

SUMMARY - PUBLIC HEARING

HAWAII COMMUNITY DEVELOPMENT AUTHORITY

State of Hawaii

December 5, 2012 – 9:00 a.m.

ATTENDANCE

Members Present: Grady Chun  
Miles Kamimura  
Kamaki Kanahele  
Brian Lee  
Richard Lim (DBEDT)  
Lois Mitsunaga  
Luis Salaveria (DBF)

Members Absent: Randy Grune (DOT)  
Dean Seki (DAGS)

Others Present: Anthony Ching  
Lori Tanigawa (Deputy Attorney General)  
Carson Schultz  
Ryan Harada  
Jason Nishikawa  
William Yuen  
Patricia Yoshino  
Holly Hackett (Court Reporter).

A public hearing of the Kakaako members of the Hawaii Community Development Authority (“Authority”), a body corporate and public instrumentality of the State of Hawaii, was called to order by Mr. Brian Lee, Chairperson of the Authority at 9:09 a.m. on Wednesday, December 5, 2012, at the Authority’s principal offices at 461 Cooke Street, Honolulu, Hawaii 96813.

Chairperson Lee introduced Ms. Lois Mitsunaga who was newly appointed to the Kakaako Authority by Governor Abercrombie. Member Kanahele welcomed her with a lei, in keeping with the Hawaiian cultural tradition.

Development Permit Application KAK 12-109: 801 South Street

Chairperson Lee stated that notice of the public hearing was published on October 8, 2012, in the Honolulu Star Advertiser. The notice was made available for public review at the office of the HCDA and on the HCDA website. In addition, the landowners, lessees and other stakeholders in the Kakaako District and surrounding communities, state and county agencies, state legislators, Honolulu City Councilmembers, and various interested

community groups and individuals were notified of this hearing by fax and e-mail. Pursuant to Hawaii Revised Statutes ("HRS") 206E-5.6, notice was provided to the President of the Senate and Speaker of the House.

Pursuant to Section 206E-5.5 HRS, an initial public hearing was held on November 8, 2012 on the request for Permit No. KAK 12-109: 801 South Street ("Application"), a new mixed-use residential project consisting of 635 residential units and 915 parking stalls ("Project"). The applicant is Downtown Capital LLC ("Applicant"). The Project address is 610 Kawaiahao Street, which is located adjacent to the old Honolulu Advertiser building. The TMK for the property is: (1)2-1-47:003. Pursuant to Section 206E-5.6 HRS, today's public hearing was scheduled to render a decision on the Application.

Mr. Ryan Harada, representative of the Applicant, provided a summary of the Application and Project via a PowerPoint presentation (see Exhibit A). He stated that additional information was requested at the November 8, 2012 public hearing regarding its request for modifications to the Mauka Area Rules, and the Applicant had provided the information on November 26, 2012.

Mr. Jason Nishikawa, exclusive broker for the Project, described the sales program in which 75% of the units would be offered for 60 days to owner occupants who qualified at 140% of the area median income ("AMI").

Chairperson Lee asked whether Members or the hearing officer had any questions for the Applicant.

Mr. Anthony Ching, hearing officer appointed by the Authority, asked whether the Applicant had received the December 4, 2012 letter from the State Historic Preservation Division ("SHPD") which requested: (1) an archaeological literature review and field inspection prior to demolition; (2) on-site archaeological monitoring during and following demolition; (3) consultation with all parties concerning mitigation recommendations; (4) submit the literature and field inspection report to SHPD along with a monitoring plan that includes all information as specified in Hawaii Administrative Rules ("HAR") 13-279-4; and (5) proceed with demolition only when notified by SHPD that the plan has been approved.

Mr. Harada confirmed receipt of the letter and acknowledged the comments and recommendations from SHPD.

Mr. Ching asked if the Applicant was aware that, in the event any historic properties, artifacts or burial sites were discovered during demolition or construction, that consistent with Section 6E-43, Section 6E-43.6 HRS, and any other appropriate protocols in place at the time, that the historic properties remain and their associated burial goods shall not be moved without the approval of SHPD.

