



HAWAI'I HOUSING FINANCE AND DEVELOPMENT CORPORATION

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GOVERNOR KE KIA'ĀINA

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HHFDC selects master planner for key Kapolei parcel

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HONOLULU – The Hawai'i Housing Finance and Development Corporation (HHFDC) has selected two experienced homebuilding companies to master plan and develop up to 900 affordable rental and for-sale homes at one of the largest, remaining undeveloped properties in the Villages of Kapolei.

HHFDC's Board of Directors on Thursday voted unanimously to award developers 'Ikenakea Development LLC and The Michaels Organization a long-term lease for the 19.4-acre property at Farrington Highway and Fort Barrette Road. The property is next to the soon-to-be-opened Hawai'i State Veterans Hospital and across from the Kapolei Walmart.

The developers have named the new community Haku Kapolei -- using the Hawaiian definition of "haku" as an intricate style of native Hawaiian lei-making -- to describe its new, mixed-use community.

Except for two managers' units, all rental units are aimed at households earning 30% to 60% of O'ahu's area median income (AMI) as set annually by the U.S. Department of Housing and Urban Development (HUD). All sales units are set aside for those earning 80% AMI to 140% AMI.

"We applaud these two experienced and respected homebuilders for forming this partnership and taking on this project," said Governor Josh Green, M.D. "Affordable housing is among the top priorities for this administration and Haku Kapolei will help us fulfill my promise to provide more housing for kama'aina families."

HHFDC Executive Director Dean Minakami added: “We look forward to this partnership completing the development of the Villages of Kapolei master-planned community which was initiated by the state of Hawai‘i over 30 years ago.”

The property, often referred to as “the Kapolei Northwest Corner,” is the last major undeveloped piece of the Villages of Kapolei master-planned community that was envisioned by former Gov. John Waihe‘e and the state Housing Finance and Development Corporation (HFDC), HHFDC’s predecessor agency, in the late 1980s.

To date, approximately 4,000 units have been built in the Villages of Kapolei, roughly two-thirds of which fall under the definition of affordable housing.

HHFDC staff issued a Request for Proposals for the master planning of the Northwest Corner property shortly after receiving approval for sewer connections for up to 1,000 units by the City and County of Honolulu.

HHFDC received three proposals that met minimum requirements and an internal evaluation committee recommended the ‘Ikenakea-Michaels partnership as the property’s developer.

The Haku Kapolei partners intend to build the project in three phases.

Phase 1 will consist of 344 rentals spread across two multifamily buildings. Units are to be priced for those households earning 30%, 50% and 60% AMI or less.

Phase 2 will add 376 units in two, multi-family housing buildings, as well as 95,000 square feet of commercial space anchored by a grocery store. Rental units will be priced for those households earning 30%, 50% and 60% or below AMI.

The partnership also proposed an option to add 130 more units in Phase 2 through a “higher density alternative.” Two, 170-foot mid-rise towers may be allowed if entitlements and financing can be obtained.

Haku Kapolei’s developers will pay a nominal lease rent for the rental properties for 75 years and units must remain designated as affordable units during the life of the lease.

Phase 3 calls for 50 for-sale units that will be placed in nine, three-level fee simple townhome buildings that would be priced for those families earning between 80% and 140% AMI.

HHFDC estimates that over the term of the lease, the sale of the fee simple properties along with the lease rent income from the commercial components will net the state approximately \$21.7 million, in today’s dollars.

The awarding of the master plan to the partnership is among the first of many needed steps before construction can begin. Engaging with the community about the project will also be needed.

The developers have indicated that they will be applying for low-income housing tax credits (LIHTC) and low-interest loans from HHFDC to help finance the project.

The developers' timeline calls for Phase 1 of Haku Kapolei to be ready for tenants in April 2029, and full buildout in April 2033.

'Ikenakea has developed a number of affordable housing projects including Hale Makana O Mo'ili'ili, Hale Makana O Ma'ili and the Nānākuli Village Center, all on O'ahu.

The Michaels Organization recently put up the Halewai'olu Senior Residences project in Chinatown and the Keahumoa Place townhouse complex in East Kapolei.

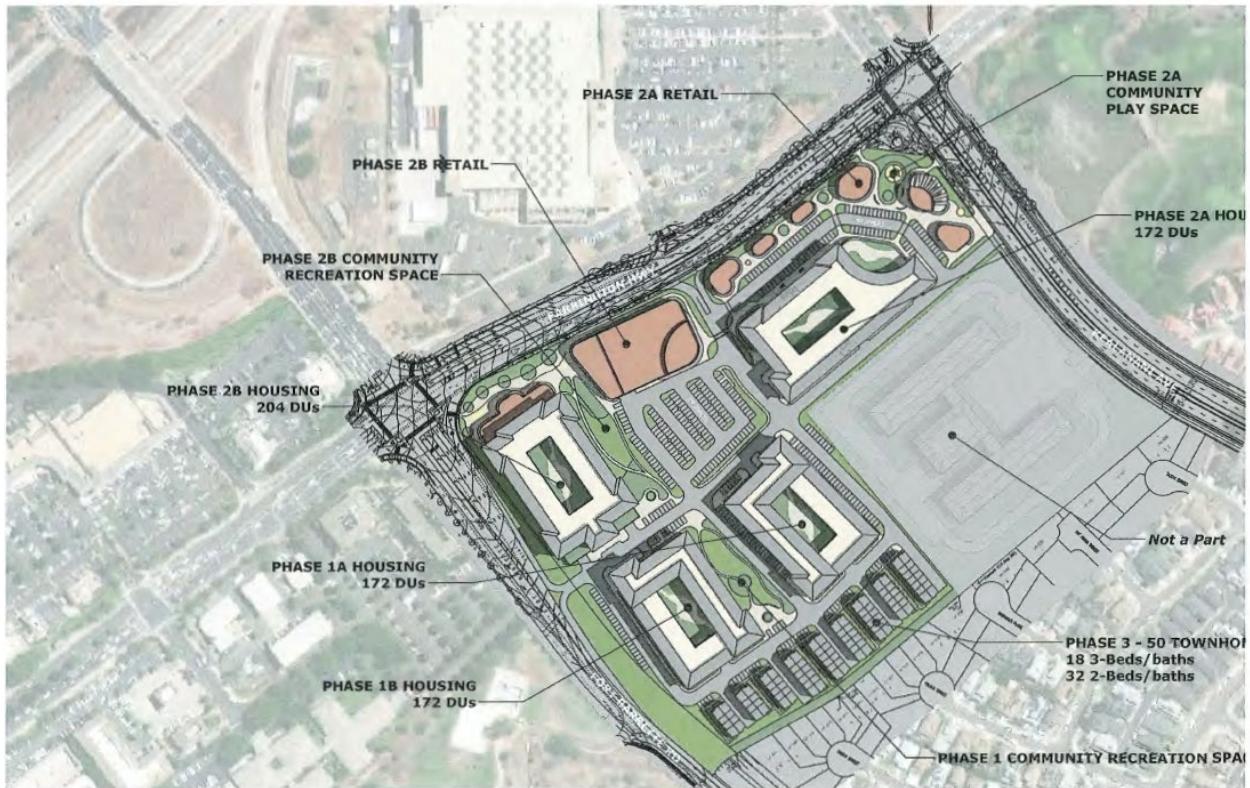
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About the Hawai'i Housing Finance and Development Corporation

HHFDC's primary mission is to advance affordable housing opportunities for the people of Hawai'i. Additional information is available at dbedt.hawaii.gov/hhfdc/.



Kapolei NW Corner - Master Plan Concept - Site Massing

Sketch courtesy of Lowney Architecture