

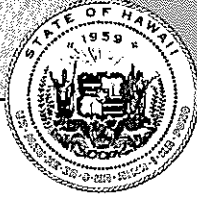
Hawaii Community Development Authority 1988-89 Annual Report



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On the cover:
A towering view of the Kakaako District and the waterfront.



The Honorable John Waihee
Governor
State of Hawaii

Dear Governor Waihee:

It is with great pride and pleasure that I present to you this annual report of the Hawaii Community Development Authority's (HCDA) Fiscal Year 1988-89. The Authority's activities and accomplishments summarized in this report demonstrate that the Kakaako District is progressing well in its transformation into a safe and attractive community, a place which its residents, business people and visitors can all take pride in.

The HCDA's activities during the 1988-89 period traveled several avenues. The first HCDA Improvement District Project came to a long-awaited end, bringing a sizable chunk of Kakaako's badly deteriorated roadways and utilities into a safer, more functional working order. As soon as the Improvement District 1 Project was completed, construction work on the second increment of infrastructure improvements was underway. Besides the benefits of an enhanced network of roads and utilities, the ID-1 Project demonstrated the sterling character of both the private sector and government and the mutual cooperation displayed as each tried to deal with the impacts and problems that a mammoth construction project brings with it.

We also feel that the Improvement District Program has had a very positive impetus on development of the Kakaako District. The 1988-89 Fiscal Year bore the construction of several large-scale projects and the HCDA approval of others throughout the District. It is gratifying to note that interest in Kakaako is not exclusive to the big developers as owners of smaller parcels are engaged in numerous renovation and minor development projects. Housing dedication funds collected from developers have allowed the HCDA and the State Housing Finance Development Corporation to initiate two rental housing projects: one for small families and another for the elderly. Both projects, which will produce a total of 487 units, will be completed in late 1991.

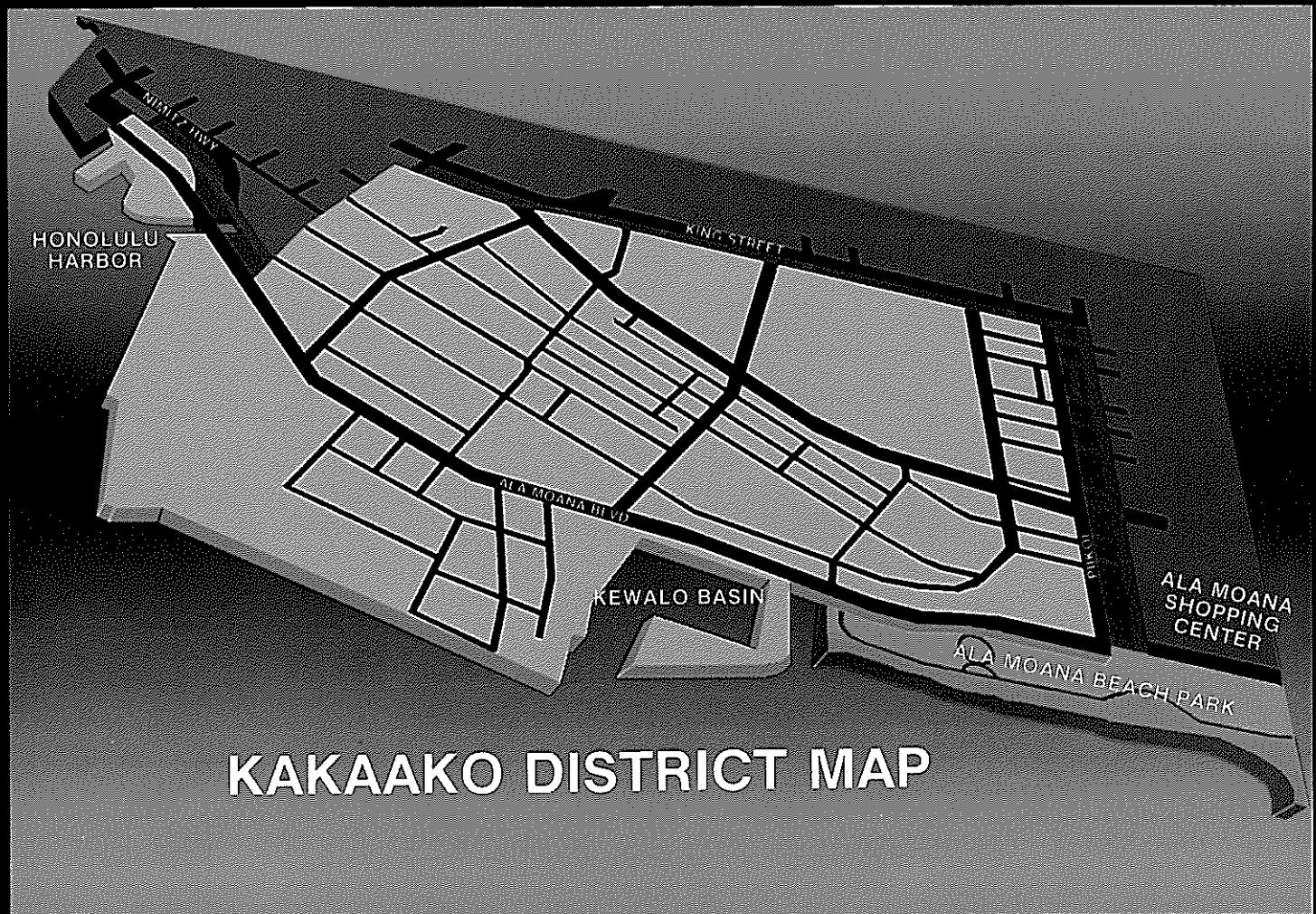
In the planning area, the HCDA largely completed its draft Makai Area Plan and Rules, which will govern land use and development in the area makai of Ala Moana Boulevard, from Kewalo Basin up to the Aloha Tower Complex. With a maximum of public participation, the HCDA has drafted a plan which would transform the Kakaako District's makai area into a people-oriented gathering place in a park-like setting. The goal of the plan is to increase public access to the ocean and along the water's edge.

It would be negligent not to mention that the accomplishments discussed in this annual report reflect the work and efforts of not only the Authority, but of the Kakaako community, community groups and many government agencies. Without their involvement, Kakaako's transformation into a major multi-use community would not be possible.

