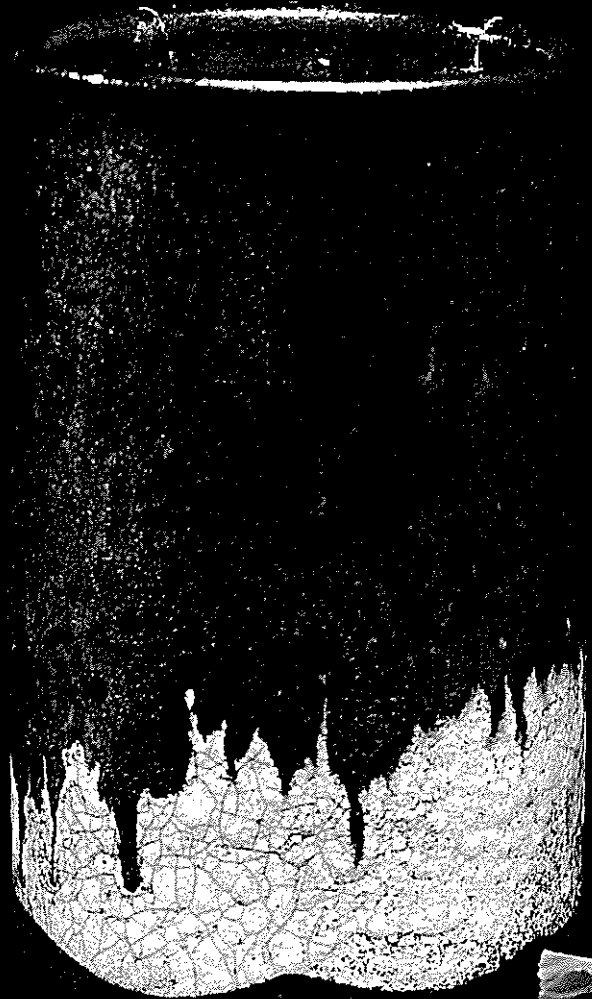


***HAWAII COMMUNITY DEVELOPMENT AUTHORITY  
1986-87 Annual Report***



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## ***On the Cover:***

*A representation of just a few of the types of small businesses which give the Kakaako District its distinct character. Pictured here are some of the important services and goods offered by Kakaako's artists, commercial entrepreneurs, and the automotive industry.*

*— Photo by Ray Tanaka/The Photoplant.*

# LETTER TO THE GOVERNOR



Hawaii Community Development Authority  
State of Hawaii

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

John Waihee  
Governor  
Kenneth K. Takenaka  
Chairman  
Rex D. Johnson  
Executive Director

The Honorable John Waihee  
Governor  
State of Hawaii

Dear Governor Waihee:

On behalf of the Hawaii Community Development Authority (HCDA), I present to you with great pleasure this report of the HCDA's 1986-87 Fiscal Year.

As the annual report shows, Kakaako, its businesses and residents are great assets of the State of Hawaii. And with the transitions and developments occurring today and continuing into the future, the District's value and its importance for the people of Hawaii will become even more evident.

The 1986-87 Fiscal Year brought with it many changes and challenges for the HCDA and the people of Kakaako. The ongoing Improvement District 1 Project, though its construction taxed the mettle of businesses and visitors in the area, will soon prove its merit, with a safer, more functional and attractive network of roadways and utilities. New major developments completed in Kakaako are now providing needed housing — both market and affordable units — and commercial/office space.

This annual report summarizes the important activities and events that transpired in Kakaako over the past fiscal year. If it has been a red letter year for Kakaako — and we firmly believe it has — it is due in great part to the support and interest the HCDA has received from the State administration and legislative branch, from many City and Federal entities, from Kakaako's business and residential community, and from the general public. Obviously, many feel that Kakaako is an important endeavor for the people of Hawaii.

Respectfully,

Kenneth K. Takenaka



# KAKAAKO

*A Great Place to Live, Work & Play*

**T**he 1986-87 Fiscal Year was a time of awakening and growth for the Kakaako District. The so-nicknamed "sleeping giant" was gradually roused from slumber as construction work on long-needed roadway and utility systems, and on private and public developments, moved progressively through their course.



For the businesses and residents of Kakaako, it was also a time of transition. For some situated in areas of construction activity, it was a time of coping and making the best of their business know-how. For others, it was a time of realization that change had indeed made its presence felt in Kakaako, transitions that will have important and beneficial implications in the lives of those associated with Kakaako and for the general public.

For the **Hawaii Community Development Authority (HCDA)**, it was a time of intense activities — of continuing the regulation of development in the District; of changing strategies to meet changing times and needs; and of attempting to help Kakaako's businesses cope with new development and temporary disruption.

