

DEPT. COMM. NO. 308

DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

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January 11, 2018

The Honorable Ronald D. Kouchi,
President and Members
of the Senate
Twenty-Ninth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Scott K. Saiki,
Speaker and Members of the
House of Representatives
Twenty-Ninth State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

For your information and consideration, I am transmitting a copy of the Hawaii Community Development Authority 2017 Annual Report, as required by Section 206E-19, Hawaii Revised Statutes. In accordance with Section 93-16, Hawaii Revised Statutes, I am also informing you that the report may be viewed electronically at: <http://dbedt.hawaii.gov/overview/annual-reports-reports-to-the-legislature/>.

Sincerely,

Luis P. Salaveria

Enclosure

c: Legislative Reference Bureau

An aerial photograph of Honolulu, Hawaii, showing the city's dense urban landscape, the coastline, and the surrounding mountains. The city is built on a steep slope, with the ocean visible in the foreground. The image is watermarked with 'CDA' in large, semi-transparent letters.

An aerial photograph of a coastal city, likely San Diego, showing a dense urban area with numerous buildings, parking lots, and industrial zones. The city is bordered by a steep, hilly coastline on the right side, with waves crashing against the shore. A large, semi-transparent 'CDA' watermark is overlaid on the left side of the image. The image is oriented vertically, with the coastline running along the right edge.

HCDA 40 Years

The Hawai'i Community Development Authority (HCDA) is a state agency created by the Hawai'i State Legislature in 1976 to redevelop historically underutilized areas across the state. The HCDA's mission is to build communities in the designated Community Development Districts of Kaka'ako, Kalaeloa and He'eia, to provide more opportunities for residents to grow in a vibrant environment.

In Kaka'ako, the HCDA is committed to revitalizing the urban core and providing housing opportunities to residents of all income levels. To date, the HCDA has overseen the development of over 8,600 new housing units in Kaka'ako, with another 2,000 units in various stages of construction. By creating a community where one can live, work, and play, we give the youth of Hawai'i a reason to stay here in the islands and raise future generations.

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"KUPU is grateful to partner with HCDA in Kewalo Basin park to create long-lasting, tangible impact for our youth and the broader community."

- John Leong, KUPU
Chief Executive Officer



of building community



"Kaka'ako provides us a unique canvas unlike any other in Hawai'i's history. Cultural sensitivity and thoughtful urban planning combined with Hawai'i's beauty will make our Kaka'ako a world class metropolis. 'Eo Kaka'ako!"

- Sen. Brickwood Galuteria

Members of the Hawai'i Community Development Authority

Chairperson: **John Whalen**

Vice Chairperson: **Mary Pat Waterhouse**

Secretary: **Shirley Swinney**

Full Authority

17 members (15 voting, 2 non-voting)

At-Large members

John Whalen (6.30.2019)

Mary Pat Waterhouse (6.30.2019)

Wei Fang (6.30.2018)

Beau Bassett (Cultural Specialist) (6.30.2019)

Ex-Officio members

Ford Fuchigami (DOT)

Wesley Machida (B&F)

Non-Voting ex-officio members

Kathy Sokugawa (City DPP)

Jobie Masagatani (DHHL)

Community members

Donna Ann Camvel (6.30.2021)

Michael Golojuch, Sr. (6.30.2018)

Phillip Hasha (6.30.2021)

Jo-Ann C. Leong (6.30.2021)

Amy Luersen (6.30.2019)

William Oh (6.30.2019)

Jason Okuhama (6.30.2021)

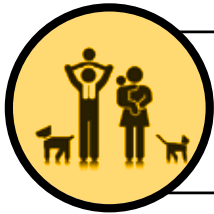
Shirley Swinney (6.20.2018)

Maeda Timson (6.30.2021)

Interim Executive Director

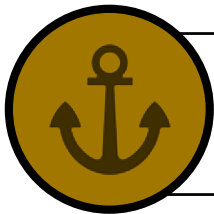
Garett Kamemoto

What's new?



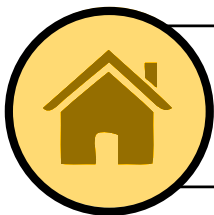
New Park Rules and Master Plan

The Kaka'ako Makai Area Parks Master Plan and the Park Rules HAR Ch. 15-210 were approved providing both clarity of policy and guidance to upgrade and enhance park facilities for family friendly uses and gathering places in the Kaka'ako Parks. See website <https://dbedt.hawaii.gov> for the complete master plan.



