

NEIL ABERCROMBIE
GOVERNOR



KAREN SEDDON
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
Honolulu, Hawaii 96813
FAX: (808) 587-0600

IN REPLY REFER TO:

Statement of
Karen Seddon
Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON FINANCE

February 21, 2013 at 1:30 p.m.
State Capitol, Room 308

In consideration of
H.B. 276, H.D. 1
RELATING TO THE SENIOR RESIDENCE AT PIIKOI, OAHU.

The HHFDC **supports the intent** of H.B. 276, H.D. 1 provided that passage does not adversely impact priorities indicated in the Executive Biennium Budget.

Census data indicate that seniors 62 and older comprise approximately 18 percent of the State's population. By 2030, elderly persons will account for more than one-quarter of Hawaii's population. In order to accommodate this population of elderly residents in 2030, the 2011 Hawaii Housing Planning Study forecasts the need for close to 55,000 new housing units, 40 percent of which are projected to be needed for elderly renter households.

These demographics indicate an increasing need for the development of affordable rental housing to insure there is adequate safe, decent and attainable housing for Hawaii seniors.

Thank you for the opportunity to testify.

**HB 276 HD1
RELATING TO THE SENIOR RESIDENCE AT PIIKOI, OAHU**

**PAUL T. OSHIRO
MANAGER – GOVERNMENT RELATIONS
ALEXANDER & BALDWIN, INC.**

FEBRUARY 21, 2013

Chair Luke and Members of the House Committee on Finance:

I am Paul Oshiro, testifying on behalf of Alexander & Baldwin, Inc. (A&B) on HB 276 HD1, “A BILL FOR AN ACT RELATING TO THE SENIOR RESIDENCE AT PIIKOI, OAHU.” We support this bill.

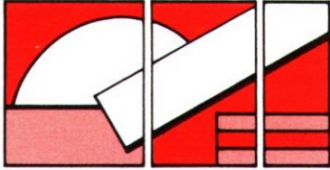
The Senior Residence at Piikoi is a 72 unit senior rental project on Piikoi Street targeted for those 62 years of age and older who earn not more than 60% of the area median income (median rents for 60% AMI group are presently set at not more than \$1,158 per month). The Pacific Housing Assistance Corporation, who is the planned developer of the Senior Residence at Piikoi, is seeking partnership with the State in the form of a \$10 million general obligation bond issuance, which will enable the rents at the Piikoi project to be priced at a level below the 60% of area median income rents at \$850 per unit. Should this proposed partnership with the State be successful, the land at the project site will be donated to the State of Hawaii.

Located near the Ala Moana Shopping Center, this project is ideally situated for seniors, in the vicinity of a major shopping mall, park and recreational facilities, quality medical care, public bus transportation, and the proposed fixed rail rapid transit system. With the State’s assistance in providing the general obligation bond funding authorized

in this bill, rents at the Senior Residence at Piikoi will be affordable to a larger segment of Hawaii's seniors at an ideal location which should greatly enhance their quality of life.

The Hawaii Housing Planning Study, 2011, prepared for the Hawaii Housing Finance & Development Corporation, estimates that of the 1,426 affordable multi family rental units needed statewide for very low to moderate senior citizen households through 2016, 1,023 of those units will be needed in the City & County of Honolulu. The Senior Residence at Piikoi, which is targeted to be shovel-ready later this year, could fill approximately 7% of the needed affordable multi family rental units for senior citizens in the City & County of Honolulu through 2016.

Based on the aforementioned, we respectfully request your favorable consideration of this bill. Thank you for the opportunity to testify.



PACIFIC HOUSING ASSISTANCE CORPORATION

677 ALA MOANA BOULEVARD • SUITE 712 • HONOLULU, HAWAII 96813 • (808) 523-5681

Testimony of Marvin Awaya, Executive Director, Pacific Housing Assistance Corporation
House Bill 276, H.D. 1; RELATING TO THE SENIOR RESIDENCE AT PIIKOI, OAHU.

February 21, 2013; 1:30 p.m.; House Committee on Finance

Pacific Housing Assistance Corporation requested that this appropriation bill be introduced to facilitate the financing and development of this very affordable senior housing project. We support this bill that will provide needed “gap” financing for affordable housing.

The land is currently owned by Kewalo Development LLC but will be donated in fee to the State of Hawaii (agency undetermined at this time) with a “lease back” to Pacific Housing.