Respectfully,

Kenneth Takenaka
Chairman





KAKAAKO DISTRICT MAP

Introduction

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, also known as the HCDA, 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 create an innovative urban planning and redevelopment body capable

of supplementing traditional community renewal methods, an agency which could stimulate and coordinate public and private sector community development efforts.

The HCDA's bylaws task the agency with developing and implementing 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 designated community development district was the Kakaako District. As designated in 1976, the District was bounded by Piikoi Street, South King Street, Punchbowl Street and Ala Moana Boulevard. In subsequent years, State lawmakers further expanded the Kakaako District's boundaries to include the areas makai (toward the ocean, generally a southerly direction) of Ala Moana Boulevard, including the waterfront stretch from Ala Moana Park up to the Aloha Tower complex.



The Kakaako District

Kakaako's 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 the city. It is not a project where roads, water lines and sewerage and drainage systems can be designed and built from scratch.

Instead, Kakaako is largely a busy, urbanized section plunk down in the heart of Honolulu. For years it had lain somewhat underused, and in some areas, deteriorating to the point of being an eyesore. But the fact is that Kakaako already had in place the buildings, businesses and some residents that are part of any urban community. 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 swampland or submerged under water. 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, losing most of its residential population and taking an industrial and service industries character.

Prior to the creation of the HCDA in 1976, Kakaako had undergone relatively few changes. There were, however, concerns and pressures then, as there are now, for better and more efficient use of existing urban lands in Hawaii. Lands such as Kakaako. These pressures are fueled by concerns for the preservation of open spaces and agricultural lands, for the conservation of energy and water resources, for optimizing development within the central

urban core, and the need to maximize use of public investment in existing infrastructure.

Lawmakers saw the Kakaako district as a means of providing housing, modernized commercial and industrial facilities, and improved amenities for residents. In creating the Authority, the State legislature set directions for Kakaako's revitalization and development. They envisioned a mixed-use district where residential, commercial, industrial and public uses would coexist compatibly. 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 very specific directives, the HCDA undertook an intensive five-year planning process, resulting in the Kakaako Community Development District Plan. This comprehensive plan took effect on February, 1982 and the HCDA now performs regulatory and enforcement activities to ensure that any development or major improvement occurring in the District meets 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 parks, public parking garages and recreational/cultural facilities. These developments will act to foster and encourage private development in Kakaako.

The Authority Makeup

The HCDA is a public corporate entity attached to the Department of Business and Economic Development. Eleven voting members from the private and public sectors comprise the Authority. Authority members established HCDA policies and grant certain development and variance permits. There are four State department heads 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 HCDA 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.

Making Kakaako Functional, Safe and Attractive

The Hawaii Community Development Authority's massive Improvement District Program progressed steadily during the 1988-89 Fiscal Year. As the two-year Improvement District 1 (ID-1) Project came to culmination, transforming and improving over 100 acres of Kakaako's aging streets and utilities into a safer and functional system capable of accommodating future development, the HCDA's second phase of improvements, ID-2, got into high gear.

Just what is an improvement district? In the case of Kakaako, this program is being used to make improvements to the District's obsolete and deteriorating roadways and utilities. Streets are being reconstructed or widened with new curbs, gutters and pavement. Utilities such as drainage, sewer and water systems are being improved and expanded. Also, telephone, electric and cable television lines are being moved underground to improve the appearance of the area.

Improvement districts come about as specific areas are designated for improvement. State government, public utility companies, and landowners who realize special benefits from the improvements share the cost of the project. To provide financing for property owners who are being assessed for the improvements, the Hawaii Community Development Authority arranges the sale of assessment bonds. With this arrangement, land owners are allowed to pay their assessment amounts in installments over a period of up to 20 years, together with interest. The exact interest rate is determined at the time of the bond sale.

Construction on the HCDA's ID-1 Project began in April, 1986 and was completed by September, 1988. During this two-year-plus period, this



\$35.2 million project vastly transformed the infrastructure and appearance of about 100 acres of land generally bounded by Punchbowl, King, Cooke, Queen, South and Auahi Streets, and Ala Moana Boulevard.

Three contractors constructed the infrastructure improvements simultaneously over the project area. The intent was to get the job done as quickly as possible and to minimize the unavoidable disruptions and inconveniences for businesses in the area. Although many of the improvements are underground and not readily visible to the eye, streets are now safer, more conducive to traffic and pedestrian flow. More signage, fire hydrants, sidewalks and curbs grace the roadways where once there were none. Streets that would flood under normal rainfall conditions will no longer hamper daily activities. And the functioning of utilities has been drastically bettered.

In an effort to bring the ID-1 area businesses and the HCDA together in celebration of the completion of the project, and to especially say "thank you" to the areas' merchants for their cooperation and for bearing with the inconveniences, the HCDA sponsored a Thanksgiving Day luncheon on November 23, 1988.

About 800 employees and land/business owners in the ID-1 project area attended the event. The Kakaako Improvement Association, an organization of Kakaako landowners, businesses and residents, worked with the HCDA to put the event together. HCDA members and staff served a luncheon of roast turkey and pumpkin pie, which was funded by contributions from Hawaiian Electric Co., Hawaiian Telephone Co., contractors, appraisers and other consultants involved with the project, and the HCDA staff.

The luncheon was a fitting finale for the ID-1 Project, and similar beneficial and successful results are expected to come about with the completion of

the ID-2 Project, which began construction in October, 1988.

The ID-2 Project is located immediately Diamond Head (east) of the first Improvement District project and it basically employs the same types of construction activities and improvements of ID-1. Again, the goal is to arrive at an improved and enhanced system of roadways and utilities that can support the redevelopment of properties in the area. The ID-2 Project generally encompasses about 110 acres of land bounded by Keawe, Pohukaina, Cooke and

Ilalo Streets. Major drainage facilities are also being installed extending beyond Ala Moana Boulevard along Cooke, Coral and Ilalo Streets to the ocean.

In August 1988, the HCDA approved the sale of \$5,275,000 of ID-2 assessment bonds to provide financing for property owners assessed for improvements. Property owners in the ID-2 are making semiannual payments at an interest rate of 8½ percent per annum over a 20-year period.

Drain boxes are installed in Ilalo Street.



It Isn't A Picnic

Making improvements which are of the magnitude of the HCDA's Improvement District Program is no easy task. One of the sad facts is that infrastructure construction activities bring with them some unavoidable inconveniences and disruptions for the area's businesses and visitors. The Kakaako District is a functioning and vibrant business community and one of the main aims of the HCDA is to ensure that its construction activities are performed quickly and with the least amount of negative impact on the area.