Mr. Harada responded in the affirmative.

Mr. Ching asked if the applicant had any objections to the imposition of those requirements as conditions of approval to the development permit.

Mr. Harada replied that the Applicant intended to comply with all recommendations in the letter.

Mr. Ching noted that the Applicant would not be pursuing LEED certification based on their representation that the Project would incur \$2.5 million in indirect design, consulting and commissioning fees, and such costs would cause the Project to be priced outside of workforce housing requirements.

Mr. Ching also noted all units would be priced at 140% of AMI and below, and would be constant and not be changed even after the 60-day marketing period. In addition, over 50% of the units would be priced at 100% of AMI and below, which would exceed the requirements of the HCDA reserved housing requirement.

Mr. William Yuen, attorney for the Applicant, stated that condominium law required that 40% of any condominium be designated for sale to owner occupants, and those designated units must, for a period of 30 days, be offered exclusively to owner occupants.

Mr. Ching asked the Applicant to clarify what would happen to the remaining 25% of units that would not be reserved for those making 140% of AMI.

Mr. Nishikawa explained that the intent is to have 75% offered to those making 140% AMI and below for the first 60 days. The other 25% would be available to anyone, whether or not they qualified under 140% AMI. However, 100% of the units will be priced at 140% and below AMI. The intent is to try to sell all the units to those qualifying under the 140%. By not restricting the entire building, it provides that 25% of the units are not restricted to the 140% qualification in the event their assumption on demand is incorrect. It also allows buyers who do not meet the income qualification to buy a unit.

Member Lim asked in the event the Applicant is oversubscribed in its initial offering to owner occupants, whether they would consider offering all the units to owner occupants.

Mr. Nishikawa responded it would be a limiting restriction on the Project itself. However, they would consider it and if the Project is oversubscribed, they would try to get it to owner occupants.

Member Lim asked whether the intent is to offer 100% of the units to owner occupants.

Mr. Nishikawa responded in the affirmative.

Mr. Ching asked whether a qualified buyer would be accepted on a priority basis for purchase of one of the units in the 75% pool even after the 60 day sales period.

Mr. Nishikawa replied that experience with the developer's past projects, they expected to sell out fairly quickly within the 60 days. If it did not sell out, they would have a long

waiting list of people who are qualified even after the 60 days.

Member Kanahale asked if the Applicant retained a wait list of past applicants who might be automatically added to this particular Project.

Mr. Nishikawa replied that it was not an automatic procedure but they did notify past applicants of a new project. The previous applicants would have to reapply since it was a different project.

Mr. Ching asked for clarification with respect to pricing and treatment of the 75% pool of units, since the Applicant had made the representation that the pricing would not change for any of the units above 140% AMI.

Mr. Nishikawa stated that pricing would not go above 140% of AMI for the Project during the duration of the marketing efforts. There would be no price adjustment on those units even after the 60 days. The entire Project would always remain priced at or under 140% of the AMI.

Member Kanahale asked if there was a requirement for the Applicant to submit a list of cultural monitors in order to assure that requirements of state law and the Authority are met.

Mr. Ching stated that the SHPD recommended that a monitoring plan be submitted for approval before the Project proceeds.

Mr. Yuen stated that the plan had not yet been submitted since they had just received the final SHPD recommendation.

Member Lim stated that the Authority was considering very important modifications with the intent of assisting the Applicant to drive down the price and make it more affordable to owner occupants. He asked if the Applicant would be willing to hold all unit prices based on the initial price list and not increase prices for all units as opposed to just maintaining the 140% threshold.

Mr. Nishikawa responded in the affirmative.

Mr. Ching stated he would summarize the modification requests and would ask the Applicant to verify its representations with respect to each of the proposed modifications.

Modification 1: Building Placement and View Corridor. The estimate of \$23 million differential in cost to build a comparable development using podium design would create a hardship for the Project.

