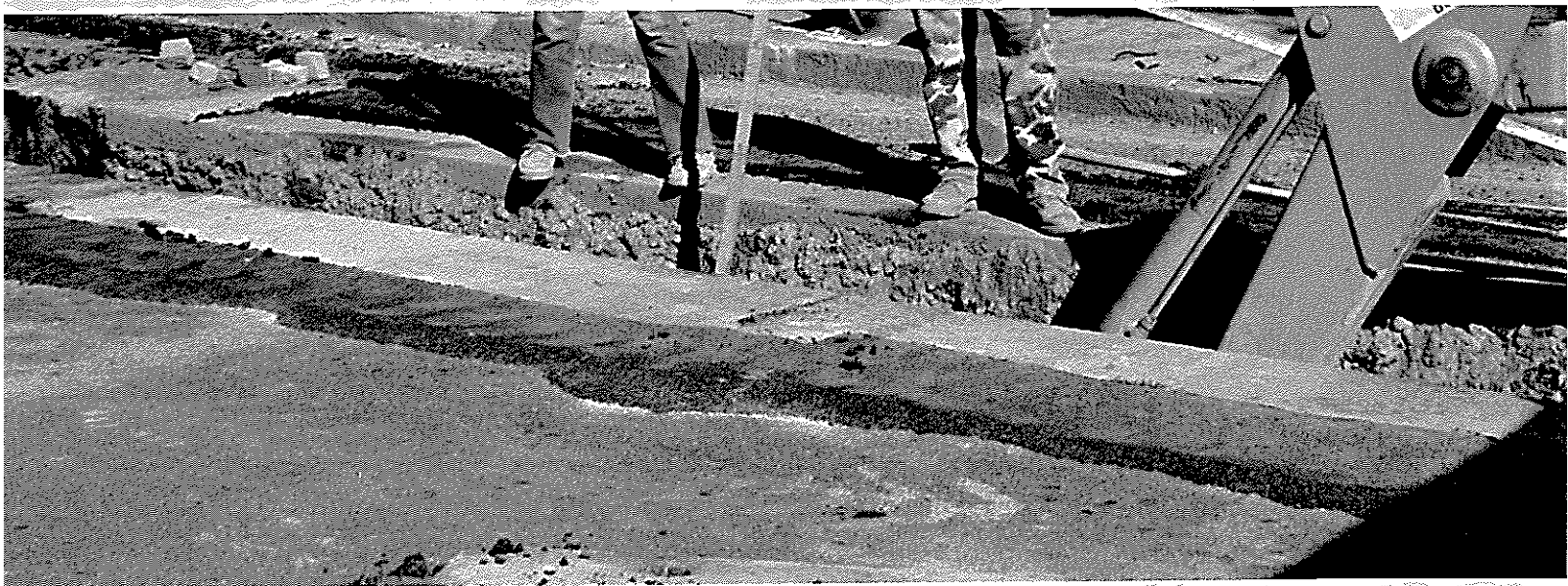
Respectfully,




Kenneth K. Takenaka



# Hawaii Community Development Authority





**T**he **Hawaii Community Development Authority (HCDA)** is a public corporation which brings together private enterprise and government to plan for, and achieve, the redevelopment of communities in Hawaii which have potential for better usage and/or to avoid deterioration. The authority to plan and develop an area for public and private purposes makes the HCDA unique. The HCDA's main activities are:

## Planning and Development Regulation

HCDA is responsible for preparing a long-range community development plan for a designated district and then ensuring that this plan is carried out. The aim of the HCDA is to assist property owners and developers in planning and developing their areas, while meeting the overall county and district needs. The goal is to create a community which is attractive and provides the needed housing, work spaces, community facilities and amenities, while retaining what is good and valuable from the past.

## Encouraging and Participating in Development

The HCDA was assigned certain responsibilities by the Legislature. It can aid development. It can encourage development in many ways. It can assemble land. It can enter into agreements with private parties to construct public facilities such as parking garages. And it can facilitate public improvements such as parks, schools, and roadways and utility systems to complement private development.

The HCDA was formed by the State Legislature in 1976 and the 580-acre Kakaako District was designated as its first community development district. This area is strategically contained by four major roadways — King Street, Piikoi Street, Ala Moana Boulevard and Punchbowl Street — and wedged between the major urban centers of downtown Honolulu and the Ala Moana-Waikiki area. The HCDA's Kakaako Community Development District Plan became effective in February, 1982, and it now regulates all development in the Kakaako District. The Plan is based upon over four years of careful research and rigorous testing. It was formulated by the HCDA with the expertise of professionals from many fields, and the assistance of tenants, landowners, the general public and many governmental agencies.



