

STATE OF HAWAII
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
Honolulu, Hawaii 96813

July 5, 2017

Chairperson and Members
Hawaii Community Development Authority
State of Hawaii
Honolulu, Hawaii

HCDA Board Members:

SUBJECT: Financial Position Task Force Update

SUMMARY:

The Financial Position Task Force would like to provide its findings and recommendations for board consideration for future deliberation and decision-making with regard to Goal 1. At the June 7, 2017 meeting, the task force identified Goal 1 as, whether community development plans for community development districts should have an identified long-range completion date.

AUTHORITY:

Permitted interactions of a group of board members is governed by Hawaii Revised Statutes (HRS) § 92-2.5(b) which states that two or more members of a board, but less than the number of members which would constitute a quorum may be assigned to:

- (1) Investigate a matter relating to the official business of their board, provided that:
 - (A) The scope of the investigation and the scope of each members authority are defined at a meeting of the board;
 - (B) All resulting findings and recommendations are presented to the board at a meeting of the board; and
 - (C) Deliberation and decision-making on the matter investigated, if any, occurs only at a duly noticed meeting of the board held subsequent to the meeting at which the findings and recommendations of the investigation were presented to the board.

BACKGROUND:

At the May 3, 2017 meeting, the Authority formed a task force to evaluate the financial position of the HCDA and potential for further revenue generation. Task force members included, Mary Pat Waterhouse (task force chair), Wei Fang, Michael Golojuch, Sr., and Shirley Swinney. Member Jason Okuhama was later added to the task force at the June 7, 2017 meeting.

At the June 7, 2017 meeting, the task force provided an update and identified Goal 1 of the task force as, whether community development plans for community development districts should have an identified long-range completion date.

Specific to Goal 1, in its update to the Authority on June 7, 2017, Member Waterhouse indicated that the task force needed a better basis for its evaluation and recommendations. Having a basis for forecasting future resource needs, how much revenue must be generated, identifying appropriate revenue sources, etc. were unclear. By introducing a time element, the HCDA would be able to prioritize projects, quantify resources needed, and allocate/deploy HCDA resources effectively.

To establish a basis, the task force considered the following information:

- Legislation establishing the HCDA;
- Legislation establishing each community development district; and
- HCDA accomplishments in Kakaako, as its most mature community development district.

ANALYSIS:

The analysis of the task force is included as Attachment 1 – Financial Position Task Force, Staff Recommendation, Goal 1, dated June 27, 2017. The recommendation balances the expectations set forth by statutes, with the expectations of the legislature, using recurring legislation as a key indicator. By establishing a long-range completion date for its community development plans, the HCDA would be better equipped to manage these expectations.

The maps included as Attachments 2 and 3, demonstrates the nexus between a community development plan and actual implementation of the plan in Kakaako. After adopting the community development plan, the HCDA pursued various infrastructure improvement projects identified in Attachment 2 that directly support the plan. Attachment 3 identifies various development district projects developed under the community development plan.

HRS § 92-2.5(b)(1) requires that the recommendations of the permitted interaction group must be presented at a meeting of the board, and that any deliberation and decision-making on the matter be held at a subsequent board meeting.

RECOMMENDATION:

The Financial Position Task Force recommends that the Authority consider its recommendation for further deliberation and decision-making at its next scheduled board meeting.

Respectfully submitted,



Aedward Los Banos
Administrative Services Officer

APPROVED FOR SUBMITTAL:



Jesse K. Souki, Executive Director
Hawaii Community Development Authority

Attachment 1 – Financial Position Task Force, Staff Recommendation, Goal 1

Attachment 2 – Map of Kakaako Improvement District Projects

Attachment 3 – Map of Kakaako Community Development District Projects

FINANCIAL POSITION TASK FORCE

STAFF RECOMMENDATION

GOAL 1

JUNE 27, 2017

Task Force Goal 1: Whether community development plans for community development districts should have an identified long-range completion date.