Modification 2: Building Placement and Frontage Occupancy. The build-to-line does not provide practical guidance to the placement of a non-podium design building such as featured in the Project.

Modification 3: Building Form, Height of Parking Structure. The detached parking structure is a feature of the design and incorporating it on a podium would produce additional costs. Construction of the parking facility would produce additional public parking space which is needed in the area.

Modification 4: Building Floor Plate Area. The proposed floor plate of 11,315 square feet would promote the affordability of the residential units.

Modification 5: Building Floor Plate Dimensions. The larger and longer building floor plate is an efficient design needed to take advantage of the density bonus in order to deliver more workforce housing units. That density would produce a floor ratio of approximately 7 versus the prevailing 3.5 in the area.

Modification 6: Parking Placement. Placement of the recreation room at the ground floor of the parking garage is in compliance with the rule and the modification is requested for the second floor which would be occupied by parking instead of the recreation room.

Modification 7: Parking Access. The proposed vehicular access design satisfies the intent of the rule and the modification will preserve emergency vehicular access to the residential building and provide efficient Project circulation.

Modification 8: Green Building Standards. The Project as designed will not be able to achieve LEED certified designation as the additional costs are prohibitive.

Mr. Harada stated that the representations for the modifications requested were correct.

Mr. Carson Schultz, HCDA planner, summarized the staff report.

Chairperson Lee asked whether Members or the hearing officer had any questions.

Mr. Ching inquired as to the current and prior uses and construction date of the existing facility.

Mr. Schultz explained that there are a few warehouses on the site currently used by Hawaii 5-0. The existing warehouses will be demolished and current tenants will be relocated. The HNA previously used the site as a printing press facility. The Applicant had provided historical references that the site was a taro lo'i in 1884. By 1914, it was occupied by wagon sheds and until the early 1960's was used for storage, freight packing, loading and other light industrial uses. Regarding SHPD's archaeological inventory request, the Applicant and its archaeologist stated that Project site's former use as a taro lo'i was evidence that it was improbable as the site for native Hawaiian burials.

Member Chun asked whether anyone had testified against the Project.

Mr. Ching stated that testimony at the initial public hearing was all in favor of the Project, with some comments offered.

Mr. Schultz stated that the Department of Education (“DOE”) had submitted testimony that there currently is sufficient classroom space to accommodate the additional students associated with the Project. However, as there would be future residential projects, the DOE asked that the Project be considered in the broader context with other potential development in the area.

Member Chun asked again whether there was any opposition to the project.

Mr. Schultz replied that there was none.

Member Kanahale noted that the DOE had requested information regarding the influx of student populations. He asked whether HCDA staff would be continually monitoring future developments and making recommendations as to how to support growing student populations resulting from housing increases.

Mr. Ching responded that he would be addressing the DOE comment letter in his report and recommendation.

A recess was taken at 10:05 a.m.

The hearing was reconvened at 10:17 a.m.

Mr. Ching presented the hearing officer’s report. The Applicant intended to use the provisions of subchapter 4 of the Kakaako Reserved Housing Rules. It provides that where at least 75% of the residential units are set aside for purchase by families earning between 100 - 140% of the AMI, does not require financial assistance for construction for federal, state or governmental bodies, and meets the unit size requirements, the Project shall qualify as a workforce housing project. The development permit application was deemed complete on September 27, 2012.

Section 15-217-80(d) of the Mauka Area Rules requires the following findings of fact: consistency with the Mauka Area Plan, consistency with the Mauka Area Rules, and compatibility of the Mauka District. Based on his analysis of matters relating to land use, neighborhood zone, building type, project density, building placement, building form, frontage type, thoroughfare plan, architectural design, landscaping and recreation space, green building, flood zone, parking and loading, public facilities dedication fee and reserved housing, he found that the Project as proposed was consistent with the objectives of the Mauka Area Plan and Rules. The Project, with the approval of the requested modifications, complied with the goals, policies and objectives of the Mauka Rea Plan, and with the standards and guidelines of the Mauka Area Rules. The project did not have an adverse effect on surrounding land use and was compatible with the existing and planned use character of the surrounding area.