This project consists of 72 one-bedroom apartments to be occupied by seniors, 62 years or older, having incomes not exceeding 60% of the median income of Honolulu. The maximum rent for 60% income one-bedroom units is \$1,158/month. The maximum 60% median income (2012) is \$43,260 for 1 person and \$49,440 for 2 persons.

These income and rent levels are high (for seniors) because the median income survey by HUD surveys all persons, not just seniors. From our experience we find that senior applicants can usually afford rents much lower and therefore will be charging \$850/month, a level that is below the 50% median income rent level (\$965/month). This will ensure a rapid occupancy and be in great demand now and in the future.

This greater affordability comes at a price however, the reduction of permanent mortgage loan amount, thus contributing to a “gap” in the cost of development and financing available. The general obligation bond appropriation will help fill this “gap”

The other parts of the financing include Hula Mae Multifamily Mortgage Revenue Bonds (purchased by private investors), Federal and State Low Income Housing Tax Credit equity (from private investors). Also included are HOME Investment Partnership funds and Community Development Block Grant funds that were appropriated last year by the City & County of Honolulu. A summary of project costs and financing sources are attached to this testimony.

The land is owned by Kewalo Development LLC and fee title will be donated to the State of Hawaii with a “lease back” to Pacific Housing.

Regarding readiness of this project to commence, major work to start construction has been done or is close to completion.

- Drawings and specifications for bidding are complete.

- Permit applications have been submitted to the City.
- Water and sewer availability has been confirmed.
- Federal and State environmental studies and surveys have been completed and final public hearings will be complete in February
- Foundation permit approval is expected in March
- Building permit approval is expected in June.
- Construction will be able to commence in late 2013.
- Completion is estimated at 14 months from the start of construction.

A "Project Fact Sheet" has also been attached.

**Attachment
Project Costs and Financing Sources**

PROJECT COST	
Building Demolition	\$ 200,000
Site Work	\$ 1,539,000
New Construction (Vertical)	\$ 13,900,000
Contingency	\$ 1,223,000
Permits and Fees	Included
Architectural & Engineering	\$ 1,062,700
Interim Costs	\$ 570,200
Bond Issuance Costs	\$ 798,300
Bond Financing Costs	\$ 32,500
Soft Costs	\$ 775,700
Syndication Costs	\$ 117,000
Project Management	\$ 500,000
Developer's Fees	\$ 1,275,000
Project Reserves	\$ 195,700
Total Development Budget	\$ 22,189,100

Total Project Cost:	\$ 22,189,100		
Construction Financing Sources			
Hula Mae Multifamily Rev. Bonds (Series A)	\$ 3,785,100		
Hula Mae Multifamily Rev. Bonds (Series B)	\$ 7,309,500		
CIP G.O. Bonds (Taxable)	\$ 8,250,000		
CDBG	\$ 500,000		
HOME	\$ 1,000,000		
Total Construction Financing:	\$ 20,844,600		
Construction Financing Needed:	\$ 20,743,400	\$ 101,200	
<i>Note: Deferral Developer Fee & Reserves (\$1.445M)</i>			
Permanent Financing Sources			
LIHTC Equity	\$ 7,000,000		
Hula Mae Multifamily Rev. Bonds (Series A)	\$ 3,785,100		
CIP G.O. Bonds (Taxable)	\$ 10,000,000		
CDBG	\$ 500,000		
HOME	\$ 1,000,000		
Total Permanent Financing:	\$ 22,285,100		
Permanent Financing Needed:	\$ 22,189,100	\$ 96,000	



