

The Honorable Benjamin Cayetano Governor State of Hawaii

Dear Governor Cayetano:

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TO THE

GOVERNOR

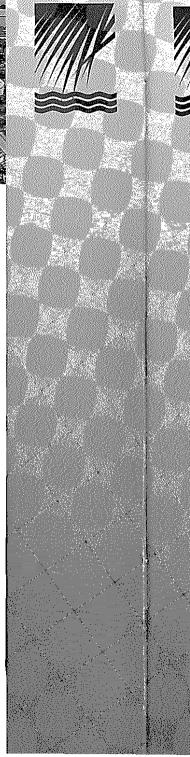
It is with great pride that we present the 1993-94 Annual Report of the Hawaii Community Development Authority (HCDA). This report summarizes the accomplishments and progress made by the Authority as it attempts to create in the Kakaako District a community where Hawaii's residents can live, work and play in harmony.

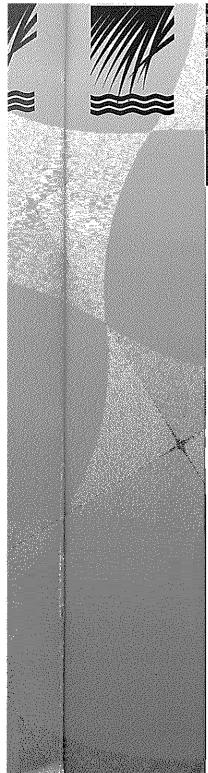
The Kakaako District has come a long way since the initiation of the HCDA and its efforts to shape the destiny of this very valuable urban community. Decades ago, Kakaako was known mainly for its aging, ill-functioning infrastructure and overall blight. Today, people are recognizing the attractive and functional community being reestablished there. As private developments reach their full potential in Kakaako, the State is actively improving and upgrading the roadways and utility systems, and developing affordable housing and parks and recreational space for Hawaii's residents. The Kakaako District is being dramatically enriched as the HCDA continues its redevelopment of lands in the Makai Area. The Kakaako Makai is a remarkable resource with vast potential to realize the ever increasing recreational, cultural, commercial, residential, maritime and economic needs of Honolulu's population.

As the HCDA perseveres in its mission, we would be remiss in not acknowledging the invaluable contributions and support of many individuals and organizations—the State administration and Legislature, other government agencies, community groups, private developers, concerned citizens, and Kakaako's landowners, business people and residents. Our task ahead will only be successful with their continued participation and support.

Respectfully yours,

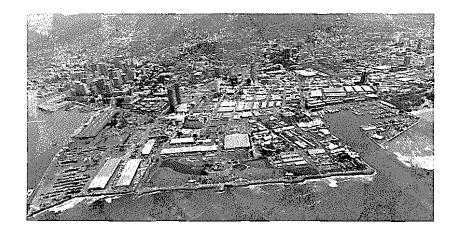
Michael K. Kawaharada Chairman Hawaii Community Development Authority







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ABOUT THE

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LEVELOPMENT AUTHORITY



he Hawaii Community Development Authority (HCDA) was created by the State Legislature in 1976 to plan and implement the timely redevelopment of urban areas in the State. Areas determined to be in need of redevelopment are designated by the Legislature as Community Development Districts.

The Legislature designated the Kakaako area as a Community Development District in 1976, recognizing its potential for increased growth and development and inherent economic importance to Honolulu as well as the State. The Legislature found that Kakaako was underdeveloped and underutilized relative to its central location in urban Honolulu, and at risk of becoming a seriously blighted area. Additionally, the Legislature determined that the redevelopment of Kakaako offered an opportunity to address the need for more housing, parks, open areas, and new commercial and industrial space in the urban core. In order to accomplish the Legisla-



tive mandate, the HCDA is empowered with comprehensive planning, development, and financing authority to implement a range of programs to revitalize Kakaako. Having substantial authority to implement its own long-term development plans for Kakaako, the HCDA is uniquely positioned to simultaneously address the range of issues and concerns associated with the redevelopment of a major community which traditionally have been the responsibility of multiple agencies. Following an intensive five-year planning process, the Kakaako Community Development District Plan was adopted by the HCDA in 1982. This Plan serves as a basis for guiding both public and private development activities in the revitalization of Kakaako.

In 1993, the Legislature designated the Hamakua region as a new Community Development District to plan for the long-term economic stability of the area and to address the critical needs of the community as a result of the closure of Hamakua Sugar Company. In doing so, the Legislature broadened the purpose of HCDA to allow the agency to redevelop community development districts in all areas throughout the State rather than in urban areas only. While \$1 million was initially appropriated to fund, in part, the formulation of a Hamakua Community Development District Plan-a prerequisite to HCDA implementing programs or projects for the District, in 1994 the Legislature reallocated these funds for specific services and projects to provide immediate



BELOW: ID-3 GROUNDBREAKING CEREMONIES WITH GOVERNOR BEN CAYETANO



relief to the Hamakua community. Funds were not set aside for HCDA to administer this redevelopment effort or to develop a community district plan. This action has effectively relieved HCDA of its responsibility to redevelop Hamakua.

ORGANIZATION

The HCDA is a public corporate entity attached to the Department of

Business, Economic Development & Tourism for administrative purposes. The HCDA's board of directors is composed of 11 voting members from the private and public sectors who oversee the HCDA operations and establish policies to implement the legislative objectives. Four members are ex-officio, voting members from the State Departments of Accounting and General Services; Budget and Finance; Business,

Economic Development & Tourism; and Transportation. Of the remaining seven members, four are appointed directly by the Governor and three are selected by the Governor from recommendations submitted by the Council of the county in which a community development district is situated. The HCDA Executive Director serves as the chief executive officer and is appointed by the Authority members. The HCDA staff includes experienced personnel from many professional fields. The major functional areas of the agency are Planning, Engineering, Development, Finance, Relocation, Public Information, and Administrative Services.

HCDA'S MISSION

The Kakaako Community Development District includes 670 acres of land bounded by Piikoi, King, Punchbowl Streets and Ala Moana Boulevard; the stretch of waterfront from Kewalo Basin to Pier 4 in Honolulu Harbor; and the Hawaiian Electric power plant site in downtown Honolulu. The Dis-

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trict is largely comprised of low-density industrial, commercial and retail businesses. HCDA's mission is to transform Kakaako into an economically and socially viable community of residents and businesses and to provide a range of public benefits to address critical community needs.

As envisioned in the development plan, the Kakaako District will reflect the best of Honolulu's future-a bustling business center during the day and entertainment center at night. The new Kakaako will combine open space and parks with well-planned commercial and residential development, including affordable housing. With public and private sector investment, the Kakaako of the future will feature new retail shops and office space, a variety of restaurants and entertainment, and infrastructure to provide the services, growth opportunities and quality of life that will make Kakaako an ideal place for residents. Kakaako will once again become a vibrant and cohesive community through the people that will work



and live there. Along with convenient public transportation and increased parking, improved roads and new sidewalks will ease traffic congestion and make Kakaako a safer, less-cluttered and cleaner environment. The revitalized Kakaako waterfront will provide acres of new park area and open space, making miles of shoreline accessible to residents. With new cultural, educational and entertainment facilities, it will become the premier gathering place for residents and visitors.

