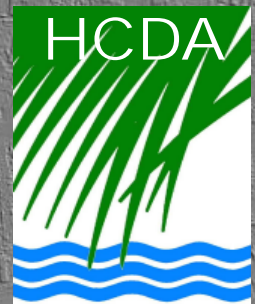
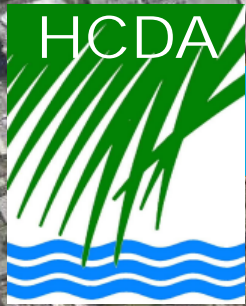


Hawaii Community Development Authority



2009
ANNUAL
REPORT



Letter to the Governor



The Honorable Linda Lingle
Governor
State of Hawaii

Dear Governor Lingle:

It is with great pleasure that we present the Hawaii Community Development Authority's ("HCDA") Annual Report for the 2008-2009 Fiscal Year. This report covers the Authority's activities in both the Kaka'ako and Kalaeloa Community Development Districts.

In the Kaka'ako District, the Authority has approved two master plan applications submitted by General Growth Properties, Inc. and the Kamehameha Schools respectively. Both master plan applications include long-term development plans for Kaka'ako and are expected to invest close to \$10 billion in the area over the next 15 years. The plans will result in mixed-use developments including approximately 1,400 affordable housing units.

During the fiscal year HCDA also invested close to \$10 million in infrastructure improvements and public facilities development in the Kaka'ako District. Several of these projects were included in the Administration's CIP strike force effort to stimulate the local economy.

The HCDA is working with the Kaka'ako Makai Community Planning Advisory Council ("CPAC") and other stakeholders to develop a master plan for redevelopment of Kaka'ako Makai. It is also working with the stakeholders within the Central Kaka'ako Service Business Precinct to identify ways to maintain the existing industrial and small businesses while creating opportunities for redevelopment of the area.

In the Kalaeloa District, the HCDA is getting ready to adopt administrative rules to guide redevelopment in the area. In the meantime, it is working with stakeholders on several small projects in the area in the district that create a safe environment for the public as well as beautify the area.

We would like to acknowledge the many individuals and groups that have supported the HCDA during the past year and look forward to their continued support in the years ahead.

Respectfully yours,

C. Scott Bradley
Chairperson
Hawaii Community Development Authority

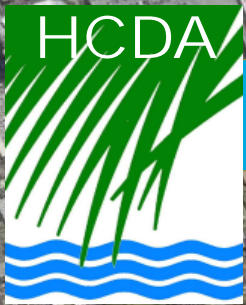


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HAWAII COMMUNITY DEVELOPMENT AUTHORITY 2009 ANNUAL REPORT

**A report covering the period of
July 1, 2008 - June 30, 2009**

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Introduction: Hawaii Community Development Authority

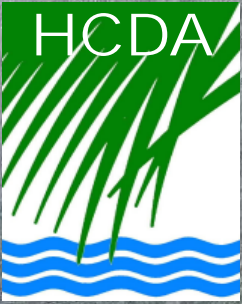
In 1976 the Hawaii State Legislature determined that a new and comprehensive authority for community development must be created in the State to join the strengths of private enterprise, public sector into a form capable of conducting long-range planning and establishing new communities. The Hawaii Community Development Authority ("HCDA") was established to supplement traditional community renewal methods

by promoting and coordinating planned public facility development and private sector investment and construction. The Legislature created the HCDA to plan for and to revitalize areas in the State which lawmakers find to be in need of timely redevelopment. This legislative mandate makes the HCDA responsible for conducting comprehensive planning, effectively administering its zoning regulations, and directly promoting economic development in the Kaka'ako and Kalaeloa Community Development Districts. The HCDA has gone beyond the traditional urban renewal methods by facilitating collaborative community development efforts involving both the public and private sectors. In creating the HCDA the Legislature also



designated the Kaka'ako area of Honolulu as the Authority's first Community Development District, recognizing its potential for growth and development and its inherent economic importance to Honolulu as well as to the State. Lawmakers found that Kaka'ako was significantly underdeveloped and underutilized relative to its central location in urban Honolulu. The Legislature foresaw that the redevelopment of Kaka'ako offered tremendous opportunities to develop public facilities (e.g., more housing, parks, and public infrastructure facilities) as well

as facilitating the establishment of new commercial and industrial space near downtown Honolulu. In 2002, the State Legislature, citing HCDA's proven record of achievement, assigned redevelopment responsibility for the Kalaeloa Community Development District to the HCDA.



Recognizing Kalaeloa's development potential the HCDA adopted a Master Plan to transform the District into a model community that will offer new jobs, nurture increased private sector investment, and provide enhanced public facilities for the people of West Oahu. Lawmakers also added five new members to the Authority to represent the Kalaeloa District.

Organization of the HCDA

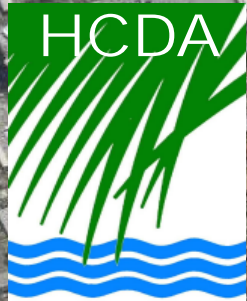
HCDA is a body corporate and a public instrumentality of the State which is attached to the Department of Business, Economic Development & Tourism for administrative purposes. The HCDA is composed of 18 voting members from the private and public sectors that oversee HCDA operations and establish policies to implement its legislative objectives. Four of these members are ex officio voting members from the following State departments: Accounting and General Services; Budget and Finance; Business, Economic Development & Tourism; and Transportation. In addition, the Governor appoints three members from a list of names submitted by the Honolulu City Council, two members from lists submitted by the Senate President and the Speaker of the House, as well as four members at-large. The five Kalaeloa members include: the Chairperson of the Hawaiian Homes Commission; the Director of the City Department of Planning and Permitting; two community representatives, one of which is selected by the Mayor of the City & County of Honolulu; and a Hawaiian cultural resources specialist appointed by the Governor. The Executive Director serves as the chief executive officer and is appointed by the HCDA members. The staff includes professionals trained in planning, engineering, architecture, asset management, real estate development, finance, public information and administrative service.



Regulatory Functions

In 1982 the HCDA adopted development plan and administrative rules ("plan and rules") for the Kaka'ako Community Development District ("Kaka'ako District"). Since then the HCDA has been performing land use and zoning regulatory functions to ensure that developments occurring in the District meet the provisions of the plan and rules. The plan and rules include specific requirements relating to height, density, building setbacks, open space, view corridors, streetscapes, landscapes and tower footprints for development in the Kaka'ako District. Additionally, the plan and rules advance strategies to enhance area transportation systems, open space and recreation areas, public facilities, and infrastructure.

In August 2006, the Authority adopted the Kalaeloa Master Plan. The HCDA is developing administrative rules to implement the Master Plan. Community stakeholder input is being sought to delineate goals, objectives, and guidelines for these Rules, which will then be followed by detailed language governing the District and encouraging desirable economic, socio-cultural, and environmental development.



Guiding the Development in Kaka'ako and Kalaeloa

The HCDA is charged with creating vibrant communities within the Kaka'ako and Kalaeloa Districts. To accomplish this objective the HCDA looks to spur new investment in these areas by constructing essential public infrastructure such as roadways, utilities, and parks that are necessary for redevelopment. The urban design created for these Districts envision mixed-use communities where housing, shopping, jobs and entertainment are intermixed and in close proximity to each other. The Kaka'ako and Kalaeloa plans foster development that offers people a variety of choices in housing, public facilities, and transportation thus making urban living convenient and comfortable. The Kaka'ako Plan promotes economic development while preserving the area's diverse cultural heritage. It also incorporates best practices in energy conservation and environmental sustainability.

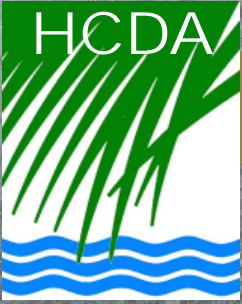


Although the work to achieve the HCDA's vision for Kaka'ako is far from complete, we have made significant progress to date. In 1980 there were some 1,100 residences in Kaka'ako, none of which were affordable to a family with an annual area median income. Today there are 1,451 affordable housing units in the area that are available to families earning up to 140% of the annual area median income. Residential projects with an additional 209 workforce housing units have been permitted and 124 more such units are currently under construction. A total of 3,689 market-price residential units have already been constructed and an additional 645 units have been permitted. The population of Kaka'ako has increased from 2,798 in the seventies to over 6,000 now. The Ward Neighborhood and Kaiaulu 'O Kaka'ako Master Plans that were approved by the HCDA in 2009 are expected to add another 7,050 residential units in the

next fifteen years, out of which 1,410 will be qualified as affordable workforce housing units. These two master planned neighborhoods will also include several acres of new parks and plazas for public use.

Public parks in the District have increased from one 1.6-acre park in the seventies to seven different public parks totaling 45 acres. More park areas and plazas will be constructed once approved master planned developments are constructed. Within the last decade approximately \$1.4 billion worth of vertical construction has gone up in Kaka'ako.

In Kalaeloa the HCDA is poised to make profound contributions to the future of West Oahu. Our mission for Kalaeloa is to create economic, cultural, social and environmental value for the region. The HCDA will lead a sustained, long-term public/private commitment to establish the District as a Wahi Ho'okela (Center for Excellence) through planning, partnership, advocacy, and stewardship. A significant milestone was achieved in 2006 when a Master Plan was adopted for Kalaeloa. The Plan has set the course for the exciting future envisioned for the District. In Kalaeloa the HCDA's focus is to set the stage for economic development. The HCDA's aim is to reconnect the former naval air station to the surrounding communities and to encourage transit-oriented development. At Kalaeloa we have a tremendous opportunity to spur new enterprise based around the existing airfield and create neighborhoods and public facilities that complement the development of a second city at Kapolei.



The Kaka'ako District

The Kaka'ako District, a 600-acre neighborhood in urban Honolulu, includes the area bounded by Piikoi, King, and Punchbowl Streets and Ala Moana Boulevard, as well as the stretch of waterfront from Kewalo Basin to Forrest Avenue. It also includes the Hawaiian Electric power plant site in downtown Honolulu. In 1982, following an intensive five-year planning process, the HCDA adopted the Kaka'ako Community Development District Plan. This plan and associated rules serve as the basis for both public and private development in Kaka'ako. The plan was subsequently amended to include the Kaka'ako waterfront area and is currently comprised of two documents: the Mauka Area Plan (covering the area on the mountainside of Ala Moana Boulevard) and the Makai Area Plan (covering the lands on the ocean side of Ala Moana Boulevard).

Since the adoption of the Kaka'ako Plan in 1982 the HCDA has administered land use and zoning regulations to ensure that development occurring in the District meets the provisions of the Plan. The Plan and its associated Administrative Rules include specific requirements relating to height, density, building setbacks, open space, view corridors, streetscapes, landscapes and tower footprints. Additionally, the Plan contains strategies to enhance the development of needed workforce housing, transportation systems, open space, recreation areas, public facilities, and infrastructure.



The HCDA periodically reexamines and revises the Plan for Kaka'ako in order to stay current with innovative urban design techniques as well as to respond to changing social and economic conditions. A revision of the Kaka'ako Mauka Area Plan was initiated in 2006 and is expected to be completed in early 2010. The revised Mauka Area Plan will continue to promote a mixed-use, live, work, and play environment in Kaka'ako through the adoption of 'form-based' rules. Form-based rules take into account the three dimensionality of a developed environment and help create a predictable urban form and public realm by primarily controlling the physical form of developments with a reduced focus on regulating land uses.