Kewalo Basin Improvements

Began improvements to Kewalo Basin Harbor, with an anticipated total expense of approximately \$20 million dollars.

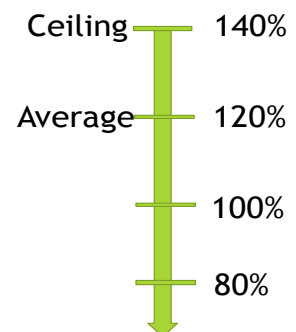


Proposed Reserved Housing Rules Amendments

After 3 years of research, public hearings and dialog with developers and members of the community, HCDA approved amendments to its Reserved and Workforce Housing Rules.

The Kaka'ako Community Development District Mauka and Makai Area Plans and Rules are designed to guide the redevelopment of this former warehouse area into a vibrant pedestrian-oriented urban community. The Mauka and Makai Area Plans establish the general redevelopment goals and objectives for each respective area, while the Mauka and Makai Area Rules specify regulations.

In 2017 the Authority amended the Park rules the Makai Parks Master Plan, and the Reserved Housing Rules. At the printing of this report, the proposed Reserved Housing Rules amendments were with Gov. David Ige for approval.



In the current reserved housing rules the ceiling is 140% area median income (AMI). In the proposed rules the ceiling is 140% AMI with an average of 120% AMI.

“affordable longer”

“lower AMI”

Reserved Housing Rule Amendments

10

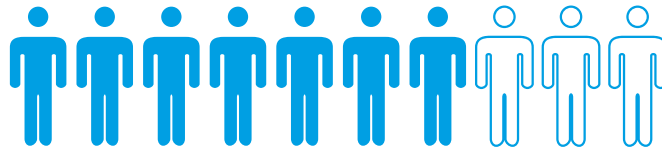
Public Meetings

148

Tesimony
received

6

Public Hearings



75%

of the housing units in the voluntary
Workforce Housing Program are 120%
AMI average in the proposed rules

Highlights in the Reserved Housing Rule amendments:

- Ensures affordable units will be affordable longer – Future Reserved and Workforce Housing units will have 30-year terms;
- Allows cash-in-lieu payment as an alternative to built units;
- Removes restriction preventing Workforce Housing program from receiving financial assistance from county, state, and federal sources;
- Reduces sales price from fixed 140 % of adjusted median income (AMI) to 120 % AMI on average of all Reserved or Workforce Housing units in a project;
- Relaxes off-street parking requirements ;
- Applies protections for Reserved Housing units to Workforce Housing units to ensure more affordable units are preserved,
- Includes buyback provision for resale by the Authority to other families needing affordable units will also apply to Workforce Housing units;
- Ensures a portion of the public's investment is returned to the Authority's housing programs and the buyer is able to benefit from a portion of the accumulated equity as part of the 30 year reserved term;
- Allows the Authority to designate another buyer for the affordable units, like a land trust, to ensure long-term affordability as a part of its buyback provision; and
- Clarifies certain definitions and existing provisions.

The Amendments do not affect existing incentives and bonuses, like the 100% bonus developable area under the voluntary Workforce Housing program that is an allowed deviation from the community development plan in exchange for additional affordable units. Or, the fact that project area set aside for affordable units are not used to compute public facilities fees and other rule based requirements.

“for locals”

You spoke and we listened

“Rarely will you hear a politician, government official or developer say, ‘How can we contribute to preserve the lifestyle of the people? How can we make life better for locals?’ Unfortunately, often it is the almighty dollar that motivates them. Ideally, these are the questions the Hawai’i Community Development Authority should be asking the developers. The developments should not only make it convenient for the residents of these towers with their ‘live, work and play’ concept, but emphasize making it convenient and nice for the people who came before them, and consider their desires as well.”

-Ronald Iwami, President of
the Friends of Kewalos

“incentives for developers”

Kaka'ako

The Kaka'ako Community Development District consists of 600 acres of land. HCDA's goal is to use sound planning to encourage use of Kaka'ako land supporting the legislative intent of a mixed-use district where residential, commercial, industrial, and public uses would complement each other. HCDA has improved infrastructure and public facilities in the district to attract development to increase housing opportunities for all segments of the community.

Public Facilities Dedication Program

The Kaka'ako community often expresses a strong desire for green open space. The Public Facilities Dedication Program has helped to bring this to fruition by requiring that developers, as a condition of developing, dedicate land, facilities or cash payments for public facilities including infrastructure (i.e. roads, utilities) and open space.

