

SUMMARY - MEETING NO. 278

HAWAII COMMUNITY DEVELOPMENT AUTHORITY

State of Hawaii

December 10, 2003 - 9:00 a.m.

Hawaii Community Development Authority  
677 Ala Moana Boulevard, Suite 1000, Conference Room  
Honolulu, Hawaii 96813

ATTENDANCE

Members Present: Lori Ann Lum; James Kometani; Michael Goshi; Linden Joesting (for Rodney Haraga); Stanley Shiraki (for Georgina K. Kawamura); Paul Kimura; Patrick Kubota; Theodore Liu; Allan Los Banos

Kalaeloa Members: Eric Crispin; Linda Chinn; William Aila Jr.; Evelyn Souza

Members Absent: Gary Kondo; Maeda Timson

Others Present: Sandy Pfund; Melvin Nishimoto; Matthew Akamu; Arnold Imaoka; Cal Machida; Teney Takahashi; Marvin Uehara; Miko Dargitz-Hallett; Annette Kawasaki; Francine Champoux (also, see Meeting Attendance Record)

I. ROLL CALL

The meeting of the Hawaii Community Development Authority was called to order on December 10, 2003, 2003 by Chair Lori Ann Lum at 9:00 a.m. with the following roll call:

Chair Lum	Present
Member Kometani	Present
Member Goshi	Present
Member Kimura	Present
Member Kubota	Present
Member Liu	Present
Member Joesting	Arrived at 9:05 a.m.
Member Shiraki	Present
Member Los Banos	Present
Member Crispin	Arrived at 9:10 a.m.
Member Chinn	Present
Member Aila	Present
Member Souza	Arrived at 9:10 a.m.

#### MATERIALS DISTRIBUTED

1. Agenda for December 10, 2003 Meeting;
2. Summary Minutes of Regular Meeting of November 5, 2003;
3. Information Item: Kalaeloa Status Report;
4. Information Item: Summary Public Informational Meeting of November 13, 2003;
5. Action Item: Approval of the Application for a Planned Development Permit and Joint Development by Moana Pacific at 1230 Kapiolani Boulevard (formerly Mahana Towers) (PD 1-03);
6. Action Item: Approval to Authorize the Interim Executive Director to Consent to the Assignment of an Interest in a Lease for the Radio Tower Site in Kakaako Makai from New Wave Broadcasting, L.P. to Hochman-McCann Hawaii, Inc.

#### II. APPROVAL OF MINUTES

1. Regular Meeting of November 5, 2003

Chair Lum asked if the Members had any corrections to the minutes.

There were none.

It was moved by Member Kometani and seconded by Member Los Banos that the Minutes of the Regular Meeting of November 5, 2003 be approved, as written. The motion passed unanimously.

#### III. REPORT OF THE EXECUTIVE DIRECTOR

Ms. Pfund noted that the Executive Director's report was enclosed in the packet distributed to the Authority Members.

Ms. Pfund commented on the proposed Administrative Bill that would give HCDA the power to impose penalties for lack of maintenance in the Kalaeloa District. After review by the Office of the Attorney General, it was determined by a Deputy the Attorney General that the Bill could not be uniformly applied to everyone, particularly the Navy and the military properties. Therefore, HCDA felt that the Bill would not be fair if it could not be applied to all the landowners in the area. HCDA revised the Bill to create more of an Ombudsman's role: (1) to clarify that HCDA can proactively research and look at problem areas; (2) to call upon all the owners if complaints are received by the Agency; and (3) to issue quarterly reports to the landowners at the highest levels, so that they are aware of the

complaints and issues involved in Kalaeloa. This revised bill has gone through initial review by the Attorney General's Office and seems to be fine, so far. The Bill will continue to move along in the process for final submission to the Legislature, unless another issue should come up regarding the Bill.

Member Kometani inquired about staffing and funding to handle the additional work at Kalaeloa.

Ms. Pfund responded that any kind of proactive research or inspection on HCDA's part would require more staffing. In order to address the issue, we requested to change the funding for the agency's seventeen positions from CIP (or general obligation bonds) to General Funds. Once these positions are converted to General Fund positions, all existing staff may be called upon to assist in Kalaeloa, where, up to now, Kalaeloa had no specific funding other than a small amount derived from assessments. HCDA is also looking at ways to fund additional staffing because the more proactive we are, the more help we will need.