Under its authorizing statutes, Hawaii Revised Statutes (“HRS”) Chapter 206E, the Hawaii Community Development Authority’s (hereinafter, the “Authority”) mission can be extracted from HRS § 206E-1, “Findings and purpose.”¹ A mission statement based on (and using the words from) HRS § 206E-1, might be as follows:

The Hawaii Community Development Authority is a public entity created by the Hawaii State Legislature to establish community development plans in community development districts; determine community development programs; and cooperate with private enterprise and the various components of federal, state, and county governments to bring community development plans to fruition. The Authority’s work should result in economic and social opportunities and aim to meet the highest needs and aspirations of Hawaii’s people.

In order to carry out its mission, the Authority is granted various powers by the legislature, including the power to regulate zoning, planning, and land use; assess and collect fees from landowners for the planning, design, and construction of public facilities; acquire and condemn property; and develop real property.²

The scope of the Authority’s work is unpredictable. The Authority’s powers are limited to within the bounds of a community development district; however, in any year, the legislature “. . . by statute, may designate an area as a community development district[.]”³ For example, the legislature considered adding a district as early as the 2017 legislative session where several bills proposed the creation of a district in and around Banyan Drive in Hilo on the Island of Hawaii. Since the creation of the Authority, the legislature has designated four community development districts (Heeia, Kalaeloa, Kakaako, and Hamakua).⁴

Once designated, the Authority must develop a community development plan for the designated district.⁵ These plans usually include, “community development guidance policies, district-

¹ See Attachment A to this document.

² See, e.g., HRS §§ 206E-5 (Community development rules); -6 (District-wide improvement program), -10 (Condemnation of real property); and -4 (Powers; generally).

³ HRS § 206E-5(a).

⁴ In 1993, the legislature designated the Hamakua Community Development District on the Island of Hawaii. See 1993 Haw. Sess. Laws Act 311. It was repealed in 2002. See 2002 Haw. Sess. Laws Act 208, § 3.

⁵ HRS § 206E-5(b).

wide improvement program and community development rules.”⁶ Once a community development plan is adopted, the Authority, through the Governor, may pursue “requests for appropriations, authorization to issue bonds, or both, to implement the community development plan in an orderly, affordable, and feasible manner.”⁷

In order to implement in an orderly, affordable, and feasible manner, a successful plan must include the following elements: core values, mission, vision, goals, and objectives. As a state agency, the Authority’s core values, mission, and vision are defined for us by the legislature. In addition to the Authority’s mission discussed above, each community development district, when created by the legislature, includes guidance policies that direct the Authority on how it should develop each district.⁸ As an implementing agency tasked with bringing plans to fruition, the Authority’s focus is on establishing goals and objectives for carrying out the legislature’s policy guidelines as further shaped by the community through the community development planning process.

Objectives are action steps that achieve an organization’s goals. In a planning process, objectives should be S.M.A.R.T: Specific, Measurable, Achievable, Results-focused, and Timebound. Given scarce resources, especially in government, these elements are essential for maintaining focus and perspective; establishing funding and resource priorities based on plan elements; ensuring greater job satisfaction and sense of accomplishment for staff and board members; and improving employee and overall organizational performance.

Goal 1 of the Task Force focuses on the “T” in “S.M.A.R.T.”: A timeframe for bringing community development plans to fruition. The community development plans for Kakaako and Kalaeloa discuss a timeframe, but those plans do not discuss a completion date when the Authority would have brought those “plans to fruition” as directed by the legislature. The following are some reasons why a completion timeframe is important to the Authority’s work:

- **Measuring overall progress of community development plans has been elusive.** The Authority reports to the legislature every year. In those reports, the Authority highlights various projects and activities in each of the districts. However, the reports are not performance based. Performance based reporting and budgeting has been something the legislature and key members of the legislature have been asking of the executive branch for several administrations. Having a completion date for community development plans puts the Authority in a better position to communicate measured success to the legislature, the governor, and the community.
- **A timebound plan prevents mission drift.** The Authority as suffered many controversies, some of which can be tied to clarity of purpose. Without a completion date identified in community development plans, there are no firm actions steps, capital improvement planning, or plans on how to transfer public facilities to the county who traditionally owns and operates public facilities with property taxes and other fees. Without these strategies

⁶ *Id.*

⁷ HRS § 206E-5(e).