He also found that the SHPD had conducted its Section 6E-42, HRS, review and summarized the findings and recommendations in its December 4, 2012 letter. The Applicant should submit a literature and field inspection report along with a monitoring

plan that included all information as specified in HAR §13-279-4. The SHPD would provide notification when the monitoring plan was approved and when the demolition and construction may proceed. He also noted the comment from the DOE that there was currently sufficient capacity within their facilities to accommodate anticipated growth in enrollment. The HCDA would be seeking to coordinate with the DOE how impacts, when identified, would be addressed.

Mr. Ching recommended that the Authority approve all requested Mauka Area Rules modifications based on the presentation, exhibits, representations and rationale provided by the Project and adopt the findings of fact relating to the development permit application. He also recommended that the Authority require the Applicant to:

(1) conduct an archaeology literature review and field inspection prior to demolition to document property land use history and potential areas of in situ deposit; (2) conduct on-site archaeological monitoring during and following demolition and consult with all parties concerning mitigation recommendations to be carried out during construction; (3) submit the literature and field inspection report to the SHPD along with a monitoring plan that includes all information as specified in HAR §13-279-4; (4) proceed with Project demolition and construction only when the SHPD provides notification that the monitoring plan has been approved and demolition and construction may proceed; (5) in the event any historic properties, aviation artifacts, or burial sites are discovered during demolition or construction, that consistent with Section §6E-43, §6E-43.6, HRS, and any other appropriate protocols in place at that time, that the historic properties remain and their associated burial goods shall not be moved without the approval of the SHPD and until compliance with these sections are met.

Based on the Applicant's representations and the record, the Project qualifies as a workforce housing project pursuant to HAR §15-218-55. Mr. Ching recommended that the Authority approve the 801 South Street development permit no. KAK 12-109 as presented by the hearing officer and HCDA staff.

#### **PUBLIC TESTIMONY:**

Chairperson Lee stated that all testimony received between the time the notice of the public hearing was published on October 8, 2012 and the November 8, 2012 public hearing was compiled and made available to the Authority members and included in the analysis of this application. He also noted that since the November 8, 2012 public hearing, written testimony had been received from the following persons:

1. Duane Kashiwai, Department of Education
2. Art Tolentino, Sheet Metal Union Local 293

Chairperson Lee asked if any member of the public wished to testify.

The following individuals presented oral testimony.

1. Renate Kawakami, Sheet Metal Union Local 293, support
2. Jack Hamada, comments

3. Arnold Wong, Ironworkers Stabilization Fund, support
4. Tana Feeley, Honolulu Home Loans, support

Chairperson Lee polled Members to indicate they had reviewed the record and were prepared to deliberate on the matter. All Members present responded in the affirmative.

Chairperson Lee entertained a motion to adopt the hearing officer's report and recommendation to approve the application from Downtown Capital LLC for Development Permit No. KAK 12-109, the 801 South Street Project, a new mixed-use residential project. The project address is 610 Kawaiahao Street and the TMK for the property is: (1)2-1-47:003.

A motion was made by Member Kanahale and seconded by Member Chun.

A roll call vote was conducted.

Ayes: Members Chun, Kamimura, Kanahale, Lee, Lim, Mitsunaga and Salaveria.

Nays: None.

The motion passed 7 to 0 with 2 excused (Members Grune and Seki).

#### ADJOURNMENT

The public hearing was adjourned at 10:44 a.m.

Attachments: Exhibit A: 801 South Street Presentation

Note: The transcript of this meeting contains a verbatim record and should be consulted if additional detail is desired.

