Mayor Kirk Caldwell's sixth State of the City Address

Video: **[https://youtu.be/f6HbQ6tcHw8](https://www.honolulu.gov/cms-may-menu/site-may-sitearticles/792-site-may-featured-cat/31008-state-of-the-city-2018.htmlhttps://youtu.be/f6HbQ6tcHw8)**

Thank you. Thank you. Thank you. Please sit down, I haven’t said a word yet! But thank you for the great honor. And it is a true honor. I want to say good evening and Aloha to everyone here tonight and who’s watching from their homes. I want to thank you for joining me tonight and all of us here at the Neal Blaisdell Center, where so many memories have been made for generations now.   
  
You know, I was thinking as I was driving down here about a very special memory for our family, and that was watching our daughter Maya, Donna and I watching our daughter Maya graduate from the arena. Very proud. And each of us have those memories whether you grew up on this island or not.  
  
  
And these waters are very special to me. I come here a lot, and I always check to make sure the Papio and Ulua are okay. And sometimes I wish I could catch one. Yes, the wai is important to all of us. If you come to our yard you’ll see much wai and ponds and waterfalls that I put there. It provides that richness to the land that we need and it sustains all the people, those who were here way before Cook showed up, and those who have come ever since. And we are gathered here tonight around these very special waters, this wai. To come together as a community, all of us, you are a community, to talk about our great city that we all love so much.  
  
  
You know, 54 years ago, on a night maybe like this, this breezeway right here was abuzz with a lot of excitement as mayor Neal Blaisdell opened up what was then called the Honolulu International Center. Chuck Freedman knows it as that because he’s old enough to know that. And like Chuck and I, she is showing her age a bit, as you can see from behind us. And we have now done a master plan that was completed just last week, it’s right here, and I’d like to pass it around to everyone, for rebuilding the Blaisdell center.   
  
  
We want to preserve this iconic structure and make it even better for the next 50 or 60 or 70 or 80 years. And the next step is to take it to schematic design, meaning we won’t complete all of it, but to a point where we could begin construction. And we are then going to look into seeing if we can do a public private partnership, to see if the private sector will step up with us to help build it. After the schematic design is done, we are going to wait until we address the issue of our rail funding, which hangs in the balance. And once that’s resolved, I hope that we will go forward. We do not want to delay indefinitely this incredibly well thought out and planned project. You know, every great forward thinking community going back in time up to the present time invests in great public works projects like the Blaisdell. It is a place for everyone where we gather and celebrate life.  
  
  
Thank you. As I mentioned, we’re going to wait until we get a rail funding resolved. You know, I’m still fighting for rail, full force; 20 miles, 21 stations. I have the energy, the drive, and it hasn’t changed or wavered since I stepped into office in January 2013. This project is going to be so transformational to those who are here today and those not yet born, and it’s worth fighting for for that reason, every step of the way.  
  
  
Look at that infrastructure, it’s amazing. Act 1 was passed in September 2017, it gave us almost all the money we need now to complete rail, but not enough. That’s the skin in the game that you’ve heard many people talk about. They want to city and County of Honolulu under Act 1 to provide some skin. And that amount is about $214 million, of which $44 million is what the FTA, the Federal Transit Administration, wants to see now from us, spread out between now and 2030, so 12 years. And some may say, “Well, it’s not that much every year.” But it’s extremely important and it makes a world of difference to the Federal Transit Administration who is our partner in this project.   
  
  
And councilmembers Menor, Anderson, Manahan, Elefante and I have met with the FTA on this very issue up in Washington DC. And I have to say, they have been some of the most frank, open, and brutally honest discussions we’ve had with the FTA since I became mayor. Real working sessions, but everything is on the table. We know each other well enough, we know the issues well enough, and they have made it absolutely clear to us that they expect to see a city commitment of $44 million towards this project in order that we get the money we need from the FTA. And I believe the most appropriate place to place that money is in our capital improvement budget, for a whole bunch of reasons we have now discussed. But to jeopardize the funding coming from the FTA, another $744 million, and maybe if we don’t do it to their liking, jeopardize the $806 million we’ve actually received, and that they could ask for back, some or all of it, is something that I do not want to do. And I don’t think any of you in this audience want to do. We need to get back to the certainty that we were providing to the FTA prior to the most recent council reorganization.  
  