Vision and Mission for Kaka'ako

The HCDA's vision for Kaka'ako is to establish the District as the most desirable urban place in Hawaii in which people can work, live, visit, learn and play. This direction supports the legislative intent of a mixed-use district where residential, commercial, industrial, and public uses complement each other. The HCDA seeks to transform the District into a dynamic urban neighborhood that accommodates a mix of residents and a wide spectrum of social and business activities. The HCDA serves as an infrastructure developer, landowner, city planner, regulator, and asset manager to expeditiously implement Kaka'ako's preferred future. In doing so, the HCDA contributes to the economic development of the region, regional culture and arts; establishes housing opportunities; and in the process, creates new neighborhoods.

Two Master Development Plans Approved for Kaka'ako Mauka

Master development plans allow for coordinated renewal of lands over time under a single landowner with features that unify the design of several blocks. Master plans provide public benefits to the State and afford greater flexibility to a developer within the master plan area than would otherwise be possible through a lot-by-lot development approach. The HCDA Mauka Area Plan and Rules allow for a master planned development within the Kaka'ako District. Under the current Mauka Area Rules, a landowner owning ten or more acres of land (six of which are contiguous) is eligible to apply for a Master Plan Permit. The processing of a Master Plan Permit involves review of an application that addresses urban design, public facilities, open space, circulation, and development objectives and commitments.

More than 1,400 reserved housing units expected to be built.

Over \$10 billion expected to be invested in the development over the 15-year period.

25,000 construction jobs and 13,000 full-time professional and service jobs to be created.



On the date a Master Plan application is approved, the Mauka Area Plan and Rules ("Rules") effective at the date of the approval are "vested" for the 15-year term of the Permit. The vesting of the Rules gives assurance to the landowner and the developer that all projects within the master planned area will be subject to the vested Rules notwithstanding Rule amendments subsequently adopted by the HCDA.

The implementation of a master plan requires that development permits and building permits be secured from the HCDA and the City & County of Honolulu respectively for each individual project prior to

construction. Development permits for individual projects are subject to the HCDA project eligibility review process. Project eligibility review is required to identify the specific requirements for infrastructure, traffic circulation and impact on historic, cultural, and archaeological resources for a given project.

In 2009, the HCDA approved the master plan application submitted by the Victoria Ward Limited (a wholly-owned subsidiary of General Growth Properties, Inc.) and the Kamehameha Schools ("KS").

The Ward Neighborhood Master Plan ("Ward Neighborhood Plan")

The Ward Neighborhood Plan area will be a large, mixed-use development with an emphasis on retail, office and residential uses together with supporting service and industrial uses. At maximum build-out, the development will encompass 9,334,240 square feet of floor area or a floor area ratio ("FAR") of 3.8.



The Ward Neighborhood Plan proposes to develop as many as 4,300 residential units including approximately 860 new reserved or workforce housing qualified units. At least twenty percent of the total numbers of residential units are required to be set aside for reserved housing to families whose annual income is no more than 140% of the annual area median income. One-tenth of the reserved units will be affordable for families at 100% of the annual median household income.

The development is circumscribed around three public plazas, with Auahi Street serving as a spine connecting the plazas. The Ward Neighborhood Plan proposes a mix of mid-rise and high-rise

development ranging from a mid-rise podium of 65 feet to 400-foot high-rise towers. Major design objectives include provision for connected public spaces, pedestrian supportive environment, the redesign of Auahi Street as a pedestrian promenade, preservation of Mauka-Makai view corridors and an enhanced roadway network with canopy trees and pedestrian amenities. The Ward Neighborhood Plan anticipates extensive use of "liners" around podiums to minimize views of parking garages along streets.

The Ward Neighborhood Plan proposes to include approximately 245,638 square feet of open space. Three proposed public spaces or plazas will establish public gathering places within the Ward Neighborhood area. All together these public plazas will provide over 5 acres of open space for public use.

To support the travel needs of people living in, working in, and visiting the area, the Ward Neighborhood Plan features multi-modal transportation systems, a mix of programs and infrastructure proposals to increase transit ridership, improve the pedestrian and bicycle environment, and minimize overall traffic congestion. Improved street connectivity, traffic calming devices, and reduction on the reliance of vehicles are proposed.

The Ward Neighborhood Plan will dedicate land for public facilities. The Plan is required to provide a total of 330,053 square feet of public facilities including new streets (including typical sidewalks), pedestrian walkways (in addition to typical sidewalks), public plazas, and a mass transit connection. The Ward Neighborhood Plan proposes to set aside 225,678 square feet of land in the form of improved roads, sidewalks, and public plazas. To meet the remaining requirement of 104,375 square feet, the Master Plan proposes to construct community facilities, utility and infrastructure improvements, and public parking, or pay a cash equivalent.



Besides the foregoing, implementation of the Ward Neighborhood Plan will result in several other public benefits. These public benefits will be in the form of new public spaces, parks and streets and infrastructure improvements. Approximately \$300 million in street, infrastructure, and utilities improvements will be invested by Victoria Ward Limited in the Ward Neighborhood Plan. It is estimated that the overall development will inject approximately \$8 billion into the local economy.

The Ward Neighborhood Plan, over a 20- to 30-year development period, is expected to create 17,300 on-site construction jobs and 16,270 off-site construction related jobs. The total construction and construction related payroll for the development period is estimated to be approximately \$1.3 billion. At full build-out, it is estimated that the associated development will generate 7,800 full-time professional and service jobs and \$345 million in annual payroll.

Tax revenue to the State from the construction phase is estimated to be \$370 million in excise tax and \$135 million in income tax. After the development is completed, it is projected that annual revenue to the State in income tax will be approximately \$16.5 million. Similarly, the City & County of Honolulu stands to collect approximately \$26 million annually in the form of property taxes.

The HCDA conducted a broad public review of the Application and held a public hearing in October 2008. In January 2009, the HCDA approved the Ward Neighborhood Plan.

The Kaiaulu 'O Kaka'ako Master Plan ("Kaiaulu Plan")

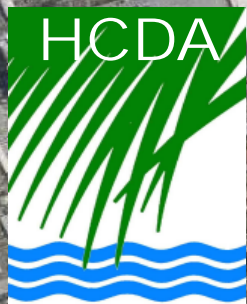
The Kaiaulu Plan proposed by the Kamehameha Schools will be a mixed-use development with residential, retail and office uses together with a limited amount of service and industrial uses. At maximum build-out, 4,426,197 square feet of floor area is expected be constructed, which translates to a FAR of 3.5.



The Kaiaulu Plan proposes to develop as many as 2,750 residential units including 550 new reserved/workforce qualified housing units. At least twenty percent of the total number of residential units is required to be set aside as reserved housing to families whose annual income is no more than 140% of the annual area median income. One-tenth of the reserved units will be affordable for families at 100% of the annual median household income.

The Kaiaulu Plan proposes a pedestrian-friendly, smart-growth community, where its residents can live, work, and play. Major design objectives of the Kaiaulu Plan include development of a pedestrian-friendly corridor along Auahi Street, a Cooke Street promenade that links the Mother Waldron Park with the Makai Gateway Park, a central plaza near the corner of Cooke and Auahi Streets, preservation of Mauka-Makai view corridors and enhancing the existing roadway network with canopy trees and pedestrian amenities. To mitigate the unsightliness of structured parking and promote interaction with pedestrian traffic at the ground level, the Kaiaulu Plan anticipates embedding the majority of the parking structures within a liner. The Kaiaulu Plan proposes to develop seven 400-foot high-rise towers within the nine-block Master Plan area.

The Kaiaulu Plan proposes to establish a network of approximately 126,463 square feet of open spaces. The open space network will include a central plaza and pedestrian promenade. As part of the Kaiaulu Plan approval, a total of 140,174 square feet of land must be provided as a public facility dedication fee. Since 1989, the Kamehameha Schools has dedicated approximately 3 acres of land in the Kaka'ako District for the HCDA to develop public projects including Pohulani Housing Development, Mother Waldron Park Expansion and a portion of Makai Gateway Park. In return, the Kamehameha Schools received public facilities dedication credits that can be used to satisfy the public facilities dedication requirements for new

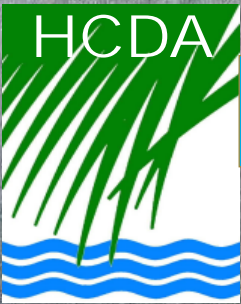


projects. At maximum build-out, the Kaiaulu Plan will fully utilize the public facility credits and will be required to dedicate up to 34,660 square feet of additional land for public facilities or pay a cash equivalent.

Besides the specific projects being proposed, implementation of the Kaiaulu Plan will result in several other public benefits. The Plan is estimated to create as many as 9,291 on-site construction jobs and 10,202 off-site jobs over its projected fifteen-year development period. The total construction and off-site worker payroll for the fifteen-year development period is estimated to be approximately \$933 million. At full build-out, it is estimated that the Kaiaulu Plan could generate 5,466 full-time professional and service jobs and approximately \$230 million in annual payroll.

Tax revenue to the State from the construction phase is estimated to be approximately \$141.5 million in excise tax and \$73.7 million in income tax. After full build-out, it is projected that annual revenue to the State in income tax could be upwards of \$18.1 million. Additionally, the City & County of Honolulu could collect upwards of \$8.9 million annually in the form of property taxes.

The HCDA conducted a broad public review of the Application and held a public meeting in May 2009. In September 2009, the HCDA approved the Kaiaulu'O Kaka'ako Master Plan.

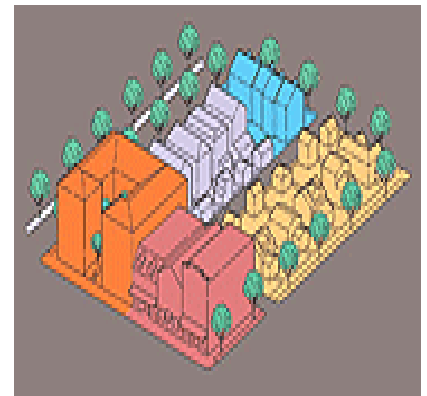


Form-Based Rules for Kaka'ako Mauka

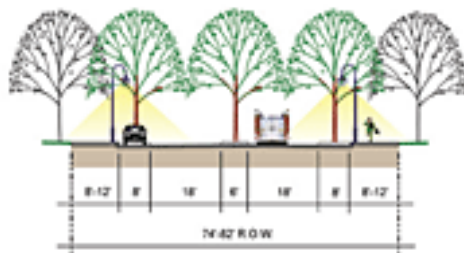
The draft plan for Kaka'ako's Mauka Area has been prepared with the participation of area stakeholders and the general public. The draft plan embodies the HCDA's goal of creating a pedestrian-oriented, multi-modal community in the Kaka'ako Mauka Area. It aims to improve, enhance, and promote an environment where residents and visitors are able to live, work and play in the context of urban Honolulu. The draft plan supports the development of a high-density urban center where mixed-use projects maximize the potential of each lot while preserving existing uses. To integrate structures with adjoining streetscapes and to maintain a pedestrian-oriented setting, large developments on consolidated lots, and associated street closures, are discouraged. Instead, provisions in the draft plan propose compatible uses in close proximity to one another on pedestrian-friendly streets. Several streets are designated as "promenade" streets featuring service, retail, and entertainment activities along with much-needed open space.

Pursuant to Chapter 343, Hawaii Revised Statutes ("HRS"), a Final Supplemental Environmental Impact Statement ("FSEIS") for the Draft Mauka Area Plan was completed and filed with the Office of Environmental Quality Control in April 2009. The FSEIS analyzes the proposed amendments to the existing Mauka Area Plan and Rules and as well as two alternatives to the proposed action.