801  
SOUTH ST



801  
SOUTH ST

## Project Highlights

- Privately Financed – No Government Subsidies
- 46-Story Tower, 635 Units Priced Between \$250,000 and \$550,000. Unit Types:
 

Studios – 423 SF	2 Bedroom/1 Bath – 776 SF
1 Bedroom – 579 SF	2 Bedroom/ 1.5 Bath – 844 SF
	2 Bedroom/ 2 Bath – 867 SF
- 11-Story Parking Structure, 915 Stalls
- All Units Affordable to Buyers Earning 140% Area Median Income and Below. Over 50% of Units Priced Below 100% AMI

801  
SOUTH ST

## Country Club Village 6

- 17 Story Tower
- 269 Residential Units
- 515 Parking Spaces
- Completed in January 2009
- 100% Sold Out Before Construction



801  
SOUTH ST

## 215 N. King St.

- 24 Story Tower
- 251 Residential Units
- 3 Commercial Units
- 448 Parking Spaces
- Completed in Dec 2005
- 100% Sold Out Before Construction



801  
SOUTH ST

## Development Permit Modifications

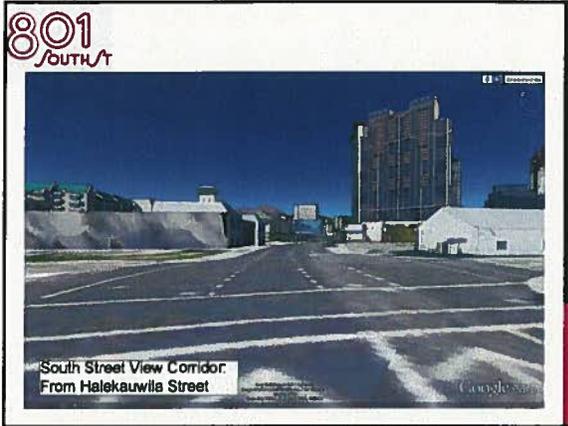
### Building Placement

- Rule** – area above 65 ft. be set back 50 ft. from the lot line
- Request 1** – building is set back 43 to 51 ft. from lot line
- Justification** – minimum intrusion in the view corridor, redesign costs are prohibitive.
- Rule** – 15 ft. build-to-line on South St. and 10 ft. build-to-line on Kawaiahao St.
- Request 2** – 43-51 ft. on South St. and 23 ft. on Kawaiahao
- Justification** – rule intended for a podium-design frontage. Wider setback creates more open space and landscaping on South St. and improves visibility for drivers and pedestrians on Kawaiahao.

801  
SOUTH ST



South Street View Corridor:  
From Pohukaina Street



**801 SOUTH ST** **Development Permit Modifications**

**Building Placement**

- **Rule** – area above 65 ft. be set back 50 ft. from the lot line
- **Request 1** – building is set back 43 to 51 ft. from lot line
- **Justification** – minimum intrusion in the view corridor, redesign costs are prohibitive.

- **Rule** – 15 ft. build-to line on South St. and 10 ft. build-to line on Kawaiahao St.
- **Request 2** – 43-51 ft. on South St. and 23 ft. on Kawaiahao
- **Justification** – rule intended for a podium-design frontage. Wider setback creates more open space and landscaping on South St. and improves visibility for drivers and pedestrians on Kawaiahao.

**801 SOUTH ST** **Development Permit Modifications**

**Maximum Height**

- **Rule** – maximum 65 ft. for a non-podium garage
- **Request 3** – parking structure is 102 ft.
- **Justification** – additional height needed to accommodate 915 parking stalls and offer daytime parking to non-residents. Costs of design change at \$10 million.

