

# SB 2525

Measure Title:	RELATING TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY.
Report Title:	Hawaii Community Development Authority; East Kapolei Community Development District; Transit-Oriented Development
Description:	Establishes the east Kapolei community development district under the Hawaii community development authority. Repeals the laws relating to the Kakaako community development district and replaces members representing the Kakaako community development district of the Hawaii community development authority with members representing the east Kapolei community development district. Makes conforming amendments. Takes effect on 01/01/2024.
Companion:	
Package:	None
Current Referral:	HOU/GVO, WAM
Introducer(s):	DELA CRUZ, GALUTERIA, INOUYE, K. KAHELE, KIDANI, WAKAI, S. Chang, Shimabukuro



HAWAII COMMUNITY  
DEVELOPMENT AUTHORITY



KAKAOKO  
KALAELOA

David Y. Ige  
Governor

John Whalen  
Chairperson

Garett Kamemoto  
Interim Executive Director

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STATEMENT OF  
**GARETT KAMEMOTO, INTERIM EXECUTIVE DIRECTOR**  
HAWAII COMMUNITY DEVELOPMENT AUTHORITY  
BEFORE THE  
**SENATE COMMITTEE ON HOUSING**  
AND  
**SENATE COMMITTEE ON GOVERNMENT OPERATIONS**

Thursday, February 15, 2018  
2:45 P.M.  
State Capitol, Conference Room 225

in consideration of

**SB 2525**  
**RELATING TO THE HAWAII COMMUNITY DEVELOPMENT**  
**AUTHORITY**

Chairs Espero and Mercado Kim, Vice Chairs Harimoto and Ruderman,  
and Members of the Committees.

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, 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 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 and we would suggest a study be commissioned to determine how best to unwind all issues in Kakaako.

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 project 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,

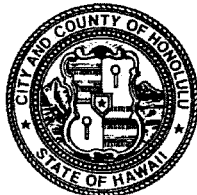
Therefore, HCDA requests a study be commissioned to sort these issues and more before a repeal of the district is considered.

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

DEPARTMENT OF PLANNING AND PERMITTING  
**CITY AND COUNTY OF HONOLULU**

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DEPUTY DIRECTOR

February 15, 2018

The Honorable Will Espero, Chair  
and Members of the Committee on Housing, and  
The Honorable Donna Mercado Kim, Chair  
and Members of the Committee on Government Operations  
Hawaii State Senate  
Hawaii State Capitol  
415 South Beretania Street  
Honolulu, Hawaii 96813

Dear Chairs Espero and Mercado Kim, and Committee Members:

**Subject:** Senate Bill No. 2525  
Relating to the Hawaii Community  
Development Authority

The Department of Planning and Permitting (DPP) **offers comments** on Senate Bill No. 2525, 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. However, the Bill needs to make provisions for the transition. We suggest at least 2 years for the transition, such that the disposition of active leases and other contractual agreements, as well as staffing, are addressed. The disposition of outstanding loans, permits and funds will also have to be addressed. The City will need time to refresh its zoning for the area as well. Applicable City ordinances and rules will also have to be adopted or revised as needed. House Bill No. 2337 (2010) could be used as a guide on transition issues.

With respect to creating a new East Kapolei Community Development District, we have concerns. 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

The Honorable Will Espero, Chair  
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Hawaii State Senate  
Senate Bill No. 2525  
February 15, 2018  
Page 2

exempt from the planning and zoning requirements that might be established under the community development district.

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 Hoopili (now known as the Honouliuli) rail stations. Both UHWO and Hoopili 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.

Perhaps consideration should be given to appointing HCDA as the infrastructure coordinating body 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.

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

Thank you for the opportunity to testify.

