

TOM SCHNELL DIRECT TESTIMONY

PRESENTATION HEARING

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

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

A Tom Schnell, PBR HAWAII & Associates, Inc., Principal / Planner

Q How long have you been in this position?

A I have been a principal of PBR HAWAII for 9 years. Before becoming a principal, I was a Senior Associate for 7 years, an Associate for 5 years, and a Planner for 2 years. In total, I have over 23 years of experience as a professional planner with PBR HAWAII.

Q Please describe your educational background and experience.

A Please see my resume, which is marked as an exhibit in this proceeding. Among other professional affiliations, I am accredited by the American Institute of Certified Planners, and I am a member of the American Planning Association, Hawai'i Chapter, Lambda Alpha International, Aloha Chapter, and the Urban Land Institute.

Q Please describe your firm's experience.

A PBR HAWAII & Associates, Inc., based in Hawai'i for over 50 years, is active in all aspects of land planning, environmental studies, landscape architecture, and graphic design. PBR engages in a variety of projects ranging from specific site designs to regional and community plans, urban design studies, environmental assessments and impact statements, and large-scale resource inventory and land management projects. Our multi-disciplined expertise and overall experience allows us to provide clients and end users with successful plans that are functional, sustainable, cost effective, and at the same time, culturally and aesthetically relevant.

Q What has PBR HAWAII been retained to do for this Project?

A Victoria Ward, Limited (VWL) retained PBR to prepare and process a planned development permit application for Kalae, Land Block 2, Project 4 of the Ward Neighborhood Master Plan (Ward Master Plan). In the context of the greater Ward Village community, PBR has also prepared planned development permits for 'A'ali'i, Kō'ula, Victoria Place, The Park Ward Village and Ulana Ward Village. In addition, PBR prepared the Ward Village Street Tree Masterplan and provided landscape architectural design services for the Central Plaza, now known as Victoria Ward Park, and the 'A'ali'i recreation deck.

Q Please provide a summary of the Project.

A Kalae will include approximately 330 homes, and ground floor commercial, open and recreation space, which will integrate with the adjacent expanded Victoria Ward Park (makai), and the planned Auahi Street pedestrian promenade.

The development will be on Land Block 2 within the Auahi neighborhood, Mauka Area of the Kaka'ako Community Development District (KCDD), Honolulu, Hawai'i. The project will be between Auahi Street and Ala Moana Boulevard, to the west of Victoria Place (KAK 19-069) and the Victoria Ward Park makai area, and east of Ward Avenue. Kalae will provide approximately 536,031 square feet of new floor area, and the development is currently planned to include approximately:

- 19,282 square feet of ground-level open space (nearly 70 percent more than required under the 2005 Mauka Area Rules (the Vested Rules));
- 71,689 square feet of indoor and outdoor recreational areas (more than three times the recreation space required);
- 533,887 square feet of residential floor area;
- 2,144 square feet of commercial space; and
- A projected maximum height of approximately 386 feet, plus 18 feet for rooftop elements.

Due to minor adjustments in the design of the project as the application was going to print, some references to the residential floor area and the commercial floor area in the application differ slightly from the figures noted above. For purposes of clarity, the figures noted above and associated minor adjustments to the required off-street and loading parking calculations are in an errata to the application marked as an exhibit in this proceeding.

The design of Kalae is consistent with the Vested Rules, which are applicable to the Ward Master Plan, and the proposed development is informed by several principles in the Ward Master Plan:

- Encourage improvements in the street-level experience for residents and visitors;
- Promote the development of exceptional public spaces;
- Provide distinctive retail and public-realm experiences; and
- Optimize ocean views.

The building location and orientation were carefully considered to preserve and enhance mauka-makai views and integrate Kalae with the pattern of a connected, walkable and active community at Ward Village.

The street level experience will be enhanced for residents and visitors through a variety of approaches previously approved and employed throughout Ward Village, including ground-floor commercial space, shade trees and landscaping, sculptural hardscape elements, public art, aesthetically interesting materials, and facades that further screen the podium and parking garage.

