



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**
KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI
A HO'OMĀKA'IKAI

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: dbedt.hawaii.gov

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

JAMES KUNANE TOKIOKA
DIRECTOR

DANE K. WICKER
DEPUTY DIRECTOR

Telephone: (808) 586-2355
Fax: (808) 586-2377

DTS# 202312271601RE

December 29, 2023

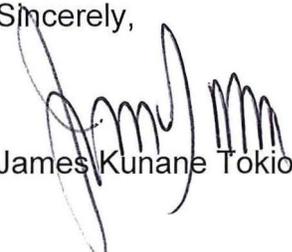
The Honorable Ronald D. Kouchi,
President and Members
of the Senate
Thirty-Second State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Scott K. Saiki,
Speaker and Members of the
House of Representatives
Thirty-Second 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 Department of Business, Economic Development, and Tourism's Report on Hawaii Community Development Authority, as required by Sections 206E-19, 206E-249, and 206E-267 of the Hawaii Revised Statutes and Act 97, Session Laws of Hawaii 2023. 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,


James Kunane Tokioka

Enclosure

c: Legislative Reference Bureau



Hawai'i Community Development Authority 2023 Annual Report

to the

Hawai'i State Legislature

Prepared by Hawai'i Community Development Authority • Department of Business, Economic Development & Tourism
State of Hawai'i • January 2024

This report satisfies Hawaii Revised Statutes Sections 206E-19, 206E-249, 206E-267, and Act 97 (2023).

Table of Contents

- Message from the Chair 3
- About HCDA 4
- Recent Legislation 5
- Transit-Oriented Development 6
- Pulehunui 7
- Waiākea Peninsula, Hilo 7
- He’eia 8
- Kalaeloa 10
- Kaka’ako 12
- Affordable Housing 17
- Financial Statements 18
- HCDA Boards and Staff 23



Message from the Chair:



Building a Solid Foundation And Building Better Communities

As Chair of the Hawai'i Community Development Authority, it has been my pleasure to witness HCDA's work progress, as the State's community development agency. HCDA continues to move forward with urban community development in Kaka'ako, suburban community development in Kalaeloa, and rural community development in He'eia.

In the last decade, the number of residential units in HCDA's Kaka'ako community development district has doubled to a total of 12,598 with one in three units being affordable, and 10 more mixed-use projects in the pipeline. Five new residential development permits were approved, and five major developments are under construction. Combined, these projects are expected to provide another 3,916 new residential units, helping to address the state's housing shortage and will also provide jobs in both construction and non-construction related fields.

In addition to HCDA's Kaka'ako, Kalaeloa, and He'eia community development districts, during the 2023 Legislative session, HCDA was appropriated \$77,625,000 and tasked with improving the State's infrastructure for transit-oriented zones in the Iwilei-Kapālama community as well as UH West O'ahu neighborhoods. Although Hawai'i ranks among the highest nationally in health care, it is among the lowest rated for its infrastructure. For a community to run smoothly, it's essential to have good infrastructure. Therefore, the 2023 legislative appropriation will allow HCDA to begin the necessary infrastructure improvements that could encourage housing development and enhance the Iwilei-Kapālama and UH West Oahu neighborhoods.

Lastly, we will never forget the tragedies of the Maui wildfires that devastated the community of Lahaina, the families, businesses, and the entire island of Maui; however, as we look ahead, we trust that the County of Maui and the State can work together to help heal, restore, and rebuild the community of Lahaina.

As we prepare for 2024, HCDA continues to remain focused on its goal to build better communities with a solid foundation that includes infrastructure improvements, reliable utilities, and public safety. HCDA has begun to consider the impacts of climate change in the design and siting of new projects and planning for more resilient districts.

We would like to thank the contributions and support of the Legislature, the State administration, private developers, the communities, other government agencies and the residents of our communities, that help HCDA to fulfill its mission.

Aloha,
Chason Ishii, Chairperson

The Hawai'i State Legislature established the Hawai'i Community Development Authority (HCDA) in 1976, as the State's redevelopment agency to determine community development programs and join the strengths of private enterprise and the various components of federal, state, and county governments in addressing community development needs.

The Legislature also established the HCDA Community Development Districts (CDD) of Kaka'ako, Kalaeloa, He'eia, Pulehunui and the Transit-Oriented Development (TOD) Infrastructure Improvement District.

HCDA plans and implements capital improvement projects to upgrade infrastructure and develop public facilities within and outside its established community development districts. HCDA also implements long-term planning initiatives to support the development of mixed-use communities that strengthen and diversify Hawai'i's economy while enhancing the quality of life for Hawai'i's people. With the support of the Hawai'i State Legislature and stakeholders, HCDA strives to build better communities for tomorrow.

Strategic Plan

In September 2023, the HCDA Strategic Plan was revised and now encompasses a five-year blueprint to commence and/or complete goals in each HCDA district. Many of the high priority, one-year goals are reflected in this report.

Mission

For each community development district and transit-oriented development (TOD) infrastructure improvement district, HCDA will collaborate 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: 1) infrastructure development that supports the creation of affordable housing projects of all types, and 2) infrastructure and/or mixed-use development that supports other State goals and initiatives.