The Kakaako Community Development District Plan provides a framework for district-wide community development and improvements over the next thirty years and serves as a decision-making tool to guide both public and private sector actions in the revitalization of the Kakaako District. Intrinsic in these policies are the legislative

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- Undertake the financing of infrastructure and other public improvements.
 - Facilitate the private sector development of industrial, residential, and commercial space.
 - Develop and implement a development strategy for the Kakaako waterfront area.
 - Manage and develop lands owned by HCDA and coordinate development of other State-owned lands in the District.
 - Administer a relocation program to provide assistance to persons and businesses displaced by governinent action or a development project approved by the HCDA.
 - Administer and maintain an extensive proactive community outreach and education program.
 - Monitor and evaluate current community development policies to ensure that such policies are consistent with current market conditions and public sentiment and needs.

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findings, purpose, and objectives, and the following functional tasks of HCDA:

- Implement community development programs and cooperate with private enterprise and the various components of Federal, State, and county governments in bringing plans to fruition.
- Establish and enforce community development rules on health, safety, building, planning, zoning, and land use.
- Undertake the planning, design, and construction of improvements to roadway, sewer, drainage, water, and other utility and communications systems.
- Undertake the development of major public facilities, such as public parking garages and community facilities.
- Undertake the development of affordable housing and implement policies requiring private sector participation in the delivery of affordable housing.

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n the past, Kakaako was best characterized as an area with bad drainage; narrow, irregular roadways; and deteriorating and substandard sewer, water, and drainage systems. The aging and obsolete network of roadways and utility systems-much of which were installed 50-60 years ago-had seriously impeded redevelopment of the District. One of the HCDA's primary responsibilities is the planning, engineering and construction of infrastructure improvements in Kakaako. Planning and engineering design are essential to ensure that the infrastructure improvements are coordinated with new project developments.

The HCDA began its Improvement District (ID) program in 1986 to systematically improve the infrastructure in the Kakaako District. Thus far, the three ID projects completed have been successful in bettering the area's infrastructure for its merchants, landowners and tenants, residents and visitors. The ID projects have greatly refurbished

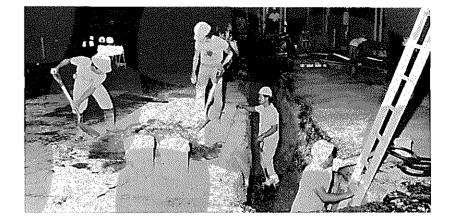


the utility systems to function properly and to handle future increases in capacities. Drainage, sewer and water systems have been reconstructed and expanded. Telephone, electric and cable television systems are also improved and located underground to make the Kakaako environment less cluttered and more attractive. Improved roadways are now safer and better able to accommodate traffic and pedestrian flow. Sidewalks, curbs, pavement and gutters are now in places where there once were none.

ABOUT IMPROVEMENT DISTRICTS

Under the HCDA's Improvement District Program, the total cost of improvements is shared by government, property owners, and the public utility companies. A considerable portion of the cost is paid for by government because the general public derives the benefits of improvements. A major public cost involves improvements to the drainage system. For example, 87 percent, or approximately \$37.5 million of the construction cost for ID projects 1, 2 and 3 was for a major drainage system that runs through Kakaako and services the Punchbowl and lower Makiki areas. These drainage improvements will not specifically benefit the property owners in Kakaako, and therefore, a substantial amount of the cost cannot be assessed on the properties in Kakaako.

Kakaako's ID area landowners are assessed only for improvements which



specially benefit them. For each improvement district project, the HCDA arranges the sale of assessment area bonds to provide financing for property owners who are being assessed. This allows the landowners to pay for their assessments in installments over a period of up to 20 years, along with interest.

The three ID projects which have been completed to date have cost approximately \$114 million. They have greatly enhanced the infrastructures as well as the development potential for one-third of Kakaako, mauka of Ala Moana Boulevard.

The ID-1 Project, completed in September 1988, reconstructed and upgraded the infrastructure for approximately 100 acres of land bounded by Punchbowl, Ala Moana, Queen, Cooke, Kapiolani and King Streets. The cost of ID-1 was \$35 million. The second ID project improved the roadways and utilities in about 59 acres of land bounded by South, Pohukaina, Halekauwila, Cooke and Ilalo Streets.



The ID-2 Project, costing about \$36.7 million, was completed in December 1990.

The HCDA concluded its third ID Project at the beginning of the 1993-94 Fiscal Year. As in the past ID projects, the ID-3 renovated and upgraded the infrastructure in 60 acres of land bounded by King, Kapiolani, Cooke, Queen, South and Pohukaina Streets. The cost of the ID-3 was \$42 million.

PAVING THE WAY FOR FUTURE IMPROVEMENTS

By the close of FY 1993-94, the HCDA had commenced the pre-construction work for the proposed Improvement District 4 (ID-4) Project. The project will involve the reconstruction and upgrading of infrastructure on Kamakee Street, between Kapiolani Boulevard and Queen Street. Similar in nature to previous ID projects, ID-4 will entail the installation of drainage, water, sewer and roadway systems, and the under grounding of existing overhead utility lines. The HCDA staff met with the affected ID-4 landowners and lessees to explain the proposed construction scenario and how assessments were calculated. A public hearing was held in July 1994 and the HCDA board voted to proceed with the ID-4, which is estimated to cost \$12million. Construction on ID-4 is scheduled to begin in March 1995 and be completed by the summer of 1996.

TAKING CARE OF BUSINESSES AND RESIDENTS

The immense scale of ID projects particularly challenges the HCDA to carry out the construction expeditiously, with public safety and the minimization of disruptions to the businesses as

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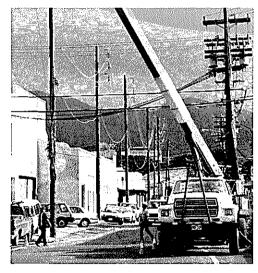
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the overriding concern. While the HCDA has instituted many measures to mitigate the effects of noise, dust, and difficult access on day-to-day business operations, the effort to minimize disruption to businesses and residents remain a paramount concern. As a result of the experience gained from the ID projects, the HCDA has, and will continue to seek ways to reduce the effects of construction on businesses, and to increase its efforts to ensure open lines of communication with the business community.

For example, to help the businesses in the ID-4 project area, the HCDA will defer the assessments until two years after the start of construction. All construction will be completed before any assessments will take effect with property owners. During the ID-4 project, the phasing of construction will be closely scrutinized and heavy work (such as the installation of box drains) will be concentrated on one segment and one side of the street at a time. By finishing the sidewalks and installing



pavement on a block-by-block basis, the amount of dust on the street will be lessened and businesses will have partial use of the improvements while the construction is ongoing. The HCDA is also working closely with businesses, residents, and permitting agencies to phase ID-4 construction work during "non-standard" hours, generally from 12 noon to 9:30 p.m., and on Saturdays. It is anticipated that by starting construction work at noon, businesses can operate in a fairly normal fashion in the morning, without construction equipment on the roadways.