  
And I know that that re-organized council is going to step up and provide that certainty and comfort to the FTA. We have a chair, we have others in the council who fully understand the value and importance of rail, and have fought for it along with me since I’ve been mayor. Finally, and I know some of the HART folks are here tonight, I am asking the administration of HART and ultimately the board members of HART, to hold the line. Hold the line. And what I mean by that is a couple points:  
  
One, make absolutely certain there is no more further slippage in the schedule for the 2020 interim opening and the 2025 full completion revenue service.  
  
  
Two, do not allow the cost to go above $8.16 billion. And to do this I think the board and the administration has to pay even more attention and manage better the looming change orders that are coming up; some of them, potentially in the hundreds of millions of dollars. They also need to be on top of condemnation costs. We have one particular property in Kaka‘ako where the difference between what HART wants to pay and what the owner wants to get paid is in the hundreds of millions of dollars. And this needs to be managed and needs to be on top of. Also, in the undergrounding of utilities in the city center portion of the contract, particularly on the narrow Dillingham [Boulevard] corridor, we need to make absolutely certain that we are on top of the unknown contingencies that may pop up.  
  
  
The third thing they need to devote attention to is the Triple P, or the public private partnerships that I support along with everybody else. But it is going to be complex and complicated, because three-fourths of our project is already either constructed or is under construction. And, there is a 10-year maintenance contract with Hitachi which makes it a more complicated Triple P. And it needs to be managed, and we need to get to the bottom line for how to proceed.  
  
  
And the fourth, and one that we all need to address, is how we end at the Ala Moana Shopping Center station and preserve the opportunities, the best possible opportunities, to get up to UH Mānoa. And some of the construction that may occur will limit those opportunities and possibilities, requiring the train backing up and going on another route, which we do not want.  
  
  
Whether the bullets are flying or whether they’re not, on rail, and man plenty bullets are flying, and more will fly, it’s the administration of HART and ultimately the board members of HART that need to take a more hands-on approach.  
  
  
You know, a year ago I devoted almost my entire State of the City speech to one issue. What was that? Housing. Affordable housing. And we set a target, we said we’d have 800 affordable housing units built every year, and I was worried about setting that goal. But as of the end of 2017, we hit that goal and exceeded it with 1037 affordable housing units coming online.  
  
  
And I’m so grateful for the hard work of the Honolulu City Council, many of whom are here today, where they were laboring long hours in passing two, I believe, transformational bills. The first was the incentives bill, Bill 59, which I signed into law. The second one was Bill 58, the regulatory part; less popular with some folks, but also I think, impactful that I am going to sign right now. And I want to thank everyone for their help at the council.  
  
  
There it is, signed and delivered. I want to thank the Honolulu City Council for their hard work.  
  
  
I believe these two bills are truly revolutionary for two reasons. One, they mandate a level of affordability that is much more affordable than it was before, and two, there are significant monetary incentives, more than any other county has provided. And both, two of my fellow mayors, have tried to require more affordable units being built, but those units were not built because developers will not build and not make money. But the incentive portion is to provide that money so they build more affordable units.   
  
  
So under the old system here in the City and County of Honolulu 30 percnet of all units had to be 140 percent of area median income that was considered affordable. And for a family of four, conservatively, that was a home for $750,000 to $850,000. Anyone think that’s affordable? That’s not affordable. So under the bill that was passed by the Honolulu City Council they are now requiring those levels to be at 120 percent, 100 percent, or 80 percent of area median income. Much, much more truly affordable. And with the incentives that are provided in Bill 59, a developer of an affordable unit will get between $35,000 and $70,000 per unit to build a unit to that level. And if it’s all rental, and affordable at 80 percent area median income, real property taxes are forgiven for 30 years, which is another $69,000 per unit. I believe this is significant. I believe this has never been done before, and I believe as a result we are beginning that march of building more affordable housing and that we have broken that mold once and for all. And I want to thank everyone for helping with that.

Related to that, is the recent, the bill I recently signed banning monster homes in our residential communities, a huge issue to everyone. And I want to thank the Honolulu City Council for making this bill even better and the hard work they put into this. But we now need to look for ways to come up with the council, to work with the council, to encourage these kinds of projects that are meeting an unmet demand, to be built in the appropriate place, which is apartment zoned areas. So we are going to be working with the council and introducing a bill that’s going to amend the zoning code and the building code. Here’s an example of what some would call a home in your community; that is an apartment building. And it should be in an apartment zoned area. So we wanted to incentivize these homes in those types of areas and not in residential areas.   
  
