

FOR ACTION

I. REQUEST

Consider Adopting and Accepting the Findings and Recommendations of the Permitted Interaction Group, established at the At-Large Authority Special Meeting, held on February 16, 2022, Pursuant to Hawaii Revised Statutes 92-2.5(b)(1), to Direct the HCDA Executive Director to Develop a Strategic Vision Plan and Financial Management Plan, including the Agency's and Executive Director's Goals and 1-, 3-, and 5-year Plan, and make a Recommendation to the Authority.

II. BACKGROUND

The PIG was established by the Authority at a Special Meeting held on February 16, 2022.

Following the establishment of the PIG, the former and current Executive Director and staff undertook a study to identify the Agency's strengths, weaknesses, opportunities, and challenges in each of the Agency's three community development districts (Kakaako, Kalaeloa, and Heeia) as well as the recently established Pulehunui Community Development District (PCCD) and Transit-Oriented Development Infrastructure Improvement District (TOD-IID), as well as its external opportunities and challenges.

The purpose of the study was, in part, to plan for and ensure the future of the Agency. For this, the Agency's strengths and weaknesses were critically examined against external factors to determine how the Agency's strengths could be leveraged beyond the Agency's existing community development districts into opportunities to assist other state agencies.

The recommendations of the PIG were presented, for information, to the Authority at its regular meeting held on October 5, 2022.

The members of the PIG are: Chason Ishii, Punihei Lipe, Kevin Sakoda, and David Rae. Susan Todani, Jo-Ann Leong, and Mitchell Tynanes are former members of the PIG.

III. DISCUSSION

The current and former members of the PIG met to discuss drafts of the Strategic Plan and provide advice and recommendations to the Executive Director.

Overall Strategic Vision for the Agency

The Strategic Plan identifies the (i) overall strategic vision for the Agency, and (ii) goals, objectives, and initiatives of the Agency and the Executive Director.

This Strategic Plan identifies the unique strengths and attributes that the Agency possesses in:

- Community master planning – to guide the direction of development
- Infrastructure development – to enable further private and public sector investments
- Project management – to plan and develop community projects
- Asset management – to hold, operate, lease, and maintain State lands or facilities

These strengths and attributes create opportunities for the Agency to expand its service beyond the Agency's existing community development districts by leveraging the Agency's expertise and experience to:

- Develop affordable housing;
- Develop infrastructure that supports development and/or development of affordable housing outside the Agency's existing development districts;
- Assist other state agencies, such as DLNR, DAGS, or HHFDC with mixed-use developments;
- Assist other state agencies, like the Agency is already doing with the Hawaii Emergency Management Agency and Hawaii Technology Development Corporation, with their facility development needs; and
- Collaborate with the City and County of Honolulu to improve roads in the Agency's community development districts.

The PIG members, however, recognized that expanding the reach and scope of the Agency's responsibilities must be balanced against its responsibilities in its development districts, and against limits on Agency's capacity.

The vision for the future of Agency recognizes the need to keep focused on overseeing the revitalization and growth of its existing community development districts, while leveraging Agency's unique strengths and expertise to administer new community development districts and assist other state agencies in their development projects. With the State's growing need to develop affordable housing and the need for development expertise, Agency is positioned to be part of the affordable housing development solution and assist other state agencies with their infrastructure and facility development needs.

Goals, objectives, and initiatives of the Agency and the Executive Director

The goals, objectives, and initiatives of the Agency and, hence, the Executive Director, are categorized into "general objectives" and "objectives for each community development district". The following are the Agency's and Executive Director goals, objectives, and initiatives for Year One:

I. General Objectives

- A. Agency Workforce. The agency's workforce structure should be aligned with the Strategic Plan to maximize efficiencies with limited resources. Reorganize certain staffing and responsibilities, primarily in the planning and development department, to support the added responsibilities, and communicate the Strategic Plan to all staff. **Goal:** To Complete by end of 2022.
- B. Year-Over-Year Funding for the Agency. Reliable funding year-to-year for the Agency with more funding in general funds is important for the agency's success moving forward. The Agency's financial stability will assist in staff retention and will improve the Agency's ability to assist other agencies that will rely on Agency to manage multi-year infrastructure and development projects for them. Also, look for opportunities to leverage federal funds through state matching funds and/or seek grant opportunities for projects. **Goal:** Start the process immediately and follow up continually. Progress will be evaluated semi-annually.
- C. Board Member Orientation. With new and existing board members, it is necessary to provide initial and periodic training and orientation, especially as new districts and/or responsibilities are added. Also new board members for PCDD and TOD-IID will require orientation and training. **Goal:** Start immediately and complete by 2nd quarter of 2023.

II. Kakaako Community Development District

- A. Mauka Area Rules Amendment. The Mauka Area Rules (MAR) amendment enriches the policies and direction set forth in the previously established district plans and rules by maximizing development through use of smart growth principles, multi-modal transportation, zoning incentives, and walkable neighborhood design. The intention of the MAR amendment is to foster development that creates well-used and well-loved urban places that are safe, comfortable, diverse, attractive, and representative of the diverse character in the Kaka'ako community, while encouraging the development of affordable housing and providing safe and comfortable streets and convenient access to future rail station(s). **Goal:** Complete by 2nd quarter of 2023.
- B. Honuakaha Elderly Housing Project: As a result of the findings and recommendations of a permitted interaction group, HCDA staff will: (i) increase rent annually by 5%, (ii) commission an updated reserve study, (iii) work with property manager to develop a reporting mechanism for internal reporting, (iv) facilitate the turnover of units to new tenants at

current affordable rental rates, and (v) encourage/facilitate the application and securing of Section 8 vouchers for tenants, to the extent possible.

Goal: Start immediately. This will be a continuous task until the Project is sold to a private affordable housing management entity or another strategy is implemented.