Chair Lum asked the Members if there were any questions regarding the Executive Director's report.

There were none

#### IV. ITEMS FOR INFORMATION

##### A. Navy Report for Kalaeloa and Required HCDA Actions

Ms. Pfund noted that Mr. Randy Hoffman, Navy Representative, was not present but any questions raised today will be forwarded to him later.

There were no comments from the Members at this time.

Ms. Pfund noted that the Minutes of the Informational Meeting of the November 13, 2003, at the James Campbell Building were enclosed in the Members packets for review.

Chair Lum said that Member Timson had wanted to express her disappointment that few Members attended the meeting. She hoped that, in the future, more Members would be able to attend.

Chair Lum asked the Members if there were any questions under the Executive Director's Report or the Information Items, which were combined.

Ms. Pfund asked the Members if they had any objection to moving the regularly scheduled meeting slated for January 7, 2004 to January 14, 2004.

There were none.

Ms. Pfund also reminded the Members that there would be a blessing ceremony for Ilalo Street and Forrest Avenue on Thursday, December 18, 2003, from 11:00 a.m. to 11:30 a.m. She announced that Governor Lingle will be attending the event, and invited all the Members to attend as well.

Ms. Pfund commented on HCDA's funding request for the 2004 Legislative Session. Ms. Pfund thanked Member Shiraki for his assistance with this request.

Ms. Pfund stated that the first Item that HCDA is requesting is \$9 million for improvements to the Pier 2 area. This request would cover land acquisition and infrastructure improvements to coordinate offsite areas with the Department of Transportation's Cruise Ship Terminal Project at Pier 2, which will be built on a fast track.

Ms. Pfund added that the second Item that HCDA is requesting is a \$20 million revenue bond authorization for plans, design and construction of a Phase 1 parking structure on the Kewalo Basin side of the Kakaako Waterfront.

Ms. Pfund mentioned that these items, in addition to the request to transfer the Agency's positions from CIP funds to General Funds, have gone through the administrative review process and have been approved, and that the administration's budget should be released to the Legislature on 12/22/03.

Ms. Pfund also wanted to inform the Members that an agreement had been reached between the Association of Apartment Owners at Honuakaha and the HCDA regarding the roof repairs, and that the Agreement has been signed by all parties. Ms. Pfund thanked Mr. Mel Nishimoto, Mr. Teney Takahashi and Mr. Marvin Uehara for their work on this matter.

Chair Lum requested that the record reflect that Members Crispin and Souza have joined the meeting.

V. EXECUTIVE SESSION

2. Status of the Executive Director Search Pursuant to §§92-5(a) (2), Hawaii Revised Statutes

It was moved by Member Liu and seconded by Member Shiraki to go into Executive Session to Discuss the Status of the Executive Director Search Pursuant to §§92-5(a) (2), Hawaii Revised Statutes. The motion passed unanimously. Note: There were thirteen (13) affirmative votes.

Chair Lum requested that Mr. Mel Nishimoto join the Executive Session.

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The Hawaii Community Development Authority convened in Executive Session at 9:10 a.m.

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It was moved by Member Kometani and seconded by Member Kubota to reconvene the regular meeting at 9:20 a.m. The motion passed unanimously.

VI. ITEMS FOR ACTION

3. Selection of the Executive Director.

Member Liu stated that he was pleased to make a motion to offer the position of Executive Director of HCDA to Mr. Daniel Dinell. Member Liu reminded the Members that an extensive search process took place, and that it had been very gratifying to see the interest in this position by a number of very qualified candidates. Member Liu also expressed his personal appreciation and the entire Board's appreciation for the efforts made in the thorough review of the candidates; as a result of that entire process, Dan Dinell emerged as the top, most qualified candidate. Dan brings with him a lot of experience in the private sector, having been with Hilton Corporation since 1989, both in Hawaii and with Hilton's World Headquarters. In his position, he has been involved in strategic planning, in execution of projects, and he was very much involved in several of Hilton's major projects here in Honolulu, which brought him in touch with the community and with the legislative process. Dan's qualifications and experience will enable this Board to take HCDA, Kakaako and Kalaeloa to the next level.