Combined with Victoria Place, and VWL's decision to reduce the number of towers on Land Block 2, Kalae allows for a 70 percent increase in the Victoria Ward Park makai area compared with the previously approved (and now withdrawn) Gateway project.

Vehicle, bicycle and pedestrian access to Kalae will be from Auahi Street. The development includes approximately 559 off-street parking spaces for residential use and four loading spaces. Approximately six commercial stalls will be provided in the district parking garage at The Park Ward Village pursuant to an offsite parking agreement. Exhibits 5 through 9 of the Application provide additional details on the development's circulation plan and parking floor plans.

Q Kalae is the latest development in the Ward Neighborhood Master Plan. From a long-term land use planning perspective, what are some of the major characteristics of the Ward Neighborhood Master Plan?

A In 2009, HCDA approved the Ward Master Plan in accordance with the Vested Rules. Among the purposes of master plans under the Vested Rules are "to allow greater flexibility in the development of lots within master planned areas than would otherwise be possible through the normal lot-by-lot development approach."

Read as a whole, the Ward Master Plan is a flexible plan intended to accommodate changing needs, design considerations, and market conditions. The plan expressly provides that:

- ***The plan is conceptual and flexible:*** "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." (Ward Master Plan at 53).
- ***The plan is intended to evolve to better meet the needs of the community:*** "The Master Plan represents a long-term vision that will be incrementally implemented in response to market demand. Each stage of the development will help to inform the development of subsequent phases to better meet the needs of the evolving community." (Ward Master Plan at 61).

- ***The plan is intended to address changing market conditions:*** “The Master Plan provides for phasing over a period of more than twenty years, with flexible plans that adapt to changing markets.” (Ward Master Plan at 125).
- ***The plan is intended to be adapted and implemented holistically:*** “Projects must be able to adapt to changing market conditions, public/private partnerships and other opportunities that may emerge as the Neighborhood becomes more fully formed – always moving toward a whole that is greater than the sum of its parts.” (Ward Master Plan at 61).

As intended by the Vested Rules (and consistent with other long-term land use master plans, including the Kamehameha Schools Master Plan for Kaka’ako) the Ward Master Plan contemplates flexibility in implementation to accommodate changing market, economic, and social conditions, since the plan is implemented over many years and future conditions cannot be precisely determined. HCDA recognized this flexibility in approving the Ward Master Plan by finding 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.” (Ward Master Plan D&O at 41).

Accordingly, as noted in the Ward Master Plan, the drawings, figures and depictions in the plan were necessarily illustrative and subject to change. Similarly, the Ward Master Plan (again, consistent with other long-range land use plans) was not required to -- and did not include -- architectural, engineering, financial, or other similar plans and studies for each concept.

In the case of the Ward Master Plan, it is also important to note that a number of the concepts illustrated in the plan relied on requests that HCDA ultimately did not adopt as part of the master plan.

As an example, the illustrative development “levels” of projects (including what HCDA has described as “liners”) depicted on pages 57-60 of the plan, and described as “one possible development solution” in Ward Village, were expressly based upon HCDA’s amendment of the Vested Rules to permit by right in all projects: 1) an increased podium height of 65 or 75 feet; and 2) a continuous building façade along Ala Moana Boulevard, Ward Avenue, Kamake’e Street and Queen Street by eliminating the required 1:1 setback slope within the podium.

Both of these modifications, if granted as part of the master plan, would have automatically permitted all projects to accommodate additional space within the podium for retail and other uses and allow a greater portion of the developments to be built closer to the ground level.

HCDA declined to grant these amendments as part of the Ward Master Plan approval, and decided instead to consider modifications, if any, in connection with each individual development permit.

Given the flexibility required by the Vested Rules and contemplated in the Ward Master Plan, as well as HCDA's decision to evaluate modifications, if any, on a project-by-project basis, the original concepts in the Ward Master Plan (including with respect to what HCDA describes as building "liners" and various strategies to provide street-level activation) must be viewed within the context of the projects in Ward Village approved to date.

Q How has the flexibility in the Ward Master Plan been implemented through the various projects approved to date in Ward Village?