- C. Affordable Housing Production. Acquire suitable parcels of land in the Kaka‘ako and Kalaeloa community development districts to develop affordable housing, like the Nohona Hale and Artspace Lofts projects. **Goal:** Start immediately. This will be a continuous effort. Status of the effort will be evaluated annually.
- D. Central Kaka‘ako Planning for Complete Streets Improvements for Ilaniwai Street. The State of Hawaii and the City and County of Honolulu are collaborating to improve three streets in Kaka‘ako: Queen Street, Kawaiaha‘o Street, and Waimanu Street. The improvements will include “complete streets” standards which includes car, bus, bicycle and pedestrian improvements and sewer, water, drainage, electrical, communications, traffic signals, street lighting, and street repaving. The Agency will work on improving Ilaniwai Street. **Goal:** Initiate planning by end of 2022. Seek legislative funding in 2023 for planning and design with request for construction funding in 2024-2025 timeframe.
- E. Kolowalu Park Temporary Crosswalk and Refuge Island. This is an important public facility for the community. A temporary crosswalk and pedestrian refuge island will be built until a permanent crosswalk, pedestrian refuge island, and flashing beacons are constructed. **Goal:** Complete by end of 2022.
- F. Kolowalu Park Permanent Crosswalk Improvements. This is an important public facility for the residents as it provides needed pedestrian safety improvement for this well utilized park. The permanent crosswalk improvements will include painted crosswalk, concrete pedestrian refuge islands, and flashing beacons. **Goal:** Complete by end of 2023.
- G. Kaka‘ako Mauka Improvements for Kolowalu Park. An off-leash dog park for small and large dogs is another important public facility and community benefit for the residents. Working with elected officials and community members, complete the off-leash dog park and plan and design other park improvements. **Goal:** Complete by end of 2023.
- H. Public Facilities Improvement Projects. The Agency has funds in its public facilities subaccount that should be used to fund public facilities

improvements within the Kaka‘ako district. Identify small or middle sized, highly visible improvement projects that will benefit the community. **Goal:** Prepare a public facility development plan by end of 2023 for board approval.

III. Kalaeloa Community Development District

- A. Kalaeloa Master Plan and Administrative Rules Amendment. Amend the Kalaeloa Master Plan and Administrative Rules in a manner that acknowledges the changing conditions and realities and appropriately considers the community’s vision for the district. The project team, including outside consultants, are preparing a draft master plan and administrative rules for community consultation, public hearing, and board approval. **Goal:** Complete by 3rd quarter of 2023.
- B. Saratoga Avenue Electrical and Communications Infrastructure Improvement. Planning and design for this critical electrical and communications infrastructure project working collaboratively with stakeholders, Hunt Development, HECO, and elected officials. **Goal:** Start immediately or when funding is obtained. Complete by the 2nd quarter of 2024.
- C. Implement innovative methods to develop more affordable housing in the Agency’s districts. Acquire suitable parcels of land in the Kaka‘ako and Kalaeloa community development districts to develop affordable housing. **Goal:** Start immediately. This will be a continuous effort. Status of the effort will be evaluated annually.
- D. Infrastructure Improvements (roads, complete streets, drainage, and electrical). The Agency will pursue legislative support for other infrastructure improvements, while also pursuing other funding mechanisms. **Goal:** Start immediately. This will be a continuing effort until improvements are made.

IV. Heeia Community Development District

- A. Pursue Legislative Funding for Infrastructure Improvements. Periodic stream maintenance is required to keep vegetation from building up in the portion of the stream that is within the district boundaries. HCDA’s lessee, Kāko‘o ‘Ōiwi, is responsible for maintaining the stream under the terms of the lease but lacks appropriate vehicular access to the stream. Kāko‘o ‘Ōiwi would like to construct two gravel access roads. It is essential to improve road, water, sewer, and power infrastructure in the district. Pursue legislative funding for infrastructure improvements. **Goal:** Seek funding in 2023 legislative session.

- B. Promote the Unique Vision that HCDA has established for the He'eia District. HCDA's mission and vision for this community development district is unique. The recently promulgated master plan and rules promotes restoration of the natural systems and environment and provides an opportunity for economic, social, and cultural programs through the Agency's lessee, Kāko'o 'Ōiwi. The role of the Agency, uniqueness of this district, and recently approved master plan and rules, and ties to the community should be promoted, with the concurrence of our lessee and its Executive Director. **Goal:** Continuous monitoring on activities in the district and maintain communication with the lessee and the community.

IV. RECOMMENDATION

Adopt and Accept the Findings and Recommendations of the Permitted Interaction Group, established at the At-Large Authority Special Meeting, held on February 16, 2022, Pursuant to Hawaii Revised Statutes 92-2.5(b)(1), to Direct the HCDA Executive Director to Develop a Strategic Vision Plan and Financial Management Plan, including the Agency's and Executive Director's Goals and 1-, 3-, and 5-year Plan, and make a Recommendation to the Authority.

Prepared By: Craig Nakamoto, Executive Director



Approved By:

Chair Chason Ishii



Member Punihei Lipe



Member Kevin Sakoda



Member David Rae



Attachment: Draft Strategic Plan dated November 2, 2022



STRATEGIC PLAN

November 2, 2022

Hawai'i Community Development Authority
547 Queen Street
Honolulu, Hawaii 96813

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Executive Summary

The Hawai'i Community Development Authority (HCDA) was established in 1976 by the Hawai'i state legislature 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. As a public entity, the HCDA adopts community development plans for community development districts and works with the communities, private enterprises, federal, state, and county governments in bringing those plans to fruition. The planning and implementation of community development district plans by the HCDA has resulted in economic and social advantages and housing opportunities in the community development districts.

After 45 years, with a track record of success largely in Kaka'ako, HCDA is now at a juncture which provides the opportunity to examine and reassess its role in each of the community development districts. Recent policy decisions by the legislature in 2022 in creating the Pulehunui Community Development District (PCDD) on Maui and establishment of Transit Oriented Development Infrastructure Improvement District/Program (TOD-IIDP) throughout the State also necessitates HCDA to realign its strategic priorities. In addition, recognition of the HCDA's success in creating community collaborations, planning, developing, and managing development projects for other state agencies has resulted in State agencies seeking technical/development expertise from HCDA for their development projects. Given these developments, now is an opportune time for the HCDA to develop a Strategic Plan to review and assess its strengths, weaknesses, opportunities, and challenges in each of its three development districts (Kaka'ako, Kalaeloa and He'eia); develop strategies to administer PCDD and TOD-IIDP; and provide support to other state agencies for their development projects.