Member Crispin seconded the motion, to name Daniel Dinell as the new HCDA Executive Director.

The motion passed unanimously.

On behalf of the Authority, Chair Lum wished to extend her deepest appreciation to Sandy Pfund for serving as Interim Executive Director. Chair Lum stated that Ms. Pfund had gone above and beyond the call of duty, and she kept the agency going during this very busy transition period. Vice Chair Kometani presented Ms. Pfund with a lei.

Chair Lum called for a brief recess to allow for the set up of the next presentation.

The Hawaii Community Development Authority went into recess at 9:25 a.m. and reconvened the regular meeting at 9:30 a.m.

Member Liu also wanted to express his personal appreciation to Ms. Pfund for doing an excellent job as the Interim Executive Director. Member Liu added that Sandy had been extremely helpful in terms of surfacing issues and information, very collaborative, and that the Board got a sense of her focus and commitment to the mission of HCDA. Member Liu further added that he wanted to express his personal gratitude, not only as Interim Director but as part of the management team at HCDA; Member Liu also thanked staff for their patience throughout the process; Member Liu believes that this is a very good platform to take Kakaako and Kalaeloa to the next level. Member Liu added that the Members were all looking forward to staff still acting as a team to support the mission of HCDA.

#### IV. ITEMS FOR ACTION

4. Approval of the Application for a Planned Development Permit and Joint Development by Moana Pacific at 1230 Kapiolani Boulevard (formerly Mahana Towers) (PD 1-03).

Mr. Imaoka summarized the Action Item report distributed to the Authority concerning this matter.

Mr. Imaoka introduced Mr. Allan Leong, KC Rainbow Development Company's Project Coordinator, to the Authority.

Mr. Leong stated that Mr. Fred Chan, KC Rainbow Development Company's General Manager, was also present and available to answer any questions from the Authority.

Mr. Leong gave the Members some background information about the project. He stated that the 6-acre parcel

has been held by the current landowner since 1998. Recent developments have encouraged the landowner and the developer to pursue a high-rise residential project. Some examples of well-received and successful residential projects are Laniakea and the Windsor in Waikiki, and also the nearby projects of Hokua and Koolani.

Mr. Leong added that, because of residential market demand fueled by low interest rates and the lack of product in the urban core, the developer had decided to put the emphasis on the residential component of the project. The entire base FAR of 3.5 is fully utilized in the two residential towers. There is an additional component set aside for 80,000 square feet of industrial use, as provided in the HCDA rules, which changes the FAR from 3.5 to 3.8. This industrial portion is held as an option for the developer to consider at a later date, as Phase III. This portion of the project is really dependent upon the market conditions for commercial-industrial development, and will have to be analyzed from that viewpoint for types of uses that are compatible with the residential uses currently planned. Also, competitive market factors will be considered as other nearby projects are completed.

Mr. Leong stated that this project has been presented to the Ala Moana-Kakaako Neighborhood Board, and also the Kakaako Improvement Association. Prior to the Neighborhood Board meeting, an informational flyer was mailed out to the property owners of parcels surrounding the project to let them know of the presentation so the residents could be briefed and their questions answered. The project was also presented to Senator Carol Fukunaga and Representative Ken Hiraki, at their request.

Mr. Leong added that all the community groups they met with discussed traffic issues, noise, and how these issues would be handled. He stated that no negative comments have been received about this particular project. The developer is reacting to the market demand for residential projects, and realizes that quick action is necessary to meet that demand. Therefore, the project has been designed to fully comply with the HCDA's Mauka Area Rules and Guidelines, and the developers are not seeking any variances or modifications.

Mr. Leong mentioned that his company appreciates the comments and suggestions from the Members of the

Authority, and looks forward to working with them to make this a successful project.

Mr. Leong then turned over the presentation to KC Rainbow's design architect, Mr. Joe Farrell, to explain the various elements of the project.

Mr. Farrell briefly described the project; he pointed to both 400-foot residential towers, the recreation deck on the 6<sup>th</sup> level, the five levels of parking below the recreation deck, the future light industrial area, and the generous landscaping surrounding the project.

Mr. Farrell also listed some of the many amenities that will be available to the residents, including: an exercise room, a fitness room, a recreation room and DVD theater in each tower. He added that the outdoor recreation deck would be well landscaped.