Recent Legislation

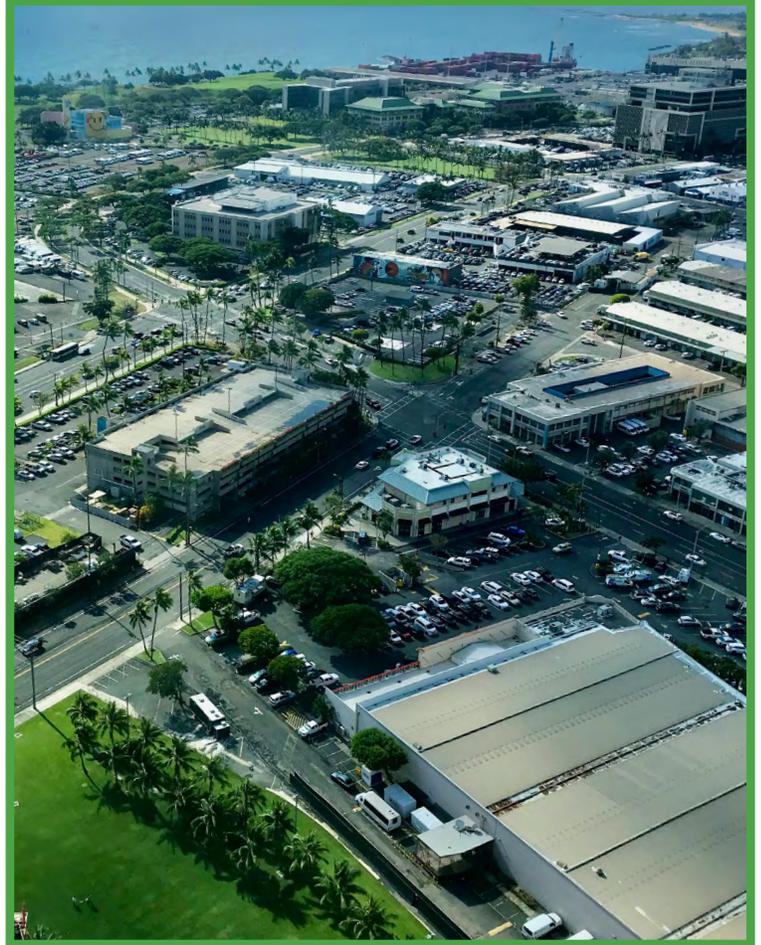


99-Year Leasehold Program

The 2023, Act 97, relating to housing became law. It establishes a 99-year leasehold pilot program within the HCDA to determine the feasibility of developing one affordable leasehold residential condominium project on non-ceded state-owned or county-owned land, in an urban redevelopment site, near a public transit station. The residential units in this program will be sold to qualified Hawai'i residents, and the units will be owner-occupied, and shall not be rented.

In studying the feasibility and possible demand for leasehold projects developed under this Act, in 2023, HCDA consulted with nine major local residential real estate developers for the purpose of gathering feedback regarding the development of affordable housing projects in Hawai'i, with an emphasis related to the possibility of developing a for sale, leasehold-type affordable housing project under Act 97.

In early 2024, a request for proposals will be issued by HCDA that seeks qualified developers to build a leasehold, for sale condominium project.



Climate Change

In July, the governor signed Act 221, relating to climate change, into law. According to the bill, SB1417 SD1 HD1 CD1, climate change and sea level rise pose significant, dangerous, and imminent threats to the State's social and economic well-being, public safety, nature and environment, cultural resources, property, infrastructure, and government functions and will likely have a disproportionate impact on low-income and otherwise vulnerable communities.

The legislature recognized that the Kaka'ako district is threatened by the effects of climate change, including sea level rise, king tides, and heavy rainfall; and the lack of drainage infrastructure in Kalaeloa makes it vulnerable to heavy rainfall, flooding, and other effects of climate change. As such, they concluded that it is in the State's long-term interest and would serve the highest needs of Hawai'i's people to ensure that development in Kaka'ako and Kalaeloa accounts and plans for the impacts of climate change.

In 2023, after this legislation passed, HCDA worked with development permit applicants and used the Pacific Island Ocean Observing System Hawaii Sea Level Rise Viewer to show if portions of proposed projects areas will be affected by sea level rise by year 2100 due to combined passive flooding and annual high wave flooding, and is designing to comply with the Base Flood Elevation of 6-feet, which will be above the projected 3.2-foot sea level rise increase.

HCDA plans to develop rules that consider the impacts of climate change, sea level rise, and climate-resilient development in the design and siting of buildings in the Kaka'ako and Kalaeloa community development districts.

Transit-Oriented Development Infrastructure Improvement Districts

Transit-Oriented Development

(TOD) goes far beyond building a transit line through a neighborhood. It's part of a greater idea to enhance lifestyles and provide a range of benefits to residents by creating walkable communities with everything people need to live, work, and play within walking distance of the TOD.

In 2022, Act 184 established the Transit-Oriented Development Infrastructure Improvement District under HCDA to foster community development by strategically investing in infrastructure improvements for each county. Infrastructure is necessary to redevelop areas for affordable housing and other uses, and HCDA will implement infrastructure projects that support TOD.

In 2023, significant funding was appropriated to HCDA by the Hawai'i State Legislature, for TOD related Projects.

2023 TOD Projects

East Kapolei

Act 164, Session Laws of Hawai'i 2023, appropriated \$500,000 for East Kapolei Infrastructure Implementation Master Plan.

In September, the HCDA initiated work to enter a Memorandum of Agreement (MOA) with the State Office of Planning and Sustainable Development (OPSD) for the purpose of developing an infrastructure development Master Plan for the East Kapolei area, located near the Kualaka'i, Keone'ae, and Honouliuli Skyline Rail Stations on the Island of O'ahu, that will identify and determine the infrastructure needed to be built to support TOD in that East Kapolei Area. The agencies are working to encumber the \$500,000 by June 30, 2024.

Iwilei-Kapālama

Act 164, Session Laws of Hawai'i 2023, appropriated \$25 million for Iwilei-Kapālama TOD Infrastructure Design & Construction.

The Iwilei-Kapālama area is a designated TOD zone. Many infrastructure improvements are needed in the area to support development, but electrical upgrades are among the most critical. This project involves construction of electrical infrastructure to support the development of new housing units.

While long-term infrastructure needed to serve the expected 27,000 new housing units is estimated to cost hundreds of millions over the next three decades, a short-term priority list of projects will serve the initial phases of Mayor Wright Homes, Liliha Civic Center, and some planned private development.