This Strategic Plan identifies the unique strengths and attributes HCDA possesses in:

- **Community master planning**
- **Infrastructure development**
- **Project/Program management, and**
- **Asset management**

The vision for the future of HCDA needs to recognize the need to keep focused on overseeing the revitalization and growth of its existing community development districts; administering the new community and infrastructure improvement districts; and leveraging its unique strengths and expertise in assisting other state agencies. With the State's growing demand for affordable housing development and infrastructure improvements to support these developments, the role of HCDA as a development leader with its development and infrastructure improvement expertise has never been more vital.

This Strategic Plan encompasses a five-year period and establishes programs, projects, and tasks that needs to be completed in each community development district and identifies organizational needs in implementing them. The following table summarizes the main objectives of the Strategic Plan.

<p>Organizational Objectives</p> <ul style="list-style-type: none">• Organize HCDA workforce to align with development goals in each community/project.• Stabilize Agency’s Year over Year funding.• Complete board education/orientation program.• Develop financing strategies for Infrastructure Improvement Projects.

Community Development District programs, projects, and tasks

Kaka‘ako Community Development District

- Adopt Mauka Area Rules Amendment (Transit Oriented Development overlay).
- Acquire land for development of Affordable Housing projects
- Construction of a temporary crosswalk and pedestrian refuge island at Kolowalu Park.
- Planning, design, and construction of off-leash dog park at Kolowalu Park.
- Planning, design, and construction of a permanent crosswalk, pedestrian refuge island, and flashing beacons at Kolowalu Park.
- Commence Complete Streets Planning and Design for Central Kakaako streets.
- Identify and implement public facilities improvement projects in the Kaka‘ako District.
- Stabilize Net Cash Flow and Expenses for the Honuakaha Elderly Housing Project.
- Develop Transition Strategy for Honuakaha Elderly Housing Project.
- Planning for transitioning of Kaka‘ako to the City.

Kalaeloa Community Development District

- Adopt Kalaeloa Master Plan and Rules amendments.
- Seek legislative funding for infrastructure improvements.
- Acquire Land for development of an Affordable Housing projects.
- Plan, design, and construct Saratoga Avenue Electrical Corridor.
- Planning for affordable housing development projects.
- Develop a comprehensive infrastructure improvement plan.
- Planning for transitioning of Kalaeloa to the City.

He‘eia Community Development District

- Build community awareness of HCDA, He‘eia and Kāko‘o ‘Ōiwi
- Seek legislative funding for infrastructure improvement in the district.
- Develop a plan to transition the He‘eia district to a land trust.

Pūlehunui Community Development District

- Organize PCDD Board.
- Prepare plan, design, and EIS for infrastructure improvements.
- Prepare construction documents and bid package for infrastructure improvements.
- Start construction of infrastructure improvements.

Transit Oriented Development Infrastructure Improvement District

- Organize TOD-IID board.
- Work with the State Office of Planning & Sustainable Development and TOD-IID Board to establish infrastructure improvement districts.
- Seek legislative funding for infrastructure improvement projects.
- Prepare plan, design and EIS for East Kapolei infrastructure improvements.
- Prepare construction documents and bid package for East Kapolei infrastructure improvement projects,

Project Management

- Initiate planning and design for FRTC Phase A-1 infrastructure
- Complete planning and design for HIEMA's facility to the pre-planning stage
- Assist other FRTC agencies with their planning, design, and construction project management needs

These strategic objectives will help guide and align HCDA's board and staff efforts and resources over the next five years. These objectives will evolve and should be reviewed periodically to ensure if any adjustments needs to be made.

HCDA's Mission, Core Values, and Vision

| **Mission** | For each community development district and transit-oriented development infrastructure improvement district HCDA will collaborates with private enterprise, public agencies, and community stakeholders to build better communities through planning, collaboration, regulation, and infrastructure development.

| **Core Values** | HCDA's core values are focused on the following acronym:

B•U•I•L•D

Build better communities.

Utilize our infrastructure development expertise and assessment powers.

Innovate the planning and regulatory process to improve development.

Leverage experience to foster collaboration with other agencies and stakeholders.

Develop a "yes, we can" attitude within HCDA and its partners.

| **Vision** | HCDA's vision is for the community development districts and infrastructure improvement projects to be thriving self-sufficient developments that enhance the communities and benefit the State.

HCDA envisions utilizing its experience and expertise in infrastructure and mixed-use development to collaborate on and/or undertake: (i) infrastructure development that supports the creation of affordable housing projects of all types, and (ii) infrastructure and/or mixed-use development that supports other State goals and initiatives.

HCDA Overview

Over the past 45 years HCDA has developed plans for Kakaako, Kalaeloa, and Heeia community development districts and implemented infrastructure improvement projects and mixed-use housing development projects that have been responsive to the State's goals and the community's needs.

- **Kaka‘ako – is an example of mid- stage urban, development.** When initially established in 1976 this district was largely an underutilized industrial area which lacked a planning framework and infrastructure to support a vibrant community. Now, 45 years later, the district has emerged as a live-work-play community. It attracts private sector development due to its central location, adequate infrastructure along targeted corridors, and surrounding amenities, including access to transportation and employment.

Nevertheless, there are still significant development opportunities within the district. These consist of:

- Remaining underdeveloped parcels owned by Howard Hughes Corporation.
 - Parcels to be developed under Kamehameha Schools' Kaiaulu O Kakaako Master Plan.
 - Potential high-density affordable housing projects on small lots along the transit corridor.
 - Infrastructure upgrades within central Kakaako.
 - Upgraded waterfront recreational amenities.
 - Office of Hawaiian Affairs' future development of Kakaako Makai.
 - State or City Owned parcels that could serve as catalysts for surrounding properties.
- **Kalaeloa - is an example of early stage-stage suburban development.** Turned over to the State by the US Navy in 2002 as part of its former Barber's Point Naval Base Closure, this district is in transition from its military past to meeting its potential as a suburban mixed-use community.

Opportunities in Kalaeloa include:

- Amending the Kalaeloa Master Plan to guide development based on smart growth principles and encouraging development of affordable housing.
 - Plan, design, and construct infrastructure to support development including electrical power, communications, and complete streets
- **He‘eia – is an example of a rural community development.** Turned over to management by HCDA in 2011, unlike the other development districts, the management and operations of this ahupua‘a were best left to a lessee, who has the capacity, knowledge, community and cultural connections, access to capital, and

conviction to support the restoration of agricultural, ecological and cultural connections of the land to the local community.