To facilitate pedestrian and street level activation, the Ward Master Plan set forth a variety of conceptual approaches to screen parking structures from public view "by wrapping with commercial or residential uses or with vegetation and/or architectural features." (Ward Master Plan at 68). Similarly, HCDA's concept of building "liners" was clearly intended to be flexible, and HCDA broadly defined the term as: "buildings designed to have aesthetically pleasing facades and provide interaction with pedestrian traffic at ground level." (Ward Master Plan D&O at FOF 48).

Consistent with this, HCDA has determined that all projects approved to date in Ward Village, which employ a variety of approaches to fulfilling the major design strategies in the plan, including pedestrian and street level activation, comply with the Ward Master Plan.

Some of these approaches include: street-level retail (including at Ke Kiholana, Anaha, A'eo, 'A'ali'i, Kō'ula, Ulana, and The Park Ward Village); architectural screening for parking structures (including at Kō'ula, Victoria Place, A'eo, and Waiea); and outdoor interactive sidewalk, landscape, and seating elements (Ward Village Shops and Victoria Place). VWL requests that the Board take administrative notice of the decisions and orders for these developments pursuant to HAR § 15-219-28(7).

As the Board previously recognized in approving Victoria Place, these different design strategies and approaches all comply with the Master Plan's vision to activate areas in Ward Village: "Development permits approved under the Ward Master Plan for Waiea, Anaha, A'eo, Ke Kiholana, 'A'ali'i and Kō'ula have brought mixed-use residential buildings, commercial frontage, shopping destinations, and sizeable plazas with outdoor seating along Kamake'e Street and Auahi Street." (KAK 19-069 at 28).

Similarly, the Board determined that the Ward Master Plan does not limit the Auahi Street Promenade to only retail and commercial venues, and also contemplates Auahi Street as offering varied experiences, including tranquil areas for relaxation: "While the Ward Master Plan Application envisions Auahi Street as including retail opportunities,

the plan does not limit the promenade only to retail and commercial activities.” “The Ward Master Plan Application also envisions areas on Auahi Street as leading to spaces that will provide ‘opportunities for respite, conversation or contemplation, as well as aesthetic landscape enhancements’.” (KAK 19-069 at 28). While the 2005 Mauka Area Plan and the Vested Rules do not require pedestrian promenades in the Mauka Area, VWL’s implementation of the Auahi Street Promenade is consistent with the intent of the 2005 Mauka Area Plan and the Vested Rules, as well as the Ward Master Plan.

The HCDA’s determination that the mauka and makai areas of Victoria Ward Park offer varied experiences consistent with the Master Plan is also indicative of HCDA’s recognition of the benefits of a flexible approach to the development of Ward Village.

The Ward Master Plan originally envisioned Victoria Ward Park (originally designated as the “Central Plaza”) as a classic plaza with hardscapes and vehicular access. Over the years, and with the input and support of HCDA through multiple meetings, presentations, and formal hearings on various developments, VWL realigned the park to provide an additional view corridor, and expanded and redesigned the park to provide significantly more open and green landscaped space in the heart of Ward Village.

HCDA recognized that “[w]hile designed to be more of a tranquil and relaxing area than its more active counterpart on the mauka side, the makai portion of Victoria Ward Park will have views of both the ocean and the mountains, and will be visually and thematically connected to the mauka side of Victoria Ward Park across Auahi Street. Collectively, Victoria Ward Park will provide open space for the public to use.” (KAK 19-069 at 29-30).

Through these findings, HCDA validated the approach to concentrate and expand retail / commercial uses around the Mauka side of Victoria Ward Park, while providing a quiet area for contemplation and respite on the Makai side of the park.

The Board has already vetted and approved the final design of Victoria Ward Park, and the mauka and makai phases of the park are required to be substantially similar to the plans shown in the PDP applications for The Park Ward Village and Victoria Place, respectively:

- **The Park Ward Village D&O (KAK 21-002) Condition No. 9:** Prior to the HCDA staff approval of the foundation permit for the Project, VWL shall submit for review by the HCDA Executive Director a landscape plan for the Project. The landscape plan shall be inclusive of the renovation and expansion of the mauka portion of Victoria Ward Park, which shall be generally consistent with the conceptual landscape plan shown in Exhibit P-1 at Exhibit 5. Upon staff approval of the foundation permit for the Project, VWL shall be authorized to proceed with construction to renovate and expand Victoria Ward Park.