As a result of its public facilities dedication program, the HCDA has on its inventory public facilities, such as parks, roads, and other infrastructure. Unfortunately, HCDA lacks the resources to maintain them. Currently, HCDA revenue sources are not structured to fund necessary management activities.

live, work, play



47

Acres of public park

HCDA passed the
**Kaka'ako Makai Area
Parks** master plan

950
Housing units
completed in 2017

34% of the housing units are
affordable to those making 140%
area median income (AMI) or less

2,347 new units are pending

HCDA negotiated additional
Reserved Housing units to be
developed at **'A'ali'i**

HCDA is facilitating the production
of a major public space for the
community. **The Central
Plaza** is planned where
Marukai stood

The reconstruction of a tradi-
tional **Hale Pili** is under-
way at the historic Mission
House and Archives

Kaka'ako Authority

10 members
(9 voting, 1 non-voting)
At-Large members
John Whalen
Mary Pat Waterhouse
Wei Fang
Beau Bassett (Cultural Specialist)
Ex-Officio members
Ford Fuchigami (DOT)
Wesley Machida (B&F)
Non-Voting ex-officio members
Kathy Sokugawa (City DPP)
Community members
Phillip Hasha
William Oh
Jason Okuhama



The **\$268 million** invested in infrastructure has resulted in over **\$4.8 billion** in development, and as of 2016 yields of **\$37.5 million** in real property taxes for the City

Kaka'ako Improvement Districts

Any community requires the implementation of a well-planned system of roadways and utilities to ensure public safety, and to thrive.

The HCDA works to improve the Kaka'ako Community Development District's network of streets and utilities to facilitate and encourage redevelopment. For many years, the District had been burdened with a deteriorating and inadequate infrastructure system, much of which was installed over 75 years ago. Many streets were narrow, unimproved, and susceptible to serious flooding during times of heavy rainfall. Some roadways lacked safe pedestrian walkways and were obstructed by haphazardly parked vehicles. Existing overhead utility poles, cables and equipment gave an unsightly and cluttered character to the Kaka'ako streetscape and pedestrian experience. Moreover, the District's obsolete infrastructure network was not only detrimental to its businesses, residents and visitors, but it also stymied the timely redevelopment of properties. Many areas just did not have sufficient capacity to support further development.

The Improvement District (ID)

Program undertaken by the HCDA has proven to be a successful method of financing and constructing the massive infrastructure improvements that are necessary for the revitalization of Kaka'ako. For this program—which has been largely funded by the Hawai'i State Legislature—the HCDA has joined forces with property owners and the public utility companies to make improvements to Kaka'ako's roadways in a systematic, timely and cost-effective manner. The ID Program is used to reconstruct and/or widen streets, adding new streetlights, curbs, gutters and sidewalks. Telephone, electric and cable television systems have also been upgraded and relocated underground. Drainage, sewer and water systems have been improved and upgraded under this program.

To date, HCDA has spent over \$226 million on the infrastructure, of which, roughly \$210 million were state funds. In addition to the ID Program, HCDA has constructed parks and made other improvements to the infrastructure of the district. These other state funded improvements cost about \$42 million. In total, HCDA has invested over \$268 million to better the infrastructure of Kaka'ako.

// *In coordinating community development in the Kakaako district, the Legislature required the Hawaii Community Development Authority to plan a mixed-use district. We encourage and appreciate the Authority's efforts to engage with and hear from our community."*

- House Speaker
Scott K. Saiki

better infrastructure

Kaka'ako Housing

8,611

Residential units
built since 1976

M - Market Rate
R - Rental Housing
RH - Reserved Housing
S - Senior Housing
WF - Workforce Housing

3 Affordable Senior housing projects



Honuakaha
545 Queen St.
244 units, 151 S R
State Developed



Na Lei Hulu Kupuna
640 Cooke St.
76 units, 76 S R
State Developed



Pohulani
626 Coral St.
262 units, 262 S R
State Developed

6 Affordable rental housing projects



Flats at Puunui
440 Keawe St.
88 units, 88 R



Halekauwila Place
665 Halekauwila
204 units, 204 R
State Developed



Kamake'e Vista
1065 Kawaiaha'o
225 units, 225 R
State Developed



Kauhale Kaka'ako
860 Halekauwila
267 units, 267 R
State Developed



Keauhou Lane
502 Keawe St.
209 units, 209 R



Six Eighty Ala Moana
680 Ala Moana Blvd.
54 units, 54 R

10 Reserved & Workforce housing projects

Reserved

Housing units are for
Hawai'i residents

These were the number of reserved and work-force housing units at the time the projects were completed. Some of them may no longer be within the reserved housing term limit.