The initial \$25 million will be used for electrical infrastructure improvements near the Iwilei Substation and along North King Street. HCDA, Hawaii Housing Finance & Development Corporation (HHFDC), City and County of Honolulu (City), Hawaiian Electric (HECO), and other private entities are entering into a MOA to collaborate to develop the electrical infrastructure upgrade. A Request for Proposals (RFP) was issued in November 2023, and HCDA plans to encumber the \$25 million by June 30, 2024.

UH West Oahu

Act 164, Session Laws of Hawaii 2023, appropriated \$35 million to HCDA, for University of Hawaii (UH) West, O'ahu On-site Infrastructure. The project, to be implemented by HCDA, involves construction of roadways (Road D and H) and related infrastructure to support the UH and HHFDC mixed-use housing developments on state land adjacent to the university campus.

In September, the Board authorized HCDA to enter a MOA with UH and HHFDC to develop the on-site infrastructure. The RFP was issued in December 2023, and HCDA plans to encumber the funds by June 30, 2024.

Pulehunui



In June 2022, Act 190 was signed into law, establishing the Pulehunui Community Development District under the HCDA, to allow for planning, development, and maintenance of public lands in Pulehunui, Maui, after finding that the public lands were underutilized.

In September 2023, a request for proposals for planning, design, and construction of infrastructure in the Pulehunui district was issued.

The contract awarded as a result of this RFP will include infrastructure planning, environmental, and cultural assessments. Then, based on the planning work conducted by the contractor, selected infrastructure improvements will be designed, permitted, and constructed. This design-build method aides in expediting construction with a single contract for two groups of services: 1) Design or pre-construction services, which generally includes all planning, design, engineering, permits, and entitlements, and 2) Build or construction services, which includes all services needed to build the selected infrastructure and facilities in the pre-construction services.

This planned infrastructure for the primarily undeveloped Pulehunui district will support possible future development by the State DLNR, the Department of Hawaiian Homelands, Judiciary, and the Public Safety Department.

The State of Hawai'i, Department of Land and Natural Resources (DLNR), and the HCDA are working with consultants to prepare a study of the feasibility and market outlook for certain land uses of the approximately 79 acres of land DLNR owns at Waiākea Peninsula. A community meeting, with about 100 in attendance, was held in Hilo as a part of the assessment. People shared their thoughts on some examples of waterfront and other re-development projects elsewhere, possible future land uses in the area, governance, and land stewardship considerations, as well as other ideas for the future Waiākea Peninsula. A survey was also available online and people could submit their thoughts and comments until December 15th.

The study will be drafted in 2024.



He'eia



In 1991, the HCDA acquired approximately 400 acres of land in He'eia on the windward side of O'ahu as part of a land exchange with the Estate of Bernice Pauahi Bishop. Redevelopment of this rural community includes facilitating culturally-appropriate agriculture, education, natural resource restoration, and management of the He'eia wetlands.

In 2010, HCDA entered a long-term lease with Kāko'o 'Ōiwi, a community-based non-profit corporation with the primary mission to restore the He'eia wetlands into a working agricultural and cultural district.

In 2011, the He'eia Community Development District (CDD) was established by the Legislature to facilitate culturally appropriate agriculture, education, and natural resource restoration and management of the He'eia wetlands in alignment with the Honolulu Board of Water Supply's Ko'olaupoko Watershed Management Plan and the City and County of Honolulu's Ko'olaupoko Sustainable Communities Plan.

The Authority's duties as directed by the Legislature include: 1) Consulting with the community, 2) Assisting with activities related to cultural practices, agriculture, education and natural resource restoration and management, and 3) Developing infrastructure needed to support implementation of a master plan.



He'eia

Recent Legislation

In 2023, the Legislature appropriated \$1 million in funds to be released on or after July 1, 2024, for the construction of a road in the He'eia Community Development District, to provide access from the southern portion of the district near Alaloa Street Bridge for maintenance of the stream and other work beneath the bridge, such as remediation of debris, non-native vegetation, and other deleterious materials by removal to mitigate flooding and erosion as well as facilitate habitat restoration and management of the native system.



Kāko'o 'Ōiwi

Wetland restoration continues under the guidance of our lessee, Kāko'o 'Ōiwi. Historic roads have been restored, but a new access road is essential for river/stream maintenance and public safety.

Part of what Kāko'o 'Ōiwi's does is to cultivate taro for poi, which is more than just providing healthy nutrient-rich fresh food to people in need, like the beneficiaries of the Hawai'i Food Bank. The connection people have with the land and working the land improves the health and wellbeing of volunteers by providing exercise, fresh air, opportunities for problem solving, and an appreciation for the land, plants, and animals. It also provides a sense of pride in knowing this work helps the community, as well as satisfaction in one's work.

Kāko'o 'Ōiwi is reestablishing more land for diversified agricultural uses like lo'i kalo (taro patches) and organic farms, while working to increase food production and help address State food security goals.



Kalaeloa

The Kalaeloa Community Development District (CDD) was established in 2002 by the Legislature to facilitate the redevelopment of the Naval Air Station Barbers Point in accordance with the Barbers Point Naval Air Station community reuse plan.

The Legislature's vision and direction to the Authority for developing the Kalaeloa CDD, codified HRS Sections 206E includes: 1) Coordinating with the Navy and other entities during the conveyance of properties and conducting remediation activities for the Naval Air Station Barbers Point community reuse plan, 2) Working with the Navy and others to ensure infrastructure support is provided to the existing developed area, 3) Developing infrastructure, and 4) Providing maximum opportunity for the reuse of surplus property by private enterprise or state and county governments.

Facilitating the redevelopment of Kalaeloa is an extraordinarily complex undertaking that will occur over the course of a generation or more. There are several challenges to development because of the existing infrastructure, and lack thereof, in the area. 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.

