

SB 728

Measure Title: RELATING TO THE SENIOR RESIDENCE AT PIIKOI, OAHU.

Report Title: GO Bonds; Hawaii Community Development Authority; Affordable Rentals; Seniors; Appropriation (\$)

Description: Authorizes the director of finance to issue general obligation bonds for the construction of the Senior Residence at Piikoi, an affordable senior rental housing project on Oahu.

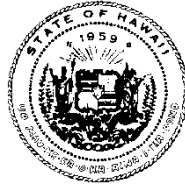
Companion:

Package: None

Current Referral: HMS, WAM

Introducer(s): DELA CRUZ, CHUN OAKLAND, SOLOMON, Baker, English, Wakai

NEIL ABERCROMBIE
GOVERNOR



HAKIM OUANSAFI
EXECUTIVE DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
HAWAII PUBLIC HOUSING AUTHORITY
1002 NORTH SCHOOL STREET
Honolulu, Hawaii 96817

BARBARA E. ARASHIRO
EXECUTIVE ASSISTANT

Statement of
Hakim Ouansafi
Hawaii Public Housing Authority
Before the

SENATE COMMITTEE ON HUMAN SERVICES

January 26, 2013 1:15 P.M.
Room 229, Hawaii State Capitol

In consideration of
Senate Bill 728
Relating to Affordable Housing

Honorable Chair and Members of the Senate Committee on Human Services, thank you for the opportunity to provide you with comments regarding Senate Bill (S.B.) 728, relating to affordable housing.

The Hawaii Public Housing Authority (HPHA) supports the enactment of this measure, which authorizes the director of finance to issue general obligation bonds for the construction of the Senior Residence at Piikoi, an affordable senior rental housing project on Oahu. The agency strongly supports this and any other measure that aims to increase the availability of affordable rental housing units for our elderly residents.

The HPHA appreciates the opportunity to provide the Senate Committee on Human Services with the agency's position regarding S.B. 728. We respectfully request the Committee to pass this measure favorably, and we thank you very much for your dedicated support.



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

SENATE COMMITTEE ON HUMAN SERVICES

January 26, 2013 at 1:15 p.m.
State Capitol, Room 229

In consideration of
S.B. 728
RELATING TO THE SENIOR RESIDENCE AT PIIKOI, OAHU.

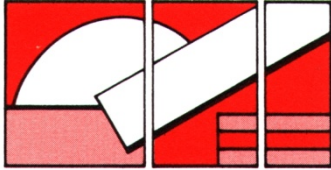
The HHFDC **supports the intent** of S.B. 728, provided that passage does not adversely impact priorities indicated in the Executive Biennium Budget.

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.



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
Senate Bill 728 RELATING TO THE SENIOR RESIDENCE AT PIIKOI, OAHU
January 26, 2013; Senate Committee on Human Services

Pacific Housing Assistance Corporation requested that this appropriation bill be introduced to facilitate the financing and development of this very affordable senior housing project.

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 these 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

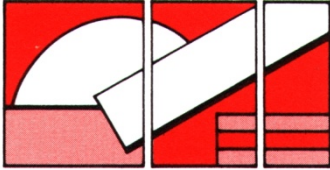
- Foundation permit approval is expected in February
- Building permit approval is expected in March.
- Construction will be able to commence in late 2013.
- Completion is estimated at 14 months from the start of construction.

A "Project Fact Sheet" has also been attached.

**Attachment
Project Costs and Financing Sources**

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	



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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">• 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.

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:

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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



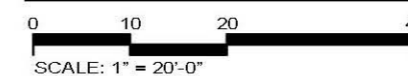


KONA STREET ELEVATION



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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**SB 728
RELATING TO THE SENIOR RESIDENCE AT PIIKOI, OAHU**

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

JANUARY 26, 2013

Chair Chun Oakland and Members of the Senate Committee on Human Services:

I am Paul Oshiro, testifying on behalf of Alexander & Baldwin, Inc. (A&B) on SB 728, “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.