As with the ID-1 Project, the HCDA staff are out on the ID-2 area streets regularly to serve as a liaison between the HCDA and businesses, to deal with problems on a case-by-case basis as they occur. The main intent is to arrive at a satisfactory solution for all concerned in a timely manner. Because access to businesses is so important, the HCDA strives to keep at least one traffic lane open on small streets at all times and two lanes open after hours. All six lanes on Ala Moana Boulevard are kept open during peak traffic hours. Construction personnel also ensure that measures to abate dust and noise, and safety devices are used, and that all driveways and walkways to businesses are kept open at all times or alternative access provided.

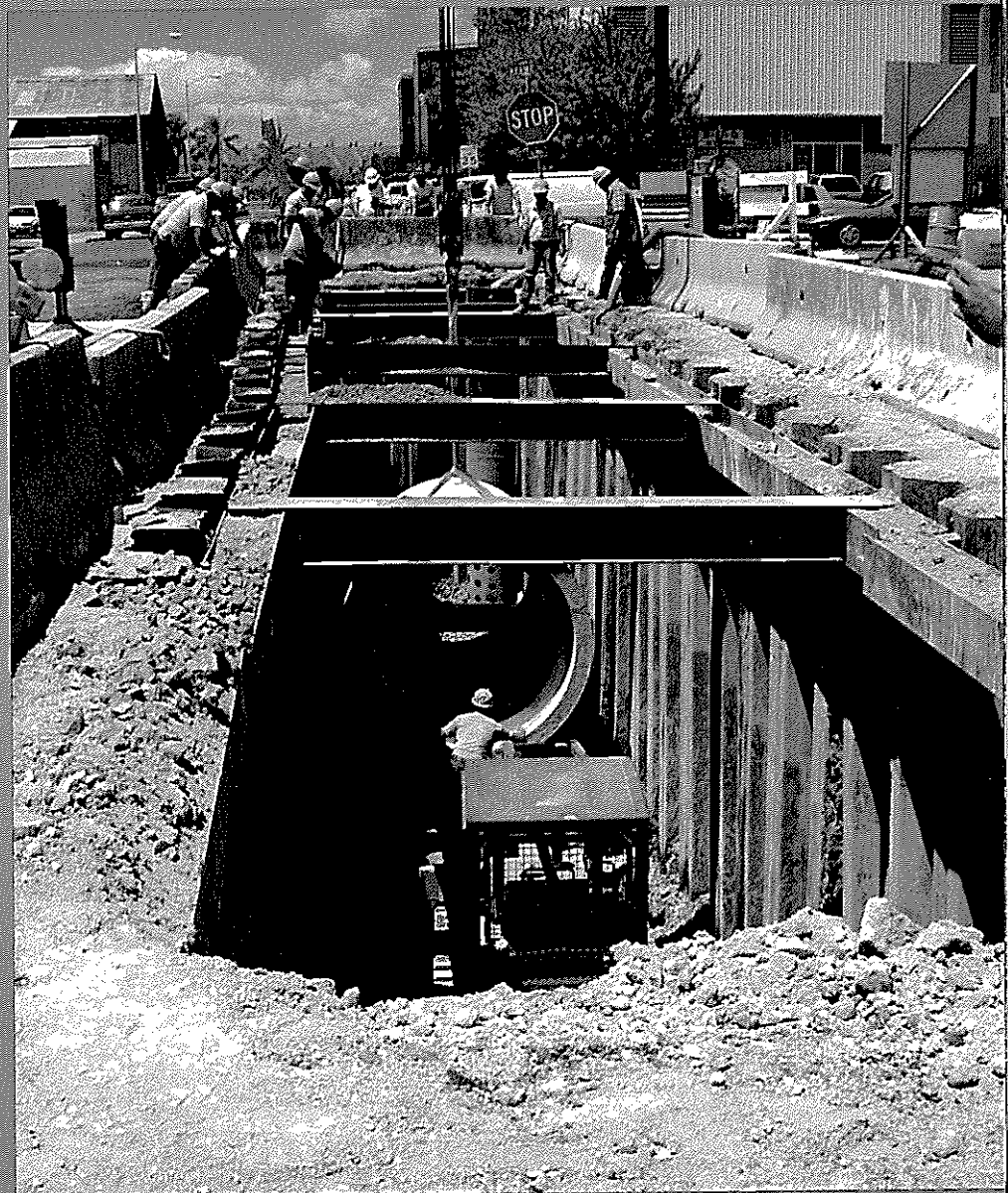
To speed up construction and avoid disruptions to businesses and the public during daytime hours, the HCDA continues to perform night and weekend, or "off-hours" construction work when practical. In the early months of the ID-2 Project, the HCDA installed drainage and water line improvements along a portion of Cooke Street during off hours. HCDA Executive Director Rex D. Johnson explains, "Although off-hour construction is higher in cost, portions of Cooke Street exhibit a temporary

and limited need for off-hours construction primarily due to existing traffic conditions. On Cooke Street it helped to minimize traffic and parking impacts for businesses and to speed up the construction time. We will continue to use off-hours or overtime work as we carry out our Improvement District Program as the necessity arises.

A segment of a sewer line is installed on Auahi Street in the ID-2 Project area.

Temporary Parking

To offset the anticipated dwindling supply of on-street parking spaces eradicated by roadway and utilities construction activities in the ID-2 area, the HCDA developed a temporary parking lot at the site of the Pohukaina School. Consisting of 224 parking stalls, the lot is located at the corner of Keawe and Halekauwila Streets and it will remain in operation at least through the duration of the ID-2 Project. Businesses in the ID-2 have the option of either



purchasing a monthly parking pass or paying a daily rate. The stalls are offered on a first-come, first-served basis to employees of "priority business", those firms that are most directly impacted by the ID-2 construction work. Based on surveys conducted by the HCDA, it was estimated that there are roughly 300 priority businesses in the area. These businesses were contacted by mail and offered parking permits for their employees. After 8 a.m., the temporary parking lot is opened to the public.

