

TOD CIP Request, Fiscal Year 2021

TOD CAPITAL PROJECT INFORMATION AND JUSTIFICATION SHEET

Revised¹

Project Title	Hawaii Public Housing Authority, School Street Campus Pre-Development, Oahu	Program ID Dept	No	Capital Proj No
Expending Agency	DHS / Hawaii Public Housing Authority	HMS	220	H20002
Summary Project Description	Redevelopment of HPHA School Street property to create a mixed-use campus consisting of elderly affordable rental housing, HPHA administrative offices, and possibly some light retail.			

Estimated Project Cost (In thousands of dollars)

Cost Element	Prior Funding			FY 2021 Request		Future Years		Total Cost Estimate
	FYs	\$ (In Thous)	MOF	Amount (In Thous)	MOF	\$ (In Thous)	MOF	
Pre-Plan								
Plans				\$ 2,500	C-GO Bonds			
Land								
Design								
Construction								
Equipment								
Totals		\$ -		\$ 2,500		\$ -		

Project Information and Justification

Scope of Project	The proposed redevelopment would include new offices and provide approximately 800 senior rental affordable units, retail, and community spaces in three towers. Estimated project cost: \$373M. Master development agreement signed with Retirement Housing Foundation in Nov 2019. Project schedule of 2-3 phases over 10-12 years. Desired construction start date of 2021.
TOD/Smart Growth Need/s to be Addressed	The School Street redevelopment project is one of the State TOD projects identified in the State TOD Strategic Plan, Dec 18/Aug 19. The project is part of HPHA's 10-year plan to redevelop its properties along the City and County of Honolulu's rail transit line.
Community Benefits/Impacts if Funded	Will provide needed affordable housing for seniors with low income in safe, accessible, and affordable environment with support and companionship that a robust community can offer.
Impact on Project if Funding Deferred	Predevelopment funding is essential to prepare the property for future redevelopment; additional design and consulting work required for 201H application. City DPP Notice of Eligibility letter for 201H processing received Jan 10, 2020.
Additional Information	See attached Star-Advertiser article.

Point of Contact and Contact Information

Name	Agency/Title	Email address	Phone
Benjamin Park	Chief Planner	benjamin.h.park@hawaii.gov	832-4671

¹ Amended 21-Jan-20 based on corrections/additional information received from agency.

A-1 Plan to build affordable senior housing advances

By Andrew Gomes
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An estimated \$373 million affordable-housing tower complex for seniors in the Kalihi-Palama area is back on track after more than a year of negotiations between the state and a private development team.

The Hawaii Public Housing Authority announced Tuesday that it signed a master development agreement with the team led by California-based nonprofit development firm Retirement Housing Foundation.

RHF plans to build 800 rental apartments in three high-rises reserved for seniors with low incomes on 6 acres occupied by a collection of outdated single-story office buildings making up HPHA's administrative headquarters at 1002 N. School St.

A RHF official in August told HPHA's board that the company's goal is to start construction in 2021 if funding from the state Legislature and other sources can be obtained next year.

Work on the project, which began in 2015 with HPHA



SENIOR HOUSING TOWER COMPLEX

- >> **Estimated project cost:** \$373 million
- >> **Number of units:** 800 rental apartments in three high-rises to be built in three phases
- >> **Who would be eligible?** Tenants would have to be at least 62 years old and earn no more than 60% of the median household income for Honolulu, which was \$50,640 for a single person and \$57,840 for a couple this year. Some units would be reserved for seniors earning no more than 30% of the median income.

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HOUSING

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seeking bids that led to RHF being selected in 2016, hasn't gone quite as smoothly as hoped over the past two years.

A pre-development agreement with RHF, which facilitated work that included planning and an environmental study completed in August 2018, expired at the end of last year, followed by an extension that ended June 30, according to HPHA board minutes.

RHF advanced about \$1.3 million for planning and environmental work but didn't want to continue spending money on other pre-development expenses, including an expected \$700,000 for project cost analysis work, without a master development agreement under which HPHA reimburses RHF for half its pre-development costs, according to minutes from HPHA board meetings in July and August.