Mr. Farrell reiterated that each street around the project would be tree-lined and landscaped, with lots of open space and more generous set backs than are required, producing a very nice environment.

Mr. Farrell also stated that Kamaile Street was of particular concern to the developer because of the residential community living across the street; therefore, the five-story parking structure will be built with a generous 31 foot set back, and enhanced with landscaping.

Mr. Farrell would like to see large monkeypod trees lining the streets around the project and will be discussing the potential improvement with HCDA. Mr. Farrell added that one of the main design ideas of the entire project was to create a building that will be a backdrop for lush landscaping.

Mr. Farrell stated that they had been rethinking the light industrial component of the project to reflect a more undulating look, with outdoor seating areas, and a small elevator to accommodate the project residents, should the future plans include businesses similar to Starbucks or other eateries.

Mr. Farrell added that, according to the traffic study produced by Wilson Okamoto, their consultant, there should not be any significant impact on traffic around the project area.

Chair Lum asked the Members if they had any questions or comments.

Member Crispin addressed the Board in his capacity as Director of Planning & Permitting of the City and County of Honolulu.

Member Crispin thanked the developer for coming in and meeting with City officials, in spite of the fact that the City has no real jurisdiction over Kakaako area projects, which are within the purview of the HCDA Board to determine and to discuss with the developer whether they meet the proper criteria.

Member Crispin felt that, given the life expectancy of a building such as the proposed project, it was an opportunity to build something that will impact the next three to four generations. Member Crispin added that he had spent quite a bit of time discussing the project with the developer and he felt that this was a "wake-up" call for the Mauka Area Rules.

Member Crispin felt that the proposed project encompassed a significant amount of space within the Kakaako district. He asked the questions: "What kind of Honolulu do we want to leave behind? What kind of Honolulu do we want to shape now, which will be experienced fifty years from now?"

Member Crispin felt that the Authority needed to start taking a broader look at the overall context. He alluded to a description of Kakaako by Cheryl Soon, Director of City Department of Transportation Services, as the "hole in the doughnut". He said that Kakaako is really the epicenter of all of Honolulu, so its importance cannot be understated.

In fact, Member Crispin believed that, fifty years from now, the nine or ten parcels Mauka of Kamaile Street will have been sold and resold, and that the current residents' concerns will no longer be a factor.

Member Crispin said that it was this Board's responsibility to think of how all of this will take shape. Twenty or thirty years ago, the Victoria Ward area was very much an industrial complex, with fish markets and open market sites. It is very hard to envision what the same area will be like twenty or thirty years from now. Yet, Victoria Ward has transformed itself and it has a tremendous impact in the day-to-day lifestyle of the Honolulu that we enjoy.

Member Crispin referred to his recent power point presentation to the Members, and that the City's direction is to try to create an urban core that is primarily livable, and that walking is a huge part of

that livability. Member Crispin reiterated the fact that one can easily walk quite a distance in European cities, or in mainland cities such as San Francisco, without realizing the distance covered. Whereas, right here in Honolulu, the seven-block walk from the Honolulu Municipal Building to the Gold Bond Building is a very different experience, which lacks that livability.

Member Crispin explained that, what constitutes this livability is the people who experience the ground floor retail space. To the extent that there are shops, restaurants and outdoor dining, they are not noticing the distance that they are traveling; in fact, they are more likely to enjoy it. When that component is absent, people are automatically, by default, geared to driving, instead of walking.

Member Crispin referred to the Primary Urban Center (PUC), and noted that it was possible to achieve the same exact density and number of units, same exact floor area, with a low-rise solution that would be more density compact and relate better to the street, and allow sunshine to the street. Then, a mixed-use type of development, which again is encouraged, allows for that kind of twenty-four hour-a-day livability of the city, rather than what we have downtown: at 5:00 p.m., the towers downtown shut down, and it becomes a ghost town.

Member Crispin added that, as practical people, we realize that there is a certain market for residential development, resulting from low interest rates that create a certain window of opportunity. Based on the Mauka Area Rules for Kakaako, the developer and the architects of this project have complied fully.

Member Crispin asked the Members to see this example as an opportunity to review those rules very closely for the rest of Kakaako. From the standpoint of livability of the city, Member Crispin added that it was likely that other developers may consolidate other vacant lots and create another large project similar to the one being discussed today.