Workforce

Housing can double
density & affordable
units



400 Keawe
400 Keawe St.
95 units, 20 RH



801 South Street A
801 South St.
635 units, 467 WF



801 South Street B
801 South St.
410 units, 308 WF



1133 Waimanu
1133 Waimanu St.
282 units, 282 RH R



Keauhou Place
500 South St.
423 units, 85 RH



'Keola La'i
600 Queen St.
352 units, 63 RH



Pacifica Honolulu
1009 Kapi'olani Blvd.
489 units, 124 RH



Royal Capitol Plaza
876 Curtis St.
297 units, 28 RH



Rycroft Terrace
1550 Rycroft St.
162 units, 162 RH



Symphony Honolulu
888 Kapi'olani Blvd.
388 units, 100 RH

Projects

Revenue
or public facilities are
created by developers
through the Public
Facilities Dedication
Program

14 Market rate projects



909 Kapi'olani
909 Kapi'olani Blvd.
227 units **M**



Anaha
1108 Auahi St.
318 units **M**



Hawaiki Tower
88 Piikoi St.
417 units **M**



Hokua
1288 Ala Moana Blvd.
240 units **M**



Imperial Plaza
725 Kapi'olani Blvd.
221 units **M**



Ko'olani
1177 Queen St.
370 units **M**



Moana Pacific
1228 Kapi'olani Blvd.
706 units **M**



Nauru Tower
1330 Ala Moana Blvd.
304 units **M**



One Archer Place
801 S. King St.
331 units **M**



One Waterfront Tower
425 South St.
297 units **M**



The Collection
601 Auahi St.
467 units **M**



Vanguard Lofts
720 Kapi'olani Blvd.
47 units **M**



Waiea
1118 Ala Moana Blvd.
177 units **M**



Waihonua at Kewalo
1189 Waimanu St.
277 units **M**

2,347

Housing units
pending

984

Units are expected to be
for 140% AMI or less

3 Projects under construction & 5 pending



A'eo
1001 Queen St.
466 units **M**



Ke Kilohana
404 Ward Ave.
424 units, 375 **RH**



Ola Ka Ilima Artspace Lofts
1025 Waimanu St.
84 units, 84 **R**

www.wardvillage.com/aeo

kekilohana.com



803 Waimanu/The Block
803 Waimanu.
153 units, 143 **RH**
TheBlock803.com



A'ali'i
987 Queen St.
751 units, 150 **RH**
aaliwardvillage.com



Gateway
Ala Moana Blvd.
236 units **M**
wardvillagegateway.com



Hale Kewalo
Piikoi & Kona St.
128 units, 128 **RH**



Nohona Hale
630 Cooke St.
105 units, 104 **R**

1 in 3
Housing units is
affordable

In 2017 the focus was on
infrastructure

The Authority approved a
lease for a **5-mega-
watt solar array**

\$450K approved by
Authority to develop a
reliable energy plan

**U.S. Department
of Energy, Hawai'i
State Energy Office,
Sandia National
Laboratories** and HCDA
partnered and completed a
reliable energy study

The Navy completed the
**conveyance of
water** and wastewater
utilities to a subsidiary of
the Hunt Development
Company

*“
Hunt is working
with HCDA and
the community to
revitalize Kalaheo
and move it closer
to achieving its
vision as a Wahi
Ho'okela, a Center
for Excellence.”*

- Thomas Lee, Hunt
Companies, Senior
Vice President -
Hawaii Region

Kalaheo



**Wahi Ho'okela
Center for excellence**

The Kalaeloa Community Development District

encompasses approximately 3,700 acres of land within the former Naval Air Station Barbers Point. The legislature designated the district in 2002, to facilitate the redevelopment of the area in accordance with the Barbers Point Naval Air Station reuse plan. HCDA has been working on various projects to bring infrastructure improvements to the district, including projects to bring firm energy to Kalaeloa. Facilitating the redevelopment of Kalaeloa is a complex undertaking. There are several challenges to development because of the existing infrastructure, and lack thereof. For example there are 20 miles of roadways that do not meet city or state standards, drainage in parts of the district is inadequate and the electrical system is not reliable.