Next in Line

Seeing the value and necessity of an improved infrastructure system in Kakaako, the 1989 State Legislature appropriated \$35.3 million for the HCDA to proceed with its third phase of roadway and utility system improvements. The proposed Improvement District 3 (ID-3) Project will involve about 60 acres of land directly mauka (north) of the ID-2 Project. Construction is planned for the following streets: Cooke Street (from Pohukaina to King Streets), Kapiolani Boulevard (from King to Dreier Streets), Halekauwila Street (from South to Koulu Streets), Keawe Street (from Auahi to Queen Streets), Coral Street (from Auahi to Queen Streets), Victoria Street (from King to Young Streets), and Curtis Street. Again, the construction would involve installation of drainage, water, sewer and roadway systems and the undergrounding or present overhead utility lines. Following public hearing and other approvals, construction is scheduled to start in October, 1990. Improvement District 3, along with Improvement Districts 1 and 2, represents the completion of one-third of all necessary infrastructure improvements for the Kakaako District, mauka of Ala Moana Boulevard.





Charting the future for the Honolulu waterfront area fronting the Kakaako District was a big part of the HCDA's planning activities during the 1988-89 Fiscal Year. The 1987 State Legislature expanded the Kakaako District boundaries to include the stretch of Honolulu's waterfront from Kewalo Basin up to, but not including, the Aloha Tower complex. By the close of the Fiscal Year, the HCDA was at work formulating and fine-tuning a development plan and rules for Kakaako's makai area lands.

During the 1987-1988 Fiscal Year, the HCDA and the Office of State Planning (OSP) undertook a concerted planning effort for the Honolulu waterfront. The OSP was tasked with developing an OVERALL master plan for the entire stretch of waterfront from the Ala Wai Yacht Harbor to the Airport, while the HCDA will have to formulate specific land use, zoning and development guidelines for its Kakaako waterfront (or makai) areas. It was decided early on that a maximum amount of community input and participation would be employed in the planning process. Those lending their advice, knowledge and assistance included: State, Federal and county officials; representatives of the maritime and tourism industries; business, community and environmental groups; and those in the financial, design, development and real estate professions.

By December, 1988, a preliminary draft plan for the Honolulu waterfront had been completed and submitted for public review and comments. The goal of the plan is to increase public access to the ocean and along the water's edge. It proposed a "Great Park" concept which would create an oceanside "lei of green" through a system of parks and landscaped prom-

enades reaching from the Ala Wai through the Ala Moana, Kewalo, Kakaako and downtown shoreline to Sand Island and Keehi Lagoon, which is to be developed into a major, multi-use ocean recreation center.

The Honolulu waterfront master plan was submitted to the 1989 State Legislature for review. Lawmakers appropriated \$13.8 million for the HCDA to plan, design and construct the first phase site on the Kewalo and Kakaako Peninsulas including sculpting and redistribution of the landfill mound, and development of a new sea wall, a pedestrian promenade, parking, comfort stations and utility systems. An additional \$600,000 in Capital Improvement Project funds was also appropriated for planning and preliminary design work on a variety of waterfront projects including: Ala Moana Park expansion, various pier rehabilitation and redevelopment, Sand Island swimming beach and landing and aquatic center, and Fort Armstrong/Kakaako-Kapalama relocation.

A team of consultants (Helber Hastert & Kimura Planners and the R.M. Towill Corporation) is working with the HCDA to create its draft development plan for Kakaako's makai area. The broad guidelines for HCDA's Makai Area Plan are derived from the OSP's Honolulu Waterfront Master Plan. In its planning, the HCDA studied and refined development alternatives for the Kakaako waterfront area.

By November, 1989, a draft Kakaako Makai Area Plan and Rules was ready for review and public hearing. The Plan proposed transforming the Kakaako District makai area into a people-oriented gathering place in a park-like setting. The proposed land-use plan allocates over 70 acres of new park lands and about 7.5 million square feet of potential commercial office

and retail shopping uses within the Makai Area. Under the proposed Plan, residential and industrial activities would not be permitted in the area.

The Plan proposes six physically distinct land-use zones in the Makai Area. These are:

- a commercial zone to permit a wide range of commercial activities, predominantly office-related with ancillary retail uses.
- a waterfront commercial zone to allow for significant commercial redevelopment along the Ewa edge of Kewalo Basin, and a smaller area between Piers 1 & 2. These uses would be integrated with existing fishing and maritime services located there.
- a recreational commercial zone to permit the development of a major entertainment and recreational activity center set in an urban park environment.
- a waterfront service zone to include only those uses which support the marine activities and facilities within Kewalo Basin and Honolulu Harbor.
- a park zone to permit the development of a multi-faceted public park including passive and active recreation areas as well as major public facilities such as a performing arts center, a museum and an amphitheater.
- a public zone to identify land reserved for such public requirements as open space, preservation of historic resources, and utility substations.

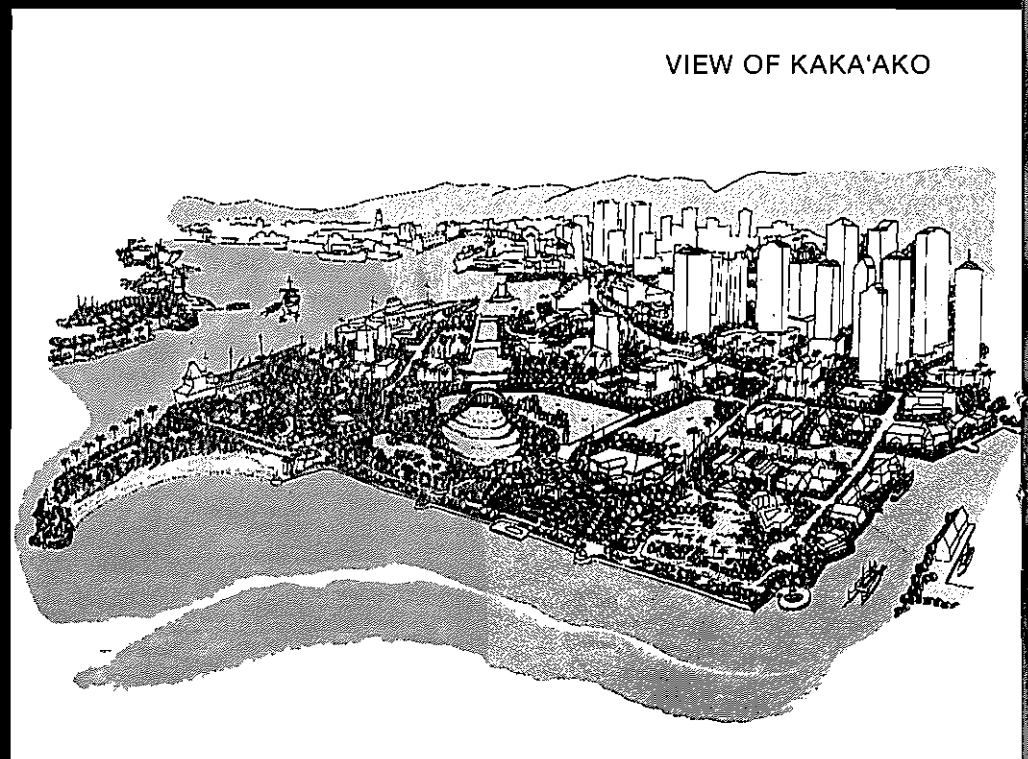
The Makai Area Plan also proposes an exciting and comprehensive system of great parks linked together by a series of linear parkways. Proposed inland waterways and streets and sidewalks will provide the physical and visual linkages between major open areas. A