Very truly yours,



Kathy K. Sokugawa  
Acting Director

**SB-2525**

Submitted on: 2/9/2018 4:24:29 AM

Testimony for HOU on 2/15/2018 2:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
De MONT R. D. CONNER	Ho'omanapono Political Action Committee (HPAC)	Support	Yes

Comments:



**SB-2525**

Submitted on: 2/9/2018 4:58:33 AM

Testimony for HOU on 2/15/2018 2:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Rachel L. Kailianu	Ho`omana Pono, LLC	Support	Yes

Comments:



## *Hawaii's Thousand Friends*

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February 15, 2018

### COMMITTEE ON HOUSING

Senator Will Espero, Chair

Senator Breene Harimoto, Vice Chair

### COMMITTEE ON GOVERNMENT OPERATIONS

Senator Donna Mercado Kim, Chair

Senator E. Ruderman, Vice Chair

Aloha,  
Chairs, Espero and Kim  
Vice Chairs, Harimoto and Ruderman  
Committee Members

### SB 2525 RELATING TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY

Hawaii's Thousand Friends opposes SB 2525 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 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.

East Kapolei is neither underdeveloped, blighted nor in need of improvements. Proposed *new* development for this area, 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.

If SB 2525 is adopted and HCDA has jurisdiction over East Kapolei what happens to the Ewa Development Plan adopted in 2013? Does it become obsolete leaving Ewa without any comprehensive planning guidance?

What is the purpose of repealing the Kaka`ako Community Development District from Hawai`i Community Development Authority (HCDA) oversight?

Since Kaka`ako is under HCDA's jurisdiction the City has not included Kaka`ako in its planning processes. Removing Kaka`ako from HCDA jurisdiction will leave the area in limbo.

Having a discussion as to whether Kaka`ako should remain under HCDA or go back to City oversight is a discussion worth having.

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.

Opposing SB 2525.

Monumental things have changed since the state and city approved the development of East Kapolei and the resultant loss of farmland. Two critical things have become known. First is the world-wide population explosion. The UN is telling us.



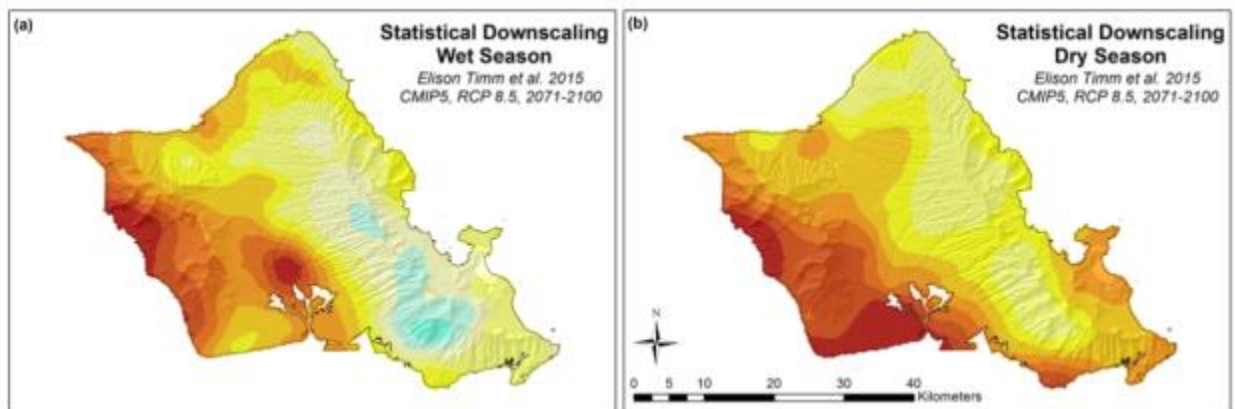
## Food Production Must Double by 2050 to Meet Demand from World's Growing Population

For every bite of food on the earth today, we will need two by 2050. That ain't gonna happen. The UN predicts that we will have 370 million people starving at that time. That is equal to the entire population of the United States.