Member Crispin mentioned that he was doubtful that the Moana Pacific site would be pedestrian friendly, regardless of the beautiful landscape.

Member Crispin added that, as a Board, it was our responsibility to reshape that "cookie mold" so that the elements are not objectionable to the neighbors, or

potential future neighbors. Member Crispin asked; "is the right answer to put up a blank wall?"

Member Crispin referred again to the recent Primary Urban Center (PUC) presentation, mentioning the analysis that was done over the last seven years, and citing the "tower in the park" model which becomes the "tower in the parking lot" for the neighboring residents who will never get to experience the amenities offered with the project.

Member Crispin said the City recognized that this Board had total jurisdiction, and the developer was entitled to develop within the existing rules. The City however would like to encourage the developer to use this opportunity to best use the industrial area as a breath of fresh air, to create something to enhance the total experience.

Member Crispin referred to Wall Mart's initial reluctance to create tenant space, which turned out to be one of Honolulu's most sought after tenant spaces.

Member Crispin praised the developer for planning a very high quality building, including lanais. He also favors very large canopy trees along the streets bounding the project. Member Crispin added that, one of most significant things about Kapiolani Boulevard is the fact that there are very broad canopy trees that almost touch, making it one of the most unique streets in our entire city.

Member Crispin thanked the developer for trying to achieve some of the goals that the City is looking for.

Chair Lum thanked Member Crispin for his comments and did assure him that the Board does want to move forward and look at the Mauka Area Rules. The process has been started with a workshop, and the Members actually share Member Crispin's passion on this issue.

Member Kimura inquired whether anyone had looked into the Bus Rapid Transit stop. He said that the route is going right down Pensacola Street, turning onto Kapiolani Boulevard. That may be a really good opportunity to develop the commercial site because of the added foot traffic that should be created by the Bus Rapid Transit.

Mr. Leong responded that his company was looking into this and they are polishing the design that is already in place considering what works with the tenant mix.

Member Kimura said that if there are some places where the bus stops on your property, it should further stimulate people to go into the commercial component.

Mr. Chan said that it was their intention to enhance the living style of the area.

Member Kimura said that if they would cut into the corner so people could get off right on the property and go into the commercial component, it would really stimulate business.

Mr. Chan responded that his company had been meeting with the City representatives and the Neighborhood boards to come up with a master plan for the whole area to create an attractive lifestyle but noted that they need "critical mass" for these components to be successful.

Member Crispin revisited the idea of a retail component at the project. He said that retail had a certain functional depth beyond which it becomes wasted space, so he suggested some minor variations to encourage the pedestrian activity. He added that, the trouble with critical mass was again that "catch 22". If no one starts because no one else has started, no one will ever start.

Member Crispin used the Victoria Ward Entertainment Complex as an example; he said that the entire area was four blocks, but seemed like an eternity away, because most people would rather drive from here to there.

Member Goshi commended Member Crispin's passion. However, Member Goshi added that the real issue was one of timing. He said that we do not have Transit yet; in Hawaii, we tend to be very dependent on our cars. The Transit would encourage people to walk again. He also said that the developer did a good job with the setbacks because it allows for potential and flexibility in the plan.

Mr. Chan said that he wanted to work together with the Authority to achieve the best possible development.

Member Goshi added that, what he likes about the project is that it is starting to put people back in the urban settings because we live on an island with very little land resources. Doing urban projects really relieves the development pressure on the countryside. In his opinion, this project will probably save 50 acres of land out somewhere else, and alleviate traffic issues.

Member Goshi also stated that the agency is flexible and that rules are very hard to modify because the situations keep changing; but he reiterated the fact that getting the word out about the agency's flexibility was very important.

Member Crispin said that he could not agree more. However, he used as an example the fact that the current project was not asking for any variances or deviation from the Rules. Therefore, by having the Rules out there, this becomes the default for future development.

Member Crispin believes that Bus Rapid Transit is imminent. Whether it is BRT, or some other suggestions that the Governor and others have made and are working on, at some point it will have to take place, otherwise we will end up in total gridlock.

Member Goshi said that by just getting the word out that the agency is flexible would accomplish a lot. To change the Rules and try to get it right is very difficult.