major public 70-acre Waterfront Park will include: a waterfront promenade and shoreline park extending from Ala Moana Park to a proposed waterway at Fort Armstrong, an amphitheater and performing arts center/museum complex, a new 17-acre beach park created on filled land off Fort Armstrong, and a major new park entrance between Cooke and Ohe Streets. Additionally, a 16-acre area within Fort Armstrong and the Pier 1 area is planned to be developed into a major urban park. The park is proposed to be privately developed and is intended to feature entertainment, commercial, recreational, cultural and educational activities in a landscaped, park-like setting.

By July 1989, the Authority had approved the award of a consultant services contract for

planning, design and construction services for the Kakaako/Kewalo Peninsula improvements which includes the Kewalo Basin Park. Improvements proposed for the Kewalo Basin Park include the creation of a five-acre park, promenade and comfort station, and the installation of utility services. An existing net shed on the site will be relocated to allow expansion of the Ala Moana Park. The proposed park is the first important step the HCDA is taking to establish its system of parks and open space at the Kakaako waterfront, and it is believed that the expeditious development of the waterfront area will promote the overall redevelopment of the Kakaako District.

The transformed Kakaako Peninsula.



A NEW KAKAAKO SKYLINE

The shape, look and aura of the Kakaako District continued to change during the 1988-89 fiscal year. About 220 Mixed-Use Permits (for smaller developments or building renovations) were issued during the HCDA's Fiscal Year 1988-89. While several sizable mixed-use development were erected, gracing Kakaako's skyline, the majority of the construction was of a more moderate nature, as many landowners and businesses went through the process of renovating and/or improving their Kakaako real estate.

Approximately 220,000 square feet of building office space was added to Kakaako's commercial inventory with the completion and occupancy of TDC Hawaii's PACIFIC PARK PLAZA during 1989. Located at the intersection of Kapiolani Boulevard and Cooke Street, this 16-story contemporary office complex includes a two-story adjoining office building which now functions as the home base of Kaiser Permanente's regional headquarters. The PACIFIC PARK PLAZA, which includes a 565-car parking garage, is located next to the recently completed ROYAL CAPITOL PLAZA residential tower on Curtis Street.

In 1989, construction on The Kakaako Venture's WATERFRONT PLAZA was largely completed. Located across from the ONE WATERFRONT PLAZA on South and Auahi Streets, this primely situated residential project will give rise to 307 condominium units in two building towers.

By the end of the Fiscal Year 1988-89, construction work on the 404 PIIKOI STREET PROJECT finally got underway, after many years of inactivity. A project of the Nauru Phosphate Royalties Development (Honolulu) Inc., this massive \$500 million Planned Development project is located



on 17 acres of land across from the Ala Moana Shopping Center. To be built in phases over the next 10 years, this development will include three high-rise towers and several townhouse-style structures. Approximately 2,630,000 square feet of floor area will be divided among residential, commercial and light industrial uses and 1,759 residential condominiums are planned. The developer is required to provide 352 reserved or affordable housing units for this project.

In April, 1989, construction on the first phase — Nauru Tower — of the 404 PIIKOI STREET PROJECT began. This tower will include 304 one- and two-bedroom units and a low-rise parking structure with 600 parking stalls. About 27,000 square feet of commercial/retail space will be located on the lower floors.

Another large-scale project which received HCDA approval in Fiscal Year 1988-89 is the WATERPARK TOWERS, being developed by S & G Ventures. This residential-commercial-industrial high-rise complex will be built on the block bounded by South, Halekauwila, Keawe and Pohukaina Streets. Two towers will contain a total of 405 residential units, and the platform of the complex will include a 4,250 square feet of commercial space and 31,104 square feet of light industrial area.

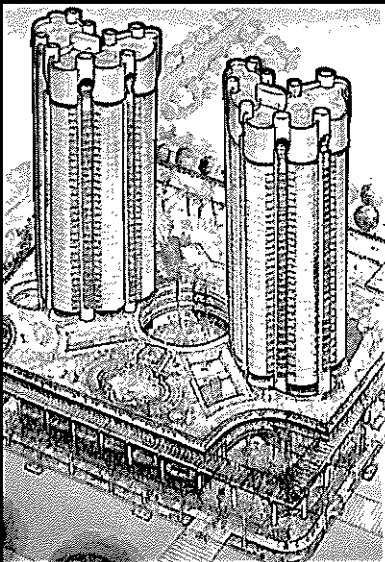
Located directly Diamond Head (east) of the PACIFIC PARK PLAZA is the future site of Business Investment, Ltd.'s THE IMPERIAL PLAZA, another Planned Development project approved by the HCDA in 1989. Major components of this project are a 400-foot high residential tower with 188-units and a shorter 125-foot high tower designed for 33 townhouse-type units. The project will include approximately 120,000 square feet of space for retail, office and other commercial uses. The developer's

plans call for the retention of the Old Primo Brewery Building on the corner of Cooke Street and Kapiolani Boulevard.

