

KA'IULANI SODARO DIRECT TESTIMONY

PRESENTATION HEARING

Land Block 2, Project 4 (Kalae) (KAK 22-024)

Q Please state your name, place of employment, and position.

A Ka'iulani Sodaro, Senior Vice President, Planning and Development, Victoria Ward, Limited ("VWL").

Q What is VWL's interest in the Planned Development Permit application currently before the Hawaii Community Development Authority ("HCDA")?

A VWL is the owner and developer of the lands comprising the Kalae development and the entire 60-acre Ward Neighborhood Master Plan (the "Ward Master Plan") area. VWL's team in Hawai'i consists of over eighty members, some of whom have worked at Ward Village for decades.

Q Please briefly describe the Ward Master Plan.

A Consistent with the legislature's vision to "join the strengths of private enterprise [and] public development" to create a new form of long-range planning and improved development in Kaka'ako, HCDA approved the Ward Master Plan on January 14, 2009, pursuant to Hawaii Administrative Rules ("HAR") Title 15, Chapter 22 ("Vested Rules").

The Ward Master Plan is the largest master plan in Kaka'ako and reflects years of stakeholder and community engagement that included charettes, organization briefings, cultural descendant consultation, and public outreach.

Q Please summarize VWL's approach in implementing the Ward Master Plan.

The Ward Master Plan provides that "There are many possible development solutions in which the Master Plan can be implemented . . . [and] [t]he scenario presented on the following pages is one possible development solution[.]" "It is important to remain flexible in how the development strategies can be implemented over the next 20-plus years. The phasing and mix of uses developed in the Ward Neighborhood will depend on changing market and social conditions."

In recognizing the need to maintain flexibility under the Ward Master Plan, HCDA determined in the Ward Master Plan Decision and Order that "[a]pproving the Master Plan will provide greater development flexibility for the purpose of attracting investment capital into the area and encouraging timely redevelopment and better overall planning for the area."

Consistent with the flexibility to respond to evolving market and social conditions in Ward Village, VWL (after its parent corporation transitioned from General Growth Properties to The Howard Hughes Corporation in 2010), spent two years studying the history of the Ward Neighborhood, reaching out to the community, to our tenants, to the cultural descendants and to other stakeholders for their input on the plan. We wanted to ensure that we advanced the master plan properly, listening to the community, and honoring and considering the important history of this area.

As a result of those efforts, VWL, with the support of HCDA, made a number of adjustments in the approach under the Ward Master Plan, which are now coming to fruition. These included re-orienting the towers to ensure a primarily mauka-makai orientation to significantly improve public view planes; refining the orientation of the Central Plaza (now known as Victoria Ward Park) to provide an additional view plane, as well as enlarging the park and providing green, pervious open space in lieu of the original vehicle-centric, hard-scaped plaza design; and providing additional improvements to create comfortable pedestrian walkways and open public space.

Q How has VWL implemented the Ward Master Plan development strategies through the planned developments approved by HCDA to date?

As required by HRS Chapter 206E and the Vested Rules, HCDA has determined that all of the developments in Ward Village approved to date comply with the Ward Master Plan, the Vested Rules and the 2005 Mauka Area Plan.

In approving these developments, HCDA has recognized the benefits of utilizing a variety of approaches to fulfill the development strategies of the Ward Master Plan. In implementing ground level pedestrian activation in and around the residential buildings and along Auahi Street, for example, HCDA has considered and supported traditional street-level retail (including at Ke Kiholana, Anaha, A'eo, 'A'ali'i, Kō'ula, Ulana, and The Park Ward Village), aesthetically pleasing facades and architectural screening elements (including at Kō'ula, Victoria Place, and A'eo), and outdoor interactive sidewalk, landscape and seating elements (The Shops at Ward Village and Victoria Place).

HCDA has also recognized that VWL's approach of offering a variety of active and contemplative experiences along the Auahi Street Promenade fulfills the vision of the Ward Master Plan, and HCDA has also supported VWL's strategy to concentrate and expand retail / commercial uses around the Mauka side of Victoria Ward Park, while providing quieter and contemplative areas on the Makai side of the park.