In May 2009, the HCDA approved developing "form-based" rules for the Mauka Area ("the Rules").



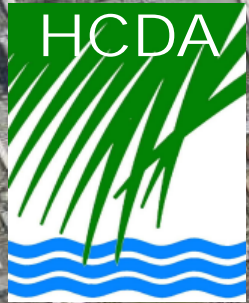
A form-based rule establishes the mechanism for regulating development to achieve a specific urban form. Form-based rules take into account the three dimensionality of a developed environment and help create a predictable urban form and public realm by primarily controlling the physical form of developments with a



lesser focus on land use (redundant), and thus, differ from traditional two-dimensional municipal land use regulations.

Form-based rules have been developed in response to the modern challenges of urban sprawl, deterioration of historic neighborhoods, and neglect of pedestrian safety in new developments. The traditional two-dimensional, Euclidean, zoning rules focus mostly on land use and ignore the urban

form and the public realm of a development. Therefore, to create vibrant urban districts with pleasant urban forms, an enjoyable public realm and pedestrian-friendly environment, many cities have started developing, adopting, and implementing form-based rules to provide the regulatory means to achieve these development objectives with greater certainty.



Form-based rules address the relationship between building facades and the public realm, the form and mass of buildings in relation to one another, and the scale and types of streets and blocks. The regulations and standards in form-based rules are presented in both diagrams and words and are keyed to a regulating plan that designates the appropriate form and scale, and therefore, the character of development rather than only creating distinctions in land-use types. This is in contrast to conventional zoning where the focus is



on the micromanagement and segregation of land uses and the control of development intensity through abstract and uncoordinated parameters such as floor area ratios, dwelling units per acre, setbacks, and parking ratios to the neglect of an integrated built form. Form-based rules are regulatory, and should not be confused with design guidelines or general statements of policy.

Torti Gallas and Partners, Inc. has been selected as the lead consultant to develop the form-based codes and development rules. Development and adoption of the final Mauka Area Plan and Rules will include extensive public input.

Form-based rules for Kaka'ako Mauka will be drafted to achieve the vision established in the proposed Mauka Area Plan and will be based on time-tested forms of urbanism. The quality of future developments in Kaka'ako Mauka is dependent on the quality and

objectives of the proposed Mauka Area Plan and the form-based rules are a tool to achieve that.





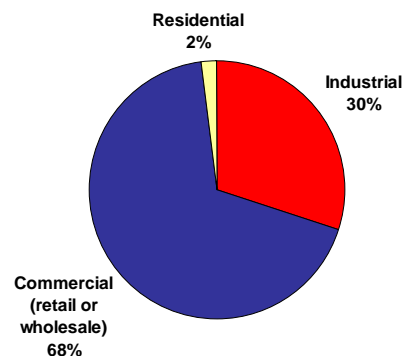
Sustaining Small Businesses in Kaka'ako

In Kaka'ako, businesses on smaller lots play an important economic role now and for the foreseeable future.

In the past, the HCDA has surveyed these small businesses on issues relating to development of their small land parcels. In an effort to address the development challenges faced by the small lot owners in Kaka'ako, the HCDA formed a Small Business Task Force ("SBTF") in November 2006 to study the issue and provide recommendations. The SBTF studied issues facing development of small lots, engaged in research on various relevant topics, convened a focus group consisting of landowners and business owners/tenants to discuss concerns, and tested various development alternatives.

The SBTF met several times to analyze issues including zoning constraints (density, height, off-street parking, lot configuration, etc.); development and market feasibility; development prototypes; mechanical parking; existing small lot projects in Kaka'ako; and improvement district assessments.

In June 2007, the findings of the SBTF were presented to the HCDA. The recommendations included increasing allowable FAR within the Central Kaka'ako Service



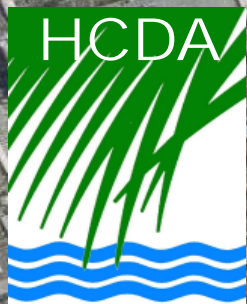
Existing Use



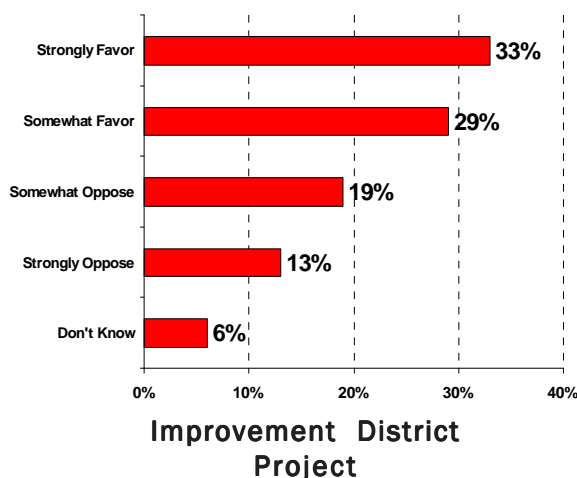
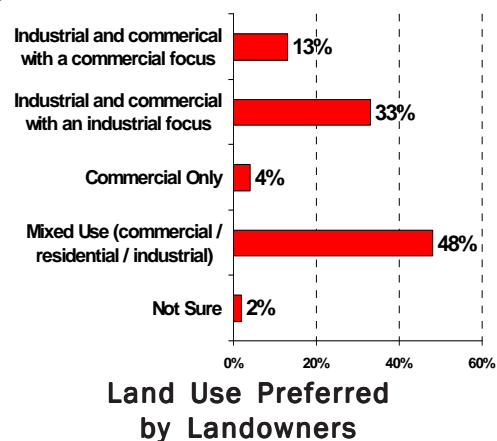
Business Precinct ("CKSBP"), setting flexible off-street parking requirements, programming and constructing parking facilities, and establishing a Small Lot Development Resource Center ("SLDRC") within the HCDA where landowners can receive assistance in planning for redevelopment of their land parcel. The SBTF also concluded that the benefits of improvement district projects to the small landowners were only theoretical if they did not redevelop or sell, while the costs and other impacts were real and immediate. Therefore, based on the "specially benefiting" criteria as outlined in Section 206E-6, HRS, the SBTF recommended structuring improvement district assessments for small lots (10,000 square feet or less)

within the CKSBP in a manner that recognized benefits to the larger community outside of the Kaka'ako Community Development District and not only to small landowners and businesses in the precinct. It recommended that the assessment process should more fully take into consideration the impacts to small lot owners in the weighting of the portion of assessment applied to them.

The SLDRC staff meets often with small landowners at the HCDA offices or on-site to discuss the opportunities for redevelopment under the Mauka Area Plan and Rules. Furthermore, the SLDRC staff provides preliminary development analysis of properties.



In the past year, the HCDA has continued its planning and outreach efforts for the CKSBP. Several key efforts were implemented in the continuing effort to support small lot development. Community meetings with area stakeholders were conducted between February and April of 2009 where discussion was conducted on preferred visions for Central Kaka'ako and the scope and extent of the improvement projects in Kaka'ako. The meetings covered a range of issues and alternatives including increasing density, on-street parking along and above streets, complete or partial improvement projects along selected streets, prototype demonstration projects, improvement district assessments, and dedication issues with the City & County of Honolulu. In response to community concerns at the meetings, the HCDA generated information and exhibits



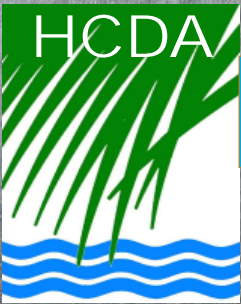
The changes in the Mauka Area Rules requested by the landowners in Central Kaka'ako will be incorporated in the revised Mauka Area Plan and Rules.

for the community to discuss and analyze.

Subsequently, outcomes of the meetings were distributed to Central Kaka'ako landowners and businesses.

The HCDA conducted a survey designed to confirm the results of meeting with stakeholders. Surveys were mailed out to 333 landowners, business owners, and tenants. The HCDA has received 52 responses with information and opinions that will be utilized to plan for the future of small businesses in the District.





Affordable Housing - 30 Years in the Making

In establishing the HCDA, the Legislature envisioned that affordable housing would be developed in Kaka'ako along side other projects. To fulfill that vision, the HCDA administrative rules require that 20% of the dwelling units in a new residential development within the Kaka'ako District be set aside or "reserved" for rental or for sale to families earning between 100-140% of the area median income. Under certain conditions, the HCDA has allowed a developer to meet the reserved housing requirement within the Kaka'ako District, developing reserved housing units instead of within the project, selling the units at a negotiated price to the HCDA, or providing a cash payment in lieu of providing the reserved units. In lieu funds collected thus far have been used by the HCDA to develop reserved housing projects. Over the years, this requirement has worked successfully and there are now 1,451 affordable dwelling units in Kaka'ako

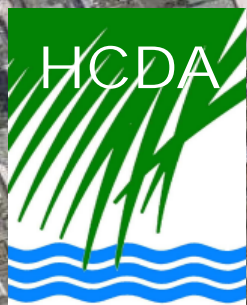


where there were none 30 years ago. In 2009, Act 18 of the Twenty-Fifth Legislature prohibited the HCDA from accepting cash-in-lieu payments in place of providing required reserved housing units, except to account for a fractional unit.

The Kaka'ako District is one of the few primary urban areas in the State in proximity to businesses and jobs that has appropriate infrastructure that can support new development. However, the current economic climate is not conducive to real estate development and thus to the development of affordable housing in general. However, even in these dire economic times, the HCDA has approved plans for construction of 188 affordable housing units of which 124 are currently under construction. In addition, partnering with its sister agency, the Hawaii Housing Finance and Development Corporation ("HHFDC"), the HCDA has

provided \$15 million to the developer of Halekauwila Place to finance the development of a 204 unit affordable rental housing project on Halekauwila Street. Even with these housing developments in Kaka'ako, affordable housing in urban Honolulu is still in short supply. The current soft economy will amplify the need of our community's housing problem and impact the cost of living. The supply of affordable housing will be affected because financing for such projects will be scarce. At the same time the demand for housing will decrease because people will be reluctant to make big purchases due to the fear of losing their job in a slow economy. It also affects the purchasing capacity because banks are reluctant to loan money for housing purchases or to individuals in a contracting economy. So, the "soft" economy will impact both the supply and demand of affordable housing.

This current economic downturn, which has been labeled the worst since the great depression, has created extreme housing pressures. Developers are reluctant to develop any type of housing project because of the soft market conditions caused by the buyer's hesitation to purchase housing and also by the inability to obtain financing for such projects. This is a typical real estate development scenario for cyclical "down" markets.