— Photo by Ric Noyle





# HAWAII COMMUNITY DEVELOPMENT AUTHORITY

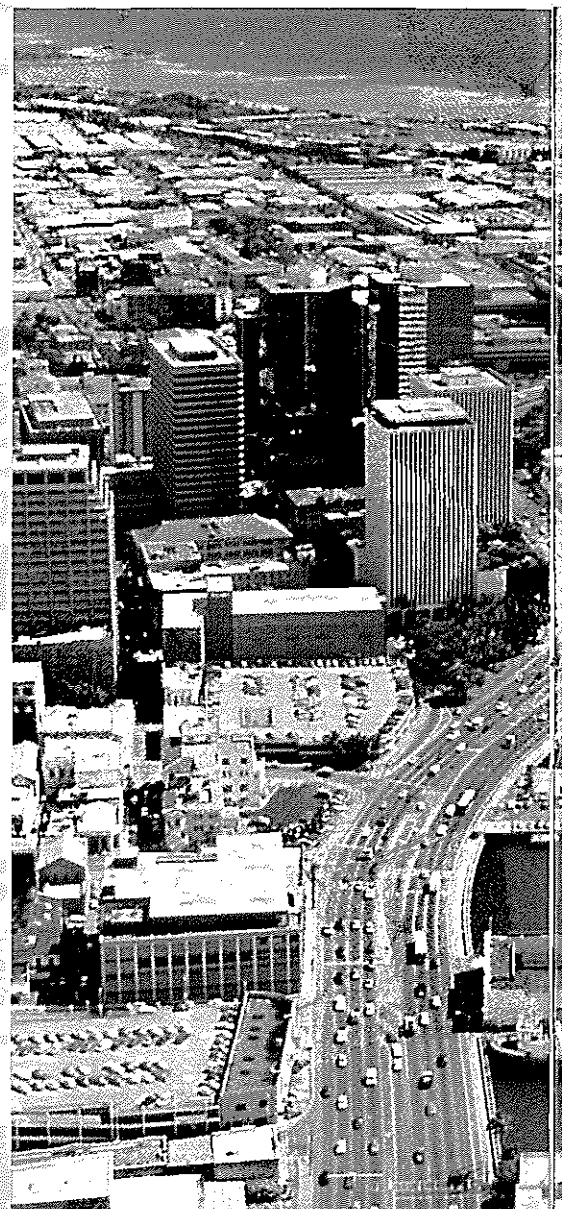
**T**he Hawaii Community Development Authority, simply known as **HCDA**, is a State agency created by the Legislature in 1976. Although **HCDA** is a government agency, it is established as a public corporation, similar to the Hawaii Housing Authority or the Stadium Authority. The Authority consists of 11 members who represent government, private industry and the general public. These nonpaid members form the agency's board of directors. (For list of members, see inside back cover.)

When the State Legislature created the Authority, it gave the agency statewide responsibilities to revitalize certain kinds of communities in Hawaii; communities which the Legislature considers to be run-down, underutilized and in danger of becoming further deteriorated.

Kakaako was determined to be one of these and it was selected as the Authority's first development district. Strategically bounded by four major roadways — King Street, Piikoi Street, Ala Moana and Punchbowl Street — and the Honolulu waterfront, the Kakaako Community Development District's 660 acres are wedged between the major urban centers of downtown Honolulu and the Ala Moana-Waikiki areas.

The Authority's first charge in 1976 was to formulate a comprehensive plan to guide and regulate development of the Kakaako District. After extensive planning involving much public and private participation, the Kakaako Community Development District Plan was completed in 1981. The Plan's rules and regulations, which are amended periodically with the test of time and feasibility, now serve as the basis for the processing of development permit requests.

The Authority's other important role is as a catalyst for development. It works together with the private sector — with large and small businesses, developers and community groups — and other State, City and Federal government agencies, to carry out the goals for a revitalized Kakaako District. Since the beginning, the main aim of the **HCDA** is to create a district



where people will want to live, work and play; an attractive, new community providing the needed housing, work spaces, community facilities and amenities, while retaining what is distinct and valuable from the Kakaako of the past. The HCDA is also tasked with carrying out street and utility system improvements to make Kakaako safer, more liveable and functional.

Adding to the excitement and value of the burgeoning Kakaako District was an action taken by the 1987 State Legislature. During this session, lawmakers expanded the Kakaako

District boundaries to include the Honolulu waterfront from Kewalo Basin to the Aloha Tower boundary. Revitalization of this important stretch of land and seafont will complement Kakaako's redevelopment and greatly benefit the people of Hawaii. In the months to come, the HCDA will be involved with the Office of State Planning in a concerted planning effort for the Honolulu waterfront.