Q Please describe major community benefits of the Ward Master Plan.

A The Ward Master Plan is a primary component of HCDA's larger goal of revitalizing Kaka'ako and transforming the district into a cohesive community. The Ward Master Plan has transformed Ward Village into a vibrant neighborhood offering something for everyone: multi-modal streets, Victoria Ward Park (mauka and makai), unique local

retailers and neighborhood services, a variety of residences, and a revitalized Kewalo Basin harbor.

The Ward Master Plan is designed to significantly enhance the quality of life for residents, visitors and the general public in Honolulu's urban core. Major community benefits include:

- **Parks, open space and public facilities in Kaka'ako:** Approximately 8 acres of existing, under construction, and approved open space, with approximately 7 acres of completed and pending public facilities, which have created new open spaces in the neighborhood for community gatherings and events – all secured and maintained without expense to the public. Kalae will be adjacent to the substantial expansion of over 37,000 square feet to Victoria Ward Park, and Ulana Ward Village will be steps away from the 30,000 square foot Ka La'i o Kukuluāe'o Park (formerly known as the Ewa Plaza), which will transform aging warehouses and pavement into a lush, green neighborhood lawn and children's play area with nearby retail.
- **Realignment of Auahi Street:** As envisioned by the Mauka Area Plan (Roadway Plan) and the Ward Master Plan, VWL's fulfillment of the Master Plan condition to realign Auahi Street to connect with Pohukaina street is well underway, and when completed, will be a key milestone in the creation of the Auahi Street pedestrian promenade. The promenade, a major component of the Ward Master Plan, will increase pedestrian and vehicle connectivity and circulation throughout Ward Village and beyond.
- **Extension of Halekauwila Street:** In conjunction with The Park Ward Village, VWL will complete the extension of Halekauwila Street to provide an additional east-west connection within Ward Village and improve pedestrian circulation and walkability along a landscaped, tree-lined sidewalk with retail opportunities;
- **Range of housing opportunities:** Development of a range of housing opportunities, including reserved housing in the urban core, close to the Honolulu business district, the Capitol district, and Waikiki. Upon the completion of Ulana Ward Village, combined with reserved housing homes at 'A'ali'i and Ke Kilohana, approximately 1,222 reserved housing homes will be available in the heart of Kaka'ako for local families who do not qualify for government affordable housing programs, but may not yet be able to afford a market home. These reserved housing homes will also provide significant shared equity to HCDA to subsidize future affordable housing projects;
- **Pedestrian friendly streets:** Creation of a pedestrian friendly street network, with canopy trees, re-designed streets as landscaped promenades, and parking structures that are screened, landscaped and activated for street level experiences.

- **Investment in Kewalo Harbor:** \$24 million in improvements to over 30 acres of urban waterfront at Kewalo Harbor, including upgrades to the piers, docks, security, restrooms, a life-guard response station and landscaping at this important community facility, which also includes VWL's support for Ho'okupu Center, a green-jobs training facility and community space used by Kupu Hawai'i;
- **Investment in our economy:** An infusion of approximately \$11.8 billion in economic output during development, and the generation of \$701.1 million of State tax revenues while creating of over 4,250 jobs;
- **Investment in infrastructure:** Investment of approximately \$300 million in street, public infrastructure, and utilities improvements; and
- **A smart growth community:** Creation of a smart growth community, where residents can live, work, and play, and where the public can enjoy shopping, dining and neighborhood activities all accessible through multiple modes of public transportation;
- **Preservation of culture and our environment in urban Honolulu:** The preservation and advancement of host and local culture, community, and the environment in the heart of Honolulu.

Q Please describe the conditions of the Ward Master Plan and VWL's satisfaction of those conditions.