# R egulating Kakaako's Revitalization

**T**he Authority's vision for Kakaako over the next 20-30 years is well on the road to fruition. During this time period, the HCDA foresees — with favorable market conditions — the construction of 19,000 new housing units to accommodate an additional 50,000 residents; an almost doubling of current commercial space to 10.5 million square feet; and a quadrupling of the number of work places in Kakaako. The accompanying projected construction volume of over \$5.75 billion (an average of \$191 million per year) over a 30-year period is — and will continue to have — a large, positive impact on Hawaii's economy.

During the 1985-86 Fiscal Year, the HCDA worked closely with Kakaako developers to allow development to occur in a timely, expeditious manner, and by the same token, meet the goals and requirements of the Kakaako Plan. Development projects, large and small, were given the Authority's approval during the Fiscal Year, and several large-scale projects approved in prior years also commenced construction during this period.

## New Kakaako Developments

Over 160 development permits were processed and approved by the HCDA, including one for a major commercial/industrial complex to be located in the heart of Kakaako.

The **DREIER STREET PROJECT**, approved by the Authority in November, 1985, is being developed by Shamrock Holdings, Inc., a California-based conglomerate. As approved, the plans call for an 11-story commercial/industrial complex to be located at the intersection of Kapiolani Boulevard and Dreier Street. The bottom three floors within a deck will house 63,794 square feet of industrial floor space, and an eight-story tower rising atop the deck will contain about 96,000 square feet of commercial floor area. Parking spaces for 317 automobiles would also be located within the deck. The 165-foot high complex will devote about 30,000 square feet to open space. The start of construction on the Dreier Street Project was slated for the close of 1986.



A conceptual view of Kakaako,  
30 years from today.



*“ . . . The legislature finds that a new and comprehensive authority for community development must be created to join the strengths of private enterprise, public development and regulation into a new form capable of long range planning and implementation of improved community development.”*

*— Chapter 206E, Hawaii Revised Statutes*





# **R**egulating **Kakaako's Revitalization**

Smaller scaled, mixed-use zoning (MUZ) projects approved by the HCDA in Fiscal Year 1985-86 included renovations and additions to the Mission Houses Museum and Library site located on King and Kawaiahao Streets. For this project, which included the construction of a second floor and ground floor rooms to the existing Library Building, the Authority granted a Certificate of Appropriateness (CA) and several variances to allow the project to proceed. The CA was necessary because the Mission Houses is registered as a national historic landmark. In granting its approval, the Authority noted that the project would not affect the three historic Mission Houses, and would restore the structures to uses consistent with their historic value. Construction on the project was scheduled for completion in November, 1984.

The Pacific Oldsmobile-GMC, Inc. complex, another MUZ project approved by the HCDA in FY 1985-86, was constructed on land between Auahi Street and Ala Moana. Three existing buildings fronting Ala Moana were renovated to serve as the automobile dealer's showrooms and administrative offices, and a new one-story industrial building was constructed at 825 Auahi Street. This new concrete and steel structure contains 20,370 square feet of floor area used for auto servicing and parts storage.