Strengths

Statutory Authority

- Established in 1976 by the Hawai‘i State Legislature, the Hawai‘i Community Development Authority (“HCDA”) was created to and has helped develop infrastructure and build a mixed-use community in Kaka‘ako and Kalaeloa community development districts. HCDA has also managed special projects throughout the state and provided technical expertise to other state agencies.
- Power to create zoning incentives through regulation that build communities, and community benefits, reserved housing, and projects that create good building form.

Unique Development Experience

- HCDA has several decades of experience and expertise with large scale infrastructure projects within the Kaka‘ako and Kalaeloa community development districts.
- HCDA staff have extensive experience in coordinating development of mixed-use projects for HCDA and other state agencies. HCDA’s recent development experience includes projects such as the Entrepreneur’s Sandbox, Nohona Hale, Artspace Lofts, and the First Responders Technology Campus (“FRTC”). HCDA development experience is unique in that it includes a mix of housing, government facilities, community centers, parks, and mixed-use facilities that incorporate several uses within one building or area.

Planning Expertise

- Creation of regional master plans for the Kaka‘ako, Kalaeloa, and He‘eia community development districts that establish a planning vision to guide development.
- HCDA’s recent hiring of planning and development staff that include licensed architects and certified planners with project management and development experience.
- Staff have experience creating and implementing plans and rules for the Kaka‘ako, Kalaeloa, and He‘eia community development districts.
- HCDA’s staff focuses on project management expertise that relies on effective coordination of private sector consultants. Its organizational structure allows

HCDA to significantly increase its workload without a substantial need to increase staff or resources.

Partnerships/Collaboration

- Working with City, State, and elected officials to improve Kaka‘ako streets.
- In 2010, HCDA executed a long-term lease with Kāko‘o ‘Ōiwi, a community, non-profit organization based in the ahupua‘a of He‘eia. Kāko‘o ‘Ōiwi is promoting the social and economic advancement of the local community, restoration of agriculture and ecological features and cultural connections to the land.

Housing Production

- Production of 12,598 affordable for sale, rent, and senior housing units in Kaka‘ako, including the innovative Nohona Hale, and Artspace Lofts projects.
- Approval of Gentry’s 389-unit Ka‘ulu residential development in Kalaeloa.



Courtyard of Artspace Lofts, Kaka‘ako



Nohona Hale, Kaka‘ako



Challenges and Opportunities

STRENGTHS	WEAKNESSES	OPPORTUNITIES	CHALLENGES
<ul style="list-style-type: none"> • Statutory authority • Unique development experience • Planning Expertise • Partnerships • Collaborations • Housing Production 	<ul style="list-style-type: none"> • Public Perception dominated by Kaka‘ako • Limited Public Awareness of Kalaeloa and He‘eia districts • Projects now more geographically diverse; need to build relationships with new communities including Pūlehunui, TOD areas, and FRTC. 	<ul style="list-style-type: none"> • TOD Infrastructure Improvement Needs • Statewide Affordable Housing Need and ability to provide small-lot, high-density projects in Ka‘akako and low-rise projects in Kalaeloa. • Recent Legislative Political/Funding Support • Transit-oriented development • Development in Central Kaka‘ako • Collaborate with City to leverage funds for infrastructure improvements for city streets • Branding and marketing HCDA to self-determine our “identity” as a community builder 	<ul style="list-style-type: none"> • Shifts in Political Support • Lack of Consistent Funding • Too many projects that stretch staff capacity and board focus • Limited development plans and economic feasibility on Kaka‘ako Makai lands, which remains under-utilized.

| Strengths |

- Planning expertise. HCDA staff have decades of planning experience with Kaka‘ako improvement projects.
- Unique development expertise. Among state agencies, HCDA has commercial and residential development experience spanning many decades. No other state agency has this broad expertise and experience.
- Experience collaborating with public and private sectors.

| Weaknesses |

Public Perception Dominated by Kaka‘ako

- Perception that sufficient State resources have been expended on Kaka‘ako community development districts, and that it is time to focus HCDA’s efforts in other areas of the State.
- Despite many still under-utilized parcels, there is a perception that the Kaka‘ako community development district may be near the end of its life cycle because the two major landowners, Kamehameha Schools and Howard Hughes, have a limited amount of time left on their master plans (Howard Hughes to 2024 and Kamehameha Schools to 2034), and major development is not expected in Central Kaka‘ako.
- Without funding for additional improvement district projects to improve infrastructure in the Kalaeloa community development district, private sector development in the district will be hampered and HCDA’s role may be limited or diminished.

Limited Public Awareness

- There is need to create additional awareness among elected officials that HCDA can and is willing to assist projects outside of its existing districts.
- HCDA’s Kaka‘ako infrastructure improvements occurred over the last several decades. Although the infrastructure improvements have led significant development in Kaka‘ako over the last decade, including affordable housing developments there is a perception that HCDA has not adequately addressed affordable housing issues in the area.

| Opportunities |

TOD Infrastructure Improvement Need

- Lack of infrastructure in targeted transit-oriented development (“TOD”) zones is one of the major barriers to development and development of affordable housing, as well

as the cost and timely delivery of shared infrastructure and improvements that are necessary for individual TOD projects.¹

- Other transit-oriented development reports echo the lack of off-site infrastructure as a major barrier to providing affordable housing, because the need to upgrade roads, sewers, water drainage, and schools increase the cost of housing.²
- Infrastructure is essential to support development across the State and is integral to building vibrant communities.³
- HCDA's experience and expertise in infrastructure development creates a niche role for HCDA to assist other state agencies like DLNR, DAGS, HHFDC, and HPHA, as the State's go-to for infrastructure development.
- Several state agencies have a need for additional infrastructure or facilities to effectively implement their legislative mandate, however, other agencies do not have the infrastructure and mixed-use development experience HCDA can provide.