Member Kubota asked Member Crispin about the 1001 Bishop Street project that has the two towers on its lot, with a separate parking structure (Pauahi Tower). He asked whether that was the kind of concept that would look good in this block, where everybody is at the ground level to get to the towers.

Member Crispin responded that it would certainly be an improvement.

Member Kubota said that he was thinking that if we had two towers like this and a separate parking structure, instead of a podium, then everything would be at ground level and it would look significantly better than what he saw here.

Member Kubota added that this was exactly what he had told the developer at the November meeting on this Information Item: he encouraged him to think "outside the box", to not look at the rules, and to show us something that looks good, despite the rules. Staff is well aware of the exceptions that can be allowed, upon which the Board makes the final decision.

Member Crispin said that the key issue was: "what happens at the ground floor?" The notion of a detached parking garage area creates certain other issues.

Member Kubota said that the parking garage could be located between the two towers, perhaps in the middle of the project, and that would leave a lot of open space at the ground level.

Member Crispin said that he was looking at the overall perimeter and the potential for interaction at the ground level.

Member Kubota said that, right now, it was a podium. Basically, it is a parking structure on several levels.

Chair Lum asked the Members if they had any additional questions or comments.

Mr. Farrell, as the project architect, wanted to clarify the parking issue. He said that this project had about half as much parking and the same amount of FAR as the Bishop Square Project. He added that, to get the same amount of parking in half the space, the parking would have to be stacked twice as high.

Mr. Imaoka wanted to summarize some of the project's highlights and requirements. Based upon all that was presented today, the proposed project conforms to the requirements of the Mauka Area Plans and Rules; the building tower orientation maintains a slight deviation from the guidelines but still within acceptable levels, the actual joint development request includes the eight parcels which are configured in a compact fashion and logical configuration to enable efficient site planning and efficient use of the land. There is a waiver included for cash in lieu for the reserved housing fee for this project; and based upon the residential floor area of 932,624 square feet, the public facilities dedication fees of \$3,093,703 will be required. Finally, staff recommends approval of the joint development and plan development permit PD 1-03.

It was moved by Member Goshi and seconded by Member Los Banos to approve the application for a planned development permit and joint development by Moana Pacific at 1230 Kapiolani Boulevard.

Chair Lum asked the Members if there was any further discussion.

Member Kubota said that, although he is voting for the project, he would like to ask the developer to consider modifying the project, to take another look at it, to make it a better project.

Mr. Chan said that they would continue to look at it.

There being no further discussion, Chair Lum called for a vote.

The motion passed unanimously.

IV. ITEMS FOR ACTION (continuation)

5. Approval to Authorize the Interim Executive Director to Consent to the Assignment of an Interest in a Lease for the Radio Tower Site in Kakaako Makai from New Wave Broadcasting, L.P. to Hochman-McCann Hawaii, Inc.

Mr. Uehara summarized the Action Item report distributed to the Authority Members concerning this matter.

Mr. Uehara also introduced Mr. Byron McCann, Principal at Hochman-McCann, who was present and would be happy to answer any questions.

For discussion purposes, it was moved by Member Joesting and seconded by Member Kubota to Authorize the Interim Executive Director to consent to the Assignment of an Interest in a Lease for the Radio Tower Site in Kakaako Makai from New Wave Broadcasting, L.P. to Hochman-McCann Hawaii, Inc.

Chair Lum opened the floor for discussion. Member Kometani wanted clarification on redevelopment options. He asked if, in the future, it became necessary to remove the tenant, did the lease allow the Authority to notify the tenant of early termination of the lease?

Mr. Uehara responded negatively. He added that we would have to move to condemn but that we had the authority to do so under the lease.

There being no further questions or discussion, Chair Lum called for a vote.

The motion passed unanimously.

VII. ADJOURNMENT

Chair Lum asked whether there were any other matters to be brought to the attention of the Authority Members.

Member Crispin wanted to invite everyone to "Sunset on the Planes" scheduled for Saturday and Sunday, December 13 and 14, 2003, in Kapolei.

There being no other business, it was moved by Member Goshi and seconded by Member Kubota to adjourn the meeting at 10:45 a.m. The motion passed unanimously.

Respectfully submitted,

/s/

Michael Goshi  
Secretary