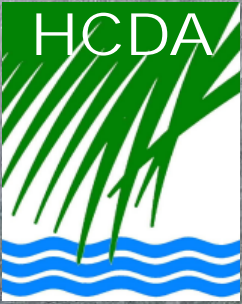


Year Permitted	COMPLETED PROJECTS	Total Units	Market Units	20% Units Required	Units Provided	Cash-in-Lieu
1984	One Waterfront Towers	307	307	62	0	\$2,427,379
1984	Royal Capitol Plaza	297	269	59	28	\$399,310
1984	Nauru Development <small>(Total units for Phases I-III)</small>	1,373		275	282	0
	Phase I: Nauru		304			
	Phase II: Hawaiki		417			
	Phase III: Ko'olani		370			
1989	Imperial Plaza	221	221	44	0	\$2,539,349
1995	One Archer Lane	331	331	66	0	\$1,183,778
2002	Hokua	248	248	50	Waiver	
2003	Moana Pacific	706	706	141	Waiver	
2005	909 Kapiolani	227	227	45	Waiver	
2005	Keola La'i	352	289	70	63	\$1,194,560
	SUB-TOTAL	4,062	3,689	812	373	\$7,744,376

Year Permitted	PERMITTED UNDER CONSTRUCTION PROJECTS	Total Units	Market Units	20% Units Required	Units Provided	Cash-in-Lieu
1984	Nauru Phase IV	341	277	64	85	0
2005	Moana Vista	492	368	98	124	0
	SUB-TOTAL	833	645	162	209	0

Year Permitted	STATE DEVELOPED RESERVED & RENTAL HOUSING PROJECTS	Total Units	Rental	For Sale	Reserved Housing Funds Used <small>(public facilities funds & lands also utilized, these funds not included below)</small>
1989	Kamake'e Vista - HFDC	227	227	0	\$2,702,178
1989	Pohulani (Elderly) - HFDC	263	263	0	\$2,002,043
1991	Kauhale Kaka'ako - HFDC	268	268	0	\$850,000
1991	Na Lei Hulu Kupuna (HCDA Elderly Rental)	76	76	0	\$44,575
1993	Honuakaha Housing Complex <small>(HCDA combined fee sale & elderly rental)</small>	244	151	93	\$765,998
	SUB-TOTAL	1,078	985	93	\$6,364,794





The reality is that affordable housing development will slow down or stop during soft economic conditions because construction of larger projects that trigger the affordable housing requirements will slow down or stop as well. In the past economic downturns, the HCDA had to waive the reserved housing requirements to make any residential development in Kaka'ako worthwhile for the developers. It is therefore imperative that the HCDA should look into fostering public, private partnership for developing affordable housing in Kaka'ako. The HCDA is already doing that by providing "gap" financing for the Halekauwila Place project. The HCDA is also pursuing the acquisition of suitable land in Kaka'ako (creating a land bank) which can be made available for development of affordable housing once financing and development partners become available.

The HCDA provides \$15 million in "gap" financing for the Halekauwila affordable housing project.



Public Facilities and Infrastructure Improvements

Kaka'ako Waterfront, Kewalo Basin, & Makai Gateway Park Improvements

Since its inception, the HCDA has been instrumental in constructing infrastructure improvements and public facilities in Kaka'ako. Some of the noteworthy public facilities constructed by the HCDA are the Kaka'ako Waterfront, Makai Gateway and Kewalo Basin Parks

("Parks"). These Parks were built in the 1990s and have been a source of recreation for not only the neighborhood residents but also for people living outside of the District. Many special events have been held in these Parks over the years and the events have attracted visitors from all over the island.

In 2009, the HCDA invested over \$10 million in building and repairing public facility projects in Kaka'ako.

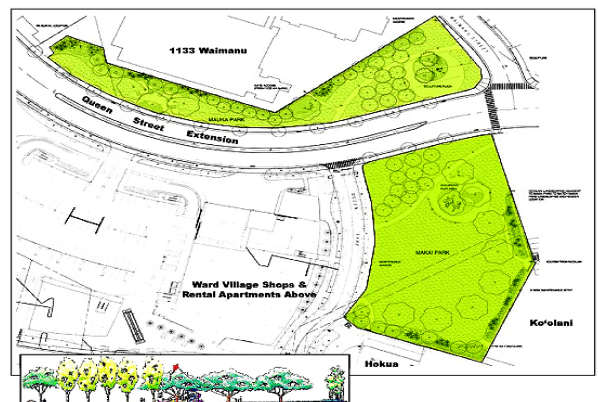


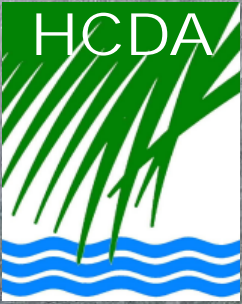
Unfortunately, the Parks are now beginning to show the effects of the years of continual use. Various facilities in the Parks have deteriorated and need to be repaired or replaced. Most of the existing hardscape features of the Parks are made of concrete. Over the years due to its proximity to the ocean, the concrete has spalled and is in need of repair. Other fixtures in the Parks have also either deteriorated or have been vandalized. The HCDA has committed \$3.85 million this year to repair and restore the Parks. The repair work is scheduled to start in early 2010.

Queen Street Parks Construction

The HCDA is constructing two neighborhood parks of approximately 2.3 acres in size on both sides of the Queen Street Extension. The parks are situated between the 1133 Waimanu, Ko'olani and Hokua condominiums and the Ward Village Shops, which is under construction. The parks will have play equipment for children, picnic areas, lighted walkways and a prominent sculpture.

The HCDA worked in close collaboration with the City & County of Honolulu, Department of Parks & Recreation and the Kaka'ako community in designing the parks. Construction of the parks has started and will be completed by summer of 2010. The HCDA has committed \$1.5 million to develop these parks.





Installation of Traffic Signals at the Intersection of Kamakee and Queen Streets

The Queen-Kamakee Street intersection currently operates with four-way stop signs for all approaching traffic. Over the years a lot of development has occurred around this area. Activities in this area have been increasing and the intersection is becoming busier with more pedestrian and vehicular traffic. As more future development occurs in this area, the intersection will become unable to safely function with only stop signs.

Residents of the area have long requested a signalized intersection at this location. The City & County of Honolulu has also recognized the need for traffic signals at this intersection and requested the HCDA to install a traffic signal and align both ends of Queen Street across Kamakee Street.

The project is currently being designed and construction is anticipated to start in January 2010. The HCDA has committed \$1.4 million for the project.

Mother Waldron Park Improvements

Mother Waldron Playground is the only active park in the Mauka Area. It is heavily used by area residents, businesses and the public, as well as by several charter schools in the area. The HCDA has committed \$1.4 million to improve the park for enhanced public use. Improvements are proposed for Coral Street section of the park between Pohukaina and Halekauwila Streets which was closed and made part of the park during the Improvement District 3 Project. The asphalt pavement at both ends of the closed street was removed and landscaped with grass and trees but the middle portion is still paved and used periodically for a small open market. Our planned improvements will create a “Coral Street Promenade”, providing facilities to accommodate more open market vendors or lunch wagons and a venue for special events. Other improvements proposed throughout the park include lighting for increased public safety, additional recreational equipment and improved play courts.



Construction is anticipated to start in July 2010.

Makai Area Open Channel and Box Culvert Improvements and Repairs

There is an existing storm water drainage channel located along the western boundaries of the Kaka’ako Waterfront Park and John A. Burns School of Medicine that collects surface runoff from Kaka’ako as well as the larger Makai Area and drains into the ocean next to the Kaka’ako Waterfront Park. The HCDA constructed the open channel going out to the ocean and the box culvert drainage system under Ilalo and Keawe Streets between 1988 and 1990 as part of HCDA’s Improvement District 2 Project.

Over the years, the concrete walls and cross beams of the open channel were showing severe spalling due to corrosion. Several sinkholes had also developed along the perimeter of the open channel. The project





included restoration of damaged concrete, application of corrosion retardant, backfilling sinkholes adjacent to the open channel, reinstalling protective fencing, and installing preventive measures to halt further erosion of soil into the channel.

Construction of the project started in March 2009 and was completed in September 2009 at a cost of \$960,000.

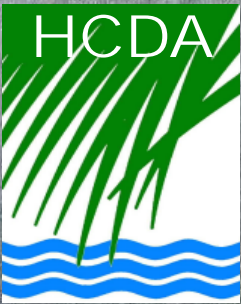
AAFES Building Repairs

Over the years, the HCDA has also acquired various assets in the District. Among these assets are the Army and Air Force Exchange Services (“AAFES”) building and Kewalo Basin Harbor. The AAFES building is a five-story structure located along Ala Moana Boulevard, between Ahui and Ilalo Streets. The building was constructed sometime in the late 1960s. Since the time the building and property was transferred to the HCDA no major maintenance or repair work has been done. The HCDA is now proposing to replace the air-conditioning cooling tower and the electrical switchgear, and repair the exterior of the building. A budget of \$1.5 million has been set aside for these various repairs. The design will begin in late 2009 and construction of the repairs is anticipated to start in 2010.



Drain box installation.





Kewalo Basin Harbor Under New Management

In 1990, Act 86 of the Fifteenth State Legislature, regular session, transferred the Kewalo Basin Harbor and the fast lands surrounding it to the HCDA. In March 2009, the HCDA took over the management of the Kewalo Basin Harbor from the Department of Transportation (“DOT”), Harbors Division that had been managing the facility in the interim.

HCDA board approves \$5.1 million for Kewalo Basin Harbor improvements

The HCDA has engaged a private company, Almar Management, Inc. to manage the day-to-day harbor operations. Almar began operations in March 2009 with two full-time equivalent positions—a full-time manager and two part-time assistants (customer service and maintenance staff). Due to increased activity in the harbor, greater than expected occupancy, and the need for more tenant services two additional full-time equivalent staff positions were added as of September 2009. As of October 2009, Almar has three full-time employees in place and is looking to hire two more part-time employees to complete their staff. With fifty-six hours of operations per week, Almar is providing good staff coverage and high levels of customer service to the harbor users.

Occupancy of the harbor has increased by 71% since March of 2009. Today 73% of the available slips in the harbor are occupied compared to only 42% in March of 2009. The harbor continues to see demand for moorage from all segments of harbor users. The new tenants have brought vigorous new commercial activities to the harbor. By the end of the calendar year the number of commercial tenants in the harbor is expected to increase by 33% (20 more commercial vessels) since March 2009. Almar is working with harbor tenants to promote their businesses through a new website, www.kewalobasinharbor.com, dedicated to Kewalo Basin Harbor which is a tenant initiated branding effort. It is also exploring the possibility of establishing cooperative guest transportation to and from Waikiki.

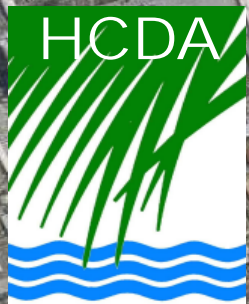
The HCDA has established a stakeholder group, Kewalo Basin Harbor Advisory Group, to advise it on the issues facing the harbor user community. The stakeholder group consists of members from: longliner; commercial fisherman; tour/excursion; recreational boaters; Friends of Kewalo Basin; the Kaka’ako Makai Community Planning Advisory Council (“CPAC”); the Departments of Transportation and Land and Natural Resources; and one member of the general public. In 2009, the stakeholder group met three times to collaborate on all matters relating to harbor operations.

Repair & Maintenance

Construction of the wharves and piers at the Kewalo Basin Harbor began in the late 1920s. Expansion of



the harbor continued intermittently until the mid-1980. During this period numerous maintenance and repair projects were conducted to ensure public safety and prolong the use of these structures. Repairs to the piers, catwalks, bulkheads, electrical systems and other parts of the basin had been done continually throughout the years up until 2003. However, some of the piers and other



facilities within the harbor have deteriorated and are in need of repairs to function safely and properly. In February 2009, the HCDA board authorized the expenditure of \$4.9 million for various repair works at the harbor. In August 2009, the HCDA board approved an additional \$200,000 for repair and maintenance of a commercial building fronting the harbor that provides commercial space for harbor users.