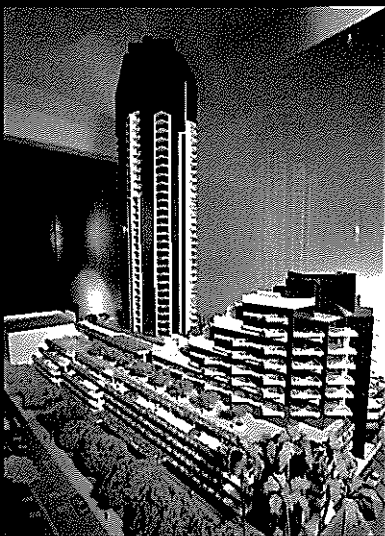
By the end of 1989, Asahi Jyuken Hawaii Inc.'s UNIVERSE PLAZA project was also given the HCDA approval subject to certain conditions related to reserved housing. This large-scale mixed use project combines residential, commercial and service industrial activities in the platform and a pair of twin 400-foot towers on 266,464 square feet of land bounded by Piikoi, Pensacola and Kamaile Streets and Kapiolani Boulevard. Asahi Jyuken's proposal calls for two 36-story towers rising from a recreation deck. A parking garage with 1,250 stalls is also planned. The complex will include 348 residential units, 168,000 square feet of open space and 111,158 square feet of recreation space. The start of construction is slated for early 1990.



A model of the Waterpark Towers.



The proposed Universe Plaza.



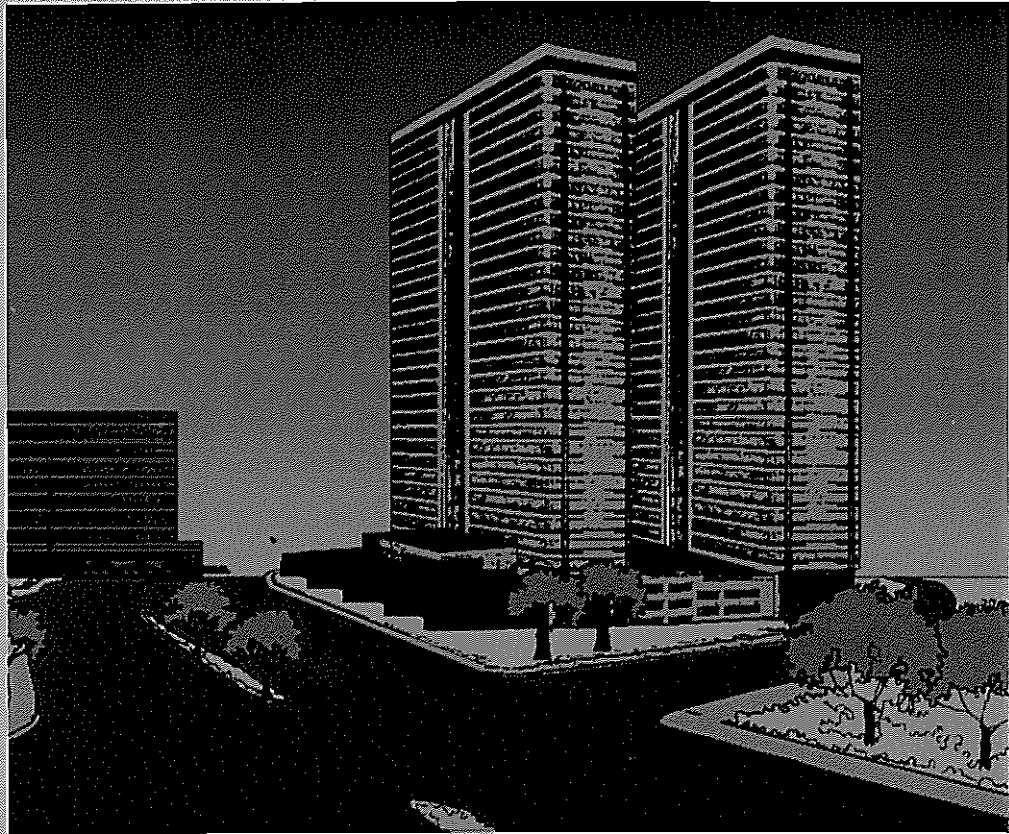
The proposed Imperial Plaza.

Demographic projections indicate that the population of Oahu will continue to grow in the future. Because both the State Plan and City General Plan call for full development of the urban core with a tight rein on the continuation of urban sprawl, Kakaako certainly presents a most advantageous opportunity to meet a portion of Oahu's dire housing needs. Today and in the years to come, the Kakaako District will be a large reservoir of housing — affordable, market and upper end units — in a well-planned, attractive environment.

Kakaako enjoys a strategic location at the hub of Oahu's urban core. It is surrounded by downtown Honolulu, the densely populated Makiki district, the Ala Moana retail district, and the Honolulu waterfront. Its central location makes the 660-acre District especially alluring to developers and to potential homebuyers with its proximity to jobs and public facilities.

Today, Kakaako is home to about 3,000 residents. It is estimated that over the next 25 to 30 years, Kakaako's residential population could rise to between 45,000 and 50,000 people of all age groups. The basic thrust of the Kakaako Plan is to create in Kakaako an attractive, safe and functional urban community where people will want to live, work and play. Like many successful mixed-use communities on the mainland, residential, commercial and industrial activities will co-exist in close proximity and often in the same structures.

The advantage of blending residential, commercial and light industrial uses is that people may live near places of employment, shopping and services that they need. Facilities such as parks and schools will be centrally located for all residents to use. The HCDA enforces standards to safeguard this community, to minimize adverse impacts such as noise and



odors so that a more habitable environment is maintained.

To accomplish the Authority's housing goals and fulfill the mandates of the State Legislature, 42 percent of the future developed floor area of Kakaako has been allocated to residential use. The HCDA, accepting several basic premises, is taking a very pragmatic approach to the housing situation in Hawaii. The first is that low-income housing, which requires substantial subsidies on a continuous basis, is not likely to be provided by the private sector. Agencies such as the Hawaii Housing Authority, the Housing Finance and Development Corporation, and the City's Department of Housing and Community Development will continue to provide for this need.

Secondly, the HCDA realizes that current programs of government agencies cannot totally meet the needs of all low- and moderate-income groups. Third, it is recognized

that the private sector will continue to focus on providing housing for the upper-income groups. Accepting these premises, the Authority is focusing upon two areas of action for housing in the Kakaako Plan: to assist other governmental agencies and to actively participate in providing housing for low- and moderate-income groups, and to stimulate the private sector to provide units for the "Hula Mae" unserved gap-group segments of the population.