⁸ See HRS §§ 206E-33 (Kakaako community development district; development guidance policies), -194 (Kalaeloa community development district; development guidance policies), and -203 (Heeia community development district; policies to guide development). *Also see*, Attachment B to this document.

in place and a completion date to work toward, the open-ended nature of the Authority has drifted toward issues not directly related to the various development guidelines mandated by the legislature.

- **Timebound plans help set priorities.** A completion date of 30 years, for example, will put the Authority in a better position for creating capital improvement plans, prioritizing projects, and determining the amount of revenue it requires to carry out the plan over time. This will help with asset management and discussions with the legislature on budgeting.
- **Timebound plans will increase landowner support.** Establishing a completion date will support Authority discussions with landowners on matters such as district fees and private financing under public-private partnerships. Time of completion is a key factor for private risk assessments and private decisions on whether to make capital investments in the district.
- **With limited resources, a timebound plan can help allocate staff and resources to where they are most needed.** Given the legislature's past practice, it is unlikely that the Authority will be allocated additional positions in the future. As currently structured, the Authority's staff resources are inordinately directed to one district, Kakaako. In addition, the legislature may create additional districts without additional staff or funding. The Kakaako Community Development District was created over 40 years ago. There needs to be a completion date set for the District so that staff and resources can be allocated to districts that require additional assistance and focus, such as Kalaeloa.

Establishing a completion date for community development plans is fundamental to bringing community development plans to fruition. Every district will have a different time of completion based on such factors as the environment in which the change must be achieved, the scope of the change expected, and how it fits into overall community development plan. Completion dates may slide, but planning is iterative. Plans should be revisited and evaluated periodically.

ATTACHMENT A

Hawaii Community Development Authority

Legislative Mission

§206E-1 Findings and purpose. The legislature finds that many areas of the State are substantially undeveloped, blighted, or economically depressed, and are or are potentially in need of renewal, renovation, or improvement to alleviate such conditions as dilapidation, deterioration, age, and other such factors or conditions which make such areas an economic or social liability.

The legislature further finds that there exists within the State vast, unmet community development needs. These include, but are not limited to, a lack of suitable affordable housing; insufficient commercial and industrial facilities for rent; residential areas which do not have facilities necessary for basic liveability, such as parks and open space; and areas which are planned for extensive land allocation to one, rather than mixed uses.

It is further determined that the lack of planning and coordination in such areas has given rise to these community development needs and that existing laws and public and private mechanisms have either proven incapable or inadequate to facilitate timely redevelopment and renewal.

The legislature finds that a new and comprehensive authority for community development must be created to join the strengths of private enterprise, public development and regulation into a new form capable of long-range planning and implementation of improved community development. The purpose of this chapter is to establish such a mechanism in the Hawaii community development authority, a public entity which shall determine community development programs and cooperate with private enterprise and the various components of federal, state, and county governments in bringing plans to fruition. For such areas designated as community development districts, the legislature believes that the planning and implementation program of the Hawaii community development authority will result in communities which serve the highest needs and aspirations of Hawaii's people.

The legislature finds that the creation of the Hawaii community development authority, the establishment of community development districts, and the issuance of bonds pursuant to this chapter to finance public facilities serve the public interest and are matters of statewide concern.

ATTACHMENT B
Community Development District
Development Guidance
Kakaako, Kalaeloa, Heeia

§206E-33 Kakaako community development district; development guidance policies. The following shall be the development guidance policies generally governing the authority's action in the Kakaako community development district:

(1) Development shall result in a community which permits an appropriate land mixture of residential, commercial, industrial, and other uses. In view of the innovative nature of the mixed use approach, urban design policies should be established to provide guidelines for the public and private sectors in the proper development of this district; while the authority's development responsibilities apply only to the area within the district, the authority may engage in any studies or coordinative activities permitted in this chapter which affect areas lying outside the district, where the authority in its discretion decides that those activities are necessary to implement the intent of this chapter. The studies or coordinative activities shall be limited to facility systems, resident and industrial relocation, and other activities with the counties and appropriate state agencies. The authority may engage in construction activities outside of the district; provided that such construction relates to infrastructure development or residential or business relocation activities; provided further, notwithstanding section 206E-7, that such construction shall comply with the general plan, development plan, ordinances, and rules of the county in which the district is located;