Apart from these two major repair and maintenance projects, general operational maintenance projects include: new pier bumpers, cleat replacement, concrete repair, hose bib replacement, water leak location and repair, replacement of electrical outlets, and painting. These repairs are performed by Almar's maintenance staff as well as outside contractors. The overall appearance of the piers and landside has improved with regular inspections, daily cleanings, and holding harbor users responsible for maintaining their areas. Almar is also currently planning to add motorcycle/moped parking and bike racks at the harbor.

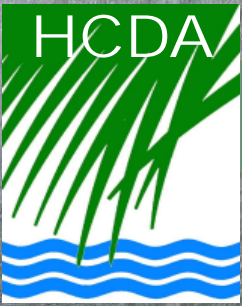
Increase in Operating Income

A higher occupancy rate and lower than expected operation cost for harbor management has resulted in an increase in operating income. It is expected that the slip occupancy will continue in the 70-78% range with monthly revenues remaining between \$60,000 and \$68,000. An increase in fees scheduled for March 2010 will result in a 12% increase in slip fees for approximately 45 tenants and increase overall revenues by an additional 3%.

Almar has greatly improved collection procedures resulting in on time payments which have allowed for a more stabilized monthly cash flow. It is expected that the expenses would stabilize at approximately \$50,000 per month leading to a net income of \$10,000 to \$18,000 per month rather than a projected deficit of \$30,000 per month.

Reduction in Operating Expenses

Efforts to reduce expenses have occurred in all operational areas. The largest savings have been realized in oil and hazmat disposal and electricity which have resulted in a saving of approximately \$70,000 per year to date. Boater education and renegotiating contracts for used oil disposal have produced these savings. Efforts taken by the HCDA to reduce costs for rubbish removal are expected to take effect in November 2009. The maintenance staff allows Almar to complete many of our repairs in-house as opposed to hiring contractors thus realizing additional savings. Water usage has been reduced through Almar's efforts to find and fix plumbing leaks and educate tenants about water usage.



New Master Planning for Kaka'ako Makai

In 2006, the HCDA was required by HCR 30 to convene a working group of interested stakeholders to meaningfully participate in the development, acceptance, and implementation of any future plans for the development of Kaka'ako Makai. In November 2006, the HCDA engaged Townscape, Inc. as a consultant to organize an Advisory Working Group ("AWG") to participate in the Kaka'ako Makai Area planning process. In April 2007, the HCDA invited the



stakeholders and the broader public to participate in and form an AWG. The objective of the AWG was to develop a vision and guiding principles for the future development of the Kaka'ako Makai Area. The HCDA wanted this process to be a 'bottom up' community process and wanted the group to organize itself and engage in the process. The HCDA held a workshop in March 2007 to discuss the role of the AWG and stressed that its role was advisory and that the group would be providing recommendations to the HCDA on the vision and guiding principles regarding future development of Kaka'ako Makai. In 2007 the members of the AWG voted unanimously to change its name to the Kaka'ako Makai Community Planning Advisory Council ("CPAC"). The HCDA also provided a budget of \$52,800 for meeting facilities and a meeting facilitator for the CPAC.

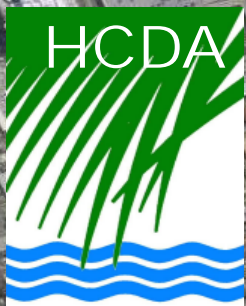
The CPAC spent the first ten months in selecting a facilitator, adopting operating principles, defining the roles of participants, defining participation and representation, and seeking some sense of unified purpose.



Tasking a collection of people with possibly divergent and conflicting interests to create a functioning unified organization to complete any task sounds like a recipe for failure. Indeed, it took ten months for the group to get to know each other, to research the myriad issues, come to terms with conflicting interests in Kaka'ako Makai, and to elect a group of individuals to manage the workings of the organization. It took another seven months to discuss the various interests, concerns, and aspirations the group had

for the future of Kaka'ako Makai and to narrow these down to a three page list of Guiding Principles.

In February 2008, the group elected four officers and created two ex officio positions for Kamehameha Schools and the Office of Hawaiian Affairs as major stakeholders in the area. This decision exemplifies CPAC's inclusive approach and its desire to speak as the voice of the community.

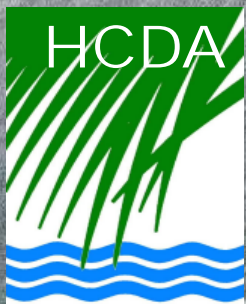


While the facilitators ran meetings prior to the election of officers, within two months from its organization, the CPAC transitioned to running major portions of both its steering committee meetings as well as general meetings. Upon the completion of the facilitation contract with the Spark M. Matsunaga Institute for Peace at the University of Hawaii, the CPAC had organized and began conducting meetings on its own. CPAC developed its own procedures to gather and select input for the Guiding Principles, the primary document advising planning for the area.



The work on establishing vision and guiding principle phase began in June of 2008. Recognizing the importance of respecting all interests, every member's ideas and comments were heard and incorporated into a list of 270 nominations for Guiding Principles. Through a careful process involving multi-voting, computer analysis, tabulation, and cross-referencing of keywords, the group reduced the number of guiding principles to 32, and eventually to 14 in the final form. In November 2008,

the CPAC adopted the Guiding Principles by consensus. In January 2009, the CPAC adopted a vision statement for Kaka'ako Makai by consensus. That vision and guiding principles adopted by the CPAC follow.



THE VISION FOR KAKA'AKO MAKAI

The Hawaiian Place of Ka'akaukukui and Kukuluae'oa

Kaka'ako Makai is the community's gathering place. A safe place that welcomes all people, from keiki to kupuna, with enriching cultural, recreational and educational public uses. A special place that continues the shoreline lei of green with scenic beauty, connects panoramic vistas Mauka to Makai, and encourages ecological integrity of land, air and sea. Kaka'ako Makai honors, celebrates and preserves its historic sense of place, Hawaiian cultural values and our unique island lifestyle for present families and future generations.



GUIDING PRINCIPLES

Community Cultural Gathering Place

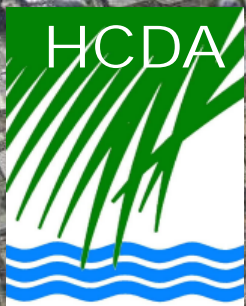
Establish Kaka'ako Makai as a gathering place where community and culture converge in response to the natural scenic beauty of the green shoreline open space.

- ✓ Celebrate the intertwined cultures of the community by ensuring a welcoming gathering place for a broad cross-section of people diverse in age, income and ethnicity.
- ✓ Provide enriching public recreational, cultural and educational opportunities for residents and visitors alike through Kaka'ako Makai's scenic coastal and marine environment, the Native Hawaiian cultural heritage, compatible facilities and activities, and historic sites and settings.

Hawaiian Culture and Values of the Ahupua'a

Base the framework for planning, decision-making and implementation of the Kaka'ako Makai master plan on Native Hawaiian values and traditional and customary rights and practices protected by the State.

- ✓ Emphasize the host Hawaiian culture.



- ✓ *Incorporate the ahupua'a concept and spirit of caring for, conserving and preserving the self-sustaining resource systems necessary for life, including the land that provides sustenance and shelter, the natural elements of air, wind and rain extending beyond the mountain peaks and streams of pure water, and the ocean from the shoreline to beyond the reef where fish are caught.*
- ✓ *Adopt the ahupua'a lifestyle of individual kuleana working together and contributing to the whole for a greater level of stewardship, conservation, and proper management of resources with contemporary land-use bench marks, such as growth boundaries and carrying capacity.*
- ✓ *Assure that the planning of collective or individual traditional features, settings, and activities will be overseen by Hawaiian historic and cultural experts to prevent misinterpretation or exploitation.*

Open View Planes

Protect, preserve and perpetuate Kaka'ako Makai's open view planes from the mountains to the sea as an inherent value of the Hawaiian ahupua'a and an important public asset for residents, visitors and future generations.

- ✓ *Ensure planning and development safeguards to identify, document, retain, restore and protect Makai-Mauka and Diamond Head-'Ewa open view planes to the Ko'olau mountains, Diamond Head (Leahi) and the Wai'anae mountains as seen from the view vantage areas and vicinities of Kaka'ako Makai's public lands and Kewalo Basin Harbor.*

Coastal and Marine Resources

Preserve, restore and maintain Kaka'ako Makai's valuable coastal and marine resources for present and future generations.

- ✓ *Enable the monitoring, protection, restoration, and conservation of natural coastal and ocean resources, including reef and marine life, through responsible stewardship and sustainable practices.*
- ✓ *Protect and sustain the coastal environment for cultural uses including fishing, ocean gathering, surfing and ocean navigation.*

Expanded Park and Green Space

Ensure expansion of Kaka'ako Makai's shoreline parks as significant landscaped open spaces joining the lei of green parks extending from Diamond Head (Leahi) to Aloha Tower.

- ✓ *Implement the Hawaiian values of the ahupua'a and malama 'aina by preserving shoreline open space, protecting scenic coastal and marine resources, and respecting the natural interaction of people, land, ocean and air.*
- ✓ *Welcome residents and visitors alike with green open space, abundant shade trees and opportunities for family recreation.*



- ✓ *Use the established park planning standard of at least 2 acres per 1,000 residents as a benchmark to assure sufficiency of park space to contribute to the health and welfare of Kaka'ako Mauka's growing population and offset increased urban density, noise and pollution.*

Public Accessibility

Provide open and full public access to recreational, cultural and educational activities within and around Kaka'ako Makai's parks and ocean shoreline.

- ✓ *Ensure complete public recreational access with minimal impact to the environment, including drop-off accommodation of ocean recreation equipment and connections to public transportation.*
- ✓ *Provide a shoreline promenade and tree-lined paths to safely and comfortably accommodate pedestrians, bicyclists and the physically impaired.*
- ✓ *Provide sufficient shared parking complementary to the natural setting to support all uses in Kaka'ako Makai, with workplace parking available for recreational and cultural users during non-working hours.*

Public Safety, Health and Welfare

Ensure that Kaka'ako Makai is a safe and secure place for residents and visitors.

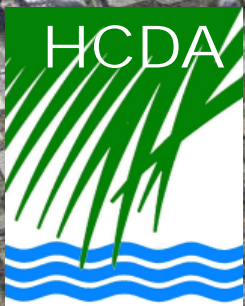
- ✓ *Keep public use areas safe day and night for public comfort and enjoyment.*
- ✓ *Ensure that exposure to land and ocean is environmentally safe for people and marine life by assuring timely investigation, determination, and remediation of contaminants.*
- ✓ *Ensure that Kaka'ako Makai remains free and clear of elements, activities and facilities that may be potentially harmful to the natural environment and public well-being, including laboratories containing and experimenting with Level 3 or higher bio-hazardous pathogens and/or biological toxins known to have the potential to pose a severe threat to public health and safety.*

Public Land Use Legislation – Public Use of Public Lands in the Public Interest

Recognize and respect the effort and intent of the Hawaii State Legislature to uphold the greater public interest by ensuring and sustaining public uses on Kaka'ako Makai State public lands for the greater public good.

- ✓ *Preclude the sale of public land and development of housing in Kaka'ako Makai.*
- ✓ *Demonstrate commitment to serve the highest needs and aspirations of Hawaii's people and the long-term good of Hawaii's residents and future generations through community-based planning.*
- ✓ *Restore the site-dependent use of Kewalo Basin Cove to the Kewalo Keiki Fishing Conservancy.*





Kewalo Basin

Ensure that Kewalo Basin Harbor's unique identity is retained with continued small commercial fishing and excursion boat uses, keiki fishing and marine conservation, marine research and education, and accessible green park open space expanding the lei of green between Ala Moana Park and Kaka'ako Waterfront Park.

