



HAWAII COMMUNITY
DEVELOPMENT AUTHORITY



KAKAOKO
KALAELOA

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Governor

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Chairperson

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STATEMENT OF
GARETT KAMEMOTO, INTERIM EXECUTIVE DIRECTOR
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
BEFORE THE
HOUSE COMMITTEE ON WATER AND LAND

Wednesday, March 14, 2018
10:30 A.M.
State Capitol, Conference Room 325

in consideration of

SB 2525, SD2
RELATING TO THE HAWAII COMMUNITY DEVELOPMENT
AUTHORITY

Chair Yamane, Vice Chair Todd, and Members of the Committee.

The Hawaii Community Development Authority (HCDA) board meets once a month and has not yet taken a position on this bill. However, as the interim executive director I appreciate the opportunity to provide **comments** on SB 2525, SD2 which would establish the east Kapolei community development district under the HCDA, and repeal the laws relating to the Kakaako community development district (KCDD). As a vehicle for transit oriented development areas, HCDA prefers SB 2943.

HCDA is supportive of the legislature's ideas to create dynamic urban environments that integrate transit, create multi-modal and interconnected diverse communities. However, additional positions and funding will be needed to implement a new district. HCDA estimates a new district would require 4.5 FTE at \$520,000/year along with operating costs of \$500,000/year.

In addition, SB 2525, SD2 repeals laws relating to the Kakaako Community Development District. While HCDA's board has begun investigating

how to close out the district, it is premature to repeal the law. This bill as written would dissolve the Kakaako Community Development District at the same time a Master Plan is being developed to determine how best to transfer HCDA out of the district. We are concerned these provisions are inconsistent with each other.

In Kakaako, HCDA has strived to develop a vibrant mixed-use community with a wide range of housing options, business ventures and open green public spaces by regulating and zoning the district according to the KCDD Plans and Rules.

There are several development permits that have been issued, but the projects have not gone to construction yet. This creates an obligation on the part of the state, for which the state could be held liable.

The Howard Hughes Corporation (HHC) and Kamehameha Schools (KS) are the two largest private land owners in the district. HHC and KS each developed Master Plans that have been approved by HCDA and while several housing projects have been completed, other projects to both Master Plans are pending, underway, or yet to be presented for approval. The state through HCDA has made a commitment to allow both HHC and KS to implement its master plans. Repealing the Kakaako district could pose legal problems that must be fully investigated.

In addition, HHC and KS have agreed to provide affordable housing units (140% AMI and below.) The repeal of the Kakaako district could mean the obligation to provide affordable housing units will be repealed as well, along with provisions for HHC and KS to provide a dedication for public facilities.

HHC has dedicated approximately 69,000 sq. ft. of land for public facilities. If this legislation passes this dedicated public facilities land may have to be returned and/or HHC may have to be compensated for it. Kamehameha Schools has an approximate \$11 million credit in public facilities dedication.

In Kakaako, HCDA owns and manages several properties. Among these lands are two affordable housing projects still in their infancy – Nohona Hale, 105 affordable micro-units which will be available for rent to those earning 30-60% AMI, and Ola Ka Ilima Artspace Lofts, 84 affordable rental units for those with an AMI of 60% or below. If the Kakaako District is repealed, these projects will be thrown into limbo.

HCDA also owns land at Kewalo Basin, Honuakaha (senior housing), The Historic Pump Station, and several parks.

In order to benefit the state's affordable housing stock, HCDA has approximately \$73 million in reserved housing equity sharing, which, as reserved housing units in the district are sold, could be tapped for more affordable housing. If the district is repealed, the public could lose out on a future resource to provide more affordable housing. The money is currently not available as it only accumulates as owners of reserved housing sell their units and share their equity with HCDA. In the past, this money was used to help the Halekauwila Place affordable housing project with a loan.

There is a great need for affordable housing in Hawaii. HCDA is concerned that if the Kakaako community development district ceases to exist the Reserved Housing program in the district would be lost.

HCDA also owns many roadway parcels in Kakaako. It is unclear whether the city would accept the roads, so a repeal of the district could leave the roads in limbo, while the state is obligated to maintain a storm water program in the area.