*The Kakaako District was expanded to include an important portion of Honolulu's waterfront.*





# A CITY IN TRANSITION





Looking out over Kakaako during the 1986-87 months, one surely would have noticed the variety of construction activity occurring in the District, particularly in the Ewa (west) end.

Why the sudden burst of activity? Obviously, attitudes about Kakaako have changed. Where in the past many have doubted whether any improvements or progress would occur in the District, today many are seeing the changes take place. The transformed attitude regarding the once "sleeping giant" is intrinsically related to the revival of development interest in the District. As roads and utilities are upgraded and improved, and more of the public becomes aware of the benefits of a transformed Kakaako, additional exciting development activities are likely to follow.

## LOOKING BACK

During the 1986-87 Fiscal Year, the HCDA processed and approved over 130 development permits. Construction on several large-scale residential and commercial projects in Kakaako bustled upward, while two new State complex parking garages were built and became operational. Construction work on many smaller scaled projects throughout Kakaako was also completed.

## COMMERCIAL/OFFICE HAVEN

Bruce Stark's massive commercial/office complex, **ONE WATERFRONT PLAZA**, was well into construction during the 1986-87 period. Work on this \$105 million project began in late 1985. Seven garden-office and retail low-rise buildings (65 feet in height) comprise the One Waterfront Plaza on nine acres of land bounded by

Ala Moana, Punchbowl, Pohukaina and South Streets. The centerpiece of this complex is known as Restaurant Row, a gathering of restaurants and boutiques. Scheduled for opening in early 1988, **ONE WATERFRONT PLAZA** will have approximately 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 also contains about four acres of landscaped open space including a public park fronting Ala Moana.

Design changes to the residential and second phase of the **ONE WATERFRONT** project were approved by the Authority in January 1987. The changes allowed developer Stark's The Kakaako Venture to construct a two-tower residential complex across the street from the Plaza on the block bounded by South, Pohukaina, and Auahi Streets. (Original plans had called for a bulkier 400-foot high rise.) The proposed two-tower design will result in 310 residential units. By the close of 1987, The Kakaako Venture had cleared the land to start construction on the **ONE WATERFRONT TOWERS**.

## ROYAL CAPITOL PLAZA: A Resounding Success

The first HCDA-approved residential development to be constructed in the Kakaako District was **THE ROYAL CAPITOL PLAZA**, developed by Business Investment, Ltd. Construction of this 39-story, \$40 million condominium began in June 1986 on Kapiolani Boulevard and Curtis Street. The project includes two small commercial areas and parking for 384 vehicles. Before construction was completed in September 1987, all of the complex's 293 one- and two-bedroom units were sold.

*... Kakaako is now in transition.  
In the years ahead, it will be  
the city for today and tomorrow ...*

The HCDA's development requirements contain provisions to assure that moderate income or gap groups will be able to afford a portion of Kakaako's future housing. Developers must set aside 20 percent of the total number of residential units in the development as "reserved" or moderate income housing. As required by the HCDA, 59 of the condominiums in **THE ROYAL CAPITOL PLAZA** were marketed as "afforded" units to families with annual incomes between \$20,032 and \$43,820. Twenty-eight reserved housing units were sold during **THE ROYAL CAPITOL PLAZA's** extended marketing period, and Business Investment, Ltd. provided a cash payment in lieu of the reserved units that were not purchased. In certain situations, the Authority allows a developer various alternatives to meeting the reserved housing requirement. Besides the in lieu payment, for example, the developer may provide the appropriate number of reserved housing elsewhere in the Kakaako District, or reserved units may be set aside for sale to the Authority at cost.

## KAKAAKO AS A RESIDENTIAL AND BUSINESS COMMUNITY

**T**he residential units provided by **THE ROYAL CAPITOL PLAZA** and the **ONE WATERFRONT TOWERS** are but the onset of the future housing supply for Kakaako. The HCDA envisions that the District will house about 50,000 residents in 20,000 new residential units over the next 30 years. Based on its mixed land use concept, the Authority also projects Kakaako as being the workspace for over 65,000 persons.

In October 1986, the Authority gave two-year permit extensions to two large-scale planned developments which will, when constructed, provide a large chunk of the anticipated housing and workplaces. Together, the **404 PIHKOI STREET PROJECT** (proposed for development by the Nauru Phosphates Royalties Trust on 17 acres of land across the Ala Moana Shopping Center) and the **QUEEN ST.-KAPIOLANI BLVD. MULTI-USE COMMUNITY** (eyed for 6.5 acres along South Street, between Kapiolani Boulevard and Queen Street) will provide a total of 2,565 residential units and over 874,000 square feet of commercial and industrial space. Six-hundred and twelve "affordable" housing units are also required in total from the developers of these two projects.