On all ID projects, the HCDA staff take to the streets on a regular basis to serve as a liaison between the Authority and businesses, and to deal with problems on a case-by-case basis as they may occur. Through personal, inthe-field contact, the HCDA personnel will be able to keep the merchants informed of pending roadway/utility system improvements in their areas and to remedy problems immediately.

Finally, in an effort to further assist small businesses, HCDA has expanded its Relocation Program to provide financial assistance in relocating and reestablishing Kakaako businesses. The enactment of Act 86, SLH 1990, enables the HCDA to assist all businesses displaced in Kakaako. Such assistance includes low-interest loans for relocating and reestablishing displaced businesses. This benefit is in addition to relocation payments available to businesses displaced by government projects prior to Act 86.



RIGHT: COOKE STREET WAS ENHANCED BY THE IMPROVEMENT DISTRICT PROGRAM.

INFRASTURCTURE IMPROVEMENT PROJECTS

IMPROVEMENT DISTRICT 1

- AREA: About 100 acres bounded by Punchbowl, King, Cooke, Queen, South & Auahi Streets, and Ala Moana Boulevard.
- **WORK:** Improvements to roadways, drainage, sewers, water systems and the undergrounding of electric, telephone and CATV lines.

COST: \$35.2 million COMPLETED: September 1988

IMPROVEMENT DISTRICT 2

- AREA: About 110 acres bounded by Keawe, Auahi, Coral, Pohukaina, Cooke and Ilalo Streets to the ocean.
- **WORK:** Improvements to roadways, drainage, sewers, water system and the undergrounding of electric, telephone and CATV lines.

COST: \$36.7 million COMPLETED: October 1990

IMPROVEMENT DISTRICT 3

- AREA: About 60 acres involving portions of Cooke Street, Kapiolani Boulevard, Halekauwila, Keawe, Coral, Victoria and Curtis Streets.
- **WORK:** Improvements to roadways, drainage, sewers, water system and the undergrounding of electric, telephone and CATV lines.

COST: \$42.4 million COMPLETED: October 1993

KEWALO BASIN IMPROVEMENT DISTRICTS

Improvements to Kewalo Basin access, interior roadways, grade-separated promenade, bus lane, parking. COST: \$2.4 million

ESTIMATED COMPLETION: First Quarter 1995

IMPROVEMENT DISTRICT 4

AREA: Kamakee Street (from Kapiolani Boulevard to Queen Street)

WORK: Improvement to roadway, drainage, sewers, water systems and undergrounding of electric, telephone and CATV lines.

COST: \$12 million CONSTRUCTION START: First Quarter 1995

INCREMENT 2

Ward Avenue Extension (from Ala Moana Boulevard to Keawe Street) COST: \$14 million CONSTRUCTION START: Fourth Quarter 1995









CHILDREN WILL ONCE AGAIN GROW UP IN KAKAAKO. FAMILIES AND SENIORS WILL HAVE A HOME THERE. THERE WILL BE A RENEWED SENSE OF COMMUNITY. KAKAAKO WILL BE RESTORED TO THE RESIDENTIAL NEIGHBORHOOD IT ONCE WAS.

LEFT: THE MURIEL PRESCHOOL IS LOCATED ON THE KAMAKEEE VISTA DEVELOPMENT.

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ver a hundred years ago as the Honolulu waterfront developed into a bustling working harbor, a small community of immigrants began to emerge in nearby Kakaako. From the 1920s through the 1940s, Kakaako was a thriving community of residents with an array of businesses, schools, churches, a movie house, public parks and other uses typically found in larger neighborhoods. By 1940, Kakaako's population had reached about 5,000 residents. However, rezoning of the area in the early 1950s caused a rapid decline in the residential population as other neighborhoods formed in Honolulu and manufacturing and industrial activities moved into Kakaako. Kakaako remained a primarily industrial area with virtually no residents up until the late 1980s.

Just four years ago, the number of residential units within the Kakaako District was limited to some 1,600 units in four private condominium projects and a number of smaller apartment buildings and single family residences.



With the recent development of four State affordable rental projects and two private developments the unit count has increased to about 3,000. With this increase in residents, Kakaako is clearly emerging once again as a lively and diverse community of people from all walks of life. Undoubtedly, this could not have happened without the State's commitment and aggressive pursuit to develop affordable housing in Kakaako.

To recap, affordable housing projects completed in Kakaako prior to Fiscal Year 1993-94 include: the Kamakee Vista mixed-use affordable family rental project (with 225 one- and twobedroom units); the Pohulani affordable elderly rental housing complex (with 262 studio and one-bedroom units); and the Na Lei Hulu Kupuna affordable



BELOW: KAUHALE KAKAAKO

elderly rental housing project (with 75 studio apartments).

These projects were undertaken by HCDA in alliance with the Housing Finance and Development Corporation, and in the case of the Na Lei Hulu Kupuna, the partnership involved the Bank of Hawaii.

During the 1993-94 Fiscal Year, another 264 affordable rental units were completed and 244 were under construction. The following describes these projects:

KAUHALE KAKAAKO

Construction was completed on the Kauhale Kakaako affordable housing complex in late 1993. By January 1994, tenants were occupying the 264 affordable units housed at 860 Halekauwila Street. All units in the Kauhale Kakaako include a range/oven, refrigerator, air conditioning and ceiling fan. An active recreation deck—along with a basketball court, exercise and BBQ areas, children's playground and meeting room—occupy a portion of the com-



plex. The Kauhale Kakaako also has something to offer the general public. The ground floor includes 11,000 square feet of space for commercial activities. And the adjoining parking structure contains 264 parking spaces as well as 500 stalls for the public to use on a shared basis. More than 1,830 applicants were entered in the initial *lottery for the rental of units in the* Kauhale Kakaako, indicating the heavy demand for affordable units in the State of Hawaii.

HONUAKAHA

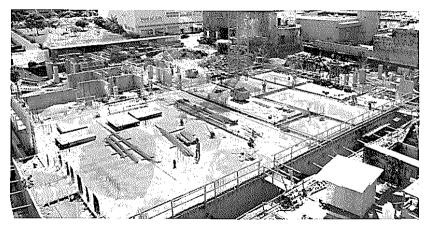
The Honuakaha, another multifaceted project currently under construction in the Kakaako District, will provide for the delivery of affordable rental housing, for-sale condominiums, a senior citizens community center, and the rehabilitation of a historic structure. The Honuakaha affordable housing complex is being constructed on the historic Royal Brewery site on Queen Street (between Punchbowl and South Streets).

Honuakaha saves the landmark red brick Royal Brewery structure from demolition; it will be rehabilitated to allow for five stories of newly constructed loft space. The first three floors of the building will house a 7,000 square foot senior citizens' community center, and the top two floors will provide cominercial office space. Constructed in 1900, the Royal Brewery structure is listed on the National Register of Historic Places, largely because of its unique architectural style and historical significance. Over the past decades

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many attempts were made to preserve and rehabilitate this historic resource, but none were successful.

