



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Commerce, Consumer Protection, and Health
and
Senate Committee on Ways and Means
February 20, 2020 at 11:45 a.m.
by
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SB 2574 SD1 – RELATING TO AGING

Chairs Baker and Dela Cruz, Vice Chairs Chang and Keith-Agaran, and members of the Committees:

Thank you for the opportunity to present testimony today. The University of Hawai'i (UH) needs to point out a number of issues regarding the Atherton property and the Atherton redevelopment project. SB 2574 SD1 proposes to appropriate funds to the UH to establish a UH kupuna center at the property known as the Charles Atherton House. The proposal provides for including retail and conference spaces that could support activities of the Center.

UH is currently working with the University of Hawai'i Foundation (UHF) on a project to redevelop the former Atherton YMCA site (which includes the Charles Atherton and the Mary Atherton buildings). The project conceptualizes developing student housing, an innovation center, and innovation spaces as part of the facility. The Hunt Development Group (Hunt) has been selected as the private development partner on this project.

Augmenting the current project to include senior living or intergenerational retirement and assisted living may pose a challenge for a number of reasons. First, the Atherton property is not owned by UH or the State of Hawai'i. The property is owned by the UHF. While UH does currently have a lease on the property from the UHF, that lease is planned to sunset soon. The project is being developed through a hybridized public-private partnership (P3) arrangement with Hunt as the private development partner. Changing the current project would have business and financial implications that would require agreement of the landowner and the development partner.

If the Legislature is interested in supporting a University-led senior living or assisted living educational program, an alternative site should be of consideration. For example, the University also owns the land where Leahi Hospital is located on O'ahu. The property is leased to Hawai'i Health Systems Corporation (HHSC). A concept such as proposed by SB 2574 SD1, may make more sense if such a program could be situated where senior care is already occurring. However, this type of program would require additional thought and planning by the University before we could offer an estimate for the appropriate funding that would be required to start the program.

Thank you for the opportunity to present this testimony.

**TESTIMONY OF
STANFORD CARR, UH FOUNDATION BOARD MEMBER, DONOR & ALUMNUS
SENATE BILL 2574, RELATING TO AGING**

Decision Making Date: February 20, 2020
Time: 11:45 am
Location: Room 211, State Capitol
Committee: Senate Committee on Higher Education
Senate Committee on Human Services

Testifier: Stanford Carr
Board of Trustees, Executive Committee Member
University of Hawai'i Foundation

Senate Bill: SB 2574 – RELATING TO AGING

Aloha Chair Kim, Chair Ruderman and Committee members,

Thank you for the opportunity to submit **testimony in opposition to SB 2574**. While I commend the legislature in their efforts to address the shortage of housing for Hawaii's kupuna, SB 2574 will adversely impact the University of Hawaii Foundation (UHF) and its efforts to complete the Charles Atherton House. UHF is an institutionally related, but separate nonprofit organization that raises private support for university of Hawaii students, programs and research statewide.

As a three-term member of the UFH Board of Trustees, we acknowledge Hawaii is facing numerous social challenges including the lack of kupuna housing. However, altering the planned purpose of the Charles Atherton House at this critical juncture in time will result in serious unintended consequences to the project and its completion.

ABOUT THE UH FOUNDTION

Established in 1955, HF raises, manages and invest donor contributions for the sole purpose of supporting UH. Students and communities statewide directly benefit from these donor contributions including through scholarships, outreach programs, improved facilities, and applied research in areas from health to sustainability.

Last year UHF raised \$72 million in new gifts for UH. It disbursed \$46 million to directly support UH programs, including \$11 million for student scholarships. Given that *it raised nearly six times its operating budget in new gifts*, we know, and independent analysis confirms, that if UH invests in this successful fundraising organization, UHF will be able to strategically grow, and significantly increase private support, benefitting UH students and our community.

ABOUT THE UHF'S ATHERTON REDEVELOPMENT PROJECT

In 2017, the UHF borrowed \$8.2 million to purchase the Charles Atherton House. The goal was to provide housing for UH Mānoa students and support UH's long term success.

Through an RFP process UHF solicited proposals for a public-private partnership (P3) project, and after a review of several competing proposals, UHF selected Hunt Development Group to redevelop the Atherton building. UHF is collaborating with UH & Hunt under a P3 redevelopment to design, build, finance, maintain and operate a student housing project integrated with an innovation/entrepreneurship center modeled similar to the successful Lassonde Studio project at the University of Utah in Salt Lake City. The project utilizes private capital and tax exempt bond financing at no risk to UHF and UH.

This multifaceted project offers students a truly collaborative community where they can live and share ideas. This project is modeled after other successful programs throughout the nation. The new Atherton student housing will be available to students in all fields of study to encourage interdisciplinary collaboration and innovation.

Zoning changes are being sought and funds expended on the initial environmental assessment, geological testing as well as design and engineering. At this late stage of the project, the proposed shift identified in SB 2574 would result in a serious loss of financial investments already committed to advance our university.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Stanford S. Carr', with a stylized flourish at the end.

Stanford S. Carr