One commercial endeavor, **THE PACIFIC PARK PLAZA**, began construction near the tail end of the 1986-87 Fiscal Year. Adjacent to **THE ROYAL CAPITOL PLAZA** on the corner of Kapiolani Boulevard and Cooke Street, **THE PACIFIC PARK PLAZA** is a \$42-million, 15-story commercial complex which will contain about 262,000 square feet of office space. The two-story, low-rise portion of the project will be the future home of the Kaiser Permanente health care company. Completion is scheduled for late 1988.

While much public attention will undoubtedly be drawn to the aforementioned larger planned developments, if only by virtue of their magnitude, smaller scale mixed-use (MUZ) projects are, and will continue to be, common in the Kakaako District. Noteworthy MUZ developments constructed in Kakaako during 1986-87 include:

- the **MISSION HOUSES MUSEUM & LIBRARY** — construction of a second floor and several additions to the existing Mission Houses Library;
- **PACIFIC OLDSMOBILE-GMC, INC. COMPLEX** — three existing buildings fronting Ala Moana were renovated to serve as auto showrooms and administrative offices and a new one-story industrial building was constructed at 825 Auahi Street;

- **RAY'S AUTO REPAIR SHOP** — a one-story industrial building was constructed on a vacant lot at 959 Queen Street;
- **MAKAI PARKING GARAGE** — this 5-story, \$5.3 million parking structure on the corner of Punchbowl and Halekauwila Streets now provides 419 parking stalls for public offices nearby the Judiciary Building. The

structure is open to the public, and also serves State employees and agencies. [Another Judiciary Complex parking structure (called the Mauka Garage) was completed in September 1986. This 8-story, 538 stall structure is located on South and Pohukaina Streets.]

*Royal Capitol Plaza construction.*





## A CITY IN TRANSITION

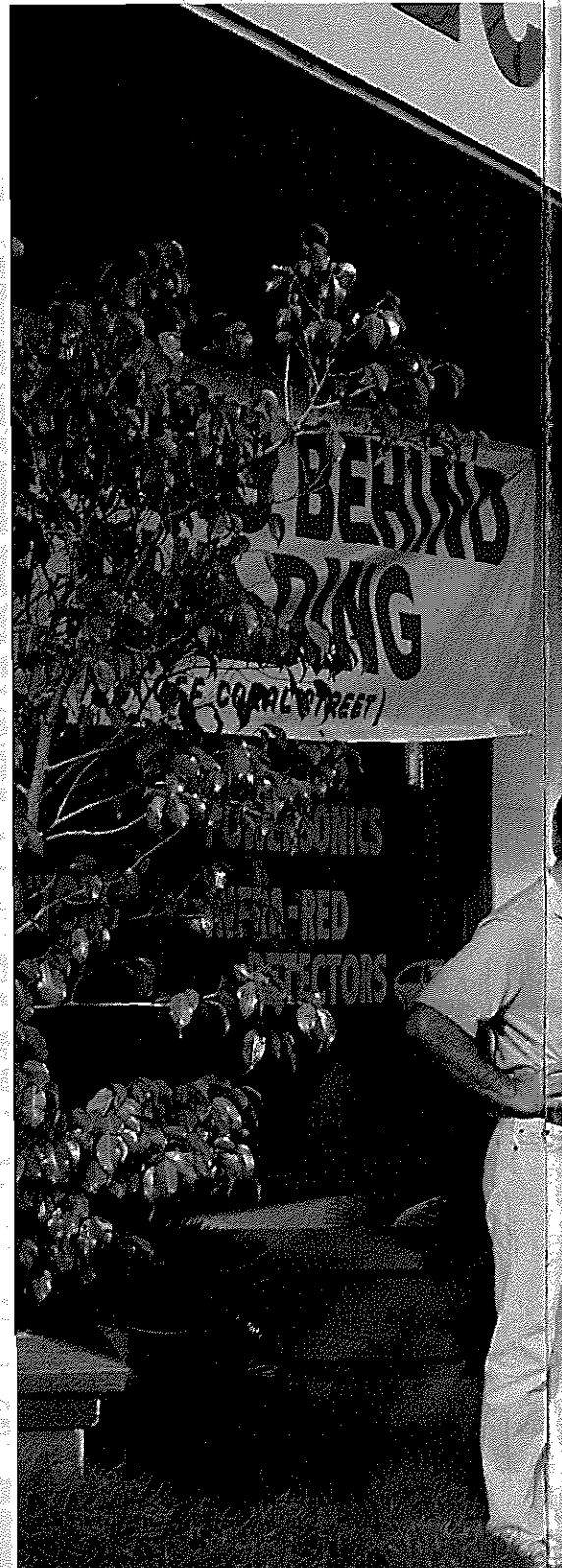
### BUSINESSES ARE OUR BUSINESS

Small and large businesses are an important part of Kakaako today, and of Kakaako's legacy to the future. The HCDA has always recognized this vital fact. Another unavoidable fact, however, is that as Kakaako's redevelopment takes place, some business dislocation is inevitable. The Authority has, and will continue to work to minimize and ease the harsh consequences of business relocation.