  
So under the zoning code, we’re going to change what’s called the floor area ratio. I know, what’s that? It’s basically density. How much you could put on a piece of land. Right now in an apartment zoned area, you can only put 0.9 percent floor area ratio. We’re going to allow it to go up to four. That means you can put a lot more product on your piece of land. And we’re going to limit it to areas that are only 20,000 square feet or less. So we’re not incentivizing 400 foot towers like you see in Kaka‘ako; we’re incentivizing projects on smaller parcels of land where there’s ready access to local financing.  
  
  
Under the zoning code we’re going to reduce the yard setbacks, and we’re not going to regulate the number of parking stalls; we’ll let the developer and the market determine that.  
  
  
Under the building code, we’re going to allow these apartment type projects to go four to six stories; they’re going to be all walk up; the kind of projects you see in New York City; no elevator. And the second stairwell will be a fire escape, just like in New York City and other cities. But they will have sprinklers in every single unit and in the common areas. And the construction materials will be the type that were used in the 1950s and 60s that are more affordable, and we hope that this incentivizes these types of projects in apartment areas instead of our residential district.  
  
  
Now, we are going to be building more Housing First units, and working on all types of city efforts, both Housing First and using our Housing First vouchers. We have now housed 2,291 individuals through those city efforts.  
  
  
And as you can see on the following draft, we list those efforts. This is not fake news, this is real things that we’ve done to house people and you can check it out yourself if you want to. And here’s something that’s really incredible, we have three more projects that are coming very soon.  
  
  
Two of them, the sales contract was actually signed by all parties today. I don’t know Misty, someone was watching. One of them is at 806 Iwilei, the old Montgomery Motors site. We’re going to be working with River of Life to move their operation out of Chinatown there to feed homeless, and we’ll be providing more Housing First units on that site. The second one is at 1936 Citron, on the corner of Citron and McCully; thirty-one units for women and children. And then the other project we just signed today, and I want to thank Guy Fong, the owner of this apartment building, it’s on Ena Road; 436 Ena Road in the heart of Waikīkī; there are 33 studio apartments that are going to be waiting to house our chronically homeless folks in the areas that are found in. Waikīkī, housed in Waikīkī; McCully Mo‘ili‘ili, housed in McCully and Mo‘ili‘ili. But we are marching forward, and again I want to thank all the parties for helping us move these projects forward.   
  
  
Through building transitional housing, through Housing First, through affordable housing, this is how we are addressing the root cause of homelessness. And we’re going to keep doing more. And we want to think the council for the funds they give us to do more.  
  
  
This is the compassionate part of finding homes for those who don’t have any.  
  
  
But we also have the disruption part that I believe is important too. We need stronger enforcement. Therefore, we are going to be introducing shortly a vagrancy law. I believe it’s time to revisit this issue and see if it can pass constitutional muster. So we’re going to be moving this bill forward and asking the council to work with us. The second bill is in some ways revolutionary, but we are going to be putting in the bill, hoping it passes, that allows sidewalks, public sidewalks and malls, to be used for just one thing – for walking or standing on, not for camping on. We want to take back our sidewalks that are designated for safe passage and not have to resort to walking into the street or to walk around people that are blocking your way.  
  
  
We don’t want to stop our compassionate disruption. We believe that consistent enforcement in areas actually makes a difference, and where we do it consistently, we see the difference. And as we speak we’re building up our third enforcement team. Also, we need to do a better job of enforcing the laws that are already on the books.  
  
  
A related issue to affordability is our vacation rentals. Very controversial issue. We need to take back our neighborhoods. We need to address affordability because these units are coming out of rental and becoming unaffordable. But we also need to protect our lift capacity for our visitor industry. We have incredible capacity and we don’t want to lose that. But we also need to make sure we have diversity in our visitor product. Not everyone wants to stay in a high-rise in Waikīkī. We need to level the playing field for all segments of the visitor industry so that it’s fair and everyone plays by the same rules.  
  