First and foremost, the HCDA acknowledges that successful revitalization of Kakaako — and the new housing units this renaissance will bring — can only be accomplished by the close teamwork and cooperation of the private sector and government. The HCDA's Planned Development process is a mechanism by which private sector participation for the targeted housing is being addressed. The Kakaako Plan



currently requires that developers of major residential projects must allocate 20 percent of their units for "affordable" housing. Alternatively, these developers may, at the Authority's discretion, request for approval to pay a cash fee in lieu of the required affordable housing units. This in-lieu payment is presently two percent of the total value of the residential portion of the project. Developers may also be allowed to provide the appropriate number of reserved housing units elsewhere in the Kakaako District, or the units could be set aside for sale to the Authority at cost.

Thus far, there have been two major projects which have made cash contributions in lieu of providing housing. In one instance, developer Collin De Silva provided the reserved

housing units in the ROYAL CAPITOL PLAZA, but adverse market conditions at the time failed to generate sufficient buyer interest to absorb all of the affordable units. Twenty-eight reserved units were sold and cash payments were made to the HCDA in lieu of the remaining unsold units.

The other project now under construction is Bruce Stark's ONE WATERFRONT TOWERS on South and Auahi Streets. The developer of this 307-unit luxury residential project paid the Authority about \$2.5 million in lieu of providing the reserved units.

The cash which has been collected in lieu of reserved housing units is specifically earmarked for providing reserved housing in Kakaako, and at this time, totals approximately

\$3 million. This sum was used to launch two affordable rental housing developments: a 262-unit rental housing project for the elderly, and a 225-unit rental housing project for moderate income families. Both of these projects are being developed jointly by the HCDA and the State Housing Finance and Development Corporation (HFDC). Both are targeted for completion in late 1991.

The small family rental project is located at the intersection of Queen and Kamakee Street, two blocks makai (south) of McKinley High School. The complex will feature 225 rental housing units, a day care facility for 145 children, retail and commercial space, and enclosed parking for all users. The one- and two-bedroom units will be furnished with appliances,

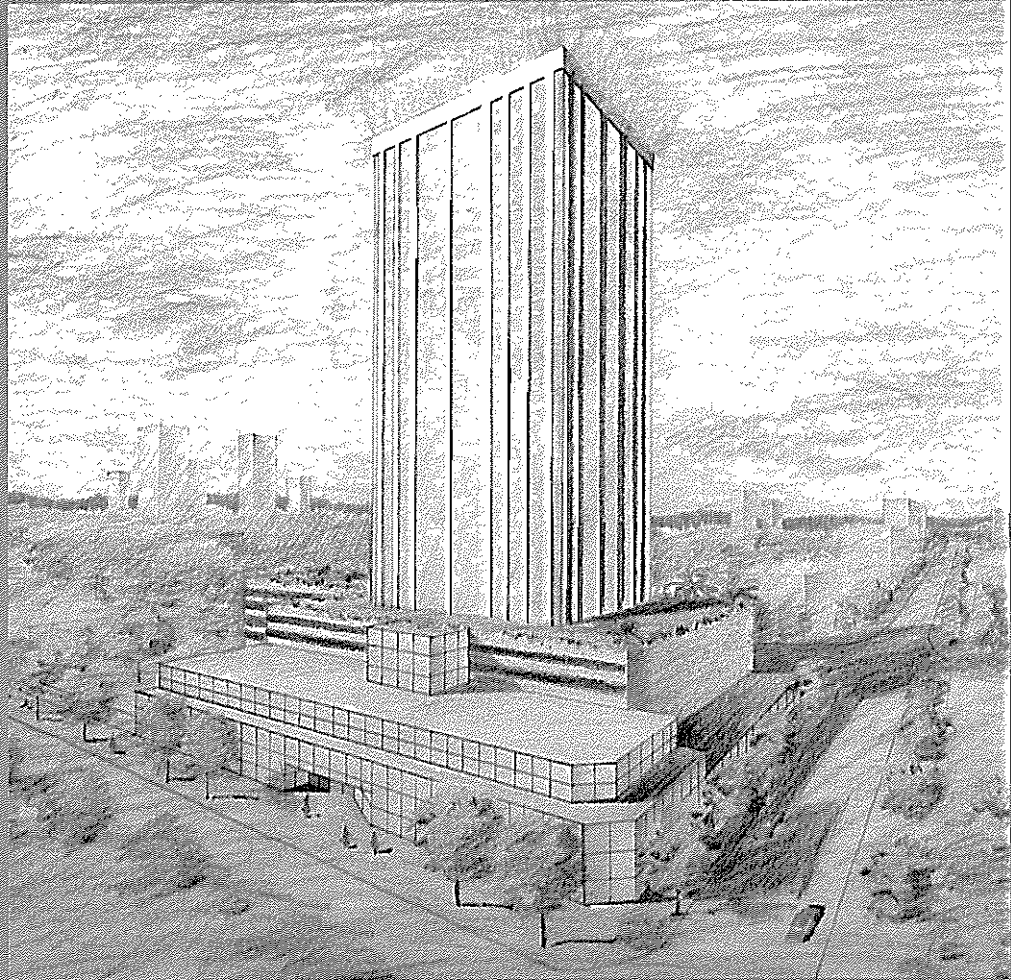


A rendering of the Kakaako Elderly Housing Project.

carpets and drapes and there will be a recreation deck, with barbeque areas, a meeting area, secured entrance, enclosed lobby and central laundry facilities. Under the HFDC's Rental Assistance Program, 60 percent of the project or 135 units will be made available to qualified persons at monthly rents starting at approximately \$485 for one-bedroom units and \$700 for two-bedroom units. Construction on this project will begin in June, 1990.

The HCDA has also obtained fee ownership of land on Queen Street, between Keawe and Coral Streets, where the HCDA and the HFDC will develop the elderly housing project. The residents in this project will benefit from the many conveniences of living in an excellent, central location. This mixed-use development will consist of 262 studio and one-bedroom units, all of which will be qualified to use the State's rental assistance funds for an amount up to \$250 a month. The complex will include some commercial office space, a small sundry store for the convenience of the project's elderly residents, a landscaped recreation deck containing a lap pool, jogging path and garden plots, a multi-purpose room, secured entrance lobby and central laundry facilities. Parking stalls will be provided. This \$34.2 million project received \$4.9 million from HCDA for land acquisition and initial planning, while HFDC funds of \$29.3 million will cover construction costs. Construction will begin in August, 1990.