The Authority has partnered with the Hawai'i State Energy Office, U.S. Department of Energy and Sandia National Laboratories to plan, analyze and design a micro-grid to provide reliable energy throughout the 3,700-acre district and help Hawai'i meet its clean energy goals.

Highlights

- Cloudbreak Communities and the Veterans Administration celebrated the opening of the Hale Uhiwai Nalu Project in December 2017. The new phase adds 50 affordable rental units to the existing complex, which includes a community lounge, gym, and a space for service providers for veterans.
- Sandia National Laboratories completed their final report on Kalaeloa energy system redevelopment options including advanced microgrids. The full report can be found at <https://dbedt.hawaii.gov/hcda>.
- The Kalaeloa Energy Corridor project began in November 2017, down Enterprise Avenue. Work includes excavating of roadways and shoulders for new underground ductlines (electric conduits) and manholes for Hawaiian Telcom, Hawaiian Electric Company, and Spectrum and the repair of affected roadways.
- Aloha Solar Energy Fund II LLC will be leasing HCDA land to develop a 5 megawatt solar farm on approximately 44.28 acres on land. The project will contribute renewable energy to HECO's existing power grid and to the Kalaeloa Community Development District, and help the state achieve its renewable energy goals.

HCDA has begun construction on an **Energy Corridor** to bring firm energy to Kalaeloa

“As the Senator and a resident of the Kalaeloa community, I know first-hand the dire need for reliable electricity. I'm stoked that HCDA has started construction on the Kalaeloa Energy Corridor Project.”

- Sen. Mike Gabbard

Kalaeloa Authority

11 members (9 voting, 2 non-voting)

At-Large members

John Whalen

Mary Pat Waterhouse

Wei Fang

Beau Bassett (Cultural Specialist)

Ex-Officio members

Ford Fuchigami (DOT)

Wesley Machida (B&F)

Non-Voting ex-officio members

Kathy Sokugawa (City DPP)

Jobie Masagatani (DHHL)

Community members

Michael Golojuch, Sr.

Maeda Timson

Shirley Swinney



Hale Uhiwai Nalu Project in
December 2017



Kalaeloa Energy Corridor
project construction began



He'eia

//

He'eia is a model for the rest of the state and, really, the rest of the world. The protection, restoration, and effective management of our natural resources must come from the ground up. Empowering our communities to take the lead in this work is the right way to do this. That is what is going on in He'eia right now, and why it is so exciting."

- Rep. Jarrett Keohokalole



HCDAs partner
Kākoʻo ʻŌiwi converted
20 acres of
wetland to loi

Restored **1.3 miles** of
historic farm roads

Working on **doubling**
the amount of wetland taro
grown on ʻOahu

Heʻeia Authority

10 members (9 voting, 1 non-voting)

At-Large members

John Whalen

Mary Pat Waterhouse

Wei Fang

Beau Bassett (Cultural Specialist)

Ex-Officio members

Ford Fuchigami (DOT)

Wesley Machida (B&F)

Non-Voting ex-officio members

Kathy Sokugawa (City DPP)

Community members

Donna Ann Camvel

Jo-Ann C. Leong

Amy Luersen

The Heʻeia Community Development District

In 1991, the HCDA acquired approximately 400 acres of land in Heʻeia on the windward side of Oʻahu as part of a land exchange with the Estate of Bernice Pauahi Bishop.

HCDA facilitates culturally appropriate agriculture, education, and natural resource restoration and management in alignment with the Honolulu Board of Water Supply's Koʻolaupoko Watershed Management Plan and the City and County of Honolulu's Koʻolaupoko Sustainable Communities Plan.

In January 2010, the HCDA and Kākoʻo ʻŌiwi, a community-based non-profit corporation entered into a 38-year lease.

Kākoʻo ʻŌiwi's primary mission is to restore the Heʻeia wetlands into a working agricultural and cultural district.

Highlights

On January 19, 2017, Heʻeia was designated the 29th research reserve in the National Estuarine Research Reserve System (NERRS). NERRS is a network of 29 estuaries, representing different biogeographic regions of the United States, that are protected for long-term research, water-quality monitoring, education and coastal stewardship. The Heʻeia NERR is managed by the University of Hawaiʻi, Hawaiʻi Institute of Marine Biology along with its local partners.