- **Victoria Place D&O (KAK 19-069) Condition No. 32:** Prior to the HCDA staff approval of a Certificate of Occupancy for the Project, WVL shall complete the construction of the Central Plaza on Land Block 2 of at least 34,371 square feet, which shall be substantially similar to the “Victoria Ward Park (Makai)” represented on page fifteen (15) of the Application.

HCDA has repeatedly confirmed and recognized the benefits of flexibly using a variety of approaches to fulfill the Master Plan’s four major design strategies for Ward Village (connected public spaces, Auahi Street as a pedestrian promenade, mauka / makai view corridors, and streetscape design), including using various approaches to activate areas in and around each project, and providing varied experiences within Victoria Ward Park and along Auahi Street.

Q Please summarize how Kalae is consistent with the various approaches recognized by the HCDA under the Ward Master Plan.

Kalae closely aligns with the Ward Master Plan as informed by the Board’s prior decisions and orders recognizing the flexibility to meet the evolving needs of the Ward Village community. Kalae is designed to integrate within the fabric of Ward Village, extensively enhance the pedestrian experience and circulation around the site and neighborhood, maximize mauka-makai view corridors, and create a pleasant, livable space.

Consistent with the variety of approaches employed in other areas of Ward Village, Kalae features appropriately-scaled ground-floor commercial space near Auahi Street and along Ward Avenue, , extensive landscaping and sculptural hardscape elements, lyric sidewalks, limited curb cuts, public art, visually interesting building materials, and aesthetically pleasing facades that screen the parking garage. Additionally, retail kiosks are proposed in Victoria Ward Park (makai) along Auahi Street.

These approaches, including the ground floor commercial space, public art, and landscaping, will activate the prominent corner of Ward Avenue and Auahi Street in concert with The Park Ward Village (KAK 21-002) to create an active, walkable arrival gateway for Ward Village. The vacated area of Auahi Street (to accommodate the realignment with Pohukaina Street) will be integrated into the overall Kalae design with public space, attractive pathways, curvilinear hardscape elements, and generous shade trees and landscaping. At the corner of Ala Moana Boulevard and Ward Avenue, landscaping, a monument sculpture with signage, space for public art, and safe pedestrian paths and refuge areas will define this key gateway into Ward Village. Kalae will seamlessly integrate with, and complement, the expanded Victoria Ward Park makai area.

Q Please describe how the components of the Project will fulfill the provisions of Hawai'i Revised Statutes ("HRS") 206E-5.6(j).

A In considering a proposed development, Hawai'i Revised Statutes § 206E-5.6 requires HCDA to determine that the proposed project is reasonable, is consistent with the development rules and policies of the relevant development district, and complies with the criteria listed in HRS § 206E-5.6(j).

Section 5.1 of the Application describes Kalae's conformance with the Vested Rules and the Ward Master Plan. The following exhibits in the Application show detailed Kalae plans:

- Exhibit 3 - Detailed site plan;
- Exhibit 4 - Landscape plan;
- Exhibit 5 – Circulation plan;
- Exhibits 6 to 12 – Floor level plans;
- Exhibit 13 – Summary sheet of open space, recreation space, off-street loading, off street parking and floor area;
- Exhibits 14 to 17 – Project elevations;
- Exhibits 18 to 20 – Project cross sections;
- Exhibit 21 – Tower and platform massing summary; and
- Exhibit 22 – Orientation and tower spacing.

Kalae also fulfills the specific criteria of HRS § 206E-5.6(j) as follows:

HRS § 206E-5.6(j)(1)(A): Advances the goals, policies, and objectives of the applicable district plan:

The applicable district plan is the Mauka Area Plan adopted by HCDA in June 2005. The Mauka Area Plan provides a framework for public-private sector cooperation to develop the Mauka Area into a vibrant, mixed-use community with a variety of housing types in Honolulu's urban core.

Kalae is located in the core of Honolulu and Kaka'ako, in close proximity to the central business district, the government center, and commercial, and industrial facilities, along with recreational areas such as Ala Moana Beach Park and Kewalo Basin Harbor. Its central location provides convenient access to the services and amenities throughout Kaka'ako and Ward Village, including through the Auahi Street pedestrian promenade.

A key aspect of the Mauka Area Plan is its open space and recreation plan, which prioritizes the creation of open space systems, as well as on-site recreation and open spaces. This “systems” approach recognizes that residents benefit from community-wide as well as site-specific open space and recreational spaces.

Kalae and the adjacent expanded Victoria Ward Park (makai) significantly advance the open space and recreational aspects of the Mauka Area Plan. The development provides extensive open and recreation space on-site exceeding requirements.

The expanded Victoria Ward Park adjacent to Kalae is the centerpiece of the system of connected open spaces contemplated by the Ward Master Plan, which also includes the Ka La’i o Kukuluāe’o Park planned adjacent to Ulana Ward Village, and the future Diamond Head Plaza on the east side of Ward Village. All of these open spaces will be connected through the Auahi Street pedestrian promenade, which will be steps away from the development.

From the housing perspective, Kalae will add approximately 330 homes in the urban core, and the design of Kalae is supported by current sales trends in surrounding Ward Village communities.

In addition, Kalae has been coordinated with major existing and contemplated transportation routes, recreational and service areas, and is consistent with HCDA’s transit oriented development principles. In short, Kalae will provide excellent pedestrian and multi-modal connectivity for residents and visitors, and is located near jobs, recreational areas, retail, dining, and transportation services.

The goals of Kalae include significantly advancing the livable, walkable environment envisioned for Kaka’ako.

HRS § 206E-5.6(j)(1)(B): Protects, preserves, or enhances desirable neighborhood characteristics through compliance with the standards and guidelines of the applicable district rules:

The applicable district rules for Kalae are the Vested Rules, and no modifications to the rules are requested. Section 5.1 and Table 5-2 of the Application show Kalae’s conformance with the Vested Rules and Ward Master Plan.

As with all areas of the Ward Master Plan, on completion, the Kalae site will be integrated into VWL’s existing operations team that professionally oversees management, maintenance and security throughout the Ward Master Plan area at no cost to the public.

HRS 206E-5.6(j)(1)(C): Avoids a substantially adverse effect on surrounding land uses through compatibility with the existing and planned land use character of the surrounding area:

The surrounding uses and urban areas were taken into careful consideration during the planning of Kalae. In particular, Kalae is carefully designed to complement and be compatible with the approved designs for the areas and developments in the vicinity of the project, including Auahi Street, Victoria Ward Park, The Park Ward Village, and the key intersections of Ward Avenue with Auahi Street and Ala Moana Boulevard.

Kalae integrates with these existing and planned conditions by, among other design strategies, providing compatible ground-floor commercial space within the podium; seamlessly transitioning to the ground level open space at the park; activating and facilitating convenient access to Auahi Street; and providing landscaping, public art, and other pedestrian activation at a key entry to Ward Village. Additionally retail kiosks are proposed in Victoria Ward Park (makai) along Auahi Street.

Kalae is also highly compatible with surrounding areas in, Kaka'ako the Ala Moana area, and downtown Honolulu. The addition of residences from Kalae and other existing nearby projects, within a close proximity to the central business district and existing transportation options, creates the opportunity to significantly shorten one's daily commute (by car, transit, biking, or walking), alleviating traffic in urban Honolulu.

HRS 206E-5.6(j)(1)(D): Provides housing opportunities for all income groups, particularly low, moderate, and other qualified:

Kalae will help to fulfill a continued market demand for residential housing in urban Honolulu close to employment centers, commercial services, entertainment options, and open spaces as envisioned by both the Mauka Area Plan and the Ward Master Plan.

The Ward Master Plan establishes a reserved housing requirement of 20 percent of the total number of residential units within the Ward Master Plan area. With Ulana Ward Village, VWL has committed to satisfying all remaining reserved housing requirements for Ward Village well in advance of the completion of future projects. In total, and including Kalae, 926 reserved housing units will be required, and approximately 296 reserved housing units will be available to satisfy the requirements of future projects. See Section 4.11 and Table 4-2 of the Application.

VWL's decision to prioritize the construction of reserved housing homes in Ward Village prior to the construction of future developments in Ward Village helps to meet a present, critical need to provide timely housing opportunities for local reserved housing purchasers in urban Honolulu.

HRS 206E-5.6(j)(2)(A): Positively impacts pedestrian oriented development, including complete streets design:

Kalae's location, orientation and design were carefully chosen to advance the pattern of a connected, active and walkable community at Ward Village.

Kalae will provide an outstanding pedestrian environment at a key location within Ward Village through the retail space along Ward Avenue, along with generous outdoor spaces with landscaping, walkways, public art and architectural elements. Kalae's location and amenities will particularly complement The Park Ward Village and Victoria Ward Park on the mauka side of Auahi Street, and will provide convenient and welcoming pedestrian access to the greater Ward Village community. Additionally retail kiosks are proposed in Victoria Ward Park (makai) along Auahi Street.

Kalae also facilitates the complete streets design features of Ward Village by accommodating bicycle parking in both public areas and within the parking structure. Exhibits 5 and 6 of the Application illustrate the short- and long-term bicycle parking areas, as well as the pedestrian and vehicle access points and circulation plan. Bikeshare stations are also situated at various convenient locations throughout Ward Village. In addition, the proposed driveway is designed with a gentle curve intended to slow vehicles, thus giving priority to pedestrians across the entire area. My understanding is that the width of the proposed driveway aprons was mandated by the City during the development of the traffic impact report.

HRS 206E-5.6(j)(2)(B): Positively impacts transit oriented development, including rail, bus, and other modes of rapid transit:

Kalae is designed in consideration of major existing and contemplated transportation routes, recreational and service areas. Consistent with HCDA's transit-oriented development principles, Kalae is located within walking distance of proposed rail stations and adjacent to bus and trolley routes.

HRS 206E-5.6(j)(2)(C): Positively impacts community amenities such as gathering places, community centers, culture and arts facilities, and the full array of public facilities normally provided by the public sector:

Kalae offers easily-accessible amenities and social gathering spaces to encourage interaction within its community of residents and visitors, and with the greater communities of Ward Village, Kaka'ako, and urban Honolulu.

As noted, Kalae is conveniently situated adjacent to the expanded Victoria Ward Park (makai), which (along with its more active mauka counterpart) is a central component of the three major connected open spaces illustrated in the Ward Master Plan (in addition to the Ka La'i o Kukuluāe'o Park (formerly known as the Ewa Plaza) adjacent to Ulana

Ward Village and the future Diamond Head Plaza). Victoria Ward Park (makai) will provide a lush, serene and tranquil space to gather with others in the community.

In addition, the Auahi Street pedestrian promenade on the mauka side of Kalae will visually and thematically connect the residences, amenities and major public spaces throughout Ward Village, and the pedestrian areas surrounding Kalae will provide additional opportunities to connect with others through landscaping, public art and seating areas.

These improvements, among others, realize the vision of the Mauka Area Plan to encourage public-private sector cooperation to develop the Mauka Area into an active, mixed-use community with a full array of public and community amenities in Honolulu's urban core.

HRS 206E-5.6(j)(3)(A): Positively impacts preservation of important natural systems or habitats:

Consistent with the Sustainability Framework set out in the Ward Master Plan, Ward Village holds Leadership in Energy and Environmental Design-Neighborhood Development (LEED-ND) Platinum certification, the highest rating provided. Ward Village is the largest community in the United States (and the only community in Hawai'i) with this designation.

According to the U.S. Green Building Council, Leadership in Energy and Environmental Design (LEED) developments are designed to deliver the following benefits:

- Lower operating costs and increased value;
- Reduced waste;
- Energy and water conservation;
- More healthful and productive environments; and
- Reductions in greenhouse gas emissions.

The project team for Kalae is using an integrative design process to identify and use opportunities to employ sustainable strategies across disciplines and building systems. VWL plans to employ the following sustainable practices at Kalae:

Location and Transportation: There are community services within walking distance of the property, and multiple opportunities for public transit. Bike facilities will be provided on site. Kalae is directly tied into the planned Auahi Street promenade, and will contribute to the pedestrian network of Ward Village.

Sustainable Sites: To foster a healthy outdoor environment, VWL is committed to minimizing erosion and sedimentation during construction. Landscaping will encourage time spent outdoors and cool outdoor spaces. Kalae will feature indigenous and/or ethnic plantings to embrace Hawaiian ecosystems and avoid contributing to invasive plant populations.

Water Efficiency: A number of water-conserving measures will be employed at Kalae, with the goal of at least a 50 percent reduction in potable water use for landscaping irrigation and a 20 percent savings in indoor water through the use of low-flow fixtures.

Energy and Atmosphere, Indoor Environmental Quality: Kalae will optimize energy performance and air filtration equipment will exceed performance standards. Outdoor airflow will be monitored, and mechanical systems will be kept clean.

Materials and Resources: Kalae will responsibly manage construction waste, recycling at least as much waste as possible at the construction site. The building itself will have recycling facilities and recycling will be encouraged.

Indoor Environmental Quality: Kalae will create sensitive indoor environments with adjustable lighting and cooling systems, and will provide substantial outdoor views. The building will use materials that meet requirements for indoor environmental air quality and will be designed for acoustic performance.

Innovation: Kalae is considering a range of sustainability measures that fit the LEED Innovation criteria, which are intended to support creative approaches to green building.

Regional Priority: Kalae will pursue sustainability opportunities that specifically address local priorities with regard to environment, social equity, and/or public health. Kalae will address LEED-designated Regional Priority issues, including responsible waste management and strategies for energy performance.

The Application at Appendix A contains the LEED-NCv4 checklist.

HRS 206E-5.6(j)(3)(B): Positively impacts maintenance of valued cultural, historical, or natural resources:

Kalae will avoid a substantially adverse effect on the area's archeological and cultural resources. The letter from the State Historic Preservation Division dated January 1, 2022 confirming the project's compliance with HRS Chapter 6E, is attached as Appendix C to the Application.

HRS 206E-5.6(j)(3)(C): Positively impacts maintenance of other resources relevant to the State's economy:

The design of Kalae facilitates access for residents, locals, and visitors alike, by providing connection to critical centers of commerce, industry, employment, and tourism.

Kalae is located in the core of Honolulu, in close proximity to the central business district, the government center, and commercial, and industrial facilities, along with recreational areas such as Ala Moana Beach Park and Kewalo Basin Harbor.

The design of Kalae recognizes the strong potential for increased growth and development in this area. There is convenient access to mass transit throughout Ward Village, and Kalae has been coordinated with major existing and contemplated transportation routes, recreational and service areas, and is consistent with transit-oriented development principles. In short, Kalae is located near jobs, recreational areas, retail, dining, and transportation services, which are all critical to the State's economy.

HRS 206E-5.6(j)(3)(D): Positively impacts commitment of state funds and resources:

Kalae does not require State funds, and the substantial public facilities developed in conjunction with the project, including the expanded Victoria Ward Park, will be constructed, maintained, and secured without government funding and at no cost to the public. Existing and planned infrastructure is adequate to support the Project, and Kalae will not consume additional State resources.

Wilson Okamoto Corporation (WOC) prepared a Traffic Impact Report (TIR) for Kalae dated May, 2021. Appendix D of the Application contains: (1) the TIR; and (2) an email from the City and County of Honolulu Department of Planning and Permitting Traffic Review Branch noting that the branch has no comments regarding the project TIR.

WOC also prepared an Infrastructure Availability Report (IAR) for Kalae dated April, 2021. WOC anticipates that available or planned infrastructure will be adequate to accommodate Kalae, and has taken steps well ahead of the PDP application to confirm availability of utilities. Section 6.3 of the Application shows a list of utility providers that WOC contacted to confirm infrastructure availability. Appendix E of the Application contains the IAR.