**801 SOUTH ST** **Development Permit Modifications**

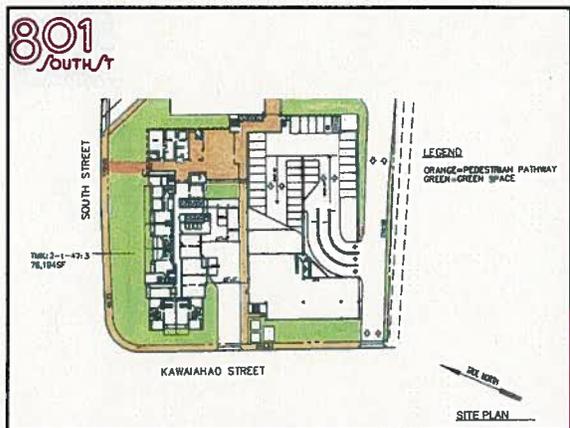
**Tower Floor Plate**

- **Rules** – Floor Plate 10,000 s.f., Horizontal 150 ft. and Diagonal Spacing 210 ft.
- **Request 4 and 5** – Floor Plate 11,315 s.f., Horizontal 207 ft. and Diagonal Spacing 215 ft.
- **Justification** – larger floor plate is the most efficient design to utilize the density bonus. Building aligned mauka-makai.

**801 SOUTH ST** **Development Permit Modifications**

**Parking Placement and Access**

- **Rule** – parking structure to be set back 40 ft. for the first 21 ft. and curb cuts be 22 ft. from adjacent property
- **Request 6 and 7** – garage is 23 ft. from Kawaiahao and 11.5 ft. in height. Curb cuts are adjacent to neighboring parcel
- **Justification** – the intent of the parking setback is to provide an active use at street level which our Recreation Room fulfills. Our curb cuts are not a safety issue to the adjacent property and a re-design of our garage would be cost prohibitive.

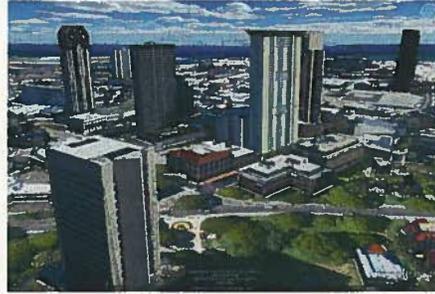


## 801 SOUTH ST Development Permit Modifications

### Green Building

- **Rule** – achieve LEED certified level of 40 points and one LEED point in:
  - Sustainable Sites, Stormwater Design Quantity Control or Quality Control
  - Sustainable Sites, Heat Island Effect Non-Roof or Roof
  - Water Efficiency, Water Efficient Landscaping
- **Request 8** – Project as currently designed will not achieve LEED Certified level or one LEED point in all 3 categories.
- **Justification** – costs for LEED verification and potential design changes will adversely impact workforce housing prices.

## 801 SOUTH ST Makai Diamond Head View



## 801 SOUTH ST Sales Program

- 100% of the Units will be Priced Under 140% AMI
- 50% of the Units will be Priced Under 100% AMI
- State Law: First 30 Days, 50% of Units Offered to O/O
- 801 South St: First 60 Days, Priority of 75% of Units Offered to O/O Earning 140% AMI and Below



## 801 SOUTH ST Who are Hawaii's Workforce and What can they Afford?

Occupation	Median Annual Income	Maximum Mortgage Qualification
Hotel Concierge	\$34,720	\$169,692
Police Officer	\$48,710	\$238,067
Paralegals and Legal Asst.	\$49,000	\$239,484
EMTs and Paramedics	\$49,000	\$239,484
High School Teacher	\$49,200	\$240,462
Fire Fighter	\$53,270	\$260,353
Accountants / Auditors	\$55,250	\$270,030
Dental Hygienists	\$69,660	\$340,458
Civil Engineer	\$75,460	\$368,805
Computer Specialists	\$82,680	\$404,093
<b>100% of Median Income for a Four Person Household = \$82,700</b>		
Registered Nurse	\$84,030	\$410,691
Lawyers	\$94,080	\$459,809
Pharmacist	\$112,240	\$548,565
<b>140% of Median Income for a Four Person Household = \$115,780</b>		





## Project Timeline

- Sales to Commence in 1<sup>st</sup> Qtr. 2013
- Construction to Commence in 2<sup>nd</sup> Qtr. 2013
- Construction Estimated to be Completed in 2015