As HCDA works on establishing the community development plan and rules for Heʻeia, it will be able to gain significant efficiencies by leveraging work and studies conducted in support of the NERR application. As needed, the HCDA may be able to supplement its funding for additional studies or work in Heʻeia with NERR funding.

"The Heʻeia Reserve recognizes Native Hawaiian and western management science and will use both to study the Kaneʻohe Bay estuary," said U.S. Sen. Schatz. "The proposed reserve includes a taro loʻi, managed by Kākoʻo ʻŌiwi, and a fishpond, managed by Paepae o Heʻeia, in addition to a portion of Kaneʻohe Bay and the University of Hawaiʻi's Hawaiʻi Institute of Marine Biology. I am excited to see what we may discover when Native Hawaiian cultural practitioners work with UH's scientists to understand Heʻeia."

On August 26 2017, Governor David Y. Ige and Lieutenant Governor Shan S. Tsutsui proclaimed Heʻeia National Estuarine Research Reserve Day.

Kākoʻo ʻŌiwi continues to work on the expansion and maintenance of the Heʻeia Wetlands referred to as hoi. Wetland restoration includes the planting of taro and new crops, restoring historic farm roads and removing invasive species. Approximately 20 acres of additional loʻi and farm land has been restored to productive agricultural use. In addition, a mangrove removal project has been initiated through a grant from the National Oceanic Atmospheric Administration. The project will remove approximately 6 acres of invasive mangrove on the mauka and makai sides of Kamehameha Highway. Removal of the mangrove forest will allow the restoration of a key historic road that runs parallel to Kamehameha Highway. This historic road will allow access along the entire makai side of the hoi.

Farm, Restore, Grow

Financial Statements

2016-2017

AUDITED FINANCIAL STATEMENTS

State of Hawai‘i

Hawai‘i Community Development Authority

The analysis and financial statements contained herein follow the state’s fiscal year, beginning July 1, 2016 and ending June 30, 2017. The audited financial statements were prepared for the State of Hawai‘i Office of the Auditor.

The complete financial and compliance audit report can be found at <http://dbedt.hawaii.gov/hcda>.

**Financial
Position**

**Financial
Results**

**Audited
Financial
Statements**

Highlights

Financial Position

The HCDA's audited financial statements is presented over four governmental funds. To evaluate the HCDA's financial position, special attention should be placed on the HCDA's restricted and committed fund balance, which provides the amount of available funds the HCDA has to expend on future operations and investments in its community development districts.

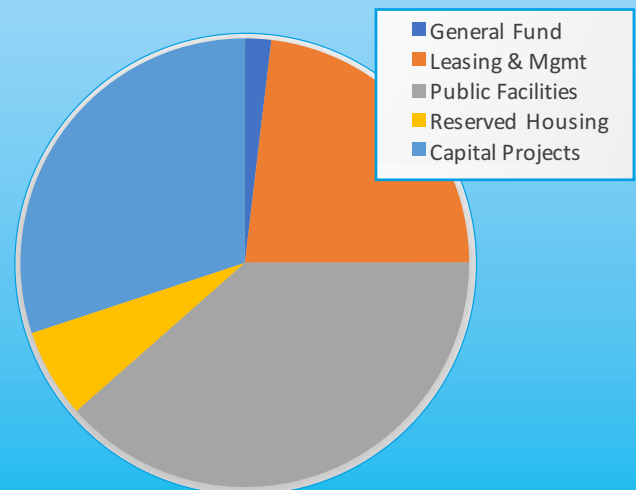
A general description of the four governmental funds is provided below along with a chart with further details HCDA's available fund balance.

- General Fund – funded by the State's General Fund, represent a legislative appropriation for operations and as of fiscal year end, represent a portion of HCDA payroll costs.
- Leasing and Management – Special funded by revenues generated from leasing and management of HCDA assets. These funds are used towards HCDA operations, which also includes the operation and maintenance of HCDA parks.
- Community Redevelopment – Special funded by revenues generated by HCDA programs, which further restrict their use to the following purposes:
 - o Development and maintenance of public facilities and infrastructure, including parks.

- o Development and operation of HCDA's reserved housing program.

- Capital Projects – funded by legislative appropriations, these are for specific projects. These funds cover the planning, design and construction costs of HCDA managed projects. As of the fiscal year end, the majority of these funds were for the construction of the Enterprise Energy Corridor in Kalaeloa.

The HCDA relies greatly on State funding in fulfilling its mission, as the Leasing and Management, and Community Redevelopment Funds provide only limited revenues.