A The Ward Master Plan approval required VWL to prepare and submit to the Authority various agreements, surveys, assessments, and studies. VWL completed all of those requirements prior to the 2013 submission of the first development permit application under the Ward Master Plan, which included:

- Master Plan Development Agreement for the Ward Master Plan, by and between HCDA and VWL (December 30, 2010);
- Declaratory Order re: Applicability of Condition No. 4 of Nunc Pro Tunc Order re: Hearing Officer's Proposed Findings of Fact, Conclusions of Law, and Decision and Order for a Master Plan Permit, Issued January 14, 2009 (October 10, 2012), which fulfilled Condition No. 4 of the Master Plan Permit regarding amendments to the existing Mauka Area Plan;
- Historic building inventory (Fung Associates June 2012);
- Cultural impact assessment (Cultural Surveys Hawaii May 2012);
- Predictive archaeological model (Cultural Surveys Hawaii May 2012);

- Archaeological Inventory Survey Plan (Cultural Surveys Hawaii December 2012);
- Regional traffic study (Wilson Okamoto October 2012); and
- Sustainability guidelines (April 2013).

Q To date, what development has occurred under the Ward Master Plan?

A We have received planned development permits (“PDP”) for projects on Land Blocks 1, 2, 3 and 5 of the Ward Master Plan. These include:

- PDP No. KAK 13-038 (Ke Kilohana), approved July 17, 2013, and amended on July 22, 2015, for 424 residential units, of which 375 are reserved housing;
- PDP No. KAK 13-036 (Waiea), approved August 21, 2013, for 177 residential units;
- PDP No. KAK 13-037 (Anaha), approved August 21, 2013, for 318 residential units;
- PDP No. KAK 14-066 (Gateway), approved on November 25, 2014 and withdrawn upon the approval of Victoria Place;
- PDP No. KAK 14-074 (Ae’o), approved on February 4, 2015 for 466 residential units;
- PDP No. KAK 16-075 (A’ali’i), approved January 4, 2017 for 751 residential units, of which 150 are reserved housing;
- PDP No. KAK 18-038 (Kō’ula), approved August 9, 2018 for 570 residential units;
- PDP No. KAK 19-069 (Victoria Place), approved October 2, 2019 for 350 residential units;
- PDP No. KAK 21-001 (Ulana Ward Village), approved May 5, 2021 for 697 reserved housing units; and
- PDP KAK 21-002 (The Park Ward Village), approved May 5, 2021 for 546 residential units.

Since approval, VWL has completed or has made substantial progress toward the design and construction of the developments. Sales have commenced, grading and foundation permits have been obtained and/or are anticipated to be obtained. Five mixed-use projects (Waiea, Anaha, Ae’o, Ke Kilohana and ‘A’ali’i) have been completed, and two projects (Kō’ula and Victoria Place) are currently under construction and are scheduled to be completed in 2022 and 2024, respectively.

Interest in, and sales of, VWL’s developments continue to be very strong through the recovery period after the pandemic. The Ulana Ward Village reserved housing lottery in

March, 2022 generated extremely high interest in the 697 reserved housing homes, and unit selections are ongoing. As of the end of 2021, approximately 95 percent of all units in the seven developments completed or currently under construction in Ward Village were sold or under contract.

In addition, the iconic IBM building has been renovated, Ward Village Shops and Auahi Shops were completed as home to national tenants and unique local shops, and Victoria Ward Park is now open, which brings an important component of the Ward Master Plan (and a significant community amenity) to fruition, with an additional expansion to come.

Q Please provide an update on the Ward Village community and some examples of how the Ward Master Plan has and will continue to revitalize the area.

A The safety and well-being of our community remains VWL's priority as our state continues to transition from the pandemic response to recovery. We have resumed many of our popular community events within Ward Village, including our farmer's market, recreational activations, music and holiday events. These events provide much-needed opportunities to gather, connect and rejuvenate with others in Ward Village's public open spaces, including at Victoria Ward Park.

VWL continued to strengthen our community through its corporate citizenship efforts, with a particular focus on assisting those in need. To date, VWL has contributed over \$3.8 million and hundreds of volunteer hours to local organizations that focus on community, culture, education and the environment.