- ✓ *Enable continued functional commercial boating uses at Kewalo Basin Harbor and preserve the beneficial relationships between the existing small commercial fishing and excursion boat businesses and land-based maritime support service businesses.*
- ✓ *Ensure that Kewalo Basin will continue as a State of Hawaii commercial harbor and valuable public facility asset by repairing, maintaining and enhancing the harbor for small commercial fishing and excursion boat use.*
- ✓ *Ensure the protected use of Kewalo Basin Cove for the Kewalo Keiki Fishing Conservancy keiki fishing and marine conservation programs.*
- ✓ *Support Kewalo Marine Laboratory's continued valuable marine biology and ecosystems research and education in the vicinity of Kewalo Basin.*
- ✓ *Ensure preservation of Kewalo Basin Park, the net shed and parking lot for public use, upgrade and improve existing facilities within the park, and provide green open space between Ala Moana Park and the channel frontage.*

Cultural Facilities

Offer public enrichment opportunities through both fixed and flexible cultural facilities that celebrate the diverse cultures of Hawaii and blend compatibly with the shoreline open space.

- ✓ *Contemplate compatible indoor and outdoor performance venues that encourage the teaching, practicing, and presentation of hula, theater, music, dance, and other performing and visual arts, with an outdoor multi-cultural festival space for Honolulu's diverse ethnic communities.*
- ✓ *Contemplate educational facilities, such as an exhibition hall with permanent, interactive and rotating exhibits, museums communicating the cultural history of the area, and places for traditional Hawaiian cultural practices.*
- ✓ *Establish a cultural market stocked by local farmers, fishers and Hawaiian traditional craft makers to reflect the Hawaiian values of gathering and trading in the ahupua'a between the mountains and the sea.*
- ✓ *Ensure a community center for local families to gather, interact and learn from each other.*



Small Local Business

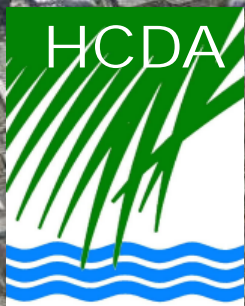
Apportion a limited number of small local businesses to assist in cooperatively sustaining Kaka'ako Makai's public use facilities.

- ✓ *Ancillary small businesses may include diverse local restaurants, cafés, small shops, markets or other uses that will complement the recreational, cultural, harbor or other public facilities serving the community interest.*
- ✓ *Encourage small local enterprises that emphasize the Hawaiian culture and support traditional local products, rather than large corporate retailing attractions.*

Site Design Guidelines: A Hawaiian Sense of Place in Landscape, Setting and Design

Ensure that Kaka'ako Makai's public use facilities are compatible in placement, architectural form, and functional design within the landscape of the shoreline gathering place.

- ✓ *Provide and maintain abundant native coastal plants and trees to blend the scenic and sensory qualities of the coastal environment and create a Hawaiian sense of place.*
- ✓ *Identify, protect, preserve, restore, rehabilitate, interpret and celebrate Kaka'ako Makai's historic sites, facilities, settings, and locations.*
- ✓ *Maintain the quality of coastal environmental elements including natural light, air and prevailing winds.*



- ✓ *Mandate sustainability principles, conservation technologies, and green building standards for buildings, grounds and infrastructure.*

Community/Government Planning Partnership

The Kaka'ako Makai CPAC places the public interest first and foremost, and will strive to uphold the greater good of the community in partnership with the HCDA as the public oversight agency by:

- ✓ *Openly working with the community, the HCDA and the HCDA's planning consultants has guaranteed by government commitment to ongoing community representation and involvement throughout the master planning process.*
- ✓ *Openly communicating with the State Legislature and other elected public officials.*
- ✓ *Committing the time and effort required to meet the goals and objectives of the Kaka'ako Makai planning process, and advocating responsibly in the public interest both collectively and individually, notwithstanding premature or conflicting proposals.*

Future Funding and Management

Assure and assist viable and sustainable operation of public uses and facilities on State public land in Kaka'ako Makai through public/private partnerships and 501(c)(3) non-profit management similar to successful park conservancies and their stewardship programs.

- ✓ *The community land conservancy will be essential in determining safeguards to restore, protect and perpetuate Kaka'ako Makai's natural shoreline resources and view planes, historic and recreational resources, and public uses on State public lands in the public interest as a quality of life benchmark.*
- ✓ *This conservancy may be a public/private partnership of the Kaka'ako Makai CPAC, the HCDA or current oversight agency, and private contributing interests to both monitor and underwrite public use on State public land in service to the public good.*



Working together with the CPAC and other stakeholders, HCDA is moving forward with the master planning of Kaka'ako Makai. A team of consultants lead by MVE Pacific, Inc. has been engaged to work with HCDA, CPAC and other stakeholders in developing the master plan. The master plan is expected to be completed by December 2010.

The Kalaeloa Community Development District (“Kalaeloa District”)

The Kalaeloa District is comprised of the 3,700 acre of decommissioned Barbers Point Naval Air Station (“BPNAS”) and four parcels within Campbell Industrial Park. Besides the Pacific Ocean, the District boundaries include Roosevelt, West Perimeter, East Hansen and Essex Roads.

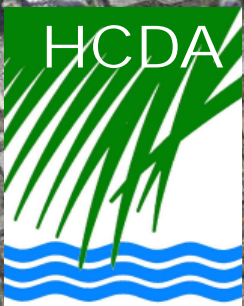
In 1993, the U.S. Department of Defense (“DOD”), through the Base Realignment and Closure (“BRAC”) process, designated the BPNAS for closure. In September 1993 then Governor John Waihee and Mayor Frank Fasi subsequently signed a joint letter establishing the BPNAS Reuse Committee. In April 1997, the State Legislature redesignated the Committee as the BPNAS Redevelopment Commission (“BPNAS-RC”).



The BPNAS-RC served as the local reuse authority and worked with the DOD to identify land uses for the surplus properties within the Kalaeloa District.

In December 1996, Governor Benjamin Cayetano formally approved the BPNAS Community Redevelopment Plan identifying various State and county government agencies as the receiving entities for the surplus land. The Community Redevelopment Plan, with its subsequent amendments in 1998 and 2000, has served as the principal guiding document for the Federal government in the conveyance of surplus lands.

In June 2002, then Governor Benjamin Cayetano signed into law legislation that transferred responsibility for the Kalaeloa District from the BPNAS-RC to the HCDA. On July 1, 2002, the HCDA assumed the responsibility for implementation of the Community Redevelopment Plan, overseeing remaining conveyances, contract administration, promulgation of administrative rules, and other responsibilities relating to the former BPNAS-RC.



It also transferred the Kalaeloa Community Development Revolving Fund to the HCDA and authorized the HCDA to assess non-Federal land users for a proportionate share of its staff and operating costs for Kalaeloa. At this point, the Kalaeloa District included all of the land within the former BPNAS, including land retained by the Navy and land conveyed to other Federal agencies.

In the summer of 2004, the HCDA held stakeholder meetings to discuss community redevelopment and develop a strategic plan. The Kalaeloa District Strategic Plan identified priority actions and timelines which included an emphasis for developing partnerships with the numerous landowners, small businesses, and State, county, and Federal agencies.



In 2006, the HCDA adopted and Governor Linda Lingle approved the Kalaeloa Master Plan. The community envisioned that Kalaeloa becomes the “Wahi Ho’okela,” a Center for Excellence, in the ‘Ewa plain. This vision is at the forefront of all HCDA activities and actions for the Kalaeloa District. Collaboration, planning, advocacy, and stewardship are at the foundation of the Kalaeloa Master Plan.

In 2007, the U.S. Navy (“Navy”) announced its decision that a Nimitz-class aircraft carrier would not be located at Pearl Harbor. This decision spurred the HCDA’s formation of the Kalaeloa Advisory Team (“KAT”) and enlist the community’s help in preparing administrative rules to carry out the goals of the Master Plan.



In 2008, the Navy released the Environmental Impact Statement for the 499 acres sought to be conveyed to the Ford Island Properties, LLC (“FIP”). Based on information gathered during preparation of the assessment, the Navy concluded that the proposed conveyance of the 499 acres of land and utility systems at Kalaeloa will not significantly impact human health or the environment.

The 2007 National Defense Authorization Act required the Navy to enter into a binding agreement to convey the brokered parcels in Kalaeloa, by sale or lease, to any public or private person outside the DOD. In February 2009, the Navy entered into an agreement with Hunt Companies/Ford Island Ventures (“FIV”), formally known as Ford Island Properties, LLC, for the lease of the brokered parcels totalling 499 acres. The Act also required the Navy to obtain fair market value for the land. The agreement follows through on the 1999 Ford Island Special Legislation and the Master Development Plan that Congress approved in 2003. The legislation allows the Navy to sell or lease properties in Hawaii, and use the proceeds to develop Ford Island. The lease agreement with FIV fulfills that legislative intent.

Developing Kalaeloa into a “Center of Excellence”

The Kalaeloa Master Plan is a community development plan for the Kalaeloa District, with an approximately 20-year build-out period. The Master Plan envisions mixed-use development and preservation of open spaces in Kalaeloa. Anticipated benefits related to implementing of the Plan include:

- √ improving connectivity within the region through a series of new regional north-south and east-west roadways;
- √ providing for the integration of the district with the regional mass transit system being developed by the City & County of Honolulu;
- √ creating business and investment opportunities with over 3,000,000 square feet of mixed-use commercial/office and light industrial use;
- √ developing 6,350 residential units;
- √ accommodating two new public schools to support new residential communities;
- √ eco-industrial and alternative energy development;
- √ protecting cultural and natural resources;
- √ creating of 7,000 new job opportunities; and
- √ preserving hundreds of acres of open space for recreation, beach access, and parks.

Throughout the entire planning process, the HCDA solicited and received the participation of the public, Kalaeloa stakeholders, Federal, State and county agencies, and elected officials. During the planning period, the community and stakeholders engaged in the process through focus group and informational meetings and a public hearing. An early and meaningful dialogue with the stakeholders contributed towards the articulation of a viable land use framework that embraces the vision for Kalaeloa.

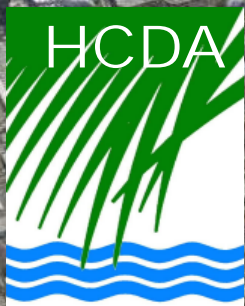


FIGURE 5-1 KALAELOA MASTER PLAN
PHASE 1: 2007 TO 2015

Collaboration Key to Achieving the “Center of Excellence”

The HCDA facilitates the work of four community-based groups that strive to improve current conditions in Kalaeloa. These groups are the Kalaeloa Public Safety group (“KPS”), the Kalaeloa Community Network (“KCN”), the Kalaeloa Advisory Team (“KAT”) and the Kalaeloa Archaeological and Cultural Hui (“KACH”). With these working groups meeting on Kalaeloa District matters, the HCDA has access to local expertise, experience, and commitment of over 60 stakeholders and volunteers.

The Kalaeloa Public Safety Workgroup

The HCDA established the KPS team in May 2006. The KPS meets monthly and is committed to addressing the health and public safety issues facing Kalaeloa.



Participation from State, Federal, and City and County agencies continues to grow and includes the City & County of Honolulu Departments of Design and Construction/Facility Maintenance/Parks and Recreation/Transportation Services, Honolulu Police Department, Honolulu Fire Department, Federal Fire Department, Naval Station Westloch Police Annex (Navy Security), Navy Region Hawaii, Department of Transportation, U.S. Coast Guard, Hawaii Army National Guard (“HIARNG”), State of Hawaii Sheriff’s Department, Kalaeloa Airport Crash Fire Rescue team and the Hawaii Public Housing Authority (“HPHA”).