The HCDA will also build a housing complex adjacent to the rehabilitated brewery building to contain affordable senior rental units and condominiums for sale. The eight story, low-rise structure will contain 151 fully-furnished studio apartments for rent to qualified senior citizens. Each studio unit will have its own bed, dresser, dining table, chairs, television set, range, refrigerator and microwave oven to ensure optimum and efficient use of livable space. Additionally, each unit will have an emergency call system and airconditioning. The project rent for each seniors rental unit is \$375 per month. The 93 fee simple, for-sale studio and one-bedroom condominiums will be located in the same complex. These units will range in size from 510 to 675 square feet and will sell for \$158,000-\$187,000. All units include one covered parking stall, air-conditioning, carpeting, range and refrigerator, and a

LEFT: HONUAKAHA UNDER CONSTRUCTION.



washer/dryer. A lottery was conducted in February 1994 to allow the public to purchase the 93 fee simple units. The project is scheduled for completion in August 1995.

A very important vehicle used by the HCDA to develop affordable housing is the "reserved" (or affordable) housing component of the Kakaako Plan. This provision requires developers of major residential projects in the Kakaako District to set aside 20 percent of their total units as affordable housing. At the Authority's discretion, developers may be allowed to pay the Authority cash in lieu of providing the affordable housing, or they may be allowed to provide the appropriate units elsewhere in Kakaako.

By the close of 1994, the major private sector planned development projects planned for Kakaako could potentially produce approximately 797 reserved housing units. For example, Phase Two of the 404 Piikoi Street Project (undertaken by the Nauru PhosRIGHT: NA LEI HULU KUPUNA'S COURTYARD WITH WATERFALL PROVIDES A PEACEFUL AREA FOR SENIORS TO GATHER.

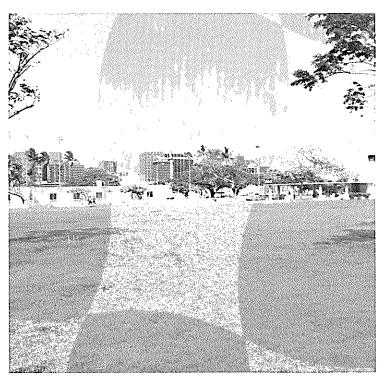


BELOW: MOTHER WALDRON PARK.

phate Royalties (Honolulu) Inc.) will give rise to 281 affordable units along Waimanu Street. The developer is planning to start construction by the spring of 1995.

The HCDA recognizes that any viable commumity must include adequate parks and other public facilities to support the needs and enhance the quality of life of its resi-

dents. The HCDA has stepped up its efforts to ensure that facilities and programs are provided to support the growing residential population and to cultivate a sense of community among the people who hive and work in Kakaako. To that end, Mother Waldron



Park—situated in the heart of Kakaako amid numerous new residential developments—is on course for some major changes which will benefit Kakaako's residents and visitors. In late 1994, the HCDA began construction work on the expansion of the Park, generally bound-

ed by Coral, Halekauwila, Cooke and Pohukaina Streets. These temporary improvements increase the total area of Mother Waldron park by adding the Coral Street right-of-way (between Halekauwila and Pohukaina Streets) and the vacant lot between Cooke Street and the present Park site. The HCDA is undertaking this project with the City and County of Honolulu, Department of Parks and Recreation (DPR). The one-block segment of the Coral Street right-of-way was permanently closed to vehicular traffic and replaced with landscaping. The vacant lot on Cooke Street has been grassed and lined with trees. These improvements are temporary, pending the completion by HCDA and DPR of a comprehensive master plan for the expanded Mother Waldron Park.

As Kakaako is shaped into a new community there is the potential for a host of problems such as crime and conflicts between new projects and long-time businesses in Kakaako. Early recognition of this prospect as well as

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LEFT AND BELOW: GOVERNMENT WORKERS VOLUNTEER TO BEAUTIFY KAKAAKO.

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of community compelled the HCDA to initiate projects and programs to avoid serious problems in the future. One example of the initiatives taken was providing quarters for the Honolulu Police Department Community Policing - District 1 team. The office is located next to Mother Waldron Park in proximity to the Na Lei Hulu Kupuna and Pohulani projects. Appreciation for the presence of HPD in this area was immediately expressed by surrounding businesses and residents. In the short period that the Community Policing team has been in Kakaako, it has moved aggressively to minimize problems with graffiti, gang and drug related activities, vandalism, illegally parked cars, and abandoned vehicles.

the importance of creating a real sense

The HCDA has begun to focus more of its attention on community involvement to help resolve some of the common problems faced by urban communities. During the 1993-94 Fiscal Year, hundreds of State employee volunteers



participated in a beautification project of Kakaako involving litter pickup throughout the area, painting over graffiti, and landscaping work at Mother Waldron Park and the Kakaako Waterfront Park. Additionally, government agencies such as the State's Litter Control Office and private businesses and organizations have stepped forward to pick up litter regularly in the Kakaako Waterfront Park. This type of community service effort instills pride for an area that has long been neglected and reinforces the State's continued commitment to a very special place in Honolulu.

On a more general note, the HCDA has developed, and will continue to form, positive working relationships with constituencies and individual residents and businesses through regular community meetings, programs and events. Thus far, these efforts have resulted in creative solutions to a num-



RIGHT: POHULANI HOUSING COMPLEX BELOW LEFT: KAUHALE KAKAAKO AS SEEN FROM THE RECREATION DECK.

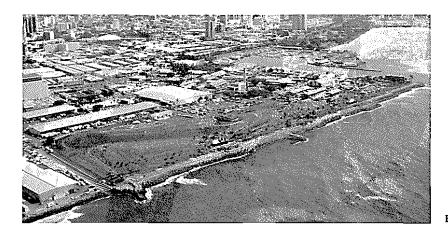


ber of neighborhood concerns ranging from the location of bus stops and cross walks to mitigating the effects of construction work. Recognizing that the success of redeveloping Kakaako is dependent on the continued involvement and support of the community, the HCDA's goal is to foster relationships and keep lines of communication open with the people who have a vested interest in the future of the Kakaako community.

COMPLETED & ONGOING AFFORDABLE HOUSING PROJECTS & PUBLIC FACILITIES

PROJECT	NUMBER OF UNITS	COMPLETION DATE	
KAMAKEE VISTA Mixed-Use Family rentals	225	December 1991	SENSE OF
POHULANI Mixed-Use Senior rentals	262	August 1992	Community
NA LEI HULU KUPUNA Senior rental housing	75	November 1992	
KAUHALE KAKA'AKO Mixed-Use Family rentals	258	December 1993	
HONUAKAHA Affordable senior rentals and for-sale condominiums	243*	Construction to be completed July 1995	
MOTHER WALDRON PARK EXPANSION Addition of one acre of land area, landscaping		Late 1994	

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BELOW: KAKAAKO WATERFRONT PARK GARNERS RECOGNITION.