In all, VWL's charitable efforts have supported over 170 local community groups to date, including the Hawai'i Community Foundation, Habitat for Humanity, Honolulu Theatre for Youth, University of Hawai'i Foundation, Institute for Human Services, Boys & Girls Club of Hawai'i, Center for Tomorrow's Leaders, Historic Hawai'i Foundation, Aloha Festivals, Ho'okua'āina, Trees for Honolulu's Future, Friends of the Library of Hawai'i, Aloha Harvest, Waikiki Health, Hawai'i Health and Harm Reduction Center, and many more.

Over the years, the Ward Master Plan has led to the revitalization of Kaka'ako through improved pedestrian experiences, the "greening" of the neighborhood, and community improvements including the renovation of the IBM building and \$24 million in improvements to Kewalo Basin harbor. The Ward Master Plan area is now home to the Hawai'i flagship Whole Foods Market, supporting local farmers and a more sustainable future in Hawai'i, a Longs Drug Store at Ke Kilohana, and Straub Medical Clinic at Ae'o to further fulfill the needs of the community.

As the neighborhood continues to mature, we are continuing to plan and organize the commercial tenant mix with residential and community use. Special attention is being paid to the mix and proximity of these uses, to ensure a healthy balance between live, work, shop, dine, and play.

Certified as the first LEED Neighborhood Development Platinum Certified Project in Hawai'i (and the largest Platinum certified neighborhood in the United States), and recognized by Architectural Digest as the "Best Planned Community in America," and by the National Association of Homebuilders as the "Master Planned Community of the Year" in 2018, Ward Village has been a driving factor in transforming Kakaako into a dynamic, thriving and vibrant urban community in the heart of Honolulu.

We're also excited about elements of the Ward Master Plan that are being implemented with the planned construction of The Park Ward Village and Ulana Ward Village. The Park Ward Village will seamlessly integrate with a major expansion of Victoria Ward Park – Mauka of over 37,000 square feet, and construction of the de facto Halekauwila Street extension (which will connect Halekauwila Street from Ward Avenue to Kamakee Street) is also planned in conjunction with the development, providing an additional shaded, walkable area with local retail shops.

The Park Ward Village will also feature a unique and extensive "wraparound" shaded ground floor retail experience that will significantly enhance street and park-level activation and will facilitate access to Victoria Ward Park, the Auahi Street promenade, and other areas within Ward Village.

Ulana Ward Village will be adjacent to the new Ka La'i o Kukuluāe'o Park (formerly known as the Ewa Plaza), which will add 30,000 square feet of green, open park space in the heart of Kakaako.

Q Please provide an update on the planned Auahi Street realignment with Pohukaina Street.

A As noted, VWL's progress to realign Auahi Street to connect with Pohukaina street is well underway pursuant to HCDA's prior decision and orders.

The Park Ward Village Decision and Order (KAK 21-002) provides that the realignment of Auahi Street will be completed as part of Phase 2 of the Auahi Street pedestrian promenade design and phasing plan submitted to HCDA in connection with Condition No. 13 of the Kō'ula Decision and Order (KAK 18-038), which required the submission of a final design and construction schedule for improvement of Auahi Street, including the realignment, to HCDA.

The timing of the completion of the realignment is governed by the Ulana Ward Village Decision and Order (KAK 21-001), Condition No. 19, which provides that prior to the HCDA staff's initial residential temporary certificate of occupancy for Ulana, VWL is required to complete the construction of the realignment.

The realignment will create a remnant area that VWL plans to extensively renovate and improve in parallel with Kalae's development. This area will include lush landscaping, seating areas and attractive streetscape design.

Q How are the public facilities requirements being fulfilled under the Ward Master Plan?

A Under the Ward Master Plan and Hawaii Administrative Rules (HAR) § 15-22-73, VWL is required to provide public facilities equal to three percent (3%) of the total commercial and community service floor area and four percent (4%) of the total residential floor area (excluding reserved housing) of each development project. Under the Ward Master Plan, this was estimated to be approximately 330,053 square feet of land, based on the most likely mix of residential and commercial development, at full build-out.

The public facilities provided and proposed / pending to date under the Ward Master Plan are shown on Table 5-4, page 35, of the Application (which is Exhibit A in this proceeding).