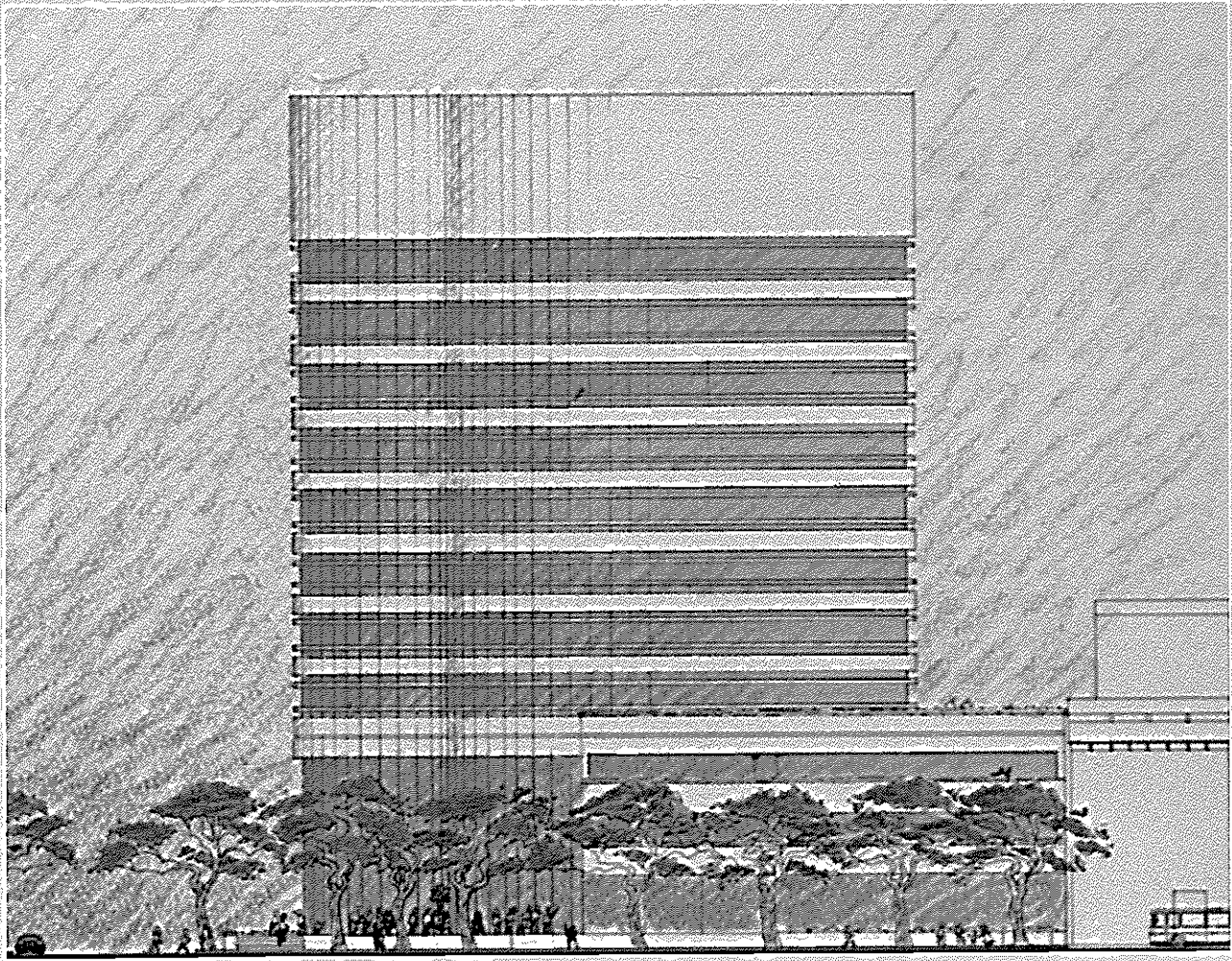
## **Constructing the Larger Developments**

During the 1985-86 Fiscal Year, construction cranes and scaffolding were put into action on three large-scale "planned development" projects which were given HCDA approval in previous fiscal years. These three projects will give rise to an employee/public parking garage structure, a combined total of over 293 market and affordable housing units, and approximately 512,474 square feet of commercial/office space.

## **Ironworks Properties Reborn**

The first major mixed-use development project to break ground in the Kakaako District was developer Bruce Stark's **ONE WATERFRONT PLAZA AND TOWER** complex on the site of the old Honolulu Ironworks. Construction on the first phase of the project — the \$105 million commercial/office complex named One Waterfront Plaza — began in late 1985. Seven garden office and retail low-rise buildings (65 feet in height) will comprise the One Waterfront Plaza on nine acres of land bounded by Ala Moana Boulevard, Punchbowl, Pohukaina and South Streets. Professional offices, retail/commercial establishments, and restaurants will occupy the Plaza when construction is completed (scheduled for September, 1987). The complex will have approxi-





A rendering of the Dreier Street Project.

mately 90,000 square feet of commercial and retail space on the ground floor, 420,000 square feet of office space, and 1,150 parking stalls. The site will also contain about four acres of landscaped open space including a public park.

The second phase of the **ONE WATERFRONT PLAZA AND TOWER** project will have a residential emphasis. Plans, as approved by the Authority in 1982 and amended in 1985, call for the construction of a 400-foot high residential tower across the street from the low-rise commercial buildings fronting South Street between Auahi and Pohukaina Streets. This structure would be situated upon a 45-foot high platform, which would contain industrial activities and 52 moderate-income housing units. At the close of Fiscal Year 1985-86, developer Bruce Stark was examining the feasibility of changing his designs for the One Waterfront Tower from a one- to a two-tower complex.