  
We will be introducing a bill before the Planning Commission then onto the council that addresses this very controversial and long discussed issue – short-term rentals. Whether they’re hosted, B&B, or un-hosted, you’re going to have to get a registration number from the Department of Planning and Permitting, and you’re going to have to put that registration number on all your advertising media [or] advertising products. Whether it be social media, Airbnb, VRBO, or on handouts, it has to be there. If it’s a hosted bed-and-breakfast, you will be permitted to do hosted B&Bs in residential apartment zoned districts, business districts, mixed-use districts, and all of Waikīkī. If it’s un-hosted, meaning it’s a whole home and the owner is not there, where we get the most complaints, you’re only going to be able to do it in the residential areas.  
  
  
And property taxes are going to change because you’re not using your home just as your residence, it’s a business and in some cases, it’s a hotel and resort. So for bed and breakfasts, your real property tax rate would go up for $3.50 per thousand dollars in value to $6.45. And if it’s un-hosted, you have a mini-hotel operating, and you’re going to pay instead of $3.50, you’re going to pay $12.90 per thousand in value just like hotels and resorts do in Waikīkī and in other parts of our island.  
  
  
So we have a bright line in terms of getting a registration number from the Department of Planning and Permitting, and if you violate that, your fines start at $25,000 a day after seven days and climb to $100,000 a day. And repeated violations after the third notice of violation, you have a lien placed on your property that can be executed on. The lien amount will be added to your real property taxes; you won’t be able to renew or get a driver’s license, so it will  be harder for you to travel unless you have a passport.  
  
  
We are going to submit these bills to the Planning Commission and once vetted they will go to the council. And I know that the council is up to the task. It’s going to be difficult; there are going to be swarms of people; I will stand with them. And I’m thanking them upfront for the hard work they will be doing to move this deal forward in a timely manner because the people of this island demand action and in addressing this very important issue.  
  
  
I have to talk about fire sprinklers. You know the most horrific experience I’ve had in my time as mayor is driving down and watching the Marco Polo burn, and watching a police officer tell someone that they lost their mother and brother. It impacts so many of our first responders and I’m passionate about it. And, I appreciate the financial burden placed on those who need to retrofit their buildings, but the cost of human life cannot be measured. They sometimes say “I’m willing to take the risk,” but what about the firefighters who have to take that risk? What about the neighbors who have to take that risk? What about visitors to a building that have to take that risk?   
  
We just witnessed another horrific fire where another person died. How many more people need to die before we do the hard stuff of passing Bill 69 mandating a retrofit of sprinklers?  
  
  
We haven’t deviated from our other priorities. Sewers: $5.2 billion federal consent decree; we have now completed 367 of the 424 projects, and we have until 2035 to complete the rest. We are marching forward.  
  
  
On the roads, we have now repaved 1,870 lane miles starting in January 2013. Never before in the history of this island or the State of Hawai‘i have so many lane miles been paved and we plow forward.   
  
  
On buses we bought new buses; we have added new routes and restored old ones and we have now a second 24-hour, seven days a week route in and out of Waikīkī to get people to and from work.  
  
  
Finally on parks, we have worked in 124 different parks around the island. We’ve added 50 new playgrounds; we have restored 58 playgrounds; we have renovated 67 comfort stations; we’ve resurfaced play courts at 45 parks; 202 of them.  
  
  
You know there’s never enough time to tell you of all of the things were doing at the city. The true state of the city, as people know from working here, is always working. What we do touches the people; touches people’s lives. It’s about getting the job done. It’s about making things better. And sometimes, as my cabinet knows, I can be a real pain. But they still take my calls asking them to do things, and I do so because I care.

I want to end with one radical idea. Honolulu is now one of the biggest cities in the country, and what we do here floats all ships. And when it comes down to what’s best for our state, we need to work together, states and counties, counties and counties, and that’s why I’m so honored our mayors are here tonight. But I’m requesting that a con-con convention, a constitutional convention, be called to update our respective roles between the counties. Counties should have the authority to create their own revenue; to independently manage their revenue; to determine their own fate. O‘ahu has shown to be well-managed. We are one of the biggest safest cities in the country, and we’re building one of the largest infrastructure projects in the history of the state of Hawai‘i with rail and sewer. I look forward to having that discussion.   
  
  
You know, I’m excited and honored to lead this city every day. I’m tremendously proud of our city team and I can’t find a more dedicated hard-working group of individuals. Together we’ve accomplished much over the last five years; we’re not going to slow down folks anytime soon. Like all of you, we love our city, and I’m humbled and honored to serve you. Mahalo and good evening. Thank you.