For many years now, the agency has operated a relocation assistance office to help businesses and residents who would face displacement because of private or government developments. Businesses displaced by private development projects are entitled to most of the relocation assistance services accorded, by law to government displacees, short of monetary assistance. In the 1986-87 period, the relocation office assisted the nine small businesses situated in the Ironworks (site of the One Waterfront Towers) to make the transition and find replacement space in which to move their operations. Relocation payments and advisory services, by law, are provided to businesses impacted by public projects. In 1987, the HCDA began working with small businesses who will be affected by the second improvement district (see Page 14), approximately five of whom will relocate in late 1988.

The 1986-87 Fiscal Year saw the HCDA staff make an even greater effort to inform and assist the Kakaako community. Through personal, in-the-field contact and numerous publications, the relocation office staff continued to keep the merchants informed of pending roadway improvements in their areas; complaints and problems were

remedied, where possible, immediately. For the purpose of improving communication with Kakaako's business community, the HCDA of late has been instrumental in the initial gathering of merchants to assist in the formation of a community organization. The

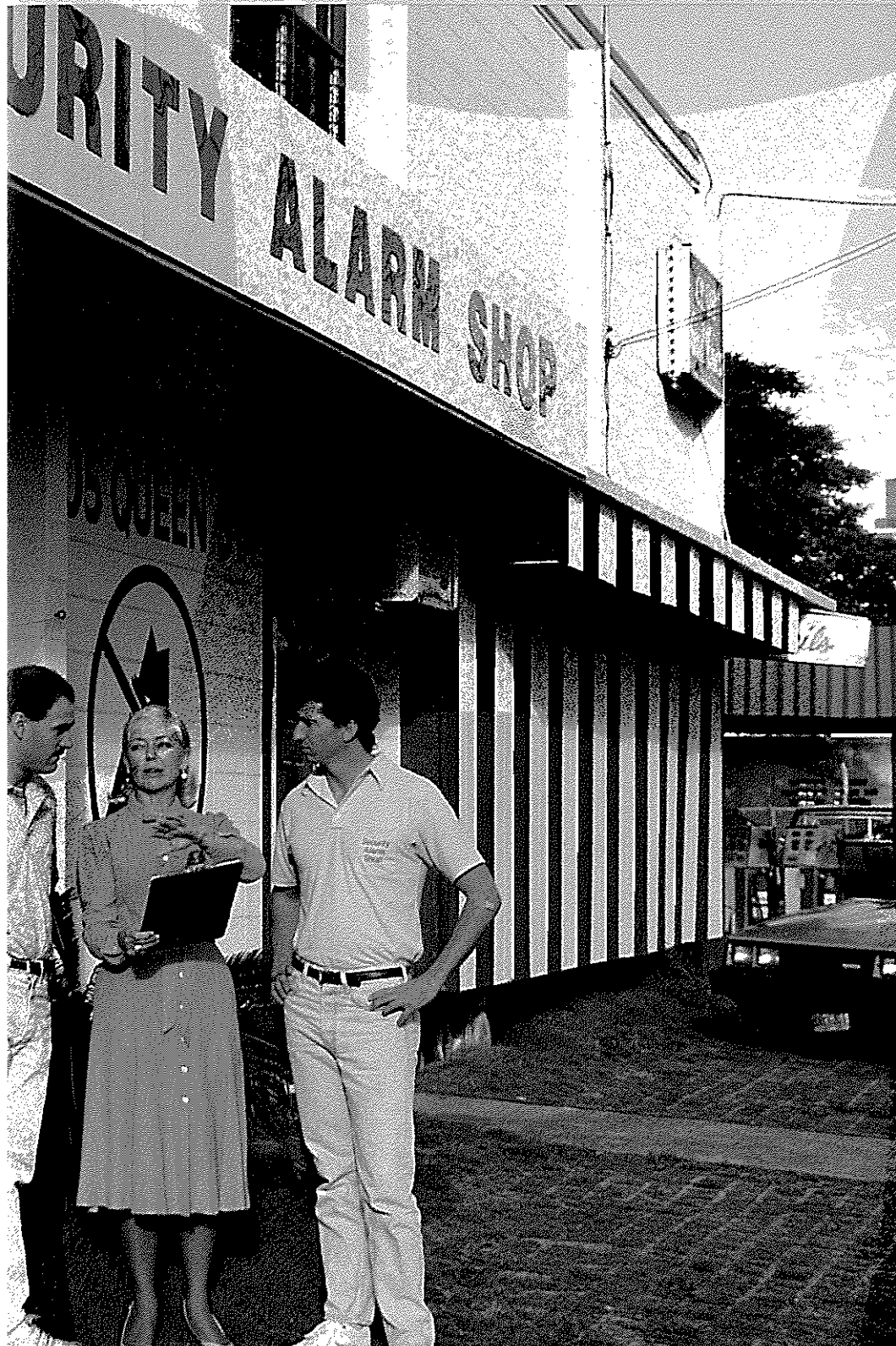




"Kakaako Improvement Association" is in the formation stage, and the HCDA's role will continue to be strictly one of providing assistance and information. It is anticipated that this organization could become a voice that reflects a community viewpoint, an integral