# R Regulating Kakaako's Revitalization

## Easing Parking Problems

As in many areas of the city of Honolulu, parking spaces in the Kakaako District are scarce. As such, the HCDA encourages, and is actively pursuing, the development of public and public/private parking structures in Kakaako. In October, 1985, construction on the State Department of Accounting and General Services' (DAG) **JUDICIARY COMPLEX PARKING GARAGE** began. A planned development permit for this \$5 million structure was approved by the Authority in March, 1985. This 8-story, 538-stall garage, providing parking spaces for employees and the public, is located on 38,000 square feet of land bounded by Punchbowl, Pohukaina, South and Halekauwila Streets and Reed Lane, and adjacent to the Judiciary Building. Construction is scheduled for completion in September, 1986.

In March, 1986, the HCDA also gave its approval to DAGS' proposal to erect its **MAKAI GARAGE**, a multi-level parking structure to be located along Punchbowl and Halekauwila Streets. When constructed, the 5-story garage will contain 419 parking stalls and some office space, and will provide off-street parking for public buildings in the area. Construction is scheduled to begin in September, 1986.

## New Kakaako Residences on the Way

While Kakaako is an ideal location for commercial and industrial businesses to coexist and flourish, it can and will be an equally perfect environment for people to live in. The Hawaii Community Development Authority is committed to this goal, as mandated by the State Legislature. The HCDA will ensure that moderate-income groups be able to afford a portion of Kakaako's future housing.

In place 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 Kakaako District, or reserved housing units may be set aside for sale for the Authority at cost. Cash payments may also be made by the developer in lieu of providing reserved units.

About 19,000 new housing units are envisioned for construction in Kakaako over the next 30 years. The four major mixed use projects (**PACIFIC PARK PLAZA, ONE WATERFRONT PLAZA AND TOWER, 404 PIIKOI STREET, AND QUEEN STREET-KAPIOLANI BOULEVARD MULTI-USE COMMUNITY**) approved by the HCDA thus far will yield over 3,100 new residential units.

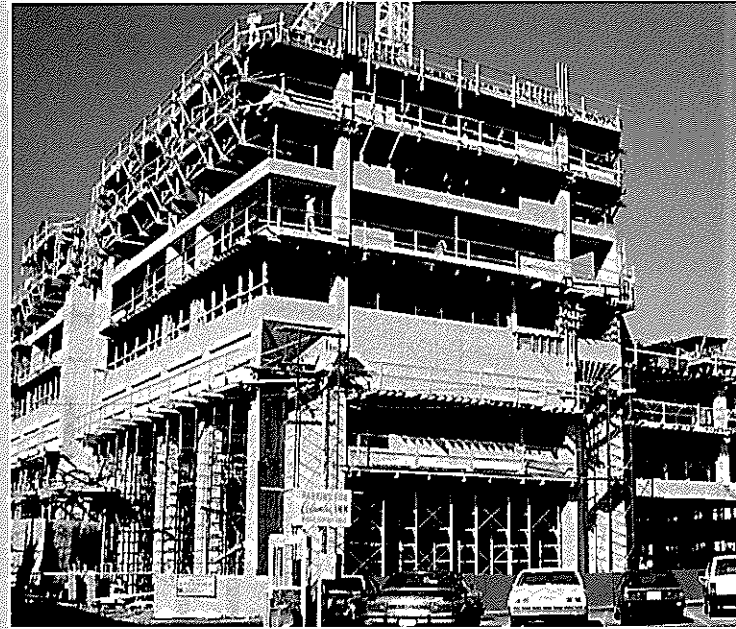


From top to bottom:  
Construction on the  
Royal Capitol Plaza,  
One Waterfront Plaza,  
and the Judiciary  
Parking Garage.

The first of these residential projects to undergo construction is Business Investment, Ltd.'s **THE ROYAL CAPITOL PLAZA** (the first phase of The Pacific Park Plaza project). Erection of this 40-story residential tower on Kapiolani Boulevard and Curtis Streets began in June, 1986. A total of 293 one- and two-bedroom units are being constructed, and 59 of these condominiums are being marketed as "affordable" units to families with annual incomes between \$20,032 and \$43,820. To provide adequate parking for the condominium, a five-story parking garage is being constructed and will provide 384 parking stalls. Construction is expected to be completed by September, 1987.