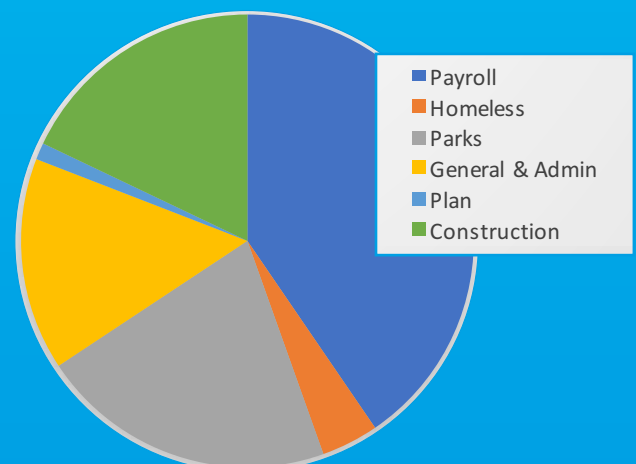
Financial Results

For the fiscal year ended June 30, 2017, the HCDA received approximately \$6 million in revenues. Of those revenues, approximately \$2.2 million was generated by HCDA leasing and management operations and approximately \$1.8 million was generated by HCDA community redevelopment programs. Revenues from HCDA's community redevelopment programs are directly related to the development cycle and are expected to decline further this year.

For the fiscal year ended June 30, 2017, the total expenditures for the HCDA were approximately \$5.5 million. The following chart details HCDA expenditures for the year.

Historically, park expenses were funded from the Leasing and Management Fund to focus Community Redevelopment Fund on new development. However, after the HCDA lost approximately \$2 million in annual revenue with the transfer of approximately 30 acres of makai property to the Office of Hawaiian Affairs in

2012, the Leasing and Management Fund can no longer cover these costs. At approximately \$1.2 million per year, if funded from this fund, the fund would operate at an annual deficit of approximately \$500,000. With the transfer, the Community Redevelopment fund is also expected to operate at a deficit, especially with program revenues for this fund forecasted to decline. The Community Redevelopment Fund, however, has a larger fund balance to sustain it longer, until a long-term solution can be identified.



STATEMENT OF NET POSITION • GOVERNMENT ACTIVITIES

As of June 30, 2017

CURRENT ASSETS	
Cash is State Treasury and petty cash	\$ 26,864,535
Due from State	12,261,221
Accounts receivable, net	953,149
Prepaid expenses	1,391
Total current assets	<u>40,080,114</u>
NONCURRENT ASSETS	
Loan receivable – Halekauwila Partners, LLC	17,000,000
Investment in limited partnerships	106,735
Water source allocation credits	249,642
Land, improvements, infrastructure networks, and construction in progress	112,234,818
Other capital assets, net of depreciation	33,625,911
Total noncurrent assets	<u>163,217,106</u>
TOTAL ASSETS	<u>203,297,220</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>1,012,895</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 204,309,895</u>
CURRENT LIABILITIES	
Accounts payable	\$ 290,511
Unearned revenue	171,510
Accrued payroll	121,178
Rental security deposits	90,994
Current portion of long-term obligations	88,204
Due to State Treasury	1,268,923
Total current liabilities	<u>2,031,320</u>
LONG-TERM LIABILITIES	
Noncurrent portion of long-term obligations	16,880,389
Total long-term liabilities	<u>16,880,389</u>
TOTAL LIABILITIES	<u>\$ 18,911,709</u>
NET POSITION	
Invested in capital assets	\$ 145,860,729
Restricted for capital projects	11,468,250
Unrestricted	<u>28,069,207</u>
TOTAL NET POSITION	<u>\$ 185,398,186</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 204,309,895</u>

STATEMENT OF ACTIVITIES • GOVERNMENT ACTIVITIES

For the Year Ended June 30, 2017

FUNCTIONS/PROGRAMS	Expenses	Program Revenues	Net (Expenses) Revenues and Changes in Net Position
GOVERNMENT ACTIVITIES			
Capital projects	\$ 2,901,074	\$ -	\$ (2,901,074)
Leasing and management	2,510,795	2,135,731	(375,064)
General government	1,667,862	-	(1,667,862)
Community redevelopment	1,239,598	1,646,312	(406,714)
Total government activities	\$ 8,319,329	\$ 3,782,043	(4,537,286)
GENERAL REVENUES			
State allotments, net of lapsed appropriations			\$ 2,064,142
Investment earnings			201,193
Total general revenues			\$ 2,265,335
CHANGE IN NET POSITION			\$ (2,271,951)
NET POSITION – BEGINNING OF YEAR			\$ 187,670,137
NET POSITION – END OF YEAR			\$ 185,398,186