element of the private-public communication needed to insure that Kakaako's revitalization meets the needs of the widest range of interests.

*HCDA helps Kakaako small business.*



# IMPROVEMENT DISTRICT:

Inroads to the "New" Kakaako



**B**y the close of the 1986-87 Fiscal Year, the HCDA had come one step closer to the "new" Kakaako. The Improvement District 1 (ID-1) project was about 70 percent completed, with the lion's share of the utility improvements installed. Preceding the close of the year was a period of intense roadway and utilities construction work on the streets of about 100 acres in the Ewa (west) portion of Kakaako.

Construction on the important ID-1 project began in April 1986. In the area generally bounded by Punchbowl, King, Cooke, Queen, South, Auahi Streets and Ala Moana, improvements are being made to bring Kakaako's aging infrastructure up to current City and County standards and to accommodate future development. Kakaako's land-owners, in the past, 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, and to construct sidewalks, curbs, gutters and driveways to present City and County and public utility company standards. New and improved drainage and sewage systems and water mains have been installed, and existing overhead telephone, electrical and cable television lines were expanded and relocated underground. Because of the magnitude of the \$35.2 million ID-1 project and to shorten the construction duration, three contractors (Hawaiian Dredging & Construction Company, E.E. Black, Ltd. and Okada Trucking Co., Ltd.) have been performing the infrastructure improvements simultaneously over the two-year construction period. If no unforeseen delays occur, construction on ID-1 should be totally completed by September 1988, with the bulk of work finished by April 1988.

## ENDURING THE CONSTRUCTION

**A** main priority during the ID-1 project has been to minimize the unavoidable disruptions and inconveniences caused by construction for the area's businesses and visitors. These came about with the installation of major drainage and sewer mains, and a myriad of utility lines and facilities within an existing business area, where traffic flow and existing utility services need to be maintained. Where there was little or no flexibility in construction, occasionally, some traffic lanes or streets were partially blocked. HCDA considers the merchants' welfare a top priority and has been constantly in touch with the contractors to minimize the construction impact while still permitting progress of the project. The HCDA and its contractors have otherwise maintained a minimum of one lane of traffic open at all times, and are insuring that driveways and pedestrian walkways are accessible. When practical, night and weekend construction work has also been used on some critical traffic flow areas.

The ID-1 area businesses, and the general public, have been extremely cooperative and patient, and when problems were encountered, they have contacted the HCDA or the contractors performing the work. The HCDA has tried to deal with individual problems expeditiously and to the satisfaction of all parties concerned. Contractors have been very cooperative and have tried to respond to the concerns of businesses and the HCDA. It is with such mutual cooperation, that the Authority hopes to bring the ID-1 project successfully to its close.



*... the "new" Kakaako — safer,  
more attractive, more functional,  
with utilities functioning properly  
... more convenient, comfortable ...*