THE PROMISE

WATERFRONT



ix years ago, the State Administration proclaimed that after decades of inaction the time had come to harvest the potential of Honolulu's central waterfront to accommodate a variety of new recreational, cultural and commercial activity. Today, as a result of the shared commitment of both the public and private sectors, we are on the verge of seeing that promise fulfilled. From Keehi Lagoon through Honolulu Harbor, at Sand Island and Aloha Tower remarkable changes are underway. Nowhere, however, is the transformation more apparent than along the Kakaako waterfront. The splendid Kakaako Waterfront Park stands as a cornerstone and fitting testimony to the collective resolve in revitalizing this long-neglected area.

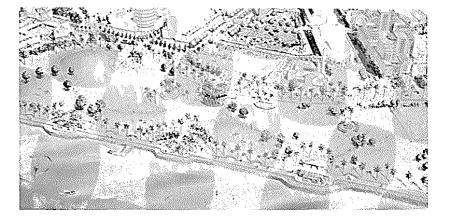
In 1989 the State completed the Honolulu Waterfront Master Plan, which presented a vision for Kakaako Makai as one element of a comprehensive plan for the entire Honolulu waterfront. The Master Plan proposed an



extensive system of parks, waterways and public amenities. Most of the fundiug for these amenities was to come from development of 7.5 million square feet of commercial space in the area. This assumption was made because of the high levels of investment in and demand for commercial space which prevailed in the late 1980s. The HCDA, in 1990, adopted its Makai Area Plan and Rules based on this vision. The Plan prescribed controls and standards for developing Kakaako Makai.

Since that time, the State economy has weakened noticeably. While the goal of the Waterfront Master Plan to create a people-oriented gathering place is still valid, the present economic state requires a broader, more proactive development strategy.

The Kakaako waterfront offers a dramatic location, proximity to downtown, and a substantial amount of land under the State's control. As pressure



on lands in the Honolulu urban core builds and resources remain scarce, demand for conversion of these lands to more intensive uses has magnified. Needless to say, the Makai Area provides an unprecented development opportunity in the urban core for the State.

Recognizing the economic as well as intrinsic social value of its makai lands to Hawaii's residents, the HCDA embarked on an intensive planning effort to chart a course for redevelopment of the Kakaako waterfront. During the 1993-94 Fiscal Year that effort culminated in the form of a development strategy for Kakaako Makai. With this well-founded game plan, the HCDA anticipates the creation of an exciting, active people-oriented place in the Kakaako waterfront.

A STRATEGIC GAME PLAN

The HCDA's redevelopment goals for Kakaako Makai have been shaped by an explicit recognition of the Kakaako waterfront as a valuable pub-

lic resource. The primary goals are to recapture the waterfront for public use, achieve maximum public benefits, and create an actively populated area. To achieve these goals, it is critical that new developments provide sufficient revenues to offset the cost of the significant public amenities planned for Kakaako Makai. To that end, the underlying premise of the Kakaako Makai development strategy is to foster new economic activities by capitalizing on the advantages inherent in the area. Equally fundamental to the strategy is the need to aggressively pursue new industries which will broaden Hawaii's economic base and ensure sustainable revenue generators to support the development and maintenance of the public realm.

Kakaako Makai presents land development opportunities for both private and public lands. Privately owned lands include approximately thirty-five acres and can accommodate a maximum of 4.7 million square feet of building area. The 200 acres of State-owned lands have the potential for a maximum 5.1 million square feet of building area.

While the timing for development of privately held lands are driven by market forces, the HCDA's development strategy for publicly-owned lands employs a proactive approach based on a projected low demand for traditional commercial office space for many years and a continued strong demand for moderately-priced housing. Neither uses are expected to generate sufficient revenues to support the necessary infrastructure improvements and public amenities for Kakaako Makai, Thus, central to the Kakaako Makai development strategy is the development of a balanced, mixed-use scheme that includes generous amounts of public open space and park lands, housing targeted to a range of income groups, and an appropriate economic catalyst.

By the end of the 1993-94 Fiscal Year, efforts were underway to revise the 1990 Kakaako Makai Plan to incorporate the findings of the in-depth

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analysis made during the formulation of the Kakaako Makai development strategy. The following describes the primary features of the proposed Kakaako Makai Plan:

Park Lands as the Centerpiece for Development

The existing 30-acre Kakaako Waterfront Park represents a significant investment of public funds, and its potential to promote and enhance development will be maximized. The open space system for Kakaako Makai has been planned to extend the Waterfront Park's amenity value to those development parcels which do not front directly on it.

A total of 89 acres will be developed as public park space. In addition to the existing Kakaako Waterfront Park, a variety of spaces for public enjoyment will include the following:

- The existing Waterfront Park will be expanded for ball fields, soccer and other active recreation uses.
- A multi-purpose public green will be built to accommodate large



group activities ranging from picnics and festivals to organized sports.

- A public garden will feature rich tropical planting, water features, benches and paths for quiet sitting and strolling.
- A central urban plaza is planned to be an active public gathering place with restaurants, informal eateries and shops.
- A beach park is planned to address the long-term need for an addition-

al safe and convenient swimming area for residents in the urban core.

Superior Pedestrian Environment

The primacy of pedestrians is reflected throughout the Kakaako Makai Plan through supportive land use and urban design requirements and a transportation system for the area that is reflective of pedestrian circulation needs. Development of a superior pedestrian environment that maximizes the benefits of our local climate is promoted by:

- Generous amounts of land set aside for public parks and the provision of plazas and active ground floor uses along key street frontages.
- Appropriate design requirements for public sidewalks and privately owned open space to ensure that these areas are "pedestrian friendly."
- Smaller development blocks, as opposed to "super blocks," to allow sidewalks to be more active, more conducive to walking, and provide more choices as pedestrians make



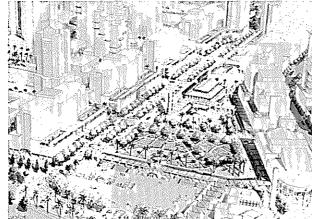
their way through the waterfront area.

- Narrower streets which will be safer and more convenient to cross.
- Open space system which promotes a continuous system of broad, shady walkways, arcades, passages and courtyards linked to the park, and generous landscaping and water features.

Strong Linkage of the Kakaako Waterfront Park to the City

One of the central themes of the Kakaako Makai Plan is the reintegration of the city and the waterfront. A strong visual and physical link between the Kakaako Waterfront Park and the city is created by:

- A formal, landscaped promenade that will run from the Kakaako Waterfront Park to Mother Waldron Park in the Kakaako Mauka Area.
- Patterming the roads and blocks in Kakaako Makai after the tradition-



al grid of the Kakaako Mauka Area.

Removing the barrier-like quality of Ala Moana Boulevard. This will be accomplished by developing an Ala Moana Boulevard-Ward Avenue Extention couplet which would reduce Ala Moana from six two-way lanes to four one-way lanes.

