

## **PACIFIC HOUSING ASSISTANCE CORPORATION**

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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 RELATING TO THE SENIOR RESIDENCE AT PIIKOI, OAHU**

January 28, 2013; 8:45 a.m.; House Committee on Housing

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.

There is an error on page 3 line 7 to 9. 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.

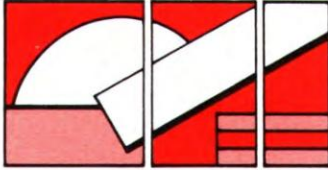
- Drawings and specifications for bidding are complete.
- Permit applications have been submitted to the City.
- Water and sewer availability has been confirmed.
- Federal and State environmental studies and surveys have been completed and final public hearings will be complete in February
- Foundation permit approval is expected in February
- Building permit approval is expected in March.
- 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**

<b>PROJECT COST</b>	
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
<b>Total Development Budget</b>	<b>\$ 22,189,100</b>

<b>Total Project Cost:</b>	<b>\$ 22,189,100</b>		
<b>Construction Financing Sources</b>			
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		
<b>Total Construction Financing:</b>	<b>\$ 20,844,600</b>		
Construction Financing Needed:	\$ 20,743,400	\$ 101,200	
<i>Note: Deferral Developer Fee &amp; Reserves (\$1.445M)</i>			
<b>Permanent Financing Sources</b>			
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		
<b>Total Permanent Financing:</b>	<b>\$ 22,285,100</b>		
Permanent Financing Needed:	\$ 22,189,100	\$ 96,000	



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### *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"><li>• Drawings are complete for bidding.</li><li>• Permit applications have been submitted to the City &amp; County of Honolulu</li><li>• Water and Sewer are confirmed</li><li>• Federal &amp; State environmental clearances are imminent</li><li>• Foundation Permit approval estimated February 2013</li><li>• Building Permit approval estimated March 2013</li><li>• Construction Start: Late 2013</li><li>• Completion: Estimated 14 months after start</li></ul>
<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.

Property Manager: Management Specialists Company

Buildings: 5 Story Building  
4 Story Residential apartments  
1 Story Parking/Community Space/Office

Apartments: Total: 72 One Bedroom/One Bath (540 SF)  
Typical: 68 One Bedroom/One Bath  
Accessible: 4 One Bedroom/one Bath

Parking: 46 Tenant and Visitor parking stalls (2 accessible; 8 guest stalls)  
(Hawaii Community Development Authority authorized parking ratio of .5 stalls per apartment)

Rents: \$850/unit/month (Net)

Allowable Rents: 1 Bedroom: \$1,158  
(60% of Median; 2012)

60% AMI Income Levels: 1 person: \$43,260  
(2012) 2 person: \$49,440

Need: 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

The senior population segment shows that almost 40% pay over 30% of their income and 26% pay more than 40% of their incomes.

Both occupancy rates and waiting lists were high at affordable senior rental housing projects.

Financing Sources:

- Hula Mae Multifamily Revenue Bonds (Allocation from Hawaii Housing Finance & Development Corporation)
- Federal & State Low Income Housing Tax Credits (Allocated with Hula Mae Multifamily Revenue Bonds)
- State General Obligation Bonds; Taxable (Appropriation by the Hawaii State Legislature)
- Community Development Block Grant Funds (Appropriation by the City & County of Honolulu)
- HOME Investment Partnership (Appropriation by the City & County of Honolulu)

Financing:

<b>PROJECT COST</b>	
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## **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**



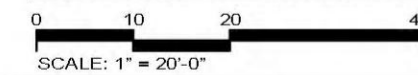


**KONA STREET ELEVATION**



**PI'IKOI STREET ELEVATION**

**CONCEPTUAL EXTERIOR ELEVATIONS**



**Senior Residence at Pi'ikoi**

Kewalo Development LLC  
Pacific Housing Assistance Corporation

May 30, 2012



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

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

**JANUARY 28, 2013**

Chair Cabanilla and Members of the House Committee on Housing:

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

In conjunction with A&B’s Waihonua at Kewalo condominium project, the Hawaii Community Development Authority (HCDA) has approved a plan for the development of a 72 unit senior rental project on Piikoi Street for those 62 years of age and older who earn not more than 100% of the area median income (median rents for 100% AMI group are presently set at not more than \$1,550, utilities included). A&B and the Pacific Housing Assistance Corporation, who is the planned developer of the Senior Residence at Piikoi, are seeking partnership with the State in the form of a \$10 million general obligation bond issuance, to enable the rents at the Pi’ikoi project to be priced at a level well below the HCDA-approved 100% of area median income senior rental project and instead target rents for those making less than or equal to 50% of the area median income. If this effort is successful, rents at the Pi’ikoi project would be targeted at \$956 per unit with utilities included, nearly \$600 less each month per unit—a significant savings for seniors on fixed incomes.

In addition, should this proposed partnership with the State be successful, A&B has offered to donate the land at the project site 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.

DEPARTMENT OF COMMUNITY SERVICES  
CITY AND COUNTY OF HONOLULU

715 SOUTH KING STREET, SUITE 311 • HONOLULU, HAWAII 96813 • AREA CODE 808 • PHONE: 768-7762 • FAX: 768-7792

KIRK CALDWELL  
MAYOR



GARY K. NAKATA  
ACTING DIRECTOR

January 25, 2013

Testimony of the Department of Community Services

Measure: H.B. 276, Relating to the Senior Residence at Piikoi, Oahu

Committee(s): Committee on Housing

Hearing Date: January 28, 2013 Time: 8:45 a.m.

Location: State Capitol, Room 329

Committee Requests 1 Copy

Testifier(s): Gary K. Nakata, Acting Director  
(Written testimony only. For more information, please call  
Keith Ishida, Division Chief, CBDD, at 768-7750)

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Chair Cabanilla, Vice Chair Woodson and Members of the Committee:

House Bill No. 276 authorizes the issuance of \$10,000,000 in General Obligation bonds for the construction of the Senior Residence at Piikoi, Oahu to be expended by the Hawaii Community Development Authority. The City Department of Community Services (DCS) **strongly supports** House Bill No. 276.

The Senior Residence at Piikoi will be a five-story, 72-unit affordable rental housing project targeted to senior citizens earning no more than 60 percent of the median income for the Honolulu Metropolitan Statistical Area, and will include a senior community center, office space, and on-site parking. The issuance of General Obligation bonds will provide significant financing to support the development of the Senior Residences at Piikoi and is an appropriate means of addressing the affordable housing crisis facing Honolulu's growing senior population. The Senior Residence at Piikoi will address the need for rental units for low-income elderly residents in urban Honolulu where rents tend to be higher compared to suburban and rural areas. In addition, the project will be conveniently situated within close proximity to a major shopping mall, park and recreational facilities, medical and social services, and to the planned Honolulu Rail Transit system. DCS is supportive of efforts to provide affordable housing options which allow our senior citizens to live independently.

The City and County of Honolulu has already committed \$1,000,000 in federal HOME Investment Partnership Act funds for the construction of the Senior Residence at Piikoi, and \$500,000 in federal Community Development Block Grant funds to support the development of the project's senior community center, and we respectfully ask that this bill be passed.



**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 HOUSING**

January 28, 2013 at 8:45 a.m.  
State Capitol, Room 329

In consideration of  
**H.B. 276**  
**RELATING TO THE SENIOR RESIDENCE AT PIIKOI.**

The HHFDC **supports the intent** of H.B. 276, 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 are projected to account for more than one-quarter of Hawaii's population. In order to accommodate the large number 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.

Recently, the Honolulu Star Advertiser reported that about 7.1 percent of the homeless on Oahu are 62 years of age or older. Moreover, the U.S. Department of Housing and Urban Development projects that the numbers of elderly without roofs will increase by one-third by the year 2020.

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.