## **ONE GOOD TURN DESERVES ANOTHER . . .**

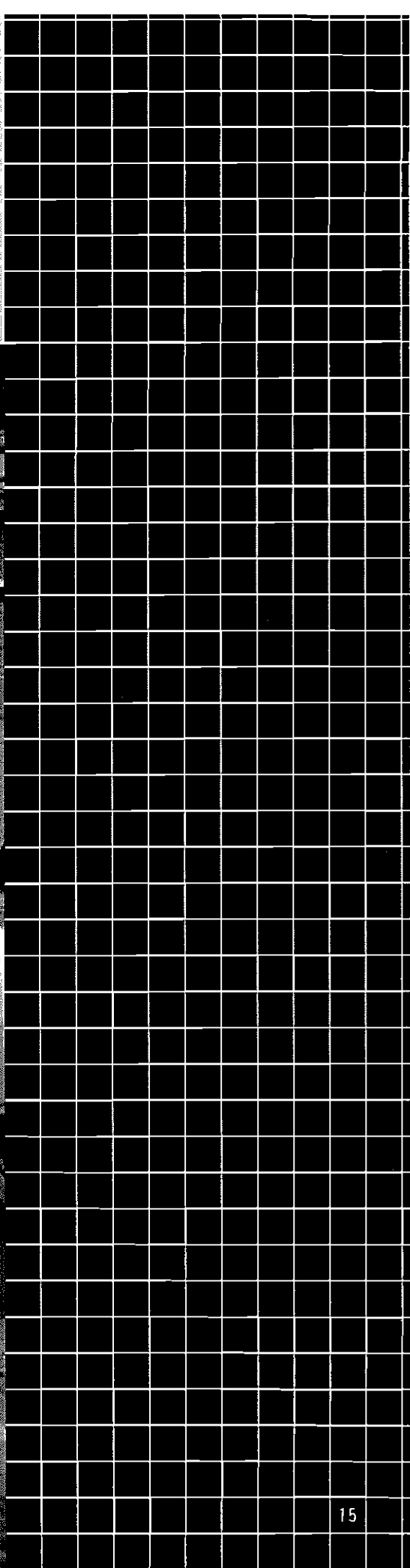
**P**refinal engineering design work was completed for the **Improvement District-2 Project** during the 1986-87 Fiscal Year. The **ID-2** project area involves about 61 acres adjacent to **ID-1**, bounded by Pohukaina, Cooke, and South Streets, Ala Moana, Ilalo Street and the shoreline below Keawe Street. During the early months of 1987, the **HCDA** engineering staff developed a detailed work program for the second improvement district, and began implementation activities. The 1987 State Legislature provided impetus to the project by appropriating \$26 million for construction of **ID-2**. By November 1987, the **HCDA** had completed the preliminary **ID-2** assessments report, after having met in small groups with affected property owners and recorded lessees to inform them of the proposed improvements, the methods used to allocate the cost of improvements, individual property assessment amounts, and proposed payment plans.

## **A BRIGHTER FUTURE FOR ALL**

**T**he **HCDA** is confident that the improvement district projects and the private developments breaking ground are just the beginnings of the rebirth of the long dormant Kakaako. If government, landowners and private enterprise can continue to work together and invest their time, funds and sincere interest, the "new" Kakaako is soon to become a reality for all of us.







# FINANCIAL INFORMATION

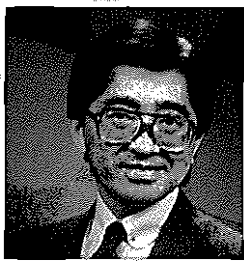
## Hawaii Community Development Authority STATEMENT OF EXPENDITURES For the Fiscal Years Ending June 30, 1987 and June 30, 1986

	Operating Funds	June 30, 1987 Project Funds	Total Expenditures	June 30, 1986 Total Expenditures
Personal Services .....	\$183,180	\$ 511,489	\$ 694,669	\$ 620,161
Other Current Expenses .....	52,461	16,427,206	16,479,667	3,945,022
Equipment .....	599	1,204	1,803	17,982
<b>TOTAL EXPENDITURES .....</b>	<b>\$236,240</b>	<b>\$16,939,899</b>	<b>\$17,176,139</b>	<b>\$ 4,583,165</b>

## Hawaii Community Development Authority STATEMENT OF APPROPRIATIONS, EXPENDITURES, ENCUMBRANCES AND BALANCES For Fiscal Year Ended June 30, 1987

	Prior Year Available Funds 7/1/86	Appropriations	Transfers	Expenditures	Encumbrances	Allotments	Unallotted Appropriations	Revolving Funds	Lapsed
<b>OPERATING FUNDS</b>									
Act 345, SLH 1986 .....	-----	\$ 236,287	-----	\$ 235,390	\$ 850	-----	-----	-----	47
<b>PROJECT FUNDS —</b>									
<b>KAKA AOKO</b>									
<b>COMMUNITY</b>									
<b>DEVELOPMENT</b>									
<b>DISTRICT</b>									
Act 264, SLH 1982 .....	\$ 940,166	-----	-----	810,624	129,542	-----	-----	-----	-----
Act 301, SLH 1983 .....	3,565,373	-----	-----	3,539,026	26,347	-----	-----	-----	-----
Act 285, SLH 1984 .....	5,121,039	-----	-----	5,121,039	-----	-----	-----	-----	-----
Act 300, SLH 1985 .....	15,048,948	-----	-----	7,469,210	5,287,469	\$1,894,789	\$397,480	-----	-----
<b>REVOLVING FUND</b> .....	866,701	1,086,130 <sup>1</sup>	-----	-----	-----	-----	-----	\$1,952,831	-----
	<b>\$25,542,227</b>	<b>\$1,322,417</b>	-----	<b>\$17,175,289</b>	<b>\$5,444,208</b>	<b>\$1,894,789</b>	<b>\$397,480</b>	<b>\$1,952,831</b>	<b>47</b>

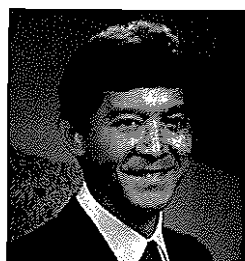
<sup>1</sup> Variance, dedication fees, assessment fees, etc. collected.