## Kakaako's Bright Future

Just the fact that public views of, and interest in, Kakaako have changed favorably over the past several years indicate a brighter and exciting future for the District. The past public conceptions of Kakaako as a rough, run-down industrial area is changing into an image of an attractive, centrally located community where people can live and work. Developer interest in Kakaako has also heightened, and armed with an improving infrastructure system and a cachet of new developments being constructed, the HCDA will continue to promote this movement.



**P**

# Participation in Development: Roadway and Utility System Impro

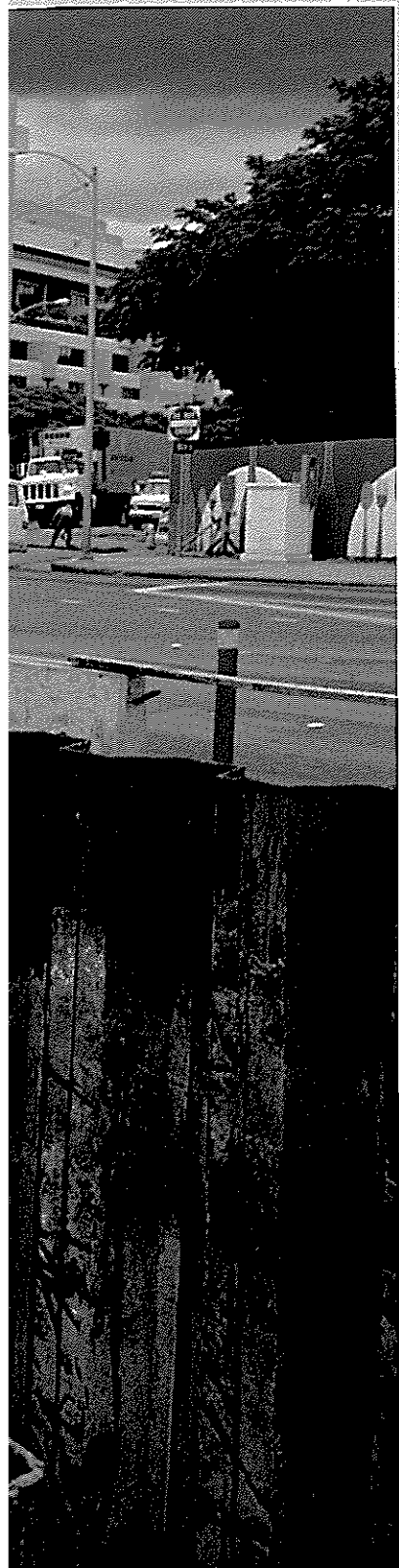




# Improvements Begin

*“ . . . The authority shall develop a district-wide improvement program to identify necessary district-wide public facilities. . . . The cost of providing district-wide improvements shall be assessed against the properties in the district specially benefiting from such improvements. . . .”*

*— Chapter 206E, Hawaii Revised Statutes*



**C**onstruction work on the first phase of what is assuredly one of the most important projects in the Kakaako District began in April, 1986. The **KAKAAKO IMPROVEMENT DISTRICT 1 (ID-1)** project, which will take two years to complete, will improve and upgrade the roadways and utility systems of about 100 acres in the Ewa portion of Kakaako. The ID-1 project is the first major implementation step being taken by the State as it pursues the revitalization of Kakaako. Under the improvement district program initiated by the Authority, government, benefiting property owners and the affected public utilities are sharing the cost for making infrastructure improvements. ID programs have been used successfully in Hawaii and throughout the nation to finance public improvements.

HCDA's first ID project area is generally bounded by Punchbowl, King, Cooke, Queen, South, Auahi Streets and Ala Moana. Improvements will bring Kakaako's aging infrastructures up to current City and County standards and will accommodate future development. In the past, private landowners in Kakaako have often found it difficult, and costly, to develop their properties because of the inadequate street and utility systems.

Improvements are being made to realign, widen and reconstruct existing Kakaako streets; to construct sidewalks, curbs, gutters and driveways; to install new and improved drainage and sewage systems; to improve water mains; and to expand and relocate existing overhead telephone, electrical and cable television lines to new underground systems. The start of construction on ID-1 was the culmination of many years of HCDA planning and preparation, all accelerated during the 1985-86 Fiscal Year.