Cultural and Educational Facilities

Cultural and educational facilities have always been a fundamental element in the HCDA's redevelopment plan and objectives for Kakaako Makai. Currently proposed is an arts and museum complex that includes:

- The present renovation of the Kewalo Incinerator into a children's museum.
- A mid-size theater complex with 500-seat and 250-seat venues.
- Potential accomodation of 1,500- to 2,000-seat lyric theater to house opera and other larger-scale performances.
- The existing amphitheater in the Kakaako Waterfront Park which will be upgraded with provisions for sound, lighting and shade. This facility will be capable of hosting free concerts and up to 3,000 people using informal, hillside seating.
- A heritage center in the historic Ala Moana Sewage Pump Station building.

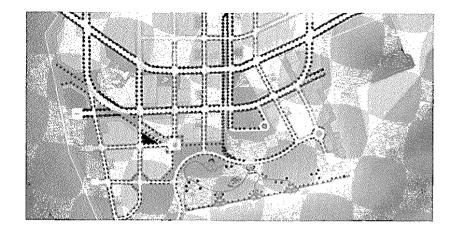
Appropriate Use of the Waterfront Shoreline

It is obvious that appropriate use of the waterfront is a key to the overall land use pattern for Kakaako Makai. Public access to the ocean is a priority reflected in a half mile of shoreline ded-

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icated to park use. Maritime activities which provide vital functions for the economic well-being of the community are also a priority. The Kakaako Makai Plan recognizes that maritime uses at Piers 1 and 2 compatible with planned waterfront commercial uses should be retained because of the importance of preserving this deep water berth for long-term uses. Selected shoreline areas at Kewalo Basin and along Honolulu Harbor are set aside to allow people to view and enjoy the working wharf. Plans for these areas allow development to take advantage of these premier waterfront locations, while at the same time preserving the wharf and associated backland for essential harbor uses.

Housing

The redevelopment of the Kakaako District is based on the principle that people need to be able to live and work in close proximity. In addition to helping to meet the State's critical need for affordable housing in the urban core, residential development in Kakaako



Makai is a prudent and appropriate strategy given limited land for suburban growth, extreme traffic congestion and the need to efficiently utilize existing infrastructure systems.

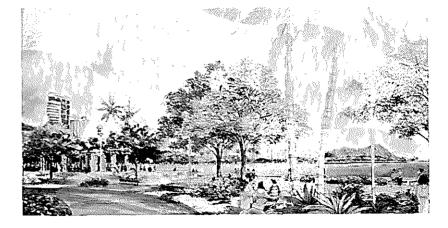
Moderately priced housing in the makai area is a significant and complementary component to the mix of uses planned for the Kakaako waterfront. The value added in fostering a strong sense of community, providing an onsite population which promotes activity and supports commercial businesses, and increasing security is vital to building a vibrant, dynamic community.

New Job-Creating Industries

Inherent in the development strategy for Kakaako Makai is the challenge to find an appropriate market catalyst that will drive the long-term redevelopment of the waterfront. Market analyses

for development of the Makai Area recognize that health care and wellness appears to be a promising sector for economic growth.

Hawaii is well-positioned to capture a large share of this market because it is identified with health and wellness, and its location and cultural role as a bridge between Asia and America is well established. Hawaii could assume a leadership role in this market by developing an international health cen-



ter in the ınakai area. This center would focus on emerging trends in health and wellness, and would serve Hawaii's people by contributing to the advancement and improvement of local health care. This center could generate more jobs and build upon Hawaii's visitor-oriented economy.

After researching several wellness-related institutions on the mainland and talking

with health field experts, the HCDA constructed a profile of potential facilities for Kakaako Makai. These include: a Wellness and Physical Fitness Center, to concentrate on individual, self-directed health maintenance; a Recuperative Care and Recreation Center to provide a unique environment for recuperating from major medical problems; and an Alternative Medicine Center, which would investigate the benefits of alternative therapies.

At this point, it is impossible to pre-



dict whether the wellness market will be a success or not. As land is made available for development, this potential market along with others will be pursued on the basis that current traditional markets will provide neither the desired development pace nor land utilization that helps to diversify the economy. The strategy aims to ensure that developments in Kakaako Makai are economic generators and will best benefit the State of Hawaii and its residents.

AN IMPORTANT ECONOMIC OPPORTUNITY

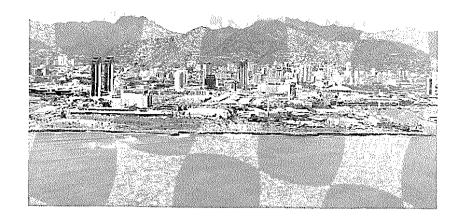
With over 200 acres of State-owned lands in the Kakaako waterfront, the potential is there to create a new tax base, a job base and new investment opportunities. The primary uses today in the Makai Area include public and private industrial, warehouse-type operations which, while important are extremely land intensive. The successful redevelopment of the waterfront is contingent upon the eventual relocation of these uses to other areas on Oahu. Of particular concern is the relocation of certain existing maritime and commercial activities to land in Kapalama and the relocation of the City Corporation Yard to Sand Island. Major redevelopment of the waterfront cannot proceed until uses such as these are relocated.

Despite the fact that redevelopment of Kakaako Makai requires expenditures for relocation of existing uses and other upfront costs, such as infrastructure improvements, the long





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development include the following: Construction Expenditures

term benefits are substantial. The 5.1

million square feet of building area on

to incrementally build. The economic

benefits directly attributable to this

State land is estimated to take 25 years

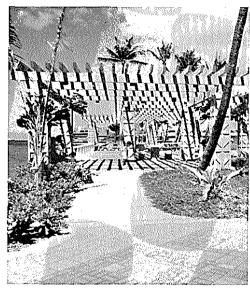
Construction of infrastructure, commercial development and public amenities is projected to involve \$800 million of construction expenditures over time. This translates to significant construction and materials jobs, largely based on private investment.

Permanent Jobs

The shift from large, warehousetype operations to more dense commercial development brings with it a dramatic increase in permanent jobs. Currently approximately 1,000 people are directly employed in the makai area. After total build out, that number could increase to approximately 20,000 people.

State Revenues

Private development of State lands will generate approximately \$50 mil-



lion in public dedication fees and \$550 million in other revenues for infrastructure and other public improvements and \$40 million in housing impact fees. These revenues are expected to make development of Kakaako Makai selfsustaining with ten to fifteen years. *Increased Tax Base*

The many public land uses that currently make up the Makai Area are exempt from State and county property taxes. As a result, tax revenues presently derived from the 200 acres of State-owned land are low. Today, the area generates approximately \$2 million in property taxes. After redevelopment of the area property taxes are estimated to increase to \$200 million.

In addition to the direct economic benefits, redevelopment of the Kakaako waterfront from a broader perspective can act as a significant catalyst for development of urban Honoluu and the State economy in the 21st century.

A ROUSING START

The transformation of Kakaako Makai has taken its first large strides with the completion of several important projects.