Statewide Affordable Housing Need

- Statewide there is a need for more affordable housing. However, just on the island of O'ahu, various land use development scenarios developed in conjunction with State agencies and other stakeholders would yield 48,000 residential units in the three TOD priority areas: East Kapolei, Halawa Stadium, and Iwilei-Kapālama.⁴

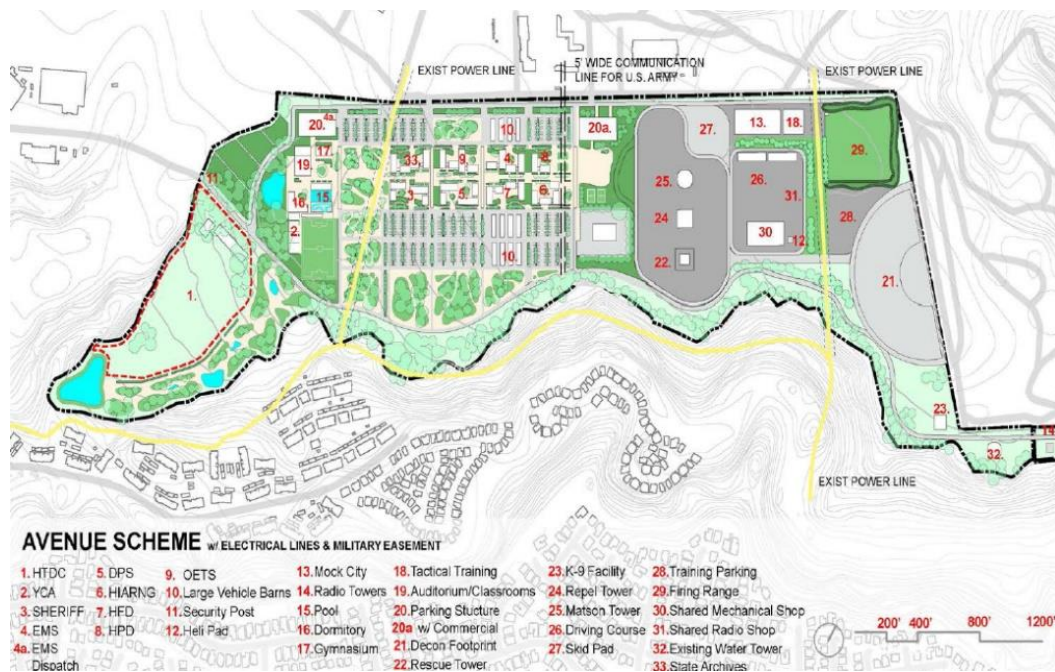
¹ Source: PBR Hawaii (July 2020), State Transit-Oriented Development Planning and Implementation Project for the Island of Oahu ("TOD Implementation Report"), Page 10. See, also, TOD Implementation Report at Page 3.

² Source: Hawaii Housing Finance and Development Corporation, Consolidated Plan PY2021 Annual Action Plan, Second Program Year (May 2021) ("Annual Action Plan"), Page 41. See, also, Hawaii Institute for Public Affairs, Land Use Research Foundation, Goodwin Consulting Group, R.M. Towill Corporation, Housing Action Plan Final Report to the Hawaii State Legislature (December 2017) ("Action Plan") at Page 31.

³ Source: Action Plan at Page 30.

⁴ Source: TOD Implementation Report at Page 2.

- For affordable housing to be successful, it should not be developed as standalone, isolated developments. Rather, successful affordable housing needs to be a mixed-use and mixed income community so that affordable housing residents are physically integrated into, and can feel like they are a part of, the rest of the community.
- HCDA experience and expertise in high intensity mixed-use development creates a strong niche for it to assist other state agencies such as DLNR, DAGS, HHFDC, and HPHA for mixed-use development.
- HCDA's planned amendments to the Kaka'ako mauka area rules will provide additional incentive for development of mixed-use affordable housing and is intended spur near term development activity.
- HCDA's opportunities in reserved housing could include:
 - Regulatory incentives to encourage high density development on small-lots in Kaka'ako by private developers to maximize the State's investment in district infrastructure.
 - Opportunities for partnerships and to leverage use of HCDA's reserved housing funds to acquire land parcels in Kaka'ako and Kalaeloa.
 - Regulatory incentives to encourage mid-rise reserved housing in Kalaeloa, where land prices are lower.



Recent Legislative Support

- During the 2021 legislative session, the Hawai‘i state legislature showed significant interest in utilizing HCDA’s unique development expertise throughout the state.
- The passage of “Pūlehunui Community Development District” bill (S.B. 2398) in 2022 and the Governor’s approval of the bill will lead to more infrastructure improvement work.
- The passage of a “Transit Oriented Development Infrastructure Improvement District” bill (S.B. 2898) in 2022 and approval by the Governor creates a role for HCDA to plan and develop infrastructure in targeted TOD zones.
- During the 2022 legislative session, approval of funding for infrastructure planning in the FRTC creates a lead role for HCDA to complete the infrastructure improvements for the FRTC project, as well as its continued coordination of the future mixed-use development that will follow. The Governor has line item vetoed the funding for the infrastructure work. However, we are hopeful that the funds will be appropriated and approved in the 2023 legislative session.
- In recent years, the state legislature has supported the idea of HCDA’s transition out of community development districts. The timing is right for HCDA to start planning for the transition out of the Kaka‘ako, Kalaeloa, and He‘eia community development districts as a mid to **long-term goal** so that HCDA can refocus on implementing individual infrastructure and development projects statewide.
- Central Kaka‘ako needs improvement. The City, working with the State Department of Transportation, and the Agency, will be undertaking the work on Central Kakaako streets as a city improvement project. The 2022 Legislature appropriated \$2 million in planning and design funds for this effort.

| Challenges |

Shifts in Political Support

- Uncertainty of legislative funding for infrastructure development in TOD zones, or other HCDA projects, can significantly impact the viability of HCDA's success.
- Infrastructure and community development projects take years to plan and construct. This long horizon for HCDA projects makes them susceptible to political changes.
- HCDA's future is heavily influenced by the state's current goals of providing substantial new infrastructure and mixed-use housing and the state's understanding of the value that the new development will create. However, this goal could be jeopardized if the underlying regional infrastructure systems are not upgraded in a timely manner.⁵
- The role of HCDA will wane if the legislature and government agencies no longer see HCDA as a statewide resource for infrastructure development and continue their reliance on private developers to build off-site infrastructure. Unfortunately, this approach results in such costs being passed on to housing buyers, increasing the cost of housing, and possibly slowing the production of affordable housing.⁶
- HCDA's success relies heavily on a continued good working relationship with elected officials. Any shift in political authority and support may compromise its efforts and effectiveness.