# P Participation in Development

## Sharing the Cost

The total cost for the ID-1 project is about \$35.2 million. The State government is footing about 77 percent of this cost, and in January, 1986, Governor George R. Ariyoshi released \$27 million in capital improvement funds to allow the HCDA to start construction. The public utility companies are paying for 11 percent (approximately \$4 million) of the total cost, while property owners — who directly benefit from the improvements — in the ID-1 area will pay for 12 percent (approximately \$4.2 million) of the total cost.

In November, 1985, the HCDA held its second and final public hearing on the Kakaako ID-1 project rules and the assessments that would be charged each parcel in the ID-1 area. At that time, testifiers hailed the ID project as long overdue and cited the benefits of carrying out the program in an expeditious manner.

Under the rules adopted by the HCDA, landowners have the option of paying their assessment amounts in installments, together with interest, over a period of up to 20 years. In May, 1986, the HCDA approved the issuance of \$3.6 million of Improvement District Assessment bonds. The bond proceeds will be used to provide long-term financing at 8¾ percent for property owners being assessed. The ID assessment bonds are the first ever to be issued by a State agency.

## Ground Breaking and Preparations for the Two-Year Construction

The ground-breaking ceremony for the Kakaako Improvement District 1 Project was held on March 11, 1986 in the project area. Many representatives from government and the private sector were present to commemorate this pivotal construction project. Addressing the audience, keynote speaker Governor George R. Ariyoshi said, "No more are we going to have cars parked all over the place, roads that are not wide enough to accommodate the flow of traffic, drainage and inadequate, outdated utilities that made it difficult for the development of properties. We are going to have a very, very lovely development here (in Kakaako)."

To make the start of ID-1 possible, the HCDA relocation office assisted in the relocation of six businesses and the partial relocation of four others. These businesses were affected because the improvements to and widening of



The ID-1 breaking of ground, from left to right: former HCDA Chairman Kenneth F. Brown; State Rep. Calvin Say; State Sen. Patsy Young; former Governor George R. Ariyoshi; HCDA Chairman Kenneth Takenaka; Art Hoeffler; E.E. Black; Jim Perry, Hawaiian Dredging; and Paul Nihei, Okada Trucking.



South Street necessitated the acquisition of a minimal amount of private property area. In a partial relocation, the business either remained at the same location, but may have had part of its building front taken by the HCDA, or it may have moved to another building on the same site. The HCDA relocation staff worked closely with these businesses to insure that their transition went as smoothly as possible. The HCDA provided these relocated businesses expeditious financial assistance and payments — since the project is a government-initiated one — and support in finding real estate to continue business activities. (Through its close working relationship with the real estate community, the relocation office also continued its regular “Available Relocation Space” column in the HCDA newsletter **THE KAKAOKO CONNECTION**, to list commercial and industrial space available on Oahu.)



# P Participation in Development

While much effort was exerted by the HCDA to prepare for the Improvement District program, an equally intense campaign was waged to keep the public, especially the affected property owners and tenants in the ID-1 area, informed and to help them prepare for the inevitable impacts of the two-year construction period. Special flyers and articles (in **THE KAKA'AKO CONNECTION**) on the ID-1 project were disseminated, and a comprehensive audio-visual slide show was prepared and shown to the press representatives and at public informational meetings. Over 225 landowners and tenants in the ID-1 and surrounding area were invited by flyer to attend the informational briefing held in March, 1986. At that time, HCDA engineering staff outlined the steps that are being taken to ease the inconveniences of construction, and representatives





from the HCDA, the ID-1 contractors, the construction management firm and utility companies answered questions and reassured the audience that everything possible would be done to make the construction period as short, safe and unobtrusive as possible.