At Kewalo Basin Harbor, a redevelopment project is underway, and a repeal would affect boat owners, business owners and HHC that is planning to lease and improve two parcels on the property,

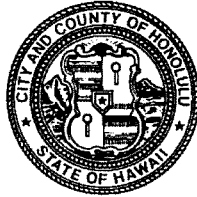
Therefore, HCDA requests a study be commissioned to sort these issues and more before a repeal of the district is considered.

Thank you for the opportunity to provide **comments** on SB 2525, SD2.

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

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DEPUTY DIRECTOR

March 14, 2018

The Honorable Ryan I. Yamane, Chair
and Members of the Committee on Water & Land
Hawaii House of Representatives
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Yamane and Committee Members:

Subject: Senate Bill No. 2525, SD 2
Relating to the Hawaii Community
Development Authority

The Department of Planning and Permitting (DPP) **offers comments** on Senate Bill No. 2525, SD 2, which repeals in its entirety Chapter 206E, Part II, HRS, related to the Kakaako Community Development District. It also establishes the East Kapolei Community Development District under the jurisdiction of the Hawaii Community Development Authority (HCDA).

The DPP **supports the return of Kakaako** to local planning and zoning control, as well as infrastructure upgrades. However, there may be a flaw in the Bill in that it repeals the Kakaako Community Development District (Section 6) before a "transitional master plan" is prepared and adopted (Section 7). We appreciate that the Bill provides that the plan will be acceptable to the City and County of Honolulu.

We are concerned with creating the East Kapolei community district. There are three major landowners in the area: the Department of Hawaiian Home Lands (DHHL), Horton-Schuler, and University of Hawaii West Oahu (UHWO). The Department of Land and Natural Resources (DLNR) owns relatively smaller pieces of land, although significantly located near highways and the rail station. With the exception of DLNR, the other landowners already have adopted master plans for their lands, or are in the process of updating them. Moreover, DHHL would be exempt from the planning and zoning requirements that might be established under the community development district.

The Honorable Ryan I. Yamane, Chair
and Members of the Committee on Water & Land
Hawaii House of Representatives
Senate Bill No. 2525, SD 2
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Much has been done in terms of land use planning and infrastructure master planning in East Kapolei. Essential regional infrastructure improvements have been identified in respective project master plans. The City is updating its Ewa Highway Impact Fee program, which will add roads in East Kapolei. It has also completed the East Kapolei Neighborhood TOD Plan, which already serves as an umbrella document for the major developments around the East Kapolei and Ho'opili (now known as the Honouliuli) rail stations. Both UHWO and Ho'opili have approved urban design plans that foster "complete communities" that take advantage of the rail stations. Therefore, to establish a new regime under HCDA would seem to be redundant, and pose a significant delay to development.

We prefer that HCDA be given special assignment as the infrastructure coordinating body in East Kapolei, on behalf of the State agencies, outside of Chapter 206E, HRS. Its role would be to create a unified strategy for the funding and scheduling of infrastructure necessary to support the development of the other State agencies. If this is not possible, we ask that the seven proposed guiding principles for the East Kapolei Community Development District be replaced with: "The Hawaii community development authority shall comply with, and implement the East Kapolei Neighborhood Transit-Oriented Development Plan, as adopted by the county council. The role of the Hawaii community development authority is limited to the coordination of funding and construction of infrastructure improvements necessary to support state projects in East Kapolei in a timely and efficient manner."

Accordingly, we look forward to more discussions on Senate Bill No. 2525, SD 2.

Thank you for the opportunity to testify.

Very truly yours,



Kathy K. Sokugawa
Acting Director

House Committee on Water and Land Hearing
Wednesday, March 14, 2018
Conference Room 325
10:30 AM

**Strong Opposition to SB 2525
Relating to the Hawaii Community Development Authority**

Testimony Submitted by Michelle S. Matson
President, O'ahu Island Parks Conservancy
Founding Member, Kaka'ako Makai Community Planning Advisory Council

Senate Bill 2525 is a misguided measure that transparently seeks to undermine and uproot the Hawaii Community Development Authority (HCDA) from their significant responsibilities and important oversight in the careful planning of the Kaka'ako Community Development District's stable growth and the successful future. The HCDA must continue to ensure that these plans and their established land use guiding principles, practices and protections are met in the greater public interest.

