
Testimony of Michaels Development Company – Hawai'i Region
Wednesday, August 16, 2017 at 10:30am

Senate Housing Committee Chair Espero, House Housing Committee Chair Brower, Committee members, and guests:

Thank you for the opportunity to participate in this joint informational briefing and submit testimony regarding affordable housing in Hawai'i. Michaels Development Company (Michaels) is working on several projects across the State:

- Kamakana Senior and Family affordable rental project in Kailua-Kona, Hawaii, delivering 85 senior and 85 family units to households at or below 60% of AMI. Kamakana is scheduled for completion in Q4 2017.
- Keahumoa Place, a 320-unit family affordable rental project in Ewa/Kapolei to be developed in four phases to households at or below 100% AMI, with over 80% of the units serving households at 80% AMI or below. Phase 1, 2, and 3 will deliver a total of 239 affordable rental units and is scheduled to start in Q2 2018 with a completion date of Q4 2019.
- Halewai'olu Senior Rental, a planned 150-unit affordable senior rental in Chinatown, to be developed on City-owned land. The project is currently undergoing City and SHPD review. Financing application submission is scheduled for Q2 2018 with estimated project completion of Q4 2020.
- Kuhio Park Homes Phase 2, with approximately 469 units planned for development/redevelopment of property owned by the State.

All of these affordable rental projects are made possible due to Public Private Partnerships (P3) between various government agencies and the Michaels Development Company. The following factors also help with creating more affordable housing inventory:

- Land availability. The aforementioned projects will be developed on City or State-owned land with long-term ground leases, which help to keep affordable housing development costs down in areas where land is scarce and expensive. Ownership of the projects will revert back to the fee owner at the end of the lease period.
- Additional funding for affordable housing development. Increased availability of low income housing tax credits, GET and property tax exemptions, low-interest loans such as RHRF and DURF, and the City's AHF all contribute to making affordable housing financially feasible by helping to provide funding.
- Improved regulatory environment related to affordable housing. While processes such as 201H Exemptions exist to allow the counties to provide certain exemptions related to fees and zoning, the 2016 Hawai'i Housing Planning Study conducted by SMS for Hawai'i Housing Finance and Development Corporation (HHFDC) notes that Hawai'i is one of the most highly regulated states in the nation. Such government regulation serves as one of the major impediments to production of housing. The cost to work through the regulatory environment directly impacts the price of housing, so if regulations were assessed and changed to shorten the development process, the reduced development costs will result in lower housing costs overall.

With an acute housing shortage, it will take everyone in the public and private sector involved in development working together to meet demand. We applaud the Housing Committee's efforts to address this need in Hawaii.

Michaels Development Company is the largest affordable housing developer in the nation, having overseen \$3.5 billion in development and substantial rehabilitation, resulting in 52,661 units in 376 communities, since 1973. There are 50,459 units under management serving 115,000 residents, including the Towers at Kuhio Park in Kalihi. Two more communities will be added in December 2017 with the completion of the 85-unit Hale Makana 'Ohana and the 85-unit Hale Makana 'O Kupuna in Kailua-Kona.

Kamakana Senior



Kamakana Family



Keahumoa Place



KEAHUMOA PLACE

DESIGN CONCEPT
DECEMBER 06, 2016



Keahumoa Place



TYPICAL EXTERIOR ELEVATION



TYPICAL EXTERIOR ELEVATION



AGRICULTURAL THEME



MAKUA VALLEY THEME



BEACH THEME



SHADOW THEME



ENTRY DOOR STYLE



STAIR STYLE

Halewai'olu Senior Residences



Halewai'olu Residences

UPDATED BUILDING DESIGN

Date : 06.01.2017 As per attached

- MICHAELS DEVELOPMENT COMPANY
- WRNS STUDIO