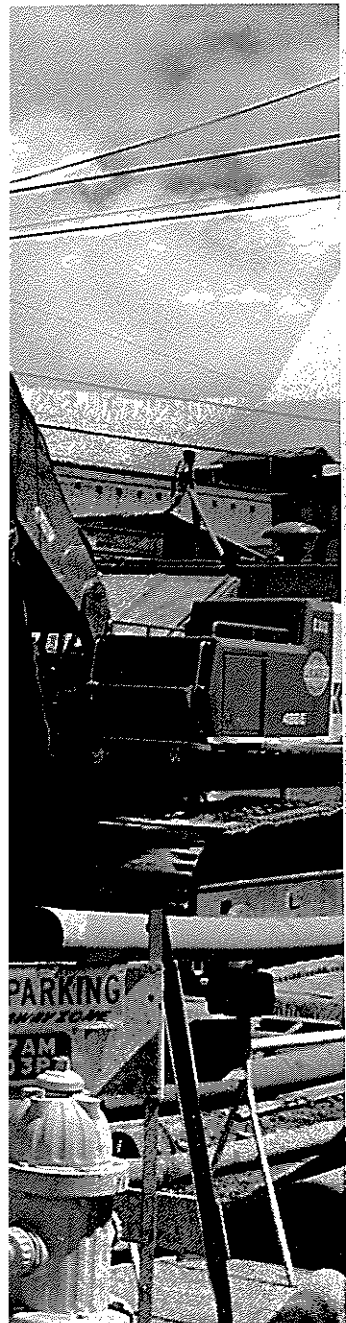
## The Construction Begins

Three contractors (Hawaiian Dredging & Construction Company, E.E. Black, Ltd., and Okada Trucking Co., Ltd.) are performing the infrastructure improvements simultaneously over the 100 acres. Because of the large scale of the project, and to encourage competitive bidding and to shorten the total construction period, the work was broken down into four construction packages. After the bidding process was held, the HCDA awarded the construction contracts to three firms.

Because of the scope of the ID-1 project construction, and the associated inconveniences, one of the first priorities of the HCDA is to keep disruption to businesses and visitors to the area as minimal as reasonably possible. Much construction involves the installation of new drains, sewers and water pipes, and the undergrounding of utility lines. To accomplish this, large trenches — some up to 18 feet wide — are being dug into the streets, and some traffic lines and streets are partially blocked.

To facilitate the flow of traffic on critical streets, the HCDA has prepared and implemented traffic control plans to regulate traffic flow and limit the areas in which the contractors may work. Over the two-year construction period, a minimum of one lane of traffic is being kept open at all times, and driveways and pedestrian walkways will also be accessible. If this is not possible, the contractor will provide an alternate access. Night and weekend construction work will be done wherever practical and effective. The HCDA will also continue, over the construction period, to advise the public of traffic changes and possible interruptions through its newsletter, flyers and public notices.

The Authority's message to the public is that the ID-1 construction will, at times, be inconvenient and uncomfortable for some, but the rewards of an improved infrastructured system in Kakaako is long overdue. It will benefit those working, living or with interest in Kakaako. And it will also serve those whose lives network with the District, which is strategically centered in urban Honolulu.



# Financial Information

## Hawaii Community Development Authority STATEMENT OF EXPENDITURES For the Fiscal Years Ending June 30, 1986 and June 30, 1985

	Operating Funds	June 30, 1986 Project Funds	Total Expenditures	June 30, 1985 Total Expenditures
Personal Services .....	\$ 169,518	\$ 450,643	\$ 620,161	\$ 537,171
Other Current Expenses .....	37,845	3,907,177	3,945,022	1,721,770
Equipment .....	3,625	14,357	17,982	5,799
<b>TOTAL EXPENDITURES .....</b>	<b>\$ 210,988</b>	<b>\$4,372,177</b>	<b>\$4,589,165</b>	<b>\$2,264,740</b>

## Hawaii Community Development Authority STATEMENT OF APPROPRIATIONS, EXPENDITURES, ENCUMBRANCES AND BALANCES For Fiscal Year Ended June 30, 1986

	Prior Year Available Funds 7/1/85	Appropriations	Transfers	Expenditures	Encumbrances	Allotments	Unexpended Balances		
							Unallotted Appropriations	Revolving Funds	Lapsed
<b>OPERATING FUNDS</b>									
Act 345, SLH 1986 .....	-----	\$ 210,991	-----	\$ 209,518	\$ 1,470	-----	-----	-----	3
<b>PROJECT FUNDS —</b>									
<b>KAKAAKO COMMUNITY DEVELOPMENT DISTRICT</b>									
Act 264, SLH 1982 .....	\$ 1,367,178	-----	-----	427,012	940,166	-----	-----	-----	-----
Act 301, SLH 1983 .....	5,010,525	-----	-----	1,445,152	3,565,373	-----	-----	-----	-----
Act 285, SLH 1984 .....	5,670,000	-----	-----	548,961	5,121,039	-----	-----	-----	-----
Act 300, SLH 1985 .....	-----	17,000,000	-----	1,951,052	12,858,313	\$1,783,155	\$407,480	-----	-----
<b>REVOLVING FUND .....</b>	<b>208,976</b>	<b>657,725<sup>1</sup></b>	<b>-----</b>	<b>-----</b>	<b>-----</b>	<b>-----</b>	<b>-----</b>	<b>\$866,701</b>	<b>-----</b>
	<b>\$12,256,679</b>	<b>\$17,868,716</b>	<b>-----</b>	<b>\$ 4,581,695</b>	<b>\$22,486,361</b>	<b>\$ 1,783,155</b>	<b>\$ 407,480</b>	<b>\$ 866,701</b>	<b>3</b>

<sup>1</sup>Variance, dedication fees, assessment fees, etc. collected.