(2) Existing and future industrial uses shall be permitted and encouraged in appropriate locations within the district. No plan or implementation strategy shall prevent continued activity or redevelopment of industrial and commercial uses which meet reasonable performance standards;

(3) Activities shall be located so as to provide primary reliance on public transportation and pedestrian facilities for internal circulation within the district or designated subareas;

(4) Major view planes, view corridors, and other environmental elements such as natural light and prevailing winds, shall be preserved through necessary regulation and design review; provided that no portion of any building or structure in the Kakaako Mauka area shall exceed four hundred eighteen feet in height;

(5) Redevelopment of the district shall be compatible with plans and special districts established for the Hawaii Capital District, and other areas surrounding the Kakaako district;

(6) Historic sites and culturally significant facilities, settings, or locations shall be preserved;

(7) Land use activities within the district, where compatible, shall to the greatest possible extent be mixed horizontally, that is, within blocks or other land areas, and vertically, as integral units of multi-purpose structures;

(8) Residential development may require a mixture of densities, building types, and configurations in accordance with appropriate urban design guidelines; integration both vertically and horizontally of residents of varying incomes, ages, and family groups; and an increased supply of housing for residents of low- or moderate-income may be required as a condition of redevelopment in residential use. Residential development shall provide necessary community facilities, such as open space, parks, community meeting places, child care centers, and other services, within and adjacent to residential development; and

(9) Public facilities within the district shall be planned, located, and developed so as to support the redevelopment policies for the district established by this chapter and plans and rules adopted pursuant to it.

§206E-194 Kalaeloa community development district; development guidance policies. The following development guidance policies shall generally govern the authority's actions in the Kalaeloa community development district:

(1) Development shall be in accordance with the community reuse plan, except as it conflicts with the Hawaii state constitution and the Hawaii Revised Statutes, as they relate to the department of Hawaiian home lands;

(2) With the approval of the governor and concurrence of the Navy, and in accordance with state law governing lands owned by the department of Hawaiian home lands, the authority, upon the concurrence of a majority of its voting members, may modify and make changes to the reuse plan to respond to changing conditions; provided that prior to amending the reuse plan the authority shall conduct a public hearing to inform the public of the proposed changes and receive public input;

(3) Development shall seek to promote economic development and employment opportunities by fostering diverse land uses and encouraging private sector investments that utilize the opportunities presented by the receipt of property from the base closure consistent with the needs of the public;

(4) The authority may engage in planning, design, and construction activities within and outside of the district; provided that activities outside of the district shall relate to infrastructure development, area-wide drainage improvements, roadways realignments and improvements, business and industrial relocation, and other activities the authority deems necessary to carry out redevelopment of the district and implement this chapter. Studies or coordinating activities may be undertaken by the authority in conjunction with the county and appropriate state agencies and may address facility systems, industrial relocation, and other activities;

(5) Planning, replanning, rehabilitation, development, redevelopment, and other preparation for reuse of Barbers Point Naval Air Station under this chapter are public uses and purposes for which public money may be spent and private property acquired;

(6) Hawaiian archaeological, historic, and cultural sites shall be preserved and protected. Endangered species of flora and fauna and significant military facilities shall be preserved to the extent feasible;

(7) Land use and redevelopment activities within the district shall be coordinated with and to the extent possible complement existing county and state policies, plans, and programs affecting the district; and

(8) Public facilities within the district shall be planned, located, and developed to support the redevelopment policies established by this chapter for the district, the reuse plan approved by the governor, and rules adopted pursuant to this chapter.