Recent Legislation

Kalaeloa Electrical Upgrades

In 2023, the Legislature appropriated \$47 million to construct electrical and communication infrastructure improvements to replace the aging Navy electrical distribution system in this area that has suffered with a lack of reliable electricity for decades. The budget was reduced to \$5 million. \$500,000 of funds were released in December 2023, and HCDA will use these funds for infrastructure planning in the district.

The lack of reliable electricity was cited in the recent HCDA Kalaeloa master plan update community meetings as a major impediment to further development and building of the community. HCDA will ask the 2024 Legislature for \$4.5 million in capital improvement project funding to begin this project.

Saratoga Avenue Electrical Upgrades

In 2023, the Legislature appropriated \$12.125 million for the planning, design, and construction of electrical and communication infrastructure improvements along Saratoga Avenue between Enterprise Avenue and Boxer Road, allowing new development of housing, retail and commercial projects in this downtown area of the Kalaeloa District.

For two consecutive legislative sessions, funding has been approved. However, due to unforeseen circumstances, funds were not released to implement the needed upgrades.

Reliable electricity is a critical element to building a community in Kalaeloa. HCDA will ask the 2024 Legislature for \$12.125 million in capital improvement project funding for this project. If the project is deferred, the improvements will not be made, which may result in people and businesses relocating to places where the power for their operations is reliable.



Kalaeloa



Under construction

Gentry Kalaeloa LLC Ka'ulu Residential Community

In Kalaeloa, Gentry Homes' Ka'ulu 390-home residential project is under construction, the first new residential project to be built in Kalaeloa since the establishment of the Kalaeloa Community Development District, in 2006. Construction on the first phase is underway and homes are being built comfortably and energy efficient, which will save homeowners money. Pre-sale has also begun. Because development will be done in phases, the first phase will be complete, and occupants may move in before the final phase starts. Thus, sales will also be in phases.



Daniel Kahikina Akaka Veteran Affairs Clinic

The construction of the \$120 million Daniel Kahikina Akaka Veteran Affairs Clinic is on schedule and practically complete. The developer, Hunt Companies Inc., is currently in the testing and inspections phase and is on schedule to turn over the finished building to Veteran Affairs (VA) in early 2024. At that time, the VA will begin their activation process, and are planning to take their first patients in the second quarter of 2024. The community-based outpatient clinic will offer primary care, mental health, audiology, physical and occupational therapy, dental and prosthetic services to over 87,000 veterans and their families in Hawai'i and across the Pacific.

The development has created jobs in construction and will now create new positions in health care and administration.

Plan and Rules Update

HCDA commenced the update of the Kalaeloa Community Development District (KCDD) Plan and Administrative Rules. The Kalaeloa Master Plan was adopted in 2006 and the Hawai'i Administrative Rules Title 15 Chapter 215 and 216 were adopted in 2012. The Plan and Rules govern all development activities within the estimated 3,700 acres in the KCDD except for federally controlled parcels. Since the Kalaeloa Plan and Rules were adopted, major developments have occurred within and adjacent to the KCDD. An assessment of the current state of the KCDD and surrounding area is needed. In 2023, HCDA drafted proposed updates to the Kalaeloa Master Plan and proposed amendments to the Rules after considering community input. In 2024, HCDA will have public hearings pursuant to Chapter 91, HRS, and Chapter 201M, HRS, to update the Kalaeloa Master Plan and Rules. The Rules amendment is an opportunity to encourage appropriate development and enhance the character of Kalaeloa by simplifying permitting processes and increasing regulatory predictability and consistency.

The existing permit structure is primarily geared towards development on small parcels in a dense urban setting. It does not account for the large parcel sizes and broad mix of uses in the district and, currently, even small changes to a property can require lengthy, complex permit reviews that involve expensive public hearings. The proposed Draft Rules match the size of permit process with the scope of the proposed improvements, so that smaller projects can be done with minimal difficulty.

Kaka'ako



Near to the bustling Honolulu downtown district, the Kaka'ako Community Development District (CDD) was established in 1976 by the Legislature, after being found a blighted industrial area with potential for vertical growth, which could help prevent urban sprawl.

Since then, the district has become an award-winning mixed-use mixed income planned community featuring a mix of housing from affordable senior rentals, reserved housing rentals, and for sale units, to market rate condominiums with grocery stores, restaurants, entertainment, and health care nearby. There are parks and bike stations throughout the artsy neighborhood, convenient existing bus routes and future plans for the Skyline Rail, which will bring an efficient and reliable transportation alternative to residents and commuters.

Recent Legislation

In 2023, the Legislature appropriated \$4.5 million for central Kaka'ako street improvements, for plans, design, and construction for street improvements in Kaka'ako, O'ahu. Provided that no state funds shall be expended unless the City and County of Honolulu contributes matching county funds for state funds on a dollar-for-dollar basis.

Street Improvement

For a community to run smoothly it's essential to have good infrastructure. If residents and businesses are burdened with unreliable utilities, inadequate roadways, and flooding, the quality of life is diminished, and visitors may avoid the area.

The State Legislature appropriated funds to begin to improve the streets of Kaka'ako, where there are unsightly utility poles, narrow unimproved roads that still flood from rain, and concern for pedestrian safety. Funds for the initial work include a topographical survey and a deficiency report to assess what is needed to bring the roadway and utilities up to City and County standards. Plans are to begin with a survey of Ilaniwai and Kamani Streets in early 2024.

Queen Street Crosswalk

HCDA has contracted a vendor to complete the planned permanent crosswalk improvements at the intersection of Queen and Waimanu Streets. HCDA has received Federal Highway Administration interim approval to install the planned Rectangular Rapid-Flashing Beacons as part of the permanent crosswalk improvements. The work is expected to be complete in 2024.

Howard Hughes Corp. (HHC) has planned for several archaeological survey trenches in the vicinity of the crosswalk work, planned for December 2023. All HHC work will be coordinated with HCDA construction managers.