In recent years, the HCDA has been successfully restructured to become representative of and responsive to the community it was established to benefit in the interests of both the residents and many small businesses within this growing urban community. We must ensure that the HCDA is enabled to continue their important work with their exemplary professional capabilities in their present capacities.

Today the HCDA members representing the Kaka'ako Community District make important and well-deliberated decisions for the future of both Kaka'ako Mauka and Kaka'ako Makai with their now proven fair and responsive guidance for this community district. Yet much more of such significant work remains to be accomplished by the HCDA to ensure Kaka'ako's successful future.

The HCDA's continued and consistent oversight and guidance on the appropriate implementation of the Kaka'ako Mauka and Kaka'ako Makai Master Plans and related permitting and contracting is essential for Kaka'ako's future in the greater public interest:

- Given today's dire need for affordable housing, the HCDA must continue to ensure that Kaka'ako's reserved housing program remains intact and improves over time.
- The HCDA's continued obligation to ensure dedicated public infrastructure and facilities works hand-in-hand with the present growth of the Kaka'ako Community Development District.
- Repealing the HCDA's oversight of the Kaka'ako Community Development District would present legal challenges in view of the commitments and contracts related to the implementation of Kaka'ako's Master Plans.
- Also under the HCDA's jurisdiction are the Kewalo Basin fast lands and submerged lands. Kewalo Basin Harbor improvements are underway, and any disruption of

this effort by uprooting the HCDA, as called for under SB 2525, would seriously affect commercial and recreational boat owners as well as harbor leases to related businesses for accessory uses.

- Kaka'ako Waterfront Park, Kewalo Basin Park, and the Gateway Park axis are vital for the health and welfare of Kaka'ako's growing population. These significant green public shoreline open spaces must be maintained and managed by the State under the HCDA's oversight. Kaka'ako's parks are a key connection within Honolulu's shoreline Lei of Green linkage from Diamond Head to Aloha Tower.
- Kaka'ako Makai's singular remaining historic asset, the Ala Moana Pump Station, must be restored and maintained with adaptive reuse as properly determined by the HCDA.

Therefore SB 2525 flies in the face of the public interest respecting both Kaka'ako Mauka and Kaka'ako Makai as Honolulu's evolving urban community district.

PLEASE KILL THIS BILL

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LATE

Representative Ryan Yamane, Chair
Representative Chris Todd, Vice Chair
House Committee on Water and Land

Wednesday, March 14, 2018
Conference room 325; 10:30 AM

**RE: SB 2525 SD2 – Relating to the Hawaii Community Development Authority – Comments,
Requesting Amendments**

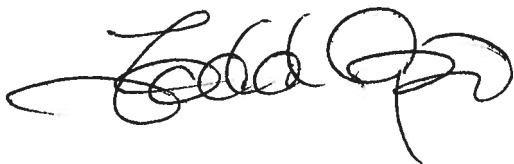
Aloha Chair Yamane, Vice Chair Todd and Members of the Committee:

The Howard Hughes Corporation appreciates this opportunity to submit testimony on SB 2525 SD2 which establishes the East Kapolei Community Development District under the Hawaii Community Development Authority and repeals the laws relating to the Kakaako Community Development District and replaces members representing the Kakaako Community Development District with members representing the east Kapolei Community Development District.

We are not taking a position on the establishment of the East Kapolei Community Development District however, a transition plan must be in place before repealing the Kakaako Community Development District. Therefore, we are asking that Section 6 be deleted and Section 3 be amended to preserve the Kakaako representatives and add East Kapolei representatives.

SCR 50 requests the Legislative Reference Bureau to conduct a study regarding designating, dissolving, or transferring certain community development districts under the Hawaii Community Development Authority. We believe this is the right approach.

Thank you for your consideration of these amendments.