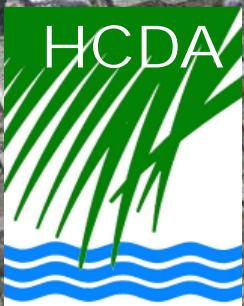
In Fiscal Year ("FY") 2009 increased activity and better traffic circulation through the Kalaeloa District became possible with the opening of the Kamokila Boulevard extension. The KPS continues to help identify potential unsafe areas and address the need for new signage, roadway markings and other roadway maintenance. The Kamokila Boulevard extension and improved connectivity between the communities of Kapolei, Kalaeloa and 'Ewa moves the Kalaeloa District closer to achieving its "Wahi Ho'okela, Center of Excellence" vision. The KPS continues to meet every month to allow participating agencies to clarify jurisdiction, collaborate, and focus on addressing all safety related matters within the District.

Kalaeloa Community Network

The HCDA also engages Kalaeloa landowners, businesses, residents and elected officials through its monthly meetings of the KCN. The HCDA started the KCN in October 2006 to create a forum to exchange information, address issues that affect those that work, live, learn, and play in Kalaeloa, and to engage elected officials for guidance and assistance. Since its formation in 2006, the KCN membership has more than doubled in size and now includes participation from American Renaissance Academy, Council Chairperson Todd Apo, Barbers Point Commissary, Barbers Point Elementary School, Bauske Environmental, Containers Hawaii, DOT – Kalaeloa Airport, Senator Mike Gabbard, Representative Sharon Har, Department of Hawaiian Home Lands ("DHHL"), Hawaii National Guard Youth Challenge Academy, Hawaii Forward March, Hawaii Public Housing Authority, HIARNG, Hope Chapel Kapolei, Hunt Building Company, Kalaeloa Rental Homes, Mercy Vineyard West Oahu, Naval Air Museum Barbers Point, Navy Region Hawaii, Onelau'ena Transitional Shelter, Onemalu Transitional Shelter, Responsive Caregivers of Hawaii ("RCH"), Subway Barbers Point, U.S. Coast Guards, U.S. Veteran's Affairs Administration, and the West O'ahu Community Federal Credit Union.



In FY 2009 the KCN continued its efforts to build community pride by conducting a complete makeover of the Fort Geiger entrance. The improvements included removal of rusted equipment, fences, and barbed wire, painting of curbs and surrounding structures, landscaping, lighting, irrigation and new signage. Over 100 volunteers from the community and area businesses contributed manpower, heavy equipment and operators, materials for the project. Although the HCDA had authorized a \$15,000 budget for the project, stakeholder collaboration and donations resulted in savings of almost half the original budget. The HCDA held a recognition ceremony for the participants at the Navy golf course because the HCDA understands that it is these types of collaborative efforts that will move the Kalaeloa District closer to achieving its vision of "Wahi Ho'okela" or "Center of Excellence".



The Kalaeloa Advisory Team

The establishment of administrative rules for the Kalaeloa District is essential for implementing the Master Plan. These rules are currently being drafted in accordance with State requirements and will involve community coordination, consultation with the City & County of Honolulu, a formal public hearing, and final approval by the Governor. Once adopted, the administrative rules will establish the land use and zoning regulations for the Kalaeloa District.



The KAT was established in 2007 to provide suggestions and feedback to the HCDA staff on planning and development matters in the Kalaeloa District. The KAT includes members from the Wai‘anae, Kapolei, and ‘Ewa Neighborhood Boards, area developers, area legislators, district non-profit organizations and a HCDA task force. A KAT subcommittee was assembled to work specifically on the administrative rules. In early 2008, the planning firm of Townscape Inc. was engaged as the consultant to assist the HCDA to develop the administrative rules. In 2009, the HCDA started working with the National Renewable Energy Laboratory (“NREL”) staff on a sustainability standard that will be included in the administrative rules.

The Kalaeloa Archaeological and Cultural Hui

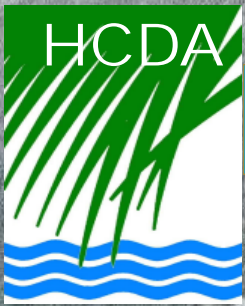
The KACH was established in 2007 to help the HCDA focus on the preservation and protection of archaeological and cultural sites in the Kalaeloa District. The KACH is composed of participants from the (Ahahui Sawila O Kapolei) Kapolei Hawaiian Civic Club and the Hoakalei Foundation. The KACH continues to monitor the culturally sensitive areas within the Kalaeloa District, often contacting the HCDA and the Navy police to address trespassing and other possible disturbance. The KACH will also play a vital role this year on the development of a preservation plan for archaeological and cultural sites.

Continued Community Outreach

The HCDA has expanded the level of community outreach by providing quarterly reports to the Wai‘anae, Nanakuli, and ‘Ewa Neighborhood Boards in addition to the monthly updates to Kapolei Neighborhood board meetings.

Pursuing BRAC Land Conveyance Completion

Given the multiple landownership in Kalaeloa District, it is vital for the HCDA to continue to collaborate with all Kalaeloa stakeholders to address the variety of issues affecting the District. In FY 2009, several “all-hands” meetings were facilitated to continue the conveyances of the BRAC lands and the infrastructure utility systems. Congressman Neil Abercrombie’s staff introduced special legislation into the defense authorization bill to ensure that all remaining rejected parcels and any future rejected parcels in the Kalaeloa District will ultimately be conveyed to an appropriate agency or the local reuse authority, which is the HCDA. The congressional team, the DHHL, and the City & County of Honolulu Departments of Parks and Recreation and Environmental Services continue to work with the HCDA and the San Diego BRAC team to complete conveyance by the end of 2010.



HCDA Investment in Infrastructure

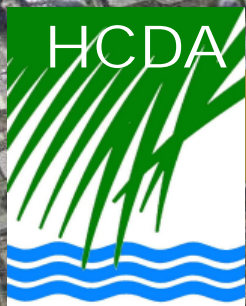


The lack of adequate infrastructure in Kalaeloa has always plagued development in the Kalaeloa District. Therefore, the HCDA requested funding from the 2009 Legislature to develop a new energy corridor in partnership with the Hawaiian Electric Company, Inc. ("HECO"), FIV, HIARNG, and the DOT. Due to economic challenges facing the State, the Legislature was unable to fund the project. Although HCDA did not receive funding, a smart-grid energy corridor project along Enterprise Road is still being

pursued. The new energy corridor project will be the first new infrastructure project in the District since the HCDA became responsible for the planning and development of Kalaeloa. As HCDA is trying to address infrastructure and utility issues, the local utility companies and other permitting agencies are requiring that a Kalaeloa infrastructure master plan be prepared before any development project can be permitted. The HCDA is partnering with FIV to develop a Kalaeloa infrastructure plan for the entire District. The HCDA is committed to advancing funding for the new energy corridor project and will continue to collaborate with all effected landowners as the details of the project become available. The HCDA continues to work with the Navy as it explores all opportunities for divesting itself from the utilities ownership in Kalaeloa.



The HCDA will focus its efforts on the need for new infrastructure in the District with Federal, State and City agencies and develop an action plan to redevelop public infrastructure in Kalaeloa.



Redeveloping Lives and Jobs in Kalaeloa

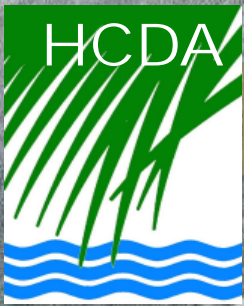


Redevelopment in Kalaeloa is not just about land and buildings. In Kalaeloa, the redevelopment of lives and jobs are just as important. In 2009, the Kamaaina Kids reopened a child development center to provide early child care and early childhood instruction for families who live in the District and surrounding Kapolei and 'Ewa plain. Kamaaina Kids preschool employs about twenty-five full-time and part-time staff. The American Renaissance Academy ("ARA"), a private k-12 school, opened its doors in summer of 2008 and

is thriving as of 2009. Today the ARA employs over 50 full- and part-time staff. Narconon, a non-profit drug rehabilitation program, has ramped up its activities in the District. As part of an extensive rehabilitation program, its staff and clients also volunteer for service projects throughout the District, from clearing brush to repainting buildings for other service-oriented small businesses. Another service-oriented business, RCH, has committed to creating positive choices in lives for adults with developmental disabilities and the medically fragile and has relocated most of its operations from Pearl City to Kalaeloa. RCH employs over thirty full-time and part-time staff and is projecting to expand the program in the District. The HPHA has located five shelter facilities in Kalaeloa providing a place to live as well as a multitude of social programs to assists families, singles, couples, and people with special needs. The newly renovated Kumuhonua shelter is owned by the HCDA, which is leased to the HPHA and operated by the Honolulu Community Action Program ("HCAP"). The five shelters employ over forty people. The Department of Human Services in conjunction with Office of Youth Services and the DHHL partnered on the Ke Kama Pono safe house program for at-risk youth which will be located in the District. The Ke Kama Pono safe house will serve about sixteen with a staff of twelve.



In addition to the safe house program, the DHHL has over twenty tenants employing over 100 people. The FIV has over five tenants employing over fifty people. As the two major landowners provide more lease opportunities, jobs are projected to increase and the need for new infrastructure moves to the forefront.



Exciting Times for Kalaeloa

In the coming year, as the North-South interchange opens for public use, as the Fort Weaver Road widening is completed, and other long awaited projects in the District get initiated, the HCDA will complete the promulgation of administrative rules. This will allow for new development to occur. With the renewed focus on infrastructure by the Navy to divest itself of the utilities in Kalaeloa, the HCDA will aggressively facilitate new discussions on infrastructure planning, development, and pursue the new energy corridor project with HECO and other State and county agencies.

The HCDA will pursue Navy conveyance of the remaining Federal lands within the District to the HCDA. As the HCDA secures land, it will continue discussions about preservation of the land with the KACH members and other interested parties such as the University of Hawaii (“UH”), and other private and public entities.

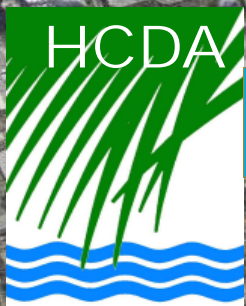
Opportunities for energy generation projects will also be pursued for the District. The HCDA will continue its work with NREL staff to develop a renewable energy plan for the District. The HCDA will seek memoranda of understanding and agreements with UH and other interested organizations for projects they want to undertake in the District as it moves closer to fulfilling the vision of a “Wahi Ho’okela”, or “Center of Excellence”, which calls for a balance of development and preservation in the District.

With the FIV’s announcement of a new Federal Bureau Investigation agency (“FBI”) project in the District, the completion of the administrative rules, infrastructure redevelopment, and community collaboration become more critical for the coming year. The FBI project represents the first major development in the Kalaeloa District.