Kolowalu Dog Park

In November 2023, construction began on the Kolowalu Mauka Park to convert it into a dog park with separate small dog and large dog areas. It will feature dog exercise equipment, grassy areas, cultural background with stone features, signage, benches, and water stations. Construction is expected to be complete in 2024.



2023 Permitted Development Projects



Planning and construction in the Kaka'ako district have been robust. In 2023, six large development permits were approved, and five large projects were under construction. Combined, these eleven projects will provide 3,916 new residential units, helping to address the state's housing shortage and provide jobs in both construction and non-construction related fields.

Block D & E Ward Village

In October, the Board approved Victoria Ward Limited's (VWL) proposal to develop Block D, named Melia, a single tower, 242-unit, residential mixed-use condominium project, next to a new proposed park, Ka Lei Park, nearly one-acre of open space at the corner of Kamake'e Street and Ala Moana Boulevard.

Block E, named Ilima, is between Block D and the IBM Building. This project will be a single tower mixed-use condominium project, with ground floor commercial space below 148 larger residential units that will feature 2 to 5 bedrooms each.

Both Blocks D and E are consistent with the vested Rules and are informed by the design principles of the Ward Master Plan. These projects will have a direct impact on the economy. Accounting for additional indirect and induced economic impacts, the construction of Block D and Block E is estimated to generate over \$1.3 billion in output, almost \$400 million in workers earnings, and about \$73 million in state tax revenue.

VWL intends to construct each project in a single phase. Pending building permits, construction is expected to begin in late 2025, but is subject to change.

Kali'u by Kamehameha Schools (Block G)

In November, Kali'u, Block G in the Kamehameha Schools Kaiāulu 'o Kaka'ako Master Plan was approved. The single tower, 294-unit residential, mixed-use condominium will include open space, recreational space, and commercial space, located on a lot bound by Ala Moana Boulevard, Cooke Street, Auahi Street, and Coral Street.

Their plans for climate resilience include a raised site with a finished floor 6.25 feet above the current sea level, which is above the anticipated 3.2 feet sea level rise benchmark used by the City and County of Honolulu. It will implement BMPs to manage large quantities of water and minimize runoff; utilize off-grid power generation to cope with disrupted electrical service; and use green spaces and shade trees to minimize urban heat and increase carbon sequestration.



Launiu

In June, Victoria Ward Limited's proposal to build the Launiu Project was approved. The single tower, 486-unit residential, mixed-use condominium will be located in the northwest corner of Ala Moana Boulevard and Ward Avenue to the east of Ulana Ward Village. The Launiu's location, design and features are key to implementing the vision of the Ward Master Plan, not only by creating quality homes in the urban core, but also by integrating walkability, landscaping, and open spaces for the benefit of Kaka'ako residents and visitors.

Launiu will have a direct impact on the economy. Accounting for additional indirect and induced economic impacts, the construction of Launiu is estimated to generate over \$690 million in output, over \$223 million in workers earnings and over \$42 million in state tax revenue. Pending the building permit, construction is expected to begin in late 2024 and continue through 2028.

Mahana Ward Village

In September, the development permit was approved for the Mahana Ward Village project, located between Queen and Halekauwila Streets, to the west of A'al'i'i and to the east of Ward Avenue. This project by Victoria Ward Limited will be a residential high-rise community that will include 340 residential units, recreational space, street level landscaped and raised 12 feet wide sidewalks and open commercial space with integrated park-side dining and retail, that will add about 10,900 square feet of new open space.

This project will have a direct impact on the economy. Accounting for additional indirect and induced economic impacts, the construction of Mahana is estimated to generate about \$433 million in total, direct and indirect output, over \$146 million in workers earnings and over \$27 million in state tax revenue, while creating an average of 396 jobs annual average from 2022 through 2028.

Projects Pending and Under Construction

Ālia – Block I

The HCDA Kaka’ako Board approved the development permit application from the Kobayashi Group LLC to construct Ālia, a mixed-use commercial and residential development, consisting of a 39-story tower with approximately 443 market rate condominium units and 40 reserved housing units, plus residential amenity space, parking, and retail space.

The project is bordered by Ala Moana Boulevard, Koula and Auahi Streets, and the adjoining property where the former Bank of Hawai’i stood on the corner of Ward Avenue and Ala Moana Boulevard.

It is a part of the Kamehameha Schools Kaiāulu ‘o Kaka’ako Master Plan.

Ala Moana Pedestrian Bridge

The Ala Moana Pedestrian Bridge is under construction. This State of Hawai’i Department of Transportation Highways Division (DOT) project, with the assistance of Victoria Ward Limited, will provide critical passage above the six-lane boulevard, linking Kaka’ako mauka to makai and ensuring a safe pedestrian experience to the waterfront promenade, including Kewalo Basin Park and Ala Moana Beach Park from the Victoria Ward Park. HCDA responsibilities are to: 1) Participate in project planning, design, and implementation; 2) Provide a Right of Entry (site access) for pre-construction and construction activities; and 3) Grant an easement in favor of the DOT for continued maintenance of the project on HCDA property.

Kalae Victoria Ward Limited

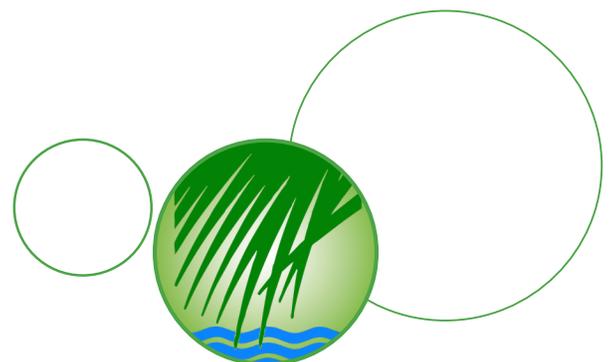
This Victoria Ward Limited project consists of a single mixed-use condominium tower with 330 residential units, on a 45-foot-high parking podium, located on the northeast corner of Ala Moana Boulevard and Ward Avenue. There will be lower-level commercial retail space, residential and commercial loading areas, and public bicycle parking. It will feature over 19,000 square-feet of open space and over 70,000 square-feet of recreational space.