§206E-203 Heeia community development district; policies to guide development. The following general policies to guide development shall govern the authority's actions in the district:

(1) Development shall be in accordance with the Heeia master plan, except as it conflicts with the Hawaii state constitution and the Hawaii Revised Statutes;

(2) With the approval of the governor, and in accordance with law, the authority, upon the concurrence of a majority of its voting members, may modify and make changes to the Heeia master plan to respond to changing conditions; provided that prior to amending the Heeia master plan, the authority shall conduct a public meeting pursuant to chapter 92 to inform the public of the proposed changes and receive public input;

(3) The authority shall provide, to the extent feasible, maximum opportunity for the restoration and implementation of sustainable, culturally appropriate, biologically responsible, or agriculturally beneficial enterprises;

(4) The authority may engage in planning, design, and construction activities within and outside the district; provided that activities outside the district shall relate to infrastructural development, area-wide drainage improvements and sediment transport mitigation, roadway realignments and improvements, and other activities the authority deems necessary to carry out redevelopment of the district and implement this part. Studies or coordinating activities may be undertaken by the authority in conjunction with the county and appropriate federal and state agencies and may address infrastructural systems, natural-resource systems, and other activities;

(5) Planning, replanning, rehabilitation, development, redevelopment, and other preparations for the restoration of cultural practices, education, natural resources, and agriculture related activities shall be pursued;

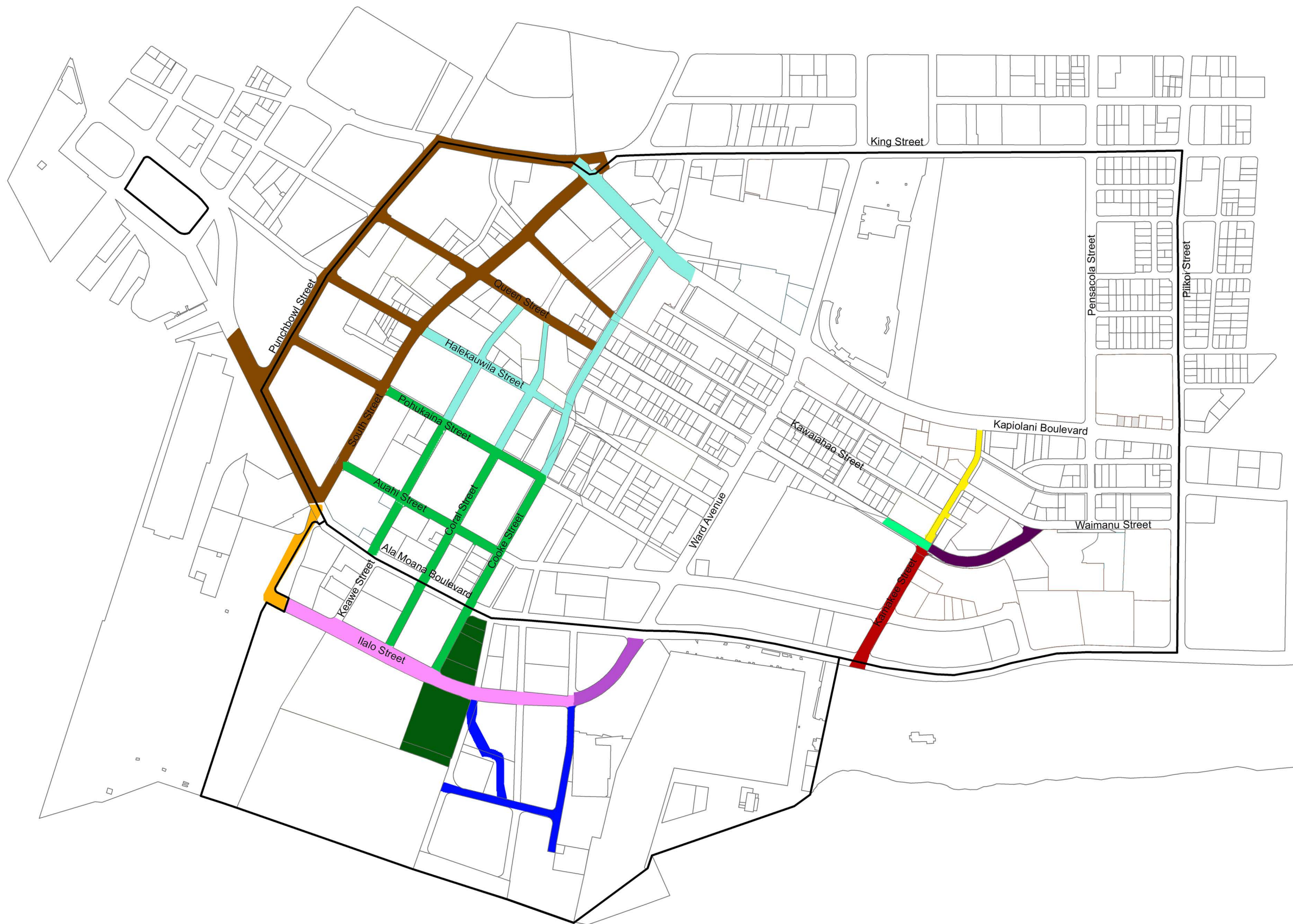
(6) Hawaiian archaeological, historic, and cultural sites shall be preserved and protected to the extent feasible while allowing for continued use of the property for cultural activities, education, agricultural and economic pursuits, and natural-resource restoration;