PACIFIC HOUSING ASSISTANCE CORPORATION

677 ALA MOANA BOULEVARD • SUITE 712 • HONOLULU, HAWAII 96813 • (808) 523-5681

Senior Residence at Pi'ikoi Fact Sheet

<u>Location:</u>	450 Pi'ikoi Street Honolulu, HI 96814 (TMK: 1-2-3-007:049)
<u>Area:</u>	.73 acres (31,952 SF) (Donation; No Land Cost)
<u>Description:</u>	Property is located at the Makai/Ewa corner of Pi'ikoi and Kona Streets. Lot is flat and currently has a vacant warehouse now temporarily being used as paid parking.
<u>Land Owner/Lessor:</u>	Kewalo Development LLC
<u>Lessee/Developer:</u>	Senior Residence at Pi'ikoi Limited Partnership
<u>Project Sponsor:</u>	<i>Pacific Housing Assistance Corporation</i> Marvin B. Awaya, Executive Director
<u>Architect:</u>	<i>Design Partners, Inc.</i> Michael Goshi, A.I.A.
<u>Term of Lease:</u>	Minimum 55 years (\$1.00/year)
<u>General Contractor:</u>	Currently in selection process and bidding.
<u>Development Status:</u>	<ul style="list-style-type: none">• Drawings are complete for bidding.• Permit applications have been submitted to the City & County of Honolulu• Water and Sewer are confirmed• Federal & State environmental clearances are imminent• Foundation Permit approval estimated February 2013• Building Permit approval estimated March 2013• Construction Start: Late 2013• Completion: Estimated 14 months after start
<u>Description:</u>	Affordable housing complex for rent to low- and very low-income elderly households, 62 years of age, earning up to 60% of median household income. The improvements consist of a 5-story low rise building containing 72 1-bedroom apartments, community space and office space. Parking for 46 vehicles will be provided at ground level. Common laundry facilities are planned for each of the 4 residential floors.

<u>Property Manager:</u>	Management Specialists Company
<u>Buildings:</u>	5 Story Building 4 Story Residential apartments 1 Story Parking/Community Space/Office
<u>Apartments:</u>	Total: 72 One Bedroom/One Bath (540 SF) Typical: 68 One Bedroom/One Bath Accessible: 4 One Bedroom/one Bath
<u>Parking:</u>	46 Tenant and Visitor parking stalls (2 accessible; 8 guest stalls) (Hawaii Community Development Authority authorized parking ratio of .5 stalls per apartment)
<u>Rents:</u>	\$850/unit/month (Net)
<u>Allowable Rents:</u> (60% of Median; 2012)	1 Bedroom: \$1,158
<u>60% AMI Income Levels:</u> (2012)	1 person: \$43,260 2 person: \$49,440
<u>Need:</u>	<p>The need for affordable senior housing on Oahu is critically high with the supply very low. 71% of the elderly population resides on Oahu. Demand is increasing and in 2011 alone, SMS estimates that 3,300 individuals will need affordable housing</p> <p>The senior population segment shows that almost 40% pay over 30% of their income and 26% pay more than 40% of their incomes.</p> <p>Both occupancy rates and waiting lists were high at affordable senior rental housing projects.</p>
<u>Financing Sources:</u>	<ul style="list-style-type: none"> • <u>Hula Mae Multifamily Revenue Bonds</u> (Allocation from Hawaii Housing Finance & Development Corporation) • <u>Federal & State Low Income Housing Tax Credits</u> (Allocated with Hula Mae Multifamily Revenue Bonds) • <u>State General Obligation Bonds; Taxable</u> (Appropriation by the Hawaii State Legislature) • <u>Community Development Block Grant Funds</u> (Appropriation by the City & County of Honolulu) • <u>HOME</u> Investment Partnership (Appropriation by the City & County of Honolulu)



CONCEPTUAL RENDERING

This is an artist's rendering of the project and may not accurately depict the project when actually constructed. The Developer reserves the right to make changes to the project and disclaims any warranty or promise about the location, views, size, height, layout, landscaping, specifications, and finishes of the project.

Senior Residence at Piikoi

Kewalo Development LLC
Pacific Housing Assistance Corporation

May 30, 2012

Design
Partners
Incorporated 

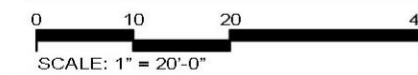


KONA STREET ELEVATION



PI'IKOI STREET ELEVATION

CONCEPTUAL EXTERIOR ELEVATIONS



Senior Residence at Pi'ikoi

Kewalo Development LLC
Pacific Housing Assistance Corporation

May 30, 2012



This is an artist's rendering of the project and may not accurately depict the project when actually constructed. The Developer reserves the right to make changes to the project and disclaims any warranty or promise about the location, views, size, height, layout, landscaping, specifications, and finishes of the project.

finance1-Christie

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 19, 2013 10:00 AM
To: FINTestimony
Cc: tabraham08@gmail.com
Subject: *Submitted testimony for HB276 on Feb 21, 2013 13:30PM*

HB276

Submitted on: 2/19/2013

Testimony for FIN on Feb 21, 2013 13:30PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Troy Abraham	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov