

PAUL BREWBAKER DIRECT TESTIMONY

PRESENTATION HEARING

Land Block 1, Project 6 (Mahana Ward Village) (KAK 25-045)

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

A Paul Brewbaker, Economist and Principal, TZ Economics.

Q What types of services does TZ Economics provide?

A TZ Economics is a Hawaii consultancy doing development impact analysis and other private sector economic research and analysis.

Q Please describe your educational background and professional experience.

A My resume is attached as an exhibit in this proceeding. My private sector background is in research on the Hawaii economy and financial risk analytics at Bank of Hawaii from 1981-2009, as a consultant and a commercial bank economist. I was also a university lecturer from 1980-2017. I am a graduate of Stanford, did graduate work at Wisconsin, and I received my PhD from the University of Hawaii, all in economics.

Q What has your firm been retained to do for this project, Mahana Ward Village (Land Block 1, Project 6)?

A Victoria Ward, Ltd. requested that I provide an analysis and conclusions regarding the economic impacts and benefits of the revised Mahana Ward Village project in the current economic environment. My analysis and conclusions are contained in a report dated February 6, 2026, which is an exhibit in this proceeding, and summarized below.

Q Why are Mahana Ward Village's economic contributions important?

A Mahana Ward Village delivers tangible and timely economic benefits through both housing production and broader economic activity.

Mahana Ward Village adds approximately 451 homes in various configurations; approximately 13,600 square feet of commercial space; nearly 52,000 square feet of outdoor and indoor recreational space; and more than 12,000 square feet of open space. The addition of new condo units in Kaka'ako provides welcome relief in a market that continues to experience historically low housing inventory.

Importantly, VWL has completed and delivered 1,222 reserved housing homes in Kaka'ako (375 reserved housing homes at Ke Kilohana, 150 reserved housing homes at

‘A‘ali‘i, and 697 reserved housing homes at Ulana Ward Village), which fulfills the reserved housing requirements under the Ward MP years in advance of the completion of market housing in Ward Village, rather than in piecemeal fashion in future market rate projects. This early, consolidated delivery satisfies reserved housing requirements under the Ward Master Plan years ahead of schedule, rather than incrementally through future market-rate projects. Providing reserved housing upfront yields substantial public and economic benefits, particularly where housing demand continues to outpace supply and commonly cited demand estimates understate true need.

In practical terms, at average homebuilding rates over the past decade, the 451 units at Mahana Ward Village represent nearly 20 percent of annual average housing production on O‘ahu. As a result, the project makes a material contribution to meeting Honolulu’s housing needs.

Beyond housing, Mahana Ward Village will meaningfully support Hawai‘i’s economy more broadly. The revised economic impact analysis was prepared against a backdrop of lingering post-COVID recovery, historically high U.S. tariffs, elevated interest rates, and the risk of national economic deceleration. A mainland recession could further affect Hawai‘i by dampening travel demand that has already been weakened by reduced international visitation. Even so, Hawai‘i’s labor market has remained relatively strong, with low unemployment and continued job openings, while inflation has moderated substantially since its 2022 peak despite reduced housing market activity due to higher mortgage rates.

Against these conditions, Mahana Ward Village stands to deliver significant and stabilizing economic benefits by expanding housing supply, supporting construction and related employment, activating commercial space, and reinforcing long-term economic resilience in Honolulu’s urban core.

Q Please describe your analysis and conclusions.

A Beyond enhancing the lives of its residents and the Ward Village community, Mahana Ward Village will have a direct, continuing, and unbroken positive impact on the State of Hawaii and City and County of Honolulu economy. Using the State of Hawaii’s input-output model,¹ Mahana Ward Village is estimated to generate:

- \$670 million in output.
- \$225 million in workers’ earnings.
- \$41 million in state tax revenue (income, GET, and other).

¹ https://files.hawaii.gov/dbedt/economic/reports/IO/2017_state_io_study.pdf

- An annual average of 395 jobs over seven years, peaking at 906 jobs in 2028. These job numbers have been revised from the figures in the project application based on my attached report.

Over 30-year period in present values of constant 2025 dollars:

- Mahana Ward Village’s operations and maintenance will generate \$165 million in output, \$55 million in earnings, \$10 million in state tax revenues (income, GET, and other), and an annual average of 19 jobs. These estimates are included at p. 23 of the Amended PDP Application for Mahana Ward Village.
- Mahana Ward Village will accrue \$121 million in future county residential property tax revenues, ranging from an upper bound of \$131 million to a lower bound of \$110 million. (Report, Table 3)

Over a 50-year period in present values of constant 2025 dollars, Mahana Ward Village will accrue \$190 million in present value residential property tax revenues, ranging from an upper bound of \$206 million to a lower bound of \$174 million, based on historical volatility of home price appreciation. (Report, Table 3).

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