State of Hawai'i • Hawai'i Community Development Authority
BALANCE SHEET • GOVERNMENT FUNDS

As of June 30, 2017

	General Fund	Leasing and Management	Community Redevelopment	Capital Projects	Total Government Funds
ASSETS					
Cash in State Treasury and petty cash	\$ 41,920	\$ 10,145,992	\$ 16,675,441	\$ -	\$ 26,864,353
Due from State	777,431	-	-	11,483,790	12,261,221
Accounts receivable - net	-	413,768	539,381	-	953,149
Prepaid expenses	-	1,391	249,642	-	251,033
Loan receivable - Halekauwila Partners, LLC	-	-	\$ 7,000,000	-	17,000,000
TOTAL ASSETS	\$ 819,351	\$ 10,561,151	\$ 34,464,464	\$ 11,483,790	\$ 57,329,756
LIABILITIES					
Accounts payable	\$ -	\$ 194,298	\$ 80,673	\$ 15,540	\$ 290,511
Accrued payroll	94,779	26,399			121,178
Unearned revenues	-	171,510			171,510
Renatl security deposits	-	90,994			90,994
Due to State Treasury	3,500	1,268,923			1,272,423
Total liabilities	\$ 98,279	\$ 1,752,124	\$ 80,673	\$ 15,540	\$ 1,946,616
FUND BALANCES					
Nonspendable:	\$ -	\$ 1,391	\$ 249,642	\$ -	\$ 51,033
Prepaid expenses	-	-	17,000,000	-	17,000,000
Loan receivable	-	-	-	-	-
Total nonspendable fund balances	\$ -	\$ 1,391	\$ 17,249,642	\$ -	\$ 17,251,033
Restricted	74,769	-	-	\$ 11,468,250	11,543,019
Committed	646,303	\$ 8,807,636	17,135,149	-	26,589,088
Total fund balances	\$ 721,072	\$ 8,809,027	\$ 34,384,791	\$ 11,468,250	\$ 5,383,140
TOTAL LIABILITIES AND FUND BALANCES	\$ 819,351	\$ 10,561,151	\$ 34,465,464	\$ 11,483,790	\$ 57,329,756

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES • GOVERNMENT FUNDS

For the Year Ended June 30, 2017

	General Fund	Leasing and Management	Community Redevelopment	Capital Projects	Total Government Funds
REVENUE					
State allotted appropriations	\$ 1,544,573	\$ -	\$ -	\$ 519,569	\$ 2,064,142
Contributions from property owners	-	-	375,249	-	375,249
Dedication and reserve housing fees	-	-	747,752	-	747,752
Investment earnings	-	56,960	144,233	-	201,193
Leasing and management	-	2,104,711	-	-	2,104,711
Other	-	31,019	523,312	-	554,331
Total	\$ 1,544,573	\$ 2,192,690	\$ 1,790,546	\$ 519,569	\$ 6,047,378
EXPENDITURES					
General government	672,568	444,658		872,226	1,989,452
Capital outlays	225,702	1,631,769	789,841	881,795	3,529,107
Total	\$ 898,270	2,076,427	789,841	1,754,021	\$ 5,518,559
EXCESS OF REVENUES OVER (UNDER) EXPEDITURES	\$ 646,303	\$ 116,263	\$ 1,000,705	\$ (1,234,452)	\$ 528,819
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ 24,286,983	\$ 51,929	\$ -	\$ 24,338,912
Transfers out	-	(24,194,873)	(144,039)	-	(24,338,912)
Total	\$ -	\$ 92,110	\$ (92,110)	\$ -	\$ -
NET CHANGE IN FUND BALANCES	\$ 646,303	\$ 208,373	\$ 908,595	\$ (1,234,452)	\$ 528,819
FUND BALANCES, BEGINNING OF YEAR	\$ 74,769	\$ 8,600,654	\$ 33,476,196	\$ 12,702,702	\$ 54,854,321
FUND BALANCES, END OF YEAR	\$ 721,072	\$ 8,809,027	\$ 34,384,791	\$ 11,468,250	\$ 55,383,140



**STATE OF HAWAII
HAWAII COMMUNITY
DEVELOPMENT AUTHORITY**

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