Lack of Consistent Funding

- Loss of a consistent revenue source occurred when HCDA conveyed most of its Makai area revenue producing properties to OHA.
- HCDA has not received a reliable commitment that it will receive year-over-year legislative funding for its staff and projects.
- Annual threats to funding reduce the agency's ability to retain leadership and staff and limits its ability to commit to multi-year infrastructure and development projects.

Long-term Viability of Agency

- Some perceive that the Kaka'ako community development district may be near the end of its life cycle and there may no longer be a need for HCDA. This may be a significant threat to the agency if HCDA doesn't continue to demonstrate its value to

⁵ Source: TOD Implementation Report at Page 3.

⁶ Source: Annual Action Plan at Page 41.

the State, its strengths in community planning and continued success in project development.

- HCDA was originally created to plan, regulate, and develop community development districts. However, the legislature will not likely create another typical community development district, like Kaka‘ako or Kalaeloa, thereby necessitating “business development” in other areas of expertise, such as infrastructure development for mixed-use affordable housing. The Pūlehunui district is not a typical development district because the intent is to initially work with county zoning powers to effectuate infrastructure development.



Too Many Projects that Stretch Staff Capacity and Board Focus

- There is a need to balance taking on new projects and staff capacity. Further, a major consideration is adequate and dedicated funding for staffing. The assignment of new development communities or projects needs to be matched with available funding and assignment of strong Board members to appropriately guide and implement HCDA initiatives.

Goals, Priorities, and Strategies

Short-Term (1 year)

General Objectives

HCDA Workforce Realignment

Phase: Commence

Task Type: Major Initiatives

Priority: **High**

Strategy: The agency's workforce structure should be aligned with this Strategic Plan to maximize efficiencies with limited resources. Reorganize certain staffing and responsibilities, primarily in the planning and development department to support the added responsibilities and communicate the Strategic Plan to all staff.

Stabilize agency's year-over-year funding (i.e., general fund vs. special fund)

Phase: Ongoing

Task Type: Major Initiatives

Priority: **High**

Strategy: Reliable funding year-to-year for HCDA with more funding in general funds is important for the agency's success moving forward. HCDA's financial stability will be critical in staff retention and maintaining HCDA's ability to assist other state agencies that will rely on HCDA to manage multi-year infrastructure and development projects. Also, look for opportunities to leverage federal funds through state matching funds and/or seek grant opportunities for projects.

Training and Orientation for Board Members

Phase: Completed

Task Type: Major Initiatives

Priority: **Moderate**

Strategy: With new and existing board members, it is necessary to provide initial and periodic training and orientation, especially as new districts and/or responsibilities are added. Also, addition of two new board (Pulehunui and TOD) will require additional administrative support for board management.

Kaka'ako Community Development District

- **Kaka'ako Mauka Area Rules Amendment (TOD Overlay)**

Target Phase: Complete

Task Type: Major Initiatives

Priority: **High**

Strategy: The Mauka Area Rules (MAR) amendment project enriches the policies and direction set forth in the previously established district plans and rules by maximizing development potential through use of smart growth principles, multi-

modal transportation, zoning incentives, and walkable neighborhood design. The intention of the MAR enhancement project is to foster development that creates well-used and well-loved urban places that are safe, comfortable, diverse, attractive and representative of the diverse character in the Kaka‘ako community, while encouraging the development of affordable housing and providing safe and comfortable streets and convenient access to future rail station(s).

- **Kaka‘ako Mauka Temporary Crosswalk and Refuge Island at Kolowalu Park**

Target Phase: Complete

Task Type: Infrastructure

Priority: **High**

Strategy: This is an important public facility for the community. A temporary crosswalk and pedestrian refuge island will be built until a permanent crosswalk, pedestrian refuge island, and flashing beacons are constructed.

- **Kaka‘ako Mauka Permanent Crosswalk Improvements near Kolowalu Park (\$1,000,000 in CIP Funds)**

Target Phase: Commence

Task Type: Infrastructure

Priority: **High**

Strategy: This is an important public facility for the residents as it provides needed pedestrian safety improvement for this well utilized park. The permanent crosswalk improvements will include painted crosswalk, concrete pedestrian refuge islands, and flashing beacons.

- **Stabilize Net Cash Flow and Expenses for the Honuakaha Elderly Housing Project**

Phase: Commence

Task Type: Transition Plan

Priority: **High**

Strategy: In 2021, HCDA staff identified on-going financial shortfalls associated with the operation and management of the Honuakaha elderly housing project. As a result of the findings and recommendations of a permitted interaction group, HCDA will: (i) increase rent annually by 5%, (ii) commission an updated reserve study, (iii) work with property manager and ask property manager to develop a reporting dashboard for internal reporting, (iv) facilitate the turnover of units to new tenants at current affordable rates, and (v) encourage/facilitate the application and securing of Section 8 vouchers, to the extent possible.

- **Implement innovative methods to develop more affordable housing in HCDA’s districts**

Target Phase: Commence

Task Type: Major Initiatives

Priority: **High**

Strategy: Acquire suitable parcels of land in the Kaka‘ako and Kalaeloa community development districts to develop affordable housing, like the Nohona Hale and Artspace Lofts projects.

- **Kaka‘ako Mauka Improvements for Kolowalu Park**

Target Phase: Partially Complete

Task Type: Infrastructure

Priority: **Medium**

Strategy: An off-leash dog park for small and large dogs is another important public facility and community benefit for the residents. Working with elected officials and community members, complete the off-leash dog park and plan and design other park improvements.

- **Central Kaka‘ako Planning for Complete Streets Improvements for Central Kakaako streets** (dependent on City’s timeline and what streets City takes on as a project)

Target Phase: Commence

Task Type: Infrastructure

Priority: **Medium**

Strategy: The State of Hawaii and the City and County of Honolulu are collaborating to improve three streets in Kaka‘ako: Queen Street, Kawaiaha‘o Street, and Waimanu Street. The improvements will include “complete streets” standards which includes car, bus, bicycle and pedestrian improvements and sewer, water, drainage, electrical, communications, traffic signals, street lighting, and street repaving.