(7) Endangered species of flora and fauna shall be preserved and protected to the extent feasible;

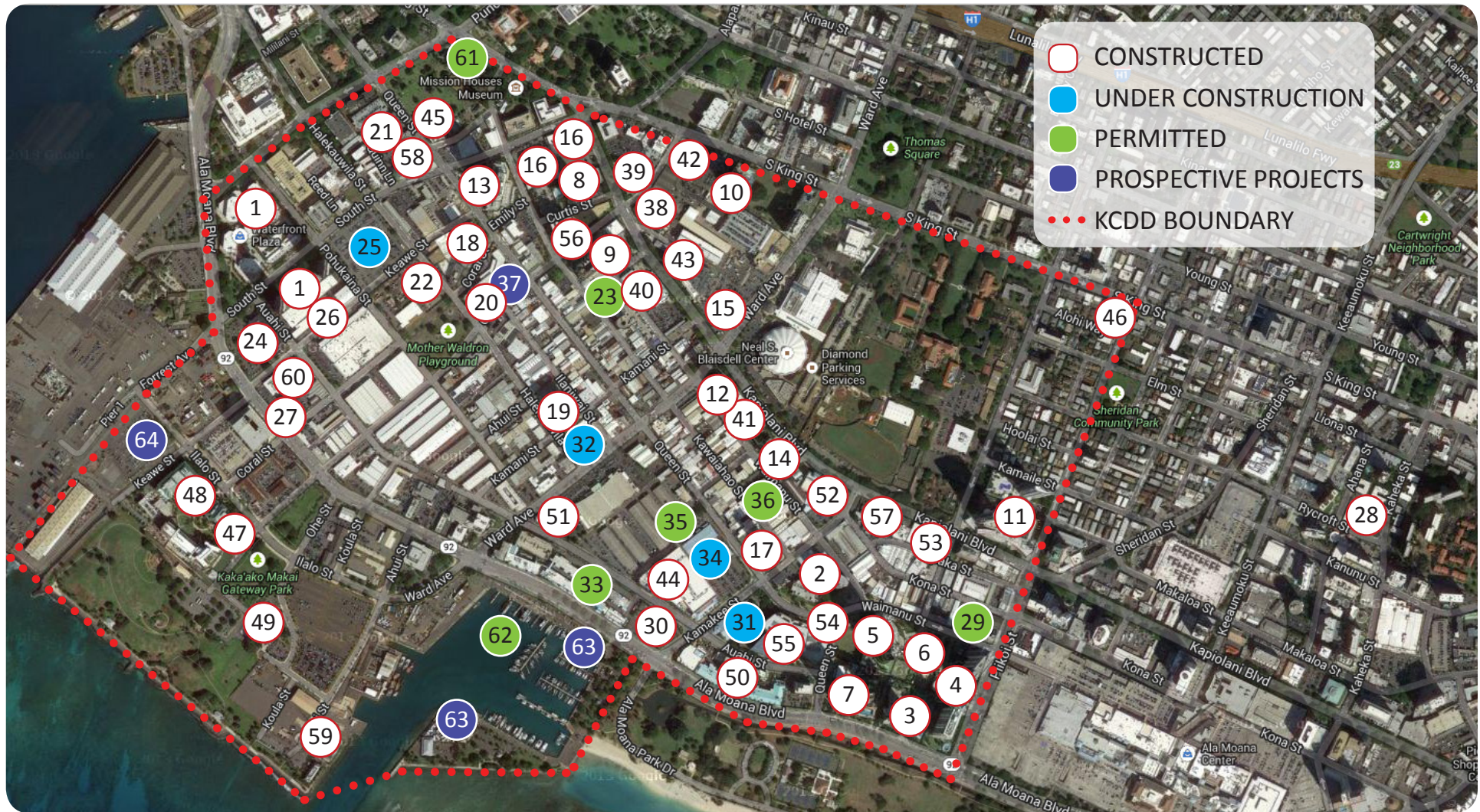
(8) Land use and redevelopment activities within the district shall be coordinated with and, to the extent possible, complement existing county and state policies, plans, and programs affecting the district;