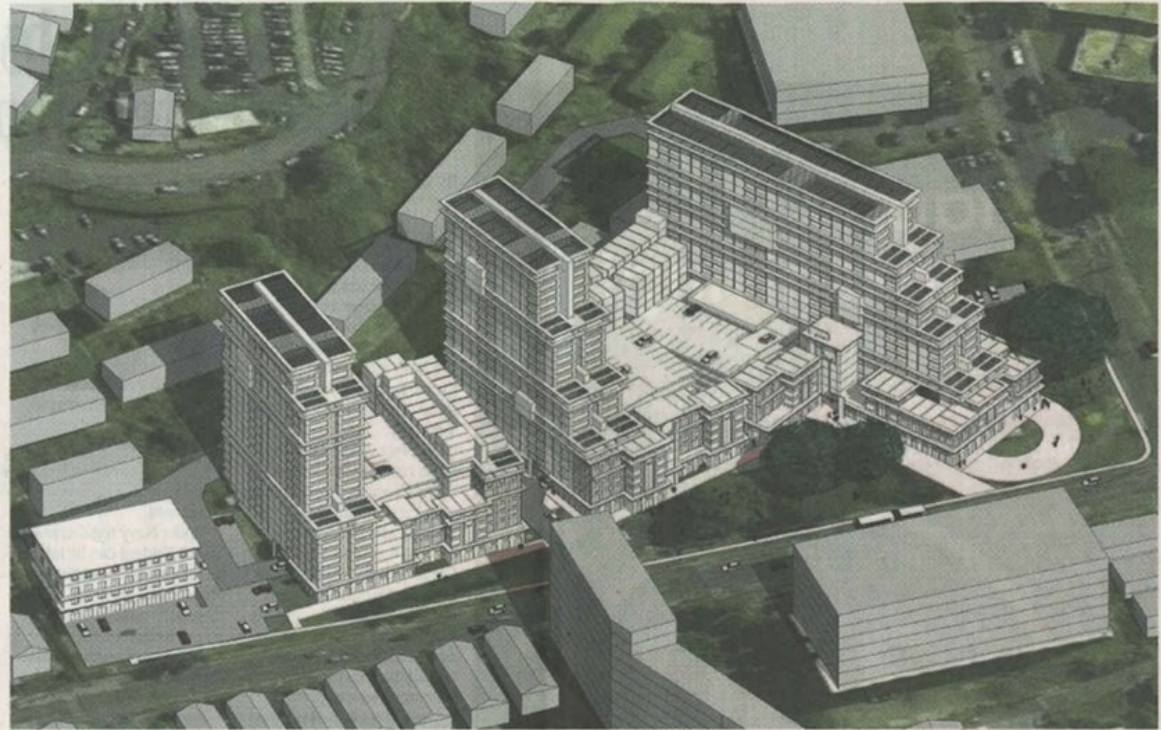
So RHF stopped work on the project pending a master development agreement being signed.

That agreement got signed Tuesday.

HPHA was not prepared to release a copy of the agreement Tuesday or to discuss the latest details of the project.

RHF deferred to HPHA for releasing any information on the project to the media.

In a written statement issued by HPHA, Laverne Joseph, RHF president, said, "We are very pleased to sign this agreement today and look forward to building and operating this premier affordable housing community in Honolulu for older adults. We are also excited to partner with HPHA on this important project, and we are committed to our residents,



COURTESY HAWAII PUBLIC HOUSING AUTHORITY

This rendering shows three high-rises that would consist of 800 rental apartments for seniors with low incomes planned for the Kalihi-Palama area. The project would be built by California-based nonprofit development firm Retirement Housing Foundation.

communities and neighborhoods that we serve."

Hakim Ouansafi, HPHA executive director, said in the statement, "Our elderly population is growing faster than any other age group and this opportunity fits our vision to assist our kupuna with affordable rental housing. Finding a home they can afford in today's expensive housing market is especially challenging for our seniors with low income, and this project will allow them to thrive in a safe, accessible and affordable environment with the support and companionship that a robust community offers."

Also in the statement, Gov. David Ige said the public-private partnership will help produce more affordable homes at a lower cost and that the project is "another big step toward our goal of completing 10,000 housing units by 2020."

However, it's unclear whether RHF can complete any homes next year on the HPHA site. There are also concerns about whether RHF can obtain enough financing to achieve its previously stated development timetable goal.

Funding concerns

Milo Spindt, HPHA board chairman, expressed a con-

cern about how much funding the project needs and said he has also heard about funding concerns from some elected officials, according to August board meeting minutes.

RHF has previously said that it intends to seek financing from a variety of options including private lenders as well as federal, state and county sources of tax credits, loans, bonds and grants.

Anders Plett, RHF vice president of development and acquisitions, said at HPHA's August board meeting that the company would like to build the project in two phases instead of three,

which could shave three years off a 10- to 12-year development schedule for completing all three towers plus replacement offices for HPHA, according to meeting minutes.

3 phases

As a three-phase project, an initial phase would include one tower with 250 homes and new HPHA administrative offices, followed by a second phase with another tower containing 250 homes and then a third phase with a 300-unit tower and possibly retail space, according to board meeting minutes from August.

Each tower would be up

to 16 stories tall and include a mix of studios and one-bedroom apartments.

Tenants would have to be at least 62 years old and earn no more than 60% of the median household income for Honolulu. Some units also would be reserved for seniors earning no more than 30% of the median income.

This year 60% of Honolulu's median household income equates to \$50,640 for a single person and \$57,840 for a couple. The corresponding maximum monthly rent could be \$1,266 for a studio and \$1,356 for a one-bedroom unit under state guidelines.