Another private sector development which broke ground in Fiscal Year 1988-89 promises another 352 reserved housing units. The 404 PIIKOI STREET PROJECT will be constructed in phases over the next 10 to 12 years. The Nauru Tower, the first tower, is being constructed at 1330 Ala Moana Boulevard. The reserved units will be provided in a later phase.



A rendering of the Kakaako Small Family Housing Project.

Two developers of major mixed-use projects recently approved for Kakaako have been allowed to pay cash-in-lieu fees. The HCDA will collect about \$4.8 million from S & G Venture's WATERPARK TOWERS and Business Investment Ltd.'s IMPERIAL PLAZA.

Pros and cons have been aired regarding whether the HCDA should allow developers the option to pay the in-lieu fee in place of the required housing units. The affordable housing requirement is structured to encourage developers to situate the required units within their project, however, this has not always proved to be economically feasible. While the goal of integrating affordable housing into the project has been achieved in the development

plans of two of the three major private projects that have broken ground, the HCDA views the in-lieu fees as always providing a notable opportunity to leverage those funds toward the development of even more affordable housing by combining these funds with the resources of other housing programs. In the case of the two rental projects being developed with the HFDC, 487 affordable rental units will be produced. If developers would have built reserved housing units at the 20 percent requirement, a total of 92 reserved units would have been provided. The HCDA will continue to seek opportunities to use these in-lieu fees with other housing programs to increase the number of affordable units in the Kakaako District.

FINANCIAL INFORMATION

Hawaii Community Development Authority

STATEMENT OF EXPENDITURES

For the Fiscal Years Ending
June 30, 1989 and June 30, 1988

	June 30, 1989			June 30, 1988
	Operating Funds	Project Funds	Total Expenditures	Total Expenditures
Personal Services	\$217,767	\$ 593,537	\$ 811,304	\$ 796,889
Other Current Expenses	45,609	21,112,687	21,158,296	5,692,643
Equipment	—0—	8,198	8,198	462
TOTAL EXPENDITURES	\$263,376	\$21,714,422	\$21,977,798	\$6,489,994

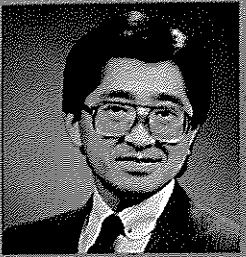
Hawaii Community Development Authority

STATEMENT OF APPROPRIATIONS, EXPENDITURES, ENCUMBRANCES AND BALANCES

For Fiscal Year Ended June 30, 1989

	Prior Year Available Funds 7/1/88	Appropriations	Transfers	Expenditures	Encumbrances	Allotments	Appropriations	Funds	Lapsed
OPERATING FUNDS									
Act 216, SLH 1987	—	\$ 237,011	\$ 26,365	\$ 263,376	—	—	—	—	—
PROJECT FUNDS —									
KAKAAKO COMMUNITY DEVELOPMENT DISTRICT									
Act 264, SLH 1982	\$ 119,966	—	—	85,218	\$ 34,748	—	—	—	—
Act 301, SLH 1983	19,743	—	—	625	19,118	—	—	—	—
Act 300, SLH 1985	1,373,588	—	—	859,742	513,846	—	—	—	—
Act 216, SLH 1987	3,605,844	30,280,000	(500,000)	16,108,796	12,553,498	\$4,163,302	\$560,248	—	—
IMPROVEMENT DISTRICT									
BOND FUNDS									
Act 216, SLH 1987	1,683,539	5,275,000	—	1,798,518	5,026,750	133,271	—	—	—
REVOLVING FUND									
Act 216, SLH 1987	4,175,343	3,705,032 ¹	—	2,861,523	—	—	—	\$5,018,852	—
	<u>\$10,978,023</u>	<u>\$39,497,043</u>	<u>(\$473,635)</u>	<u>\$21,977,798</u>	<u>\$18,147,960</u>	<u>\$4,296,573</u>	<u>\$560,248</u>	<u>\$5,018,852</u>	<u>—</u>

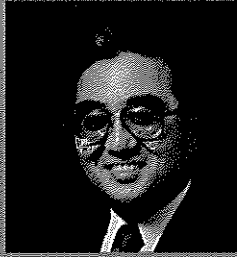
¹Variance, dedication fees, assessment fees, etc., collected.



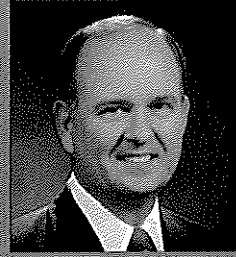
Takenaka



Caulfield



Kawaguchi



Cannon



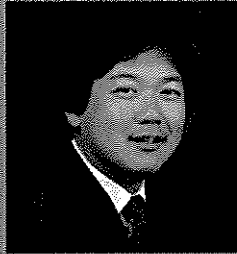
Hirata



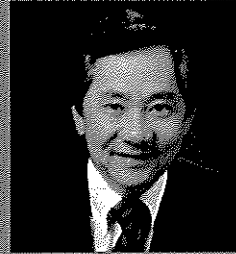
Komatsubara



Murabayashi



Nagata



Takemoto



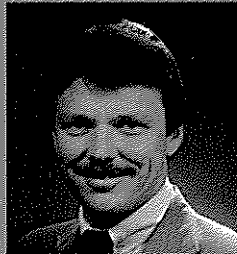
Tsujimura



Ulveling



Yamanaka



Johnson

AUTHORITY MEMBERS (July 1, 1988-June 30, 1989)

Chairman
KENNETH K. TAKENAKA
Attorney

Vice Chairman
GARY L. CAULFIELD
Vice President
First Hawaiian Bank

Secretary
STANLEY K. KAWAGUCHI
Vice President
Parsons Brinkerhoff
Quade & Douglas, Inc.

VANCE C. CANNON
President,
Cannon Corporation
(served until 6/89)

EDWARD Y. HIRATA
Director, State Dept.
of Transportation

KERRY M. KOMATSUBARA
Attorney, Furutani,
Komatsubara & Char

DUK HEE MURABAYASHI
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RUSSELL NAGATA
State Comptroller,
Dept. of Accounting
& General Services

YUKIO TAKEMOTO
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of Budget & Finance

R. BRIAN TSUJIMURA
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ROGER ULVELING
Director, State Dept.
of Business & Economic
Development

GREGG YAMANAKA
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