(9) Public facilities within the district shall be planned, located, and developed to support the redevelopment policies established by this part for the district, the master plan approved by the governor, and rules adopted pursuant to this chapter; and

(10) Special management area permit administration for the district shall continue to be under the authority of the city and county of Honolulu.



- Improvement District 1 (1988) 29.6 million
- Improvement District 2 (1990) 35.1 million
- Improvement District 3 (1993) 39.6 million
- Improvement District 4 (1999) 15 million
- Improvement District 5 (1995) 7 million
- Improvement District 6 (2000) 11.5 million
- Improvement District 7 (2002) 14 million
- Improvement District 8 (2003) 5.2 million
- Improvement District 9 (2003) 23.6 million
- Improvement District 10 (2004) 9.8 million
- Improvement District 12 (2007) 15.2 million
- Improvement District 13 (2011) 1 million



1. One Waterfront Plaza & Towers

Nauru Development:

2. 1133 Waimanu
3. Nauru Towers
4. Hawaiiki Tower
5. Koolani
6. Waihonua
7. Hokua
8. Royal Capital Plaza
9. Imperial Plaza
10. One Archer Lane

11. Moana Pacific

12. 909 Kapiolani

13. Keola Lai

14. Pacifica

15. Symphony Honolulu

16. 801 South Street
- Buildings A and B

17. Kamakee Vista

18. Pohulani

19. Kauhale Kakaako

20. Na Lei Hulu Kupuna

21. Honuakaha

22. Halekauwila Place

23. 803 Waimanu Street

Kaiaulu O Kakaako Master Plan

(KS):

24. The Collection
25. Keauhou Lane/ Keauhou Place
26. The Flats at Puunui/400 Keawe
27. Six Eighty Ala Moana

28. Rycroft Terrace

29. Hale Kewalo

Ward Neighborhood Master Plan:

30. Waiea
31. Anaha
32. Ke Kilohana
33. Gateway Towers
34. Aeo
35. Aalii
36. Ola Ka Ilima Artspace Lofts
37. 630 Cooke Street

38. Vanguard Lofts

39. Servco/Lexus Showroom

40. BMW on Kapiolani

41. Altres Building

42. Tesoro Gas Express

43. Theo Davies/Mercedes

44. Ward Entertainment Center

45. Word of Life Sanctuary

46. Sub-Zero Showroom

47. UH John A. Burns School of Medicine

48. Cancer Center

49. Children's Discovery Center

50. Ward Centre Auahi Street Shops

51. Ward Gateway Retail Shops

52. Public Storage

53. Wedding Ring Shop

54. Queen Street Extension Park/ Kolowalu Parks

55. Ward Village Shops

56. Pacific Park Plaza

57. Kapiolani Express

58. Honolulu Fire Department Headquarters

59. 53 by the Sea

60. Salt at Kaka'ako

61. Pili at Mission Homes

62. Kewalo Basin Improvements

63. Kewalo Land Improvements

64. Sandbox/Innovation Hale