Hawaii currently imports 90% of its food. By 2050, there will be no food to import. We must be able to completely feed ourselves in just three decades or we will all starve. That means we must produce eight times the food we grow now. We need the farmland in the East Kapolei district if we are to have any hope of reaching this goal.

We must take another look at developing East Kapolei to see how disastrous it can be for our people.

A second thing that has become known is that Hawai'i has lost 20% of its rainfall over the last forty years, and the University of Hawai'i predicts that, if the rate of decrease remains the same for the next fifty years, the areas of Kapolei and the Wai'anae coast will have 70% to 90% less rainfall than today.



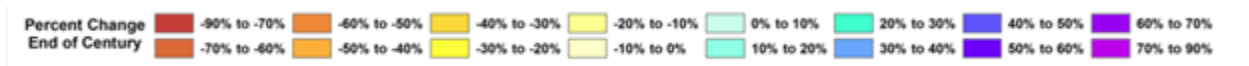


Figure developed by Abby Frazier, Univ. of Hawaii. Modified from data presented in Helweg et al. 2016

What will that do to the aquifer beneath Kapolei which today provides irrigation for all of the farming and golf courses in the area? Almost all of the 'Ewa plain is already filled with houses, blocking rainwater from reaching the aquifer. In order to have any water replenishing the Ewa aquifer beneath the ground, we will need to keep the area open and in farming, so that rainfall and irrigation can seep down into it.

A full and highly documented discussion of both of these problems is found on my website, [www.2050Hawaii.com](http://www.2050Hawaii.com).

These great problems have only come to light in the last few years. They are very real. We must begin preparing for them now if future generations are to survive. Creating an HCDA for East Kapolei is exactly the opposite from the direction we need to take.

I ask you to defer this bill.

Dr. Kioni Dudley  
President, Friends of Makakilo



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Change will not come if we wait for some other person or if we wait for some other time. We are the ones we have been waiting for. We are the change that we seek. (Barack Obama, 2008)

**SB-2525**

Submitted on: 2/9/2018 6:26:30 AM

Testimony for HOU on 2/15/2018 2:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Michelle Matson		Oppose	No

Comments:

THIS BILL IS A MAJOR AFFRONT TO THE RESIDENTS OF KAKA'AKO.

The introducers of this bill are shortchanging the Kaka'ako community and the greater public interest. It is the Committee's responsibility to see through this and KILL THIS BILL.

Sharon Y. Moriwaki  
425 South St  
Honolulu, Hawaii 96813

Testimony  
Before the  
Senate Committees on Housing and Government Operations  
Thursday February 15, 2014, 2:45 p.m., Conference Room 225

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

Dear Chairpersons Espero, Kim and Members,

My name is Sharon Y Moriwaki. I have been a resident of Kakaako for the past 10 years and am president of Kaka'ako United, a voluntary 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** deletes the existing Kaka'ako Community Development District and its current members and replaces same with a new community development district – east Kapolei -. added to the Hawaii Community Development Authority's jurisdiction.

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** 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 passage of **SB2525**; and respectfully ask your committees to file the bill. 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.

**SB-2525**

Submitted on: 2/9/2018 11:20:07 AM

Testimony for HOU on 2/15/2018 2:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
douglas valenta		Oppose	No

Comments:

There is no reason to disban, in the future, the Kaka'ako community development district and replace its members with a non representing authority



**SB-2525**

Submitted on: 2/11/2018 10:14:05 PM

Testimony for HOU on 2/15/2018 2:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Edmay Apana		Oppose	No

Comments:

Dear Chairpersons Espero, Kim and Members,

If I understand SB2525 correctly, the Kakaako Community District wil no longer be included under the HCDA. I strongly oppose this bill because we in Kakaako need people who live and work in the area and who understand the challenges that we in Kakaako face with all the new development and changes happening in the community. That is why I supported SB2951 to make sure we had fair representation but SB2525 would negate that. So I ask that you reconsider SB2525.

Thank you for your attention and consideration to this matter.

Edmay Apana