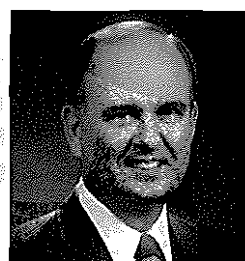
**Takenaka**



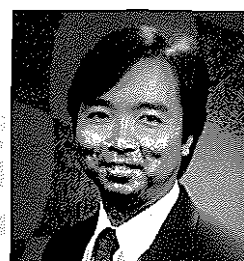
**Caulfield**



**Lui-Kwan**



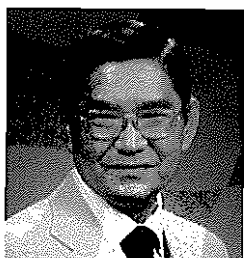
**Cannon**



**Fukunaga**



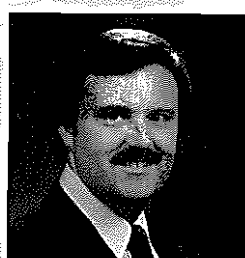
**Hee**



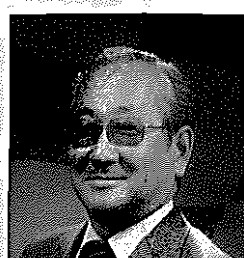
**Itagaki**



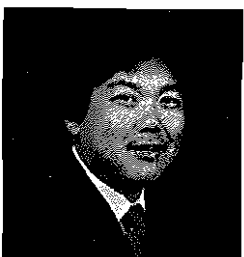
**Kawaguchi**



**Keith**



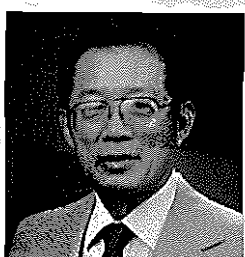
**Murakami**



**Nagata**



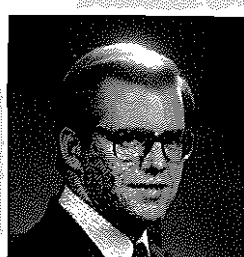
**Rubin**



**Sunn**



**Takemoto**



**Towill**

# **AUTHORITY MEMBERS**

## **Fiscal Year 1986-87**

### **(July 1, 1986-June 30, 1987)**



**Ulveling**



**Johnson**

**Chairman**  
**KENNETH K. TAKENAKA**  
Attorney

**Vice Chairman**  
**GARY L. CAULFIELD**  
Vice President  
First Hawaiian Bank

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

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

**ERIC S. FUKUNAGA**  
Group Vice President,  
Motor Imports Sales

**JENSEN S.L. HEE**  
Director, State  
Dept. of Budget & Finance  
(served until 12/86)

**THOMAS ITAGAKI**  
Vice President,  
International Holding  
Capital Corporation

**STANLEY K. KAWAGUCHI**  
Vice President,  
Parsons Brinckerhoff  
Quade & Douglas, Inc.

**KENT M. KEITH**  
Director, State  
Dept. of Planning &  
Economic Development  
(served until 12/86)

**HIDEO MURAKAMI**  
State Comptroller,  
Dept. of Accounting  
& General Services  
(served until 12/86)

**RUSSEL NAGATA**  
State Comptroller,  
Dept. of Accounting  
& General Services  
(1/87 to present)

**WINONA RUBIN**  
Director, Dept. of  
Social Services  
& Housing  
(1/87 to 6/87)

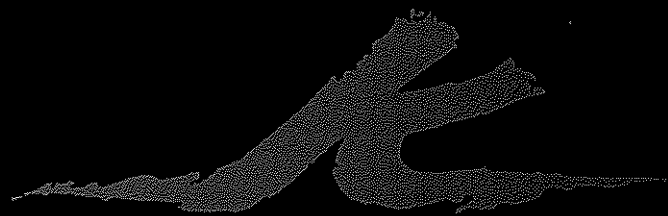
**FRANKLIN Y.K. SUNN**  
Director, State Dept.  
of Social Services  
& Housing  
(served until 12/86)

**YUKIO TAKEMOTO**  
Director, Dept. of  
Budget & Finance  
(1/87 to present)

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

**ROGER ULVELING**  
Director, Dept. of  
Business & Economic  
Development  
(1/87 to present)

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



**KAKAAKO**

*A Great Place to Live, Work & Play*

*State of Hawaii*  
**HAWAII COMMUNITY DEVELOPMENT AUTHORITY**