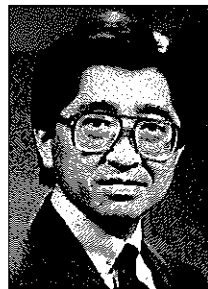


# A Authority Members (Fiscal Year 1985-86)

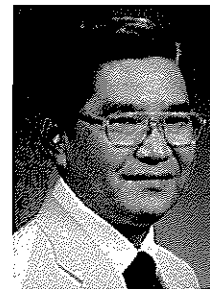
The HCDA consists of 11 voting members who, as a body, are required to report annually to the State Legislature and the Governor. There are four State officials and seven public members appointed by the Governor. Of the seven public members, three are nominated from a list of persons submitted by the City Council. Members serve without compensation. The State officials are the Comptroller and the Directors of the Departments of Finance, Social Services and Housing, and Planning and Economic Development. They may name a designee to represent them on the Authority.

Chairman  
**KENNETH K. TAKENAKA**  
Attorney

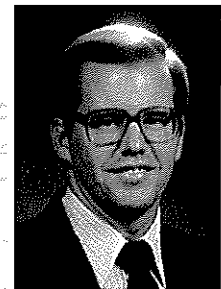
Vice Chairman  
**THOMAS M. ITAGAKI**  
Vice President,  
International Holding  
Capital Corporation



**Takenaka**



**Itagaki**



**Towill**

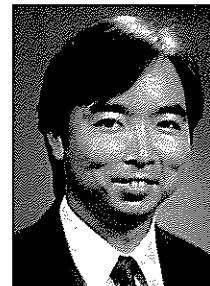
Secretary  
**MURRAY E. TOWILL**  
Designee/Deputy  
Director, Dept.  
of Planning &  
Economic Development

**VANCE C. CANNON**  
President,  
Cannon Corporation

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



**Cannon**



**Fukunaga**



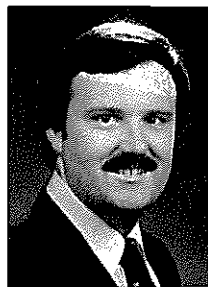
**Hee**

**JENSEN S.L. HEE**  
Director, State Dept.  
of Budget & Finance

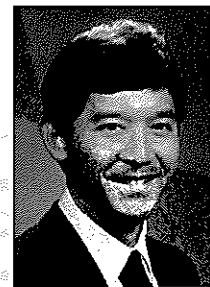
**KENT M. KEITH**  
Director, State Dept.  
of Planning &  
Economic Development

**IVAN M. LUI-KWAN**  
Attorney, Carlsmith,  
Wichman, Case, Mukai  
and Ichiki

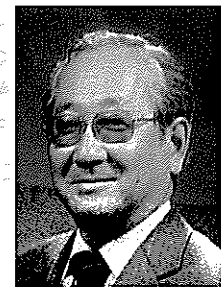
**HIDEO MURAKAMI**  
State Comptroller,  
Dept. of Accounting  
& General Services



**Keith**



**Lui-Kwan**



**Murakami**

**REX D. JOHNSON**  
Executive Director,  
Hawaii Community  
Development Authority

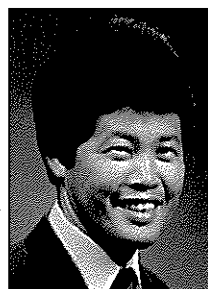
**GEORGE NITTA**  
President, Nitta's  
Auto Repair

**FRANKLIN Y.K. SUNN**  
Director, State Dept.  
of Social Services  
& Housing

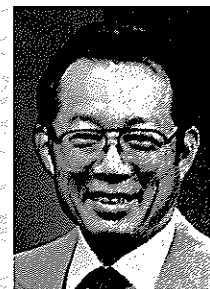
**HELEN M. WIEGERT**  
Member, Hawaii  
Federation of  
Business & Professional  
Women/USA



**Johnson**



**Nitta**



**Sunn**



**Wiegert**

State of Hawaii  
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Honolulu, Hawaii 96813  
Telephone: (808) 548-7180