Howard Hughes



Hawaii's Thousand Friends

300 Kuulei Rd. Unit A #281 * Kailua, HI 96734 * Phone/Fax (808) 262-0682 E-Mail: htff3000@gmail.com

March 14, 2018

COMMITTEE ON WATER & LAND

Rep. Ryan I. Yamane, Chair

Rep. Chris Todd, Vice Chair

LATE

Aloha,
Chair Yamane
Vice Chair Todd
Committee Members

SB 2525 SD2 RELATING TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY

Hawaii's Thousand Friends opposes SB 2525 SD2 that creates the East Kapolei Community Development District and repeals the Kaka'ako Community Development District.

When adopted by the legislature in 1976 the original purpose for creating the Hawai'i Community Development Authority was "many urban areas of the State were substantially underdeveloped or blighted and in need of urban renewal, renovation or improvements to alleviate such conditions as dilapidation, deterioration, age, and other such factors or conditions which make such areas an economic or social liability."

Amendments passed in 1985 and 1993 dropped the word urban so underdeveloped, blighted, renewal, renovation or improvement now refers to all zoning – agriculture, rural, country, conservation/preservation.

The East Kapolei Community Development District, whose boundaries are identified in the East Kapolei Neighborhood Transit Oriented Development (TOD) Plan, is neither underdeveloped, blighted nor in need of renewal.

The area is former agricultural land recently designated to urban and slated for new development within a ½ mile radius of three rail stations – Ho'opili station, UH West Oahu, station and East Kapolei Station.

Proposed *new* development in East Kapolei, under Transit-Oriented Zoning, includes *new* BMX-3 Community Business Mixed-Use, *new* retail, business services, *new* multifamily dwellings and *new* IMX-1 Industrial-Commercial Mixed Use District.

WAM SB 2525 SD1 SSCR2797 states that "Infrastructure upgrades and new zoning regulations in Kakaako have spurred billions of dollars in construction for residential, commercial, and public

spaces” and now “planning, zoning, and development for the Kakaako district [should] be returned to the City and County.”

In other words the creation of the Kaka`ako Community Development District, or any Community Development District, is a financing scheme to create jobs and use millions of public money to upgrade infrastructure.

If SB 2525 SD2 is adopted and HCDA has jurisdiction over East Kapolei what happens to the Ewa Development Plan adopted in 2013? Does it become obsolete?

We need to be careful that public processes are in place that protects the public interest. We see no inherent value in changing the present governance. In fact, there are pitfalls. Accordingly we are opposed to the bill.

LATE

**Kaka'ako Makai Community Planning Advisory Council
Testimony In Strong Opposition
SB 2525 (SD2)**

Requires the Hawaii Community Development Authority to establish a plan, by 1/1/2020, to return various responsibilities of the Kaka'ako district to the City and County of Honolulu. (SD2)

NOTICE OF HEARING

Wednesday, March 14, 2018, 10:30 AM
Conference Room 325
State Capitol
415 South Beretania Street

COMMITTEE ON WATER & LAND

Rep. Ryan I. Yamane, Chair
Rep. Chris Todd, Vice Chair

Rep. Ty J.K. Cullen
Rep. Nicole E. Lowen
Rep. Sam Satoru Kong
Rep. Angus L.K. McKelvey
Rep. Chris Lee
Rep. Cynthia Thielen

Aloha Chair Ryan Yamane, Vice Chair Chris Todd,

My name is Wayne Takamine and I served as the chairman and spokesman for the Kaka'ako Makai Community Planning Advisory Council (CPAC). My involvement in community planning for Kaka'ako Makai began in late 2005 when the Kaka'ako community, stakeholders, environmental groups and ocean recreational park user groups began to understand the plans for 3 condominiums of 200 feet to be built in Kaka'ako Makai. I witness the disappointment of park users and Kaka'ako Makai stakeholders when a former HCDA Executive director said over a public address system, "the public cannot stop this project!" 6 months later, the A & B Condominium RFP was repealed and a new law was created prohibiting residential development in Kaka'ako Makai and the sale of state land in Kaka'ako.