Kewalo Basin Park

In 1990 the HCDA completed the five-acre Kewalo Basin Park, located in Kewalo Basin. This scenic shorefront park, fronting a long time popular surfing spot, has become a favorite picnic area for Honolulu's residents. The park's pedestrian promenade and observation areas offer breathtaking



RIGHT: KEWALO BASIN IMPROVEMENTS.



views of Ala Moana Beach, Magic Island and Diamond Head. It also includes a trellised picnic area, reconstructed seawall, comfort station and shower facilities, and a new net shed.

Kakaako Waterfront Park -Phase I

The Kakaako Waterfront Park, completed in 1992, was constructed on the former landfill area on the Kakaako peninsula. The Park's first phase, which includes 30 acres of passive recreational park space, is a totally unique experience. It 1consists of contoured, rolling landscaped mounds, and at the shoreline, a scenic pedestrian promenade with comfort stations and picnic areas. The 20-foot wide promenade runs the entire length of the park, and it links five oceanfront observation areas. A community amphitheater and formal, central lookout area are also part of this Park. The HCDA also created two protected water access points for surfers, fishermen and water enthusiasts.

Kewalo Basin Improvements

In the second quarter of 1994, the HCDA began construction of improvements to the Kewalo Basin area. These improvements support the needs of commercial fishing and charter and cruise boat activities in the harbor as well as other users in Kewalo Basin. This project will facilitate and enhance access, traffic circulation and parking within the harbor area. Because the Kewalo Basin has become such a popular attraction for residents and visitors, the HCDA is constructing a promenade along the Mauka and Diamond Head pier face.

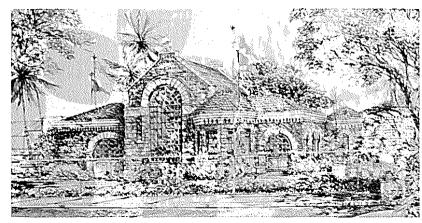
Children's Discovery Center

Work is underway to transform the former Kewalo Incinerator into a new home for the Children's Discovery Center (previously known as the Hawaii Children's Museum). With \$2 million appropriated by the Legislature, the HCDA is undertaking abatement, selective demolition and structural repairs to the incinerator structure. Following completion of this work, the

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LEFT: PROPOSED HERITAGE EDUCATION CENTER.

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Center will proceed with extensive renovation using private funds and a \$4 million grant-in-aid received from the Legislature in 1994. The Center's goal is to open the new facility in late 1995.

Ward Avenue Extension

Using \$9 million appropriated by the Legislature, the HCDA will soon begin pre-construction work on the extension of Ward Avenue into the Kakaako makai area. This project will also include the reconstruction of sewer, water, drainage and utility lines within the improved roadway. Project construction is expected to begin by 1996.

Heritage Education Center

Plans are underway by the Historic Hawaii Foundation to renovate the historic Ala Moana Sewage Pump Station building into a Heritage Education Center. The Center will serve to educate the community on Hawaii's diverse and rich heritage.

COMPLETED & ONGOING MAKAI AREA PROJECTS

KEWALO BASIN PARK

A 5-acre scenic shorefront park located in Kewalo Basin. Includes a pedestrian promenade, observation areas, trellised picnic area, reconstructed seawall, comfort station and shower facilities, and a new net shed. Completed in 1990.

KAKAAKO WATERFRONT PARK - PHASE 1

Thirty acres of passive recreational park space. Includes contoured, rolling landscaped mounds, a scenic pedestrian promenade, comfort stations and picnic areas, five oceanfront observation areas, a community amphitheater, and two protected water access points. Completed in 1992.

KEWALO BASIN IMPROVEMENTS

Project will facilitate and enhance access, traffic circulation and parking within the harbor area. It includes a pedestrian promenade along the Mauka and Diamond Head pier face. Construction slated for completion in March 1995.

WARD AVENUE EXTENSION

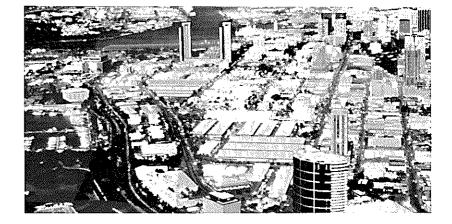
The extension of Ward Avenue into Kakaako Makai will involve the reconstruction of sewer, water, drainage and utility lines within the improved roadway. Construction expected to begin in 1996.

CHILDREN'S DISCOVERY CENTER

The former Kewalo Incinerator is being transformed into the Children's Discovery Center. HCDA is undertaking the structural repairs to the incinerator structure. Center expected to be opened in late 1995.

HERITAGE EDUCATION CENTER

Historic Hawaii Foundation plans to renovate the historic Ala Moana Sewage Pump Station into a Heritage Education Center.

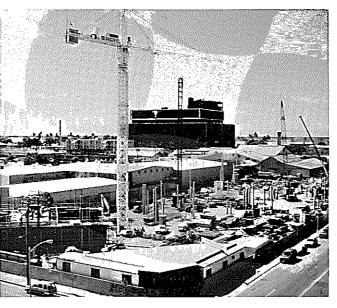


n the microcosm that is the Kakaako District, the nature of private developments has mirrored the State's market conditions. While the HCDA

processed approximately 200 development permits for smaller scale projects during the 1993-94 Fiscal Year period, construction of formerly-approved major Planned Developments have slowed over the past few years. To

meet the realities of the current market, some of Kakaako's private developers who had planned "high end" projects have been at work on redesigning their projects and lowering the prices of their units.

While the private sector adjusted to the changing market, the Hawaii Community Development Authority was also making beneficial adjustments for the future. Although the HCDA has



moved into its second decade of implementing the regulations of Kakaako Plan, it has not lost sight of the importance of its primary mission: to bring about a revitalized community in Kakaako which will meet the needs and desires of Hawaï's people, first and foremost.

In an effort to increase the effectiveness of the Kakaako District Mauka Area Plan and Rules, and to adjust to the current redevelopment and economic climate, the HCDA has begun a three-part study of the Kakaako Plan and Rules. The first phase of amendments was reviewed by the public and a public hearing was held in October 1994. Although the Mauka Area Plan and Rules have been amended periodically since its adoption, the newest proposed amendments have evolved to address the range of varying development scenarios and market fluctuations which have occurred over the years.

The proposed amendments generally fine tune a number of existing provisions. They include changes which would: enhance the street level environment in the Kakaako District; improve public programs, services and facilities; recognize special project and sub district characteristics; and refine industrial, small lot and public facilities dedication provisions.

One of HCDA's objectives is to ensure that Kakaako's urban form is attractive, functional and conducive to



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an area where people can live, work and play. Some of the specific proposals (at the close of the 1993-94 Fiscal Year) concerning Kakaako's urban form would: allow platforms to exceed the 45 feet height limit under certain situations; encourage the development of arcades in projects; and allow modifications to the size of tower footprints and the number of towers per site.