Table 5-4 shows that, with the nine projects that have been approved by the Authority under the Ward Master Plan to date, and inclusive of the proposed / pending and pre-Ward Master Plan dedications, VWL has committed to providing approximately 364,527 square feet of public facilities in the form of parks, sidewalks, driveways and roadways. With Kalae's approval, the public facilities commitments to date will exceed the amount required under the Vested Rules by approximately 173,311 square feet, which serves as a credit for future projects.

Q How are the reserved housing requirements being fulfilled under the Ward Master Plan?

A Under the Ward Master Plan and HAR § 15-22-115, VWL is required to provide reserved housing equal to twenty percent (20%) of the total number of dwelling units in a development. Instead of incrementally developing additional reserved housing units over several years, VWL made a commitment through Ulana Ward Village (which HCDA approved last year) to continue to prioritize the construction of reserved housing in Ward Village for local families well in advance of the development of additional market housing. Ulana Ward Village will provide 697 reserved housing homes, and combined with Ke Kilohana (375 reserved housing homes) and 'A'ali'i (150 reserved housing homes), VWL will provide approximately 1,222 reserved housing homes in Ward Village.

The reserved housing homes proposed and provided to date under the Ward Master Plan are shown in Table 4-2, page 21, of the Application. With Kalae, plus projects approved to date, 926 reserved housing homes are required pursuant to HAR § 15-22-115. With Ulana Ward Village, approximately 362 reserved housing homes will be available as credits to offset the reserved housing requirements for future projects on a one to one basis as contemplated and expressly permitted by the reserved housing credit provisions of Section V.B.4. of the Development Agreement, and/or to true up the reserved housing mix upon completion of all projects within the Ward Master Plan.

Q How is the Ward Master Plan fulfilling its vision of sustainability under the Ward Master Plan?

A In addition to preparing the requisite sustainability guidelines, VWL entered the Ward Master Plan into the US Green Building Council's program LEED for Neighborhood Development ("LEED-ND"). The LEED-ND criteria awards credits for a neighborhood's integration and sustainability through pedestrian orientation, efficient land use, and transportation infrastructure.

As a result of its many inherently sustainable attributes and commitments made to make future projects sustainable, the Ward Master Plan was awarded a Platinum pre-certification rating, making it the largest LEED-ND Platinum project certified in the United States, and the only project to garner this achievement in Hawaii. This is a significant achievement for the urban core of Honolulu, which will benefit Hawaii statewide and provide a useful example of ways in which Hawaii can encourage "green" development through creating a livable, walkable and sustainable mixed-use urban neighborhood. Further to this, in 2021 Ward Village was featured as a case study development by the World Green Building Council for providing social value with resilience and sustainability.

VWL continues to focus on sustainability. We restriped Auahi street to create green bike lanes and make it safer for bicyclists, which was followed by our founding sponsorship of Biki and the installation of bike share locations and bike racks throughout the neighborhood. We also changed out all of the street lights in the neighborhood to LED's offering reduced energy use for the city and a safer, better lit street at night. During redevelopment of each project, we have relocated dozens of large, healthy trees throughout Ward Village, Kewalo, and even Kolowalu Park to help improve the urban tree canopy and green the neighborhood.

Each of our prior development projects implemented a number of sustainability strategies. The mixed-use and urban quality of the area exceeds the community connectivity and public transportation access criteria for sustainable sites. Bicycle storage for residents and visitors will continue to be conveniently located for easy access. Extensive use of indigenous vegetation in open areas provides improved storm water management, reduced local heat island effect and increased opportunities for comfortable recreation and socialization. Drip irrigation system and water efficient plumbing fixtures will continue to substantially reduce water use.

The buildings typically use passive strategies to increase energy efficiency. This includes pursuing highly efficient glass on the façade, high efficiency lighting, operable windows and doors and enhanced commissioning and refrigerant management.

Recycled and renewable materials, use of regional resources, and reduction of on-site waste are all considerations for the selection and specification of materials for building structure and envelope, for exterior and interior finishes, and for the site development.

Large windows will provide abundant daylight and views to normally occupied spaces. Material selections will aim to reduce, or to eliminate, volatile organic compounds.