This project is a part of the Ward Neighborhood Master Plan that is vested under the 2005 Mauka Area Rules.

Lili’uokalani Trust

In February, the Lili’uokalani Trust adaptive re-use project was approved and is well under way. This project involves the renovation of the existing building that was the previous site for the Honolulu Club, located on the corner of South King Street and Ward Avenue.

The renovated structure will serve as the Lili’uokalani Trust’s flagship education facility and is envisioned as the Trust’s signature youth development hub for culture, creativity, technology, and play. The project is expected to be complete in 2024, pending permitting.





Queen Street Retail and Storage

The Kaka'ako Retail and Storage is a mixed-use, 5-story project that includes ground floor retail and self-storage space on the upper floors. This project complies with HCDA's plan for the area by providing sidewalks, trees, and the ground floor retail to create a more pedestrian-friendly experience. The developer has requested an amended improvement permit to modify some of the interior spaces. Construction is ongoing.

The Park Ward Village

The foundation permit for The Park at Ward Village was approved and site-work is underway. Located on Ward Avenue and Auahi Street and adjacent to and overlooking the Victoria Ward Park, this project consists of a tower with approximately 546 residential units, and over 37,000 square-feet of retail space, some of which will be park side.

Ulana Ward Village

Construction has commenced on the Ulana Ward Village project, located on Auahi Street and Pōhukaina Street. The mixed-use tower contains approximately 697 residential units, all qualifying as Reserved Housing Units, over 6,900 square feet of commercial area, and approximately 34,500 square feet of light industrial area. The Ulana Ward Village Project also includes about 26,600 square-feet of open space, approximately 40,700 square-feet of recreation space, and a 30,000 square-foot neighborhood park.

Victoria Place

The vertical superstructure was topped off in April 2023, and construction is ongoing. The Victoria Place Project is a Howard Hughes development, located at 1100 Ala Moana Boulevard, consisting of one tower with 350 residential units and a 43 ½ foot parking podium. Over 15,500 square feet of open space, and over 64,000 square feet of recreational space. Expected completion in 2028.

Kaka'ako Plan and Rules



Kaka'ako Makai Area Plan and Rules Update

HCDA's plan and rules provide a framework for planning and development within the Kaka'ako Community Development District.

The Kaka'ako Makai Area is makai (ocean side) of Ala Moana from Kewalo Basin to Forrest Avenue, and the Hawaiian Electric Company power plant site.

In the summer of 2023, HCDA conducted public outreach activities, began gathering public comments, and worked with stakeholders on proposed plan and rule amendments to the Kaka'ako Makai Area Plan, and the Kaka'ako Makai Area Rules, that had not been updated since 2005.

In September 2023, the HCDA Kaka'ako Board authorized staff to schedule hearings pursuant to Chapter 91, Hawai'i Revised Statutes (HRS), and Chapter 201M, HRS, regarding proposed amendments to the Makai Plan and Rules, Chapter 15-23, Hawai'i Administrative Rules (HAR), that reflect the ban on residential development; incorporate the Kaka'ako Makai Conceptual Plan; and streamline permitting.

Public testimony and comments were received through December 6, 2023.

The public hearings were completed in December 2023. The Makai Area Plan and Rules will be forwarded to the governor for approval.

Kaka'ako Mauka Area Rules Update

The Kaka'ako CDD Plan and Rules for the Mauka Area were last updated in 2011. The Mauka Area is bounded by Ala Moana Boulevard, Pi'ikoi, King, and Punchbowl Streets.

In September 2023, the Board authorized the staff to schedule hearings pursuant to Chapter 91, HRS, and Chapter 201M, HRS, regarding proposed amendments to the Chapter 15-217, HAR, to conform the Mauka Area Rules to the TOD Overlay Plan and make other amendments for area. The goal is for HCDA to modernize the Rules to incorporate current and future community wants and needs, to continue to improve the development of our vibrant and resilient Kaka'ako District.

The public can view and submit comments on the proposed amendments through January 2024, by visiting <https://dbedt.hawaii.gov/hcda/kakaako-mauka-area-rule-amendments/>.

The public hearings are expected to be complete in the first quarter of 2024, and if the Board approves the proposed amendments to the Kaka'ako Mauka Area Rules, they will be forwarded to the governor.

Infrastructure/District-Wide Improvements

The \$268 million invested in infrastructure in Kaka'ako has resulted in billions in construction activities alone. The total economic activity is much higher with multipliers for employment and new economic opportunities in the district. With the increase in commercial floor space and the number of residential units in Kaka'ako doubling in the last ten years, property tax revenues for the City have nearly tripled.

City and County Ordinance 16-21 Certificates

In 2023, HCDA has received and processed 32 requests related to infrastructure improvements, pursuant to the City and County of Honolulu Ordinance 16-21.

Affordable Housing

HCDA works with developers to build affordable reserved and workforce housing for Hawai'i's residents without using tax dollars.

Reserved Housing Program

The HCDA Reserved Housing program is for Hawai'i residents earning between 80-140% of the area median income (AMI), allowing eligible purchasers to buy homes at below-market rates.

Requirements include owner occupancy during the regulated term and a buyback provision if that condition cannot be met, as well as shared equity due to the HCDA at the time of sale or transfer of the unit, which is then put back into the reserved housing program to develop more affordable housing.

The program requires developers to set aside at least 20 percent of new residential units, either for sale or for rent, for low- and moderate- income households. The rental or sales prices for these units are calculated so a household would spend no more than a third of its gross monthly income on housing expenses, making them affordable to Hawai'i's working families.