To help resolve the statewide need for more affordable housing, the HCDA looked for ways to improve the effectiveness of its reserved (or below-market) housing program. A major amendment proposed would allow a person who has purchased a reserved housing unit to be eligible for another reserved unit if there is a significant change in family size. This amendment is consistent with changes made to the Housing Finance and Development Corporation's program in 1994.

Because market conditions, land ownership patterns and existing land use characteristics all suggest that small-scale development activity will



continue to be an important part of Kakaako's redevelopment, the HCDA has sought to provide more appropriate standards to developing small lots. The Authority is considering the reduction of open space requirements for development on lots smaller than 20,000 square feet and to exempt these developments from recreational space requirements. For the area bounded by King, Pensacola, Piikoi and Kamaile Streets, the HCDA is proposing to expand the its Rules to accommodate one- and two-family projects in the mixed-use residential zone and to establish five-foot front and rear yard requirements along the King Street commercial frontage. I S

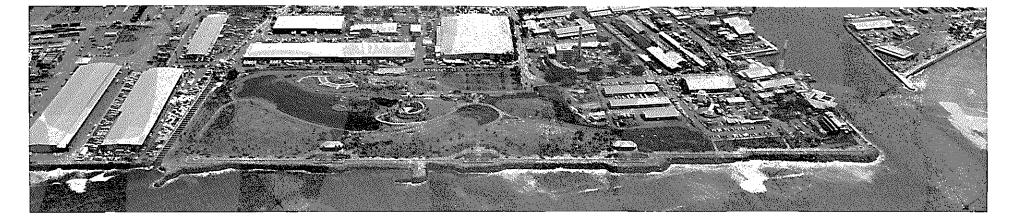
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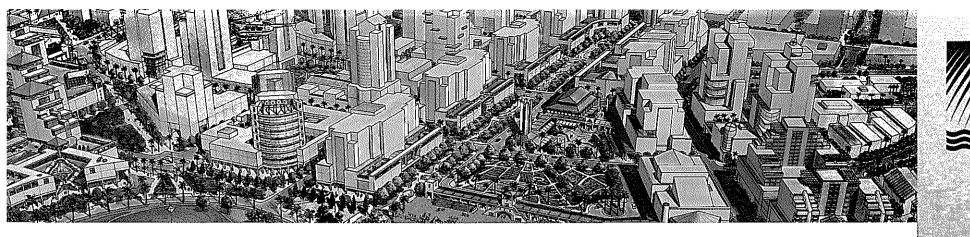
Statement Of Appropriations, Expenditures, Encumbrances And Balances (For Fiscal Year Ended June 30, 1994)

	Prior Year Available Funds 7/1/93	Appropriations	Transfers	Expenditures	Encumbrances	Allotments	Unallotted	Funds	Lapsed	
OPERATING FUNDS Act 289, SLH 1993	_	\$ 308,003	\$ 2,036	\$ 310,039	_	_	_	_	_	
PROJECT FUNDS Kakaako Community Development District										
Act 264, SLH 1982	22,816	—	—	—	\$ 22,816	—		—		
Act 301, SLH 1983	19,118	—	_		19,118	—	_	—		
Act 300, SLH 1985	12,658	_	_	—	12,658			_	—	
Act 216, SLH 1987	155,096	-	_	83,316	71,780		_	—		
Act 316, SLH 1989	1,718,061	—	—	1,655,228	62,828		—	_	\$ 5	
Act 299, SLH 1990	1,168,461		—	714,455	454,006	_	—			
Act 296, SLH 1991	5,555,121	_	_	$2,\!178,\!674$	3,375,347				1,100	
Act 300, SLH 1992	5,354,940		—	1,240,188	4,114,752	_		_		
Act 289, SLH 1993	—	20,136,000	—	1,774,693	7,040,340	\$311,403	\$11,009,564			
Delegations	2,559,876	—	-	38,732	2,521,144	—	_			
IMPROVEMENT DISTI	RICT									
BOND FUNDS	913,082	—		10,407	902,675	—	—		-	
REVOLVING FUND	16,740,151	$4,755,343^{1}$	1,847,894	6,561,364	3,872,848			\$12,909,176		
	\$34,219,380	\$25,199,346	\$1,849,930	\$14,567,096	\$22,470,312	\$311,403	\$11,009,564	\$12,909,176	\$1,105	

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

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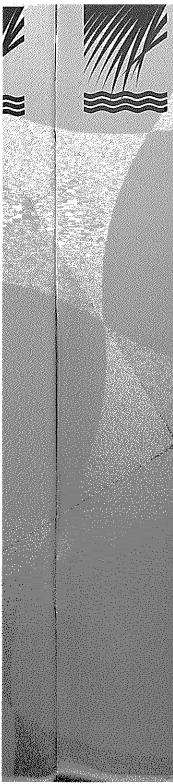
FINANCIAL INFORMATION

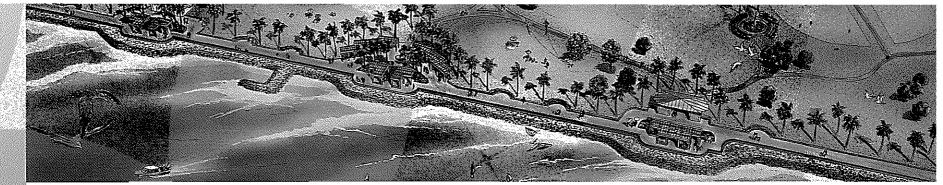


FINRNCIRL INFORMATION

HAWAII COMMUNITY DEVELOPMENT AUTHORITY Statement Of Expenditures (For the Fiscal Years Ending June 30, 1993 and June 30, 1994)

	June 30, 1994			June 30, 1993
	Operating Funds	Project Funds	Total Expenditures	Total Expenditures
Personal Services	\$261,131	\$ 1,789,601	\$ 2,050,732	\$ 1,879,247
Other Current Expenses	48,908	12,437,441	12,486,349	32,423,172
Equipment		30,015	30,015	32,078
TOTAL EXPENDITURES	\$ <u>310,039</u>	\$14,257,057	\$14,567,096	\$34,334,497





HAWAII COMMUNITY DEVELOPMENT AUTHORITY MEMBERS (July 1, 1993 - June 30, 1994)

CHAIRMAN GARY L. CAULFIELD Senior Vice President First Hawaiian Bank

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

SECRETARY MICHAEL K. KAWAHARADA Vice President & Director Hawaii Office/Robert Englekirk Consulting Structural Engineers, Inc.

RICHARD B.F. CHOY President Paradise Optical Company

ALVIN K.T. GOO Assistant Branch Manager First Hawaiian Bank Waikiki Branch

MUFI HANNEMANN

Director Department of Business, Economic Development & Tourism

EUGENE IMAI Director Department of Budget & Finance (served from March 1994)

REX D. JOHNSON Director Department of Transportation

YUKIO TAKEMOTO Director Department of Budget & Finance (served until February 1994)

ROBERT TAKUSHI Comptroller Department of Accounting and General Services SUSAN TODANI Management Consultant KPMG Peat Marwick

T.C.YIM

MICHAEL N. SCARFONE Executive Director Hawaii Community Development Authority



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