Q Please describe the background for Kalae, how this development fits into the Ward Village Master Plan, and how the development was shaped by community input.

A Kalae will significantly advance many of the development strategies discussed in the Ward Master Plan as informed by the Board's prior decisions and orders.

Kalae's design, combined with Victoria Place and VWL's decision to reduce the number of towers on Land Block 2, allows for a 70 percent increase in the size of the Victoria Ward Park Makai area (as compared with the previously-approved Gateway project).

In addition, Kalae will provide a gracious and active pedestrian gateway to Ward Village with extensive landscaping, public art, and safe pedestrian-friendly streetscape designs on the Mauka and Makai corners along Ward Avenue; ground floor retail / commercial space; and retail kiosks along Victoria Ward Park.

To respect this special location, VWL consulted with Mālia Ka'aihue, Ph.D., founder and president of DTL Hawai'i, to research and present name candidates for the Block B project, including the name that was ultimately chosen, Kalae, which embodies the history of majesty of Lē'ahi. Dr. Ka'aihue's work also inspired other aspects of Kalae's design, including the planned public art and the gracious residential courtyards.

The planned Auahi Street pedestrian promenade, which is a key element of the Ward Master Plan, will be steps away from the mauka side of the development, and the landscaping and ground floor retail at Kalae will also complement and enhance the retail features at The Park Ward Village across Auahi Street.

As with all of our developments, community feedback and input are key elements of our planning and design process for Kalae. The development is responsive to community feedback to provide quality homes, ample green, open spaces in an urban setting, ground floor retail, and shaded, pedestrian activation at a key entry to Ward Village.

Q How are tenant relocation requirements being fulfilled under the Ward Master Plan?

A Although no tenants will be affected by the construction of Kalae, relocation assistance has been and will be provided to other tenants pursuant to the approved Ward Master Plan. VWL provides support to affected tenants, first by frequently and transparently communicating our development plans to our tenants. We then look for relocation opportunities within the Ward area to the extent feasible. If not feasible, VWL works with the commercial brokerage community to assist these businesses in locating to alternative spaces. Ultimately, the redevelopment of the Ward Master Plan area, including the Project site, is intended to benefit existing and future tenants.

Q Please describe this Project’s anticipated impact on transit oriented development, including rail, bus, and other modes of rapid transit.

A Multiple opportunities for public transit will be available from Kalae. The project is near several public and private bus lines, and an elevated rail line station is planned in Kaka’ako. In conjunction with planned improvements to Auahi Street, the existing bus stops on that roadway will be relocated to facilitate access to other planned developments within Ward Village, with additional bus stops provided to further enhance convenient access to transit.

Q In accordance with HRS § 206E-5.6, please describe the economic impacts anticipated from the Project.

A VWL is cognizant of the significant impacts that the current Covid-19 pandemic has had on Hawai’i’s residents. Kalae will provide significant economic benefits for our state, city and community at a time when private investment is urgently needed to help sustain our economic recovery. Our VWL team remains committed to doing our part to assist local residents and help restart and rebuild Hawai’i’s economy , jobs and tax base.

Similar to the other projects that are part of the Ward Master Plan development, Kalae will make significant positive economic impacts to the new housing supply, job creation, spending, property tax receipts, retail sales, and ongoing building operations and maintenance activities.

Kalae’s approximately 330 homes will provide market priced residences in Honolulu’s urban core, and residents will have convenient access to area employment, retail and industrial services, and all of the amenities of Ward Village and beyond.

The estimated project economic stimulus includes \$606 million in economic impact; \$198 million in workers’ earnings; and \$37 million in state tax revenue. In addition, VWL plans to use local construction labor, and the development will create approximately 763 jobs in year one of construction, and approximately 949 and 858 jobs in years two and three of construction.

Over a 30 year period beginning in 2026, in present values of constant 2021 dollars, the development is projected to generate \$148 million in future output; \$49 million in workers’ earnings; \$9 million in state tax revenue; an annual average of 20 permanent jobs; and \$127 million in real property tax revenue.

#