- **Public Facilities Improvement Projects in the Kaka‘ako District**

Target Phase: Commence

Task Type: Infrastructure

Priority: **Medium**

Strategy: HCDA has funds in its public facilities subaccount that should be used to fund public facilities improvements within the Kaka‘ako district. Identify small or middle sized, highly visible improvement projects that will benefit the community.

Kalaeloa Community Development District

- **Kalaeloa Master Plan and Administrative Rules Amendment**

Target Phase: Complete

Task Type: General Objectives

Priority: **High**

Strategy: Amend the Kalaeloa Master Plan and Administrative Rules in a manner that acknowledges the changing conditions and realities and appropriately considers the community's vision for the district. The project team, including outside consultants, are preparing a draft master plan and administrative rules for public review and adoption by the Kalaeloa board.

- **Saratoga Avenue Electrical and Communication Infrastructure Improvements**

Target Phase: Commence planning and design

Task Type: Infrastructure

Priority: **High**

Strategy: Planning and design for this critical electrical and communications infrastructure project working collaboratively with stakeholders, Hunt Development, HECO, and elected officials. HCDA was not successful in obtaining legislative funding for the project in 2022. A request will be made for planning and design funding again in 2023.

- **Implement innovative methods to develop more affordable housing in HCDA's districts**

Target Phase: Commence

Task Type: General Objectives

Priority: **High**

Strategy: Acquire suitable parcels of land in the Kaka'ako and Kalaeloa community development districts to develop affordable housing, like the Nohona Hale and Artspace Lofts projects.

- **Infrastructure Improvements (roads, complete streets, drainage, and electrical) for the Kalaeloa Community Development District**

Target Phase: Commence planning

Task Type: General Objectives

Priority: **Medium**

Strategy: HCDA will develop an infrastructure improvement plan and pursue legislative support for funding.

He'eia Community Development District

- **Pursue Legislative Funding for Infrastructure Improvements in the He'eia District**

Target Phase: Commence

Task Type: Infrastructure

Priority: **High**

Strategy: Periodic stream maintenance is required to keep vegetation from building up in the portion of the stream that is within the district boundaries.

HCDA's lessee, Kāko'o 'Ōiwi, is responsible for maintaining the stream under the terms of the lease but lacks appropriate vehicular access to the stream. It is essential to improve road, water, sewer, and power infrastructure in the district.

- **Promote the Unique Vision that HCDA has established for the He'eia District**

Target Phase: Complete

Task Type: General Objectives

Priority: **Medium**

Strategy: HCDA's mission and vision for this community development district is unique. The recently promulgated master plan and rules promotes restoration of the natural systems and environment and provides an opportunity for economic, social, and cultural programs through HCDA's lessee, Kāko'o 'Ōiwi. The role of HCDA, uniqueness of this district, and recently approved master plan and rules, and ties to the community should be promoted, with the concurrence of our lessee and its Executive Director.

Pūlehunui Community Development District

Pūlehunui planning and design for Infrastructure work

Target Phase: Commence

Task Type: Infrastructure

Priority: **High**

Strategy: HCDA's involvement in Pūlehunui is critical in demonstrating the agency's effectiveness in interagency collaboration and project management of complex infrastructure projects. This is a high priority goal for HCDA, because it will help establish HCDA's reputation and trajectory moving forward.

Transit-oriented Development Districts

Phase I of the TOD zone planning and infrastructure work (East Kapolei)

Target Phase: Commence

Task Type: Infrastructure

Priority: **High**

Strategy: HCDA's involvement in providing infrastructure in TOD zones is critical in demonstrating the agency's effectiveness in interagency collaboration and project management of complex infrastructure projects. The infrastructure provided in TOD zones will also set HCDA up as the leader in coordinating future inter-agency mixed-use developments in proximity to public transportation hubs.

Project Management

- Provide backbone infrastructure for FRTC and plan for future vertical development**
 Target Phase: Commence construction (subject to funding)
 Task Type: Infrastructure
 Priority: **High**
 Strategy: Planning and design is underway for the FRTC infrastructure. This project is a high priority for HCDA, because if successfully completed, FRTC has the potential to set the trajectory for the agency as the state's go-to agency for assisting with infrastructure improvements and large-scale, mixed-use developments.
- Phase I of the TOD zone planning and infrastructure work (East Kapolei)**
 Target Phase: Commence planning
 Task Type: Infrastructure
 Priority: **High**
 Strategy: HCDA's involvement in providing infrastructure in TOD zones is critical in demonstrating the agency's effectiveness in interagency collaboration and project management of complex infrastructure projects. The infrastructure provided in TOD zones will also set HCDA up as the leader in coordinating future inter-agency mixed-use developments in proximity to public transportation hubs.
- Hawaii Emergency Management Agency (HI-EMA); Planning and Design Assistance for construction of HI-EMA's facility at the First Responder Technology Campus**
 Target Phase: complete space planning and programming
 Task Type:
 Priority: **Medium**
 Strategy: Currently, there are about 17 federal, state, and city agencies interested in locating at the campus. Each agency must pay for planning, design, and construction of their facility. HCDA project management staff is currently assisting HI-EMA with the initial planning and design" of the HI-EMA facility--envisioned to encompass two Phases, Phase 1 (Scoping) and Phase 2 (schematic design).

Mid-Term (3 years)

Kaka'ako Community Development District

- Develop Plan to Transition the Honuakaha Elderly Housing Project to a Private Entity**
 Target Phase: Commence
 Priority: **Medium**

Strategy: Given the termination of the limited partnership in 2026, prepare a transition plan, subject to the concurrence with FHB, which identifies options to maintain this project as an affordable senior rental project in perpetuity.

He'eia Community Development District

- **Finding an appropriate nonprofit land trust and plan for transitioning out of He'eia**

Target Phase: Commence

Task Type: Transition Plan

Priority: **Low**

Strategy: In 2021, HCDA adopted the He'eia community development district plan and rules. With the approval of the plan and rules and the presence of a highly effective land manager, Kāko'o 'Ōiwi, there is little reason HCDA should retain jurisdiction of He'eia. The community and HCDA agree that finding a nonprofit land trust to take over control of He'eia is in the best interest of the state to ensure long-term preservation of the district. This is identified as a low priority goal because He'eia does not currently take up significant staff time and resources and the preservation of He'eia is likely to be maintained as long as HCDA exists.

