

Honolulu, Hawaii  
Feb 17, 2006

RE: H.B. No. 2555  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Third State Legislature  
Regular Session of 2006  
State of Hawaii

Sir:

Your Committee on Water, Land, & Ocean Resources, to which  
was referred H.B. No. 2555 entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII COMMUNITY  
DEVELOPMENT AUTHORITY,"

begs leave to report as follows:

The purpose of this bill as received is to facilitate the  
implementation of the Community Development Plan for the Kakaako  
Community Development District (District) by authorizing the  
Hawaii Community Development Authority (HCDA) to issue revenue  
bonds in an unspecified sum; provided that the bond revenues are:

- (1) For the implementation of the community development  
plans for the District;
- (2) Expended for that portion of the District that is makai  
of Ala Moana Boulevard (Kakaako Makai); and
- (3) Not used to fund any residential dwelling projects.

Concerned over the tremendous public response to the  
contemplated action of HCDA to use the public lands in Kakaako  
Makai for residential purposes, your Committee prepared and  
circulated a proposed draft for public discussion and comment.



Among other things, the proposed draft:

- (1) Established guidance policies for HCDA that includes:
  - (A) The prohibition of selling the fee interest in the public lands;
  - (B) Public park space requirements;
  - (C) Foot-print and height limitations, affordable unit requirements, and buy-back provisions, for residential leasehold units; and
  - (D) Foot-print and height limitations, and permitted uses for commercial units;
- (2) Required HCDA to report to the Legislature in the event Alexander and Baldwin Properties, Inc., withdraws as the selected developer or causes the selection of a new developer; and
- (3) Specified that the revenue bonds:
  - (A) Be expended to implement approved plans for that portion of the District that is makai of Ala Moana Boulevard, between Kewalo Basin and the University of Hawaii medical school; and
  - (B) Be issued only on the condition that the income from the project is insufficient to cover the project cost and only to the extent of the shortfall.

HCDA and several concerned individuals supported the proposed draft. Friends of Kewalo Basin Park Association, Na Leo Pohai, Hui o Malama Kakaako Paka, REDWINGS Memorial Events Committee, and several individuals supported the proposed draft with amendments. The Hawaii Children's Discovery Center and several individuals commented on the proposed draft.

Your Committee finds that the disposition of the fee interest in any public lands must be carefully scrutinized to ensure that such disposition meets important public needs and goals. Your Committee further finds that protecting and enhancing our scarce natural resources, including our shoreline, open space, and scenic resources are important public goals. Your Committee recognizes



that open public space is scarce and of imperative priority in the densely populated urban core of Honolulu.

With these considerations in mind, your Committee discussed the appropriateness of allowing residential projects in Kakaako Makai.

Your Committee recognizes the importance of proper planning and development of the District. Reviewing the historical development of the District, your Committee understands the perception that Kakaako Makai and Kakaako Mauka are separate areas; however, they are not separate, but make up the entirety of the District where people work, live, learn, and play. Kakaako Mauka with its existing highrise residential projects was designed to be the residential portion of the District, and Kakaako Makai was designed to be the learning and playing area of the District with open space and learning facilities, like parks and the University of Hawaii medical school.

Your Committee also recognizes the importance of protecting our unique and fragile environment and to properly manage our natural resources to encourage the beneficial use and enjoyment by our residents.

Further, your Committee recognizes the need for additional housing. Your Committee understands that the sale of leasehold residential projects will generate funds for the State that can be used to further develop the District and other public purposes, such as affordable housing within and outside of the District. Some of your Committee members harbor a strong belief that the State should utilize more of its lands to generate funds for such public purposes while still providing for required amenities including parks and open space. Further, residents living in Kakaako Makai may energize the area during the evening hours and contribute to the security of the area.

These issues and more relating to the appropriateness of residential projects in Kakaako Makai merits further discussion either through this bill or a legislative concurrent resolution now being considered for introduction.

After thoughtful consideration, your Committee has amended this bill by:

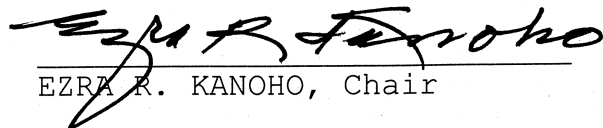
- (1) Prohibiting the sale of the fee interest in any public lands in the Kakaako Community Development District; and



- (2) Incorporating the provisions in the proposed draft relating to revenue bonds by:
  - (A) Requiring that bond revenues shall be expended to implement approved plans for that portion of the District that is makai of Ala Moana Boulevard, between Kewalo Basin and the University of Hawaii medical school; and
  - (B) Permitting the issuance of the revenue bonds only on the condition that the income from the project is insufficient to cover project costs and only to the extent of the shortfall; and
- (3) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Water, Land, & Ocean Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2555, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2555, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committee on Water, Land, &  
Ocean Resources,

  
EZRA R. KANOHO, Chair