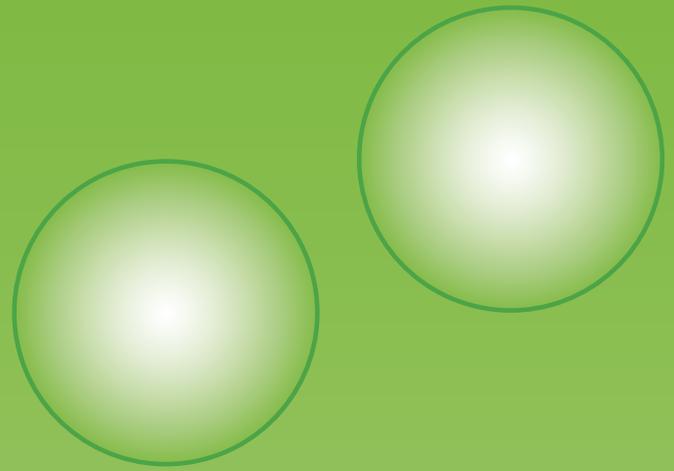
Housing expenses include, but are not limited to, mortgage, property taxes, mortgage insurance, and condominium association dues.

Reserved Housing Buybacks

On September 1, 2023, the HCDA executed a contract and issued a notice to proceed with Hawaii Home Ownership Center's Housing and Land Trust (HHOC), a State of Hawai'i nonprofit corporation, to serve as a buyback agent for HCDA Reserved Housing Units that are intended to be sold during the Reserved Housing Unit's Regulated Term. The contract term is 10 years with two (2) options to extend for an additional five (5) year period each.

HHOC will review all HCDA Reserved Housing units that are offered for buyback and may purchase the units to include them as part of their own affordable housing programs. In this way, the HCDA, through HHOC, will preserve the affordability of these homes in the years to come.

In 2023, there were five HCDA Reserved Housing units offered for buyback. The HCDA and HHOC waived buyback on these units due to various financing and other concerns. Waiver of buyback allows the unit owner to sell the unit at market upon paying the applicable shared equity due to the HCDA.



There are **9 affordable rental** housing projects with a total of 1,370 units in Kaka'ako, for qualified renters with income below 100% AMI (\$109,250 for a 3-person household):

Hale Kewalo, 128 Units

Halekauwila Place, 204 Units

Kamake'e Vista, 225 Units

Kauhale Kakaako, 267 Units

Keauhou Lane, 209 Units

Nohana Hale, 111 Units

Ola Ka Ilima Artspace Lofts, 84 Units

Six Eighty Ala Moana, 54 Units

The Flats at Pu'unui, 88 Units

Senior rental units in Kaka'ako are at Honuakaha, Na Lei Hulu Kupuna and Pöhulani.

489

elderly rental units

19 Condominiums in Kaka'ako are a part of the Reserved Housing Program.



Fiscal Year Ended June 30, 2023

AUDITED FINANCIAL STATEMENTS

State of Hawai'i

Hawai'i Community Development Authority

The financial statements contained herein follow the state's fiscal year, beginning July 1, 2022 and ending June 30, 2023. The audited financial statements were prepared for the State of Hawai'i Office of the Auditor.

State of Hawai'i • Hawai'i Community Development Authority
STATEMENT OF NET POSITION • GOVERNMENTAL ACTIVITIES
 June 30, 2023

Assets:	
Current assets:	
Cash and cash equivalents	\$ 32,187,874
Accounts receivable, net	775,968
Lease receivable, current	730,070
Interest receivable	326,041
Due from State	188,279
Total current assets	34,208,232
Noncurrent assets:	
Loan receivable - Halekauwila Partners, LLC	14,255,898
Loan receivable - Honuakaha LP	1,500,000
Lease receivable, noncurrent	10,485,178
Investment in limited partnership	38,568
Water source allocation credits	249,642
Capital assets, net	97,928,568
Total noncurrent assets	124,457,854
Total assets	158,666,086
 Deferred Outflows of Resources:	
Related to pension	579,252
Related to other postemployment benefits	182,937
Total deferred outflows of resources	762,189
Total assets and deferred outflows of resources	159,428,275

State of Hawai'i • Hawai'i Community Development Authority
STATEMENT OF NET POSITION • GOVERNMENTAL ACTIVITIES CONTINUED
 June 30, 2023

Liabilities:

Current liabilities:

Accounts payable	\$	237,671
Accrued payroll		185,096
Unearned revenue		234,511
Current portion of long-term liabilities		246,050
Due to State Treasury		1,316,862
Rental security deposits		111,824
Total current liabilities		2,332,014

Long-term liabilities:

Due in more than one year		11,645,384
Net pension liability		4,130,889
Net other postemployment benefits liability		2,449,189
Total long-term liabilities		18,225,462
Total liabilities		20,557,476

Deferred Inflows of Resources:

Related to leases		11,126,585
Related to pension		133,028
Related to other postemployment benefits		319,922
Total deferred inflows of resources		11,579,535
Total liabilities and deferred inflows of resources		32,137,011

Net Position:

Net investment in capital assets		97,315,452
Restricted for capital projects		111,612
Unrestricted		29,864,200
Total net position	\$	127,291,264

State of Hawai'i • Hawai'i Community Development Authority
STATEMENT OF ACTIVITIES • GOVERNMENTAL ACTIVITIES
Year Ended June 30, 2023

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net revenues (expenses) and changes in net position
Governmental Activities:					
General government	\$ 2,890,812	\$ -	\$ -	\$ -	\$ (2,890,812)
Leasing and management	1,864,813	2,887,045	-	-	1,022,232
Community redevelopment	151,652	1,434,134	-	-	1,282,482
Capital projects	1,509,127	-	-	-	(1,509,127)
Total governmental activities	\$ 6,416,404	\$ 4,321,179	\$ -	\$ -	(2,095,225)
General Revenues:					
State allotted appropriations, net of lapsed appropriations					1,266,838
Non-imposed employee wages and fringe benefits					494,568
Investment earnings					838,488
Other					5,392,862
Total general revenues					7,992,756
Transfers					(18,012)
Change in net position					5,879,519
Net position, beginning of year					121,411,745
Net position, end of year					\$ 127,291,264

State of Hawai'i • Hawai'i Community Development Authority
BALANCE SHEET • GOVERNMENTAL FUNDS
Year Ended June 30, 2023

	<u>General Fund</u>	<u>Hawaii Community Development</u>	<u>Kalaeloa Community Development</u>	<u>He'eia Community Development</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Assets:						
Cash and cash equivalents	\$ 3,500	\$ 31,292,898	\$ 878,155	\$ 13,321	\$ -	\$ 32,187,874
Accounts receivable - net	-	590,653	185,315	-	-	775,968
Due from State	-	-	-	-	188,279	188,279
Loan receivable - Halekauwila Partners, LLC	-	14,255,898	-	-	-	14,255,898
Loan receivable - Honuakaha LP	-	1,500,000	-	-	-	1,500,000
Interest receivable	-	107,038	3,147	39	-	110,224
Water source allocation credits	-	249,642	-	-	-	249,642
Total assets	<u>\$ 3,500</u>	<u>\$ 47,996,129</u>	<u>\$ 1,066,617</u>	<u>\$ 13,360</u>	<u>\$ 188,279</u>	<u>\$ 49,267,885</u>
Liabilities:						
Accounts payable	\$ -	\$ 136,205	\$ 23,396	\$ -	\$ 76,667	\$ 236,268
Accrued payroll	-	185,096	-	-	-	185,096
Unearned revenues	-	234,511	-	-	-	234,511
Due to State Treasury	3,500	1,296,718	16,644	-	-	1,316,862
Rental security deposits	-	111,824	-	-	-	111,824
Total liabilities	<u>3,500</u>	<u>1,964,354</u>	<u>40,040</u>	<u>-</u>	<u>76,667</u>	<u>2,084,561</u>
Fund Balances:						
Nonspendable:						
Water source allocation credits	-	249,642	-	-	-	249,642
Loans receivable	-	15,755,898	-	-	-	15,755,898
Total nonspendable fund balances	-	16,005,540	-	-	-	16,005,540
Restricted	-	30,026,235	1,026,577	13,360	111,612	31,177,784
Total fund balances	<u>-</u>	<u>46,031,775</u>	<u>1,026,577</u>	<u>13,360</u>	<u>111,612</u>	<u>47,183,324</u>
Total liabilities and fund balances	<u>\$ 3,500</u>	<u>\$ 47,996,129</u>	<u>\$ 1,066,617</u>	<u>\$ 13,360</u>	<u>\$ 188,279</u>	<u>\$ 49,267,885</u>



Chason Ishii, Chairperson
Sterling Higa, Vice Chairperson
Peter Apo, Secretary

HCDA GENERAL BOARD

17 members

At Large members

Peter Apo (Cultural Specialist)
Sterling Higa
Chason Ishii

Ex-Officio members

Luis Salaveria (B&F)
Edwin Sniffen (DOT)
James Kunane Tokioka (DBEDT)
Dawn Chang (BLNR)
Dawn Takeuchi Apuna (City DPP)
Kathleen Aoki (Maui DPP)

Community members

Kevin Sakoda (Kakaako)
Vacant (Kakaako)
David Rae (Kalaeloa)
Vacant (Kalaeloa)
Jo-Ann C. Leong (He'eia)
Kaiwipuni Lipe (He'eia)
Vacant (Pulehunui)
Vacant (Pulehunui)

KAKA'AKO BOARD

9 members

At Large

Peter Apo
Sterling Higa
Chason Ishii

Ex-Officio

Luis Salaveria
Edwin Sniffen
James Kunane Tokioka
Dawn Takeuchi Apuna

Community

Kevin Sakoda
Vacant

KALAELOA BOARD

9 members

At Large

Peter Apo
Sterling Higa
Chason Ishii

Ex-Officio

Luis Salaveria
Edwin Sniffen
James Kunane Tokioka
Dawn Takeuchi Apuna

Community

David Rae
Vacant

HE'EIA BOARD

9 members

At Large

Peter Apo
Sterling Higa
Chason Ishii

Ex-Officio

Luis Salaveria
Edwin Sniffen
James Kunane Tokioka
Dawn Takeuchi Apuna

Community

Jo-Ann Leong
Kaiwipuni Lipe

PULEHUNUI BOARD

10 members

At Large

Peter Apo
Sterling Higa
Chason Ishii

Ex-Officio

Luis Salaveria
Edwin Sniffen
James Kunane Tokioka
Dawn Chang
Kathleen Aoki

Community

Vacant
Vacant

HCDA STAFF

Executive Director

Craig Nakamoto

Administration

Tommilyn Soares
Renee Reed
Armaine Tomacder

Administrative

Services

Garet Sasaki
Xiaojin Christy Kiyabu
Chrissie Lu
Wendi Reyes

Asset Management

Lindsey Doi Leverton
Alicia Wailehua-Hansen
Jason Takata
Craig Uemura

Capital Improvements

Mark Hakoda
Neal Imada
Michelle Kaneko
Cara Kimura
Charlyn Ontai

Communications

Francine Murray

Planning

Ryan Tam
Sery Berhanu
Janet Meinke-Lau
Nancy Nishikawa
Charlene Oka Wong

Hawaii Community Development Authority

547 Queen St.

Honolulu, HI 96813

Phone: (808) 594-0300

Fax: (808) 587-0299

Web: <http://dbedt.hawaii.gov/hcda/>

Email: dbedt.hcda.contact@hawaii.gov