The Legislature also created HCR 30 2006 the required the HCDA to create a community working group that became CPAC to organize, plan and implement a Master Plan for Kaka'ako

Makai. 4 years later in 2010 I became the CPAC Chair and in 2011 with the support of hundreds of community participants, the HCDA Board approved the Kaka'ako Makai Master Plan.

The Kaka'ako Makai Community Planning Advisory Council (CPAC) in accordance with Legislative reforms to the Hawaii Community Development Authority (HCDA) under Act 61, 2012, in the public's interest, recognizes Governor Ige's excellent choices for the present HCDA Board members under HRS 206E-3 (b) as confirmed by the State Senate. The current HCDA Board has addressed many issues that were neglected by the previous administration. Among the most pressing are the homeless encampments in Kaka'ako and securing the parks for public use in Kaka'ako Makai. Although there are no easy fixes for the homeless problems I have seen drastic improvements in Kaka'ako Makai.

In discussions with Kaka'ako Stakeholders', SB2525 (SD2) fails to include critical community input for such a drastic transformations for Kaka'ako Planning. In fact the term "Blindsided" was mentioned by several community leaders in discussion on SB2525 (SD2).

During the evolutions of the HCDA Board, there have been numerous legislation actions to insure public participation in Kaka'ako planning and also strong laws including those that Prohibits Residential Development of Kaka'ako Makai and the Sale of State lands in Kaka'ako.

CPAC believes the HCDA and its established interaction with community and development interest is needed more at this time as critical decisions for Kaka'ako as issues are coming to the forefront. These include Transit Oriented Development, Homeless and the Preservation and improvements of our precious Public Shoreline and Ocean Recreational areas in Kaka'ako Makai.

CPAC Strongly Opposes SB2525 (SD2).

Mahalo,

Wayne Takamine
Kaka'ako Makai CPAC

Here are some Before and After Pictures of Gateway Park Kaka'ako Makai:



Before Act 61, 2012 Reform



Gateway Park February 2018



Gateway Park February 2018



Gateway Park 2017

Testimony Before the
House Committee on Water & Land

In Opposition of SB 2525, SD2, Relating to the Hawaii Community Development Authority

Dear Chair Yamane, Vice Chair Todd and Members,

My name is Sharon Y Moriwaki. I have been a resident of Kaka'ako for the past 10 years and am a volunteer and president of Kaka'ako United, a citizen group working to ensure quality development in the Kaka'ako Community Development District. This session we have strongly supported SB2951 to ensure fair and responsive representation of the community district.

In contrast, **SB 2525, SD2**, deletes the existing Kaka'ako Community Development District and its current members and replaces same with a new community development district – East Kapolei – to be added to the Hawaii Community Development Authority (HCDA) jurisdiction. While it adds a two year period for the agency to develop a plan for transfer; this effort detracts from the work still in progress to develop Kaka'ako as envisioned by the Chapter 206E, HRS.

The members representing three community development districts – Kaka'ako, Kalaeloa, and Heeia—make major decisions affecting development in their respective districts. They have come from amongst our residents and small businesses or non-profit organizations that are physically located in our districts so they know first-hand the needs and concerns of the district.

We in the Kaka'ako Community Development District have experienced rapid changes over the past five years and appreciate our HCDA representatives who understand and have brought oversight and stability to our community. HCDA has master plans for our Mauka and Makai areas, including permits and contracts governing the quality of our community.

SB 2525, SD2, would tear asunder a community in the heart of downtown Honolulu. We don't know how the community residents of East Kapolei feel about now being wrested from oversight and long range planning by the City & County of Honolulu, but such sudden displacement without more justification, would not be in the best interests of community development nor of our people.

For the above reasons, I and my fellow residents strongly oppose **SB2525,SD2**; and respectfully urge that the bill be held. In the alternative, if the residents of East Kapolei and the HCDA are strongly committed to being a community development district under the state jurisdiction of HCDA, then we recommend the bill add a new section for East Kapolei and retain the current Kaka'ako Community Development District, 206E-3 (b)(9) and (c)(3),HRS.

Thank you for the opportunity to testify.

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Kaka'ako Ūnited

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Ensuring the quality of life for an integrated Kaka'ako community from mauka to makai.