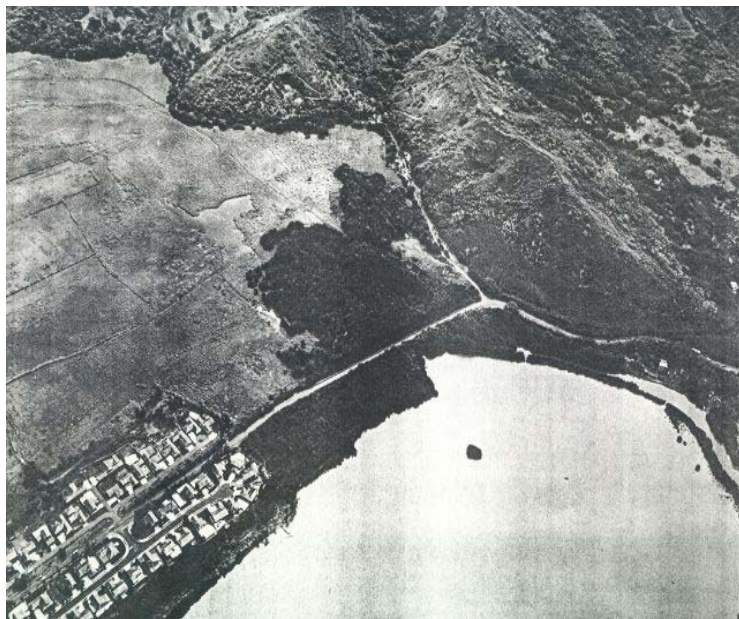
The HCDA continues to proactively interface with landowners and developers in the area, engage the support of the community and elected officials, as it proceeds with the redevelopment of this special District.

It is a little known fact that it was on the shores of the Kalaeloa that the ulu plant was first introduced on Oahu. As you enter the District through the two major entry ways you will see the ulu design erected high at the entrances as a reminder of the District’s significance, need for sustainability, and potential for redevelopment. The HCDA is committed to fulfilling the promise of Kalaeloa.





He'eia Meadowlands



In 1991, the HCDA acquired approximately 385 acres of preservation zoned land in He'eia on the windward side of Oahu as part of a land exchange with the Estate of Bernice Pauahi Bishop. The HCDA staff has held discussions with the Department of Land and Natural Resources ("DLNR") to convey the land to the State because the land was to remain in preservation. However, due to the lack of resources to manage the land, the DLNR declined HCDA's offer to convey the land. The Legislature has also looked

for ways to transfer He'eia from the HCDA to the DLNR, the DHHL, and more recently to the Office of Hawaiian Affairs ("OHA"). In the meantime, the He'eia community, Ko'olaupoko Hawaiian Civic Club, Kaneohe Neighborhood Board, and other organizations including the Army Corp of Engineers, and Board of Water Supply ("BWS") have been concerned with the mangrove overgrowth, constricting of waterways and streams, and runoff and sediment entering into the ocean and choking off the limu near the He'eia State Park.

As the steward of the He'eia meadowlands, the HCDA has entered into various short-term leases and right-of-entry agreements with private and public entities to conduct studies as well as general management of the land. In 2006, the HCDA issued a right-of-entry to Hawaii Pacific University to conduct stream water sample testing; and in 2007, the HCDA entered into a month-to-month lease with Rancho Del Oceano, LLC for live stock ranching activities. The HCDA is committed to being a proper steward of the lands in He'eia. He'eia is a vital resource for water management, cultural significance, and it provides an opportunity for development, management and maintenance of cultural and natural resource.





In 2009, the HCDA issued a right-of-entry to Kako'o O'iwi, a non-profit organization that is affiliated with the Ko'olaupoko Hawaiian Civic Club for restoration, conservation, preservation, and other sustainability activities. The HCDA is pursuing a private-public partnership with Kako'o O'iwi to design a traditional Hawaiian wetland system that improves coastal water quality by reducing land-based sources of pollution through traditional sustainable Hawaiian farming practices and restoration of natural habitats. Some of the goals of Kako'o O'iwi are:

- ✓ to create a body of knowledge from He'eia kupuna and the community to record and assess sustainable traditional, subsistence and commercial uses;
- ✓ to create a policy to enhance public access and appropriate coastal dependent uses of the He'eia shoreline based on He'eia, kupuna knowledge;
- ✓ to create a plan that develops sustainable commercial aquaculture and agriculture in coastal areas and waterways to diversity and expand Hawaii's economy and provide locally produced sources of seafood; and
- ✓ to create the community capacity for kupuna and community based assessments, and integration of place-based approaches to the management of natural, cultural, and commercial resources.

The ahupua'a of He'eia contains some of the most spectacular water falls on O'ahu, however as the water flows down from Mauka into the high residential suburbs and commercial use areas



He'eia and 'Iole ka'a streams become filled with dirt, fertilizers and other land-based pollutants. As the two streams converge at Makaweli into Pua olena stream, the wetland attempts to clean its waters, however with development, unsustainable land use practices and invasive species present in Hoi, the mouth of Pua olena stream is still full of sediment and debris. This land-based source pollution covers the reefs, Malauka'a and ko'a mano. The native manaua (*Gracilaria coronopifolia*), manaua loloa (*G. parvispora*), and Huluhuluwaena (*Grateloupia filicina*) beds that used to be the juvenile nursery habitats that sustained fauna and fish community are being covered and the productive waters are now mainly teaming with invasive limu and non-native fish. The connections that families had to the land through the maintenance of Koa and limu bed along this shoreline are being broken with this changing land use.



In May of 2009, the HCDA staff in partnership with Kako'o O'iwi secured a Coastal Zone Management grant through the State of Hawaii Office of Planning. In September of 2009, the HCDA authorized the establishment of a 38-year lease with Kako'o O'iwi to develop a stewardship plan and begin the establishment of the project Mahuahua ai o Hoi. This project has received support of the congressional team, area legislators and leaders, the BWS, Castle Complex Schools, the UH, kupuna and area practitioners, and the UH Manoa Hawaiian Studies staff. The local community supports the work of Kako'o O'iwi. Many of the board members of Kako'o O'iwi have ili lands within He'eia and all are long time residents or the Ko'olaupoko community.

Project Mahuahua Ai o Hoi looks to create a Hawaiian estuary where traditional loko ia (fishponds) and loi (taro patches) are found throughout the wetland. These systems will be utilized as tools to mitigate land-based pollution by freshwater pulse flooding, increase native habitats, restore native wetlands, reestablish community's connectivity to resources, educate the community on sustainable use and generate revenue from products and jobs created in the community.

HCDA Moves to a New Location

After 25 years of being headquartered in the Gold Bond Building (677 Ala Moana Boulevard), the HCDA is moving to a new location in Kaka'ako Mauka. The new HCDA office will be located at the corner of Cooke and Pohukaina Streets. It's change for HCDA. Most of us will miss the view of Diamond Head, the ocean, and the Kaka'ako Waterfront Park. But these are hard economic times and all of us need to conserve and use our resources wisely. The new move is expected to lower HCDA's annual rent by \$50,000, which is a substantial saving for the agency. We all look forward to seeing you at our new office. Our new address and contact information is:

Hawaii Community Development Authority
461 Cooke Street
Honolulu, Hawaii 96813
Phone: (808) 594-0300
Fax: (808) 594-0299
Website: www.hcdaweb.org
Email: contact@hcdaweb.org



Financial Information

STATE OF HAWAII
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
STATEMENT OF NET ASSETS*
June 30, 2008 and 2009

ASSETS	6/30/2008	6/30/2009
CURRENT ASSETS		
Cash and cash equivalents	48,399,175	51,489,581
Due from State	2,163,386	1,324,249
Accounts receivable	434,897	1,318,644
Prepaid expenses	22,850	27,721
TOTAL CURRENT ASSETS	51,020,308	54,160,195
LONG-TERM ASSETS		
Investment in limited partnerships	152,924	144,410
Water source allocation credits	257,000	257,000
Loan	-	103,574
Due from other funds	-	-
TOTAL LONG-TERM ASSETS	409,924	504,984
CAPITAL ASSETS		
Land, improvements and construction in progress	118,842,539	117,293,574
Other capital assets, net of depreciation	42,317,138	43,530,888
TOTAL CAPITAL ASSETS	161,159,677	160,824,462
TOTAL ASSETS	212,589,910	215,489,640
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	428,056	1,797,157
Accrued payroll	103,756	122,049
Deferred revenues	132,814	71,987
Rental security deposit	81,184	227,538
TOTAL CURRENT LIABILITIES	745,810	2,218,731
LONG-TERM LIABILITIES		
Due within one year	73,313	96,393
Due in more than one year	26,143,643	26,193,963
TOTAL LONG-TERM LIABILITIES	26,216,956	26,290,356
TOTAL LIABILITIES	26,962,765	28,509,086
NET ASSETS		
INVESTED IN CAPITAL ASSETS	161,159,678	160,824,462
RESTRICTED FOR:		
Capital projects	1,860,471	894,314
Community redevelopment	13,807,297	28,731,147
Debt Service	-	-
Other purposes	34,860,231	22,673,077
UNRESTRICTED (DEFICIT)	(26,060,532)	(26,142,446)
TOTAL NET ASSETS	185,627,144	186,980,554
TOTAL LIABILITIES AND NET ASSETS	212,589,910	215,489,640

* Unaudited

Financial Information

STATE OF HAWAII
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
STATEMENT OF ACTIVITIES*
For the Year Ended June 30, 2009

	Expenses	Revenues	Change in Net Asset
GOVERNMENT ACTIVITIES			
General government	321,107	-	(321,107)
Leasing and managing	1,928,837	2,659,772	730,936
Community redevelopment	1,380,462	563,295	(817,167)
Capital improvement project	<u>7,002,286</u>	<u>-</u>	<u>(7,002,286)</u>
TOTAL GOVERNMENT ACTIVITIES	<u>10,632,692</u>	<u>3,223,068</u>	<u>(7,409,625)</u>
GENERAL REVENUES			
State allotments			2,649,058
Investment earnings			2,837,356
Miscellaneous			488
Lapsed appropriation			(481,482)
OTHER USES - Transfer, net			<u>3,757,614</u>
CHANGE IN NET ASSETS			1,353,409
NET ASSETS, beginning of year			<u>185,627,144</u>
NET ASSETS, end of year			<u>186,980,554</u>

* Unaudited

Authority Members

Chairperson
C. SCOTT BRADLEY
 President
 Bradley Properties

Vice Chairperson
JOSEPH DWIGHT, IV
 President & State Manager,
 First American Title Company, Inc.

AMANDA S. CHANG
 Attorney At Law
 Law Offices of Amanda S. Chang

GRADY CHUN
 Financial Consultant
 LPL Financial Services

STANTON ENOMOTO*
 Special Assistant to the Administrator
 Office of Hawaiian Affairs

MICAH KANE*
 Chairman
 Hawaiian Homes Commission
 Department of Hawaiian Home Lands

GEORGINA K. KAWAMURA
 Director
 Department of Budget and Finance

PAUL KIMURA
 President
 City Fender & Body Service Ltd.

CHRISTOPHER KOBAYASHI
 Partner
 Kobayashi Sugita & Goda

JONATHAN LAI
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THEODORE E. LIU
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BRENNON MORIOKA
 Director
 Department of Transportation

KAY MUKAIGAWA
 Principal Broker
 Primary Properties, Inc.

DEXTER OKADA
 President
 U. Okada & Co., Ltd.

RUSS SAITO
 Comptroller
 Department of Accounting and General Services

EVELYN SOUZA*
 Parent Community Network Center Coordinator
 Makakilo Elementary School

DAVID TANOUE*
 Director
 Department of Planning and Permitting
 City and County of Honolulu

MAEDA C. TIMSON*
 Assistant Vice President, Retirement Savings Plan
 First Hawaiian Bank

*Kalaeloa Member

Executive Director
ANTHONY J. H. CHING



State of Hawaii
HAWAII COMMUNITY
DEVELOPMENT AUTHORITY

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