Pūlehunui Community Development District

- **Pūlehunui planning and infrastructure work**

Target Phase: Complete

Priority: **High**

Strategy: Timely completion of the Pūlehunui project will show that HCDA is able to assist other state agencies in one-off projects that benefit the state as a whole. Completion of Pūlehunui will help demonstrate HCDA's effectiveness outside of the traditional community development district approach, which takes several decades to complete.

Transit-oriented Development Districts

- **Phase II TOD zone planning and infrastructure work**

Target Phase: Commence

Priority: **High**

Strategy: HCDA's involvement in providing multiple phases of infrastructure improvement in TOD zones in different areas of the state will be critical in demonstrating the agency's effectiveness in interagency collaboration and project management of complex infrastructure projects. The infrastructure provided in TOD zones will also set HCDA up as the leader in coordinating future inter-agency mixed-use developments in proximity to public transportation hubs. This

is a high priority project for HCDA, because it will help establish HCDA's reputation and trajectory moving forward.

Project Management

- **Assist other agencies with vertical development at FRTC**

Target Phase: Ongoing

Priority: **High**

Strategy: Upon completion of FRTC's backbone infrastructure, HCDA intends to offer its project management services to other agencies. HCDA's success in FRTC infrastructure development will be crucial as it makes the case to assist other FRTC agencies with their facilities. HCDA's decades of experience in mixed-use development will help support these efforts.

Long-Term (5+ years)

General Objectives

- **Infrastructure Improvement Funding Alternatives**

Target Phase: Commence

Task Type: Major Initiatives

Priority: **Medium**

Strategy: Currently most infrastructure improvements are funded through legislative appropriations. It is necessary to explore alternative sources of funding for future infrastructure improvements. HCDA will explore several alternative funding mechanisms such as "community facility districts", "municipal utility districts", "business improvement districts", and "tax increment financing districts".

Kaka'ako Community Development District

- **Plan for transitioning out of Kaka'ako**

Target Phase: Commence

Task Type: Transition Plan

Priority: **Low**

Strategy: HCDA's transition of the regulation and management of Kaka'ako back to the City and County of Honolulu will be an acknowledgement of HCDA's success in overseeing community development in Kaka'ako. Transition out of Kaka'ako will free up HCDA's staff and resources allowing it to focus elsewhere. However, the question of what milestones/factors determine when the State's work will be "done" in Kaka'ako, fiscal impact to the State and the timing of the transition remain to be evaluated.

Kalaeloa Community Development District

- **Plan for transitioning out of Kalaeloa**

Target Phase: Commence

Task Type: Transition Plan

Priority: **Low**

Strategy: HCDA's ability to influence the redevelopment of Kalaeloa is primarily limited to planning, regulating and infrastructure improvements, since HCDA does not own any major parcels in the district with significant redevelopment potential. HCDA is amending Kalaeloa master plan and rules in 2022 and once complete, HCDA will focus on its role as a regulator as well as pursue financing opportunities for infrastructure improvements. If funding for infrastructure improvement does not become available in a timely manner, transferring control of the district over to the City may be appropriate.

He'eia Community Development District

- **Transition He'eia to a nonprofit land trust**

Target Phase: Complete

Task Type: Transition Plan

Priority: **Low**

Strategy: The key will be to find a land trust that can and is willing to preserve He'eia in perpetuity. Transitioning He'eia will free up staff time and resources, allowing HCDA to focus elsewhere.

Transit-oriented Development Districts

- **Phase I of the TOD zone planning and infrastructure work (East Kapolei)**

Target Phase: Complete construction

Task Type: Infrastructure

Priority: **High**

Strategy: Timely completion of the initial phase of TOD infrastructure work will demonstrate that HCDA is able to assist other state agencies in complex projects that benefit the State as a whole. Completion of this goal will help demonstrate HCDA's effectiveness outside of the traditional community development district approach.

Funding and Staffing

To transition toward a new trajectory, away from the focus on community development districts and toward assisting the state in infrastructure and mixed-use development, HCDA will need to adjust its organizational structure. The creation of a Project Management unit and rebalancing of other existing units of HCDA will enable the agency to effectively perform its existing role and take on new initiatives. The goal with the reorganization is to position HCDA in a new direction, without requiring additional staff and financial resources from the state legislature. With a commitment from the legislature to maintain HCDA's existing funding and resources, HCDA will be primed to begin extending its development services to other agencies throughout the state. Although additional agency support funds are not anticipated under this strategic plan, capital improvement project fund allocations will be critical to achieve HCDA's overall vision.

These strategic objectives should be cascaded to managers and staff to facilitate (i) alignment to objectives and (ii) mentoring of staff, consistent with the strategic objectives.

Conclusion

There is a need among State agencies for assistance in project management and land development. The HCDA, with its experience, expertise, and staff capacity is uniquely qualified to address that need by assisting other State agencies with land development projects that advance and implement the State's policy goals. This strategic action plan establishes the framework for HCDA's strategic vision for the short, mid, and long term to achieve that goal.

Appendix

1. State Transit-Oriented Development Planning and Implementation Project for the Island of Oahu. Prepared for the Office of Planning, Department of Business, Economic Development and Tourism by PBR Hawaii, *et al*, July 2020
2. Final Report of the Findings of the Hawaii Housing Planning Study, 2019. Prepared for the Hawaii Housing Finance and Development Corporation by SMS Research, December 31, 2019
3. Housing Action Plan Final Report to the Hawaii State Legislature. Prepared by Hawaii Institute for Public Affairs, *et al*, in collaboration with Hawaii Housing Finance and Development Corporation, December 2017
4. Hawaii Housing Finance and Development Corporation, Consolidated Plan PY2021 Annual Action Plan, Second Program Year (May 2021). Prepared by Hawaii Housing Finance and Development Corporation.
5. Kaka‘ako Improvement Districts. Materials prepared by the Hawaii Community Development Authority, updated 2021.