HRS 206E-5.6(j)(3)(E): Positively impacts employment opportunities and economic development:

Beyond enhancing the lives of its residents and the Ward Village community, Kalae will have a direct, positive impact on the state economy at a time when private investment is needed to help with the continued economic recovery from the Covid-19 pandemic.

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 jobs; and \$127 million in real property tax revenue.

HRS 206E-5.6(j)(3)(F): Positively impacts maintenance and improvement of the quality of educational programs and services provided by schools:

HRS §§ 302A-1601 to 320A-1612, regarding School Impact Fees, establish a structure for assessing school impact fees for residential development. Pursuant to this law, the State of Hawai'i Department of Education is administering a school impact fee district from Kalihi to Ala Moana, an area that includes Kalae site. VWL will comply with all applicable laws regarding school impact fees.

Q Please describe the Shadow and Wind Studies that have been conducted for this Project.

A In compliance with the Vested Rules and the Ward Master Plan, Kalae was designed and sited to preserve Mauka-Makai views and minimize shadow effects on neighboring buildings.

A shadow study is included in the Application as Appendix E. The shadow study indicates that there will be no substantially adverse impacts upon adjacent buildings from Kalae.

Rowan Williams Davies & Irwin Inc. ("RWDI") prepared a detailed wind analysis study for Kalae. The wind study focused on frequently used pedestrian areas such as main entrances, sidewalks, and outdoor seating areas at both street and podium level. Wind tunnel measurements for 36 wind directions were combined with long-term weather data to predict wind speeds and frequencies. These data were then compared with wind comfort and safety criteria to determine if they are appropriate for the intended use of the pedestrian areas on and around Kalae. Preliminary results of the study indicate that with the addition of The Park Ward Village and future developments, reduced and comfortable wind speeds are expected around Kalae; however, VWL plans to incorporate RWDI's recommendations into the design of Kalae as necessary.

Q Please describe the environmental noise study for this Project.

A Censeo AV + Acoustics prepared a noise impact summary for Kalae. As noted in Censeo's letter dated June 24, 2021 (included in the Application as Appendix H), the study identified various potential noise sources and recommended potential mitigation measures for transit noise, construction noise, building operational and mechanical

noise, parking and loading area noise and amenity level noise. VWL plans to incorporate noise mitigation measures into the project and will comply with HAR § 15-22-77 on project performance standards, including noise control.

Q Has VWL reviewed the State of Hawai'i Department of Transportation Airport Division's recommendation that since Kalae is within the 60 to 65 Day Night Average Sound Level (DNL) noise contours on the HNL 2008 Noise Exposure Map, that noise reduction measures be incorporated into the building's design to achieve interior noise levels of 45 DNL or less?

A Yes. VWL's noise consultant, Salter, Inc., reviewed the recommendation and noted in a memorandum dated May 18, 2022 (and marked as an exhibit in this proceeding) that Kalae's window system sound transmission class ratings are sufficient to reduce aircraft noise to below DNL 45 decibels.

Q Does the development comply with the tower spacing guidelines of the Vested Rules?

A Yes. Kalae complies with HAR § 15-22-14(b), which provides that, to the extent practicable, developments should be at least 300 feet between the long parallel sides of neighboring towers, and at least 200 feet between the short sides of the towers. As noted on Exhibit 22 of the Application, the long side of Kalae is at least 300 feet from the nearest tower, and the short side of the tower is at least 200 feet from the nearest neighboring tower.

Q In accordance with HRS §206E-5.6, was notification by mail of this hearing provided to owners and lessees of record within a 300 foot radius?

A Yes. VWL complied with the notification requirements for all owners and lessees of record within a 300-foot radius. The certification of the required notice is included as an exhibit in this proceeding.

Q Have you reviewed the comment letter from the State Department of Education dated May 9, 2022 regarding Kalae?

A Yes I have. VWL is aware of the requirements of HRS Chapter 302A regarding school impact fee districts, and will work with DOE to execute an agreement on how and when the required school impact fees will be paid to DOE.

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