



1400 Kapiolani



7000 HAWAII KAI
DRIVE

HAWAII'S HOUSING NEEDS
BY CHRISTINE CAMP



Avalon Development

- Founded in 1999; Hawaii Only
- Owner/DM/CM/PM/Sales/Leasing
- \$350 million in developments
- Residential
 - 900+ Units managed
 - 800+ Units being planned
- Commercial
 - 1,000,000 sf + Managed
 - 180 acres under development
- Active Developments
 - 5 active/ 3 residential



AVALON RECENT RESIDENTIAL PROJECTS

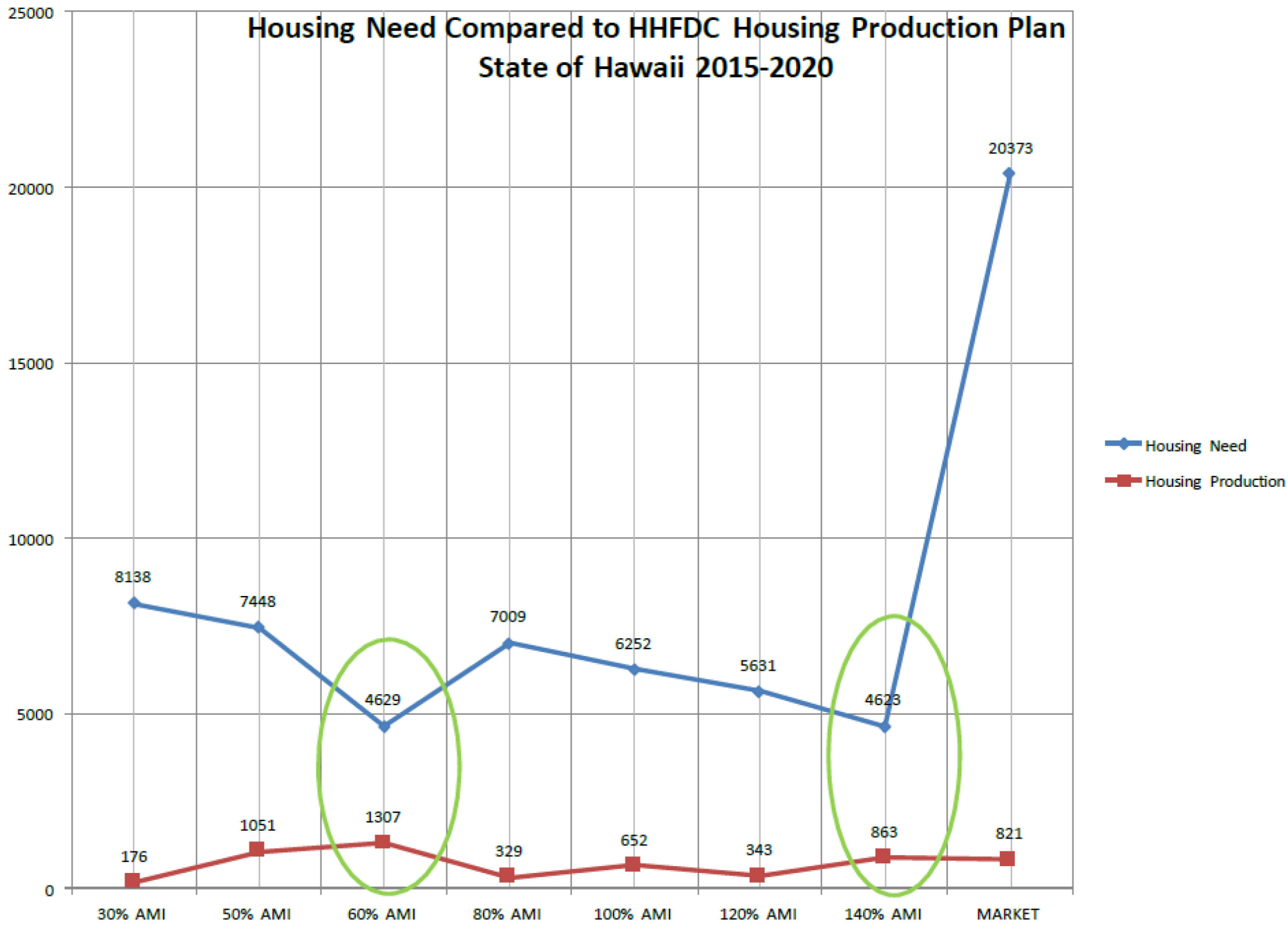
7000 HAWAII KAI
DRIVE



Makini
AT KINAU



Housing Need Compared to HHFDC Housing Production Plan State of Hawaii 2015-2020



From the Pacific Business News:

<https://www.bizjournals.com/pacific/news/2017/02/22/christine-camp-has-big-plans-for-honolulu-kenrock.html>

Commercial Real Estate

Christine Camp has big plans for Honolulu's Kenrock Building

🔑 **SUBSCRIBER CONTENT:** Feb 22, 2017, 2:50pm HST

Hawaii developer [Christine Camp](#)'s Avalon Development Co. has purchased the well-known Kenrock Building complex near Ala Moana Center in Honolulu for \$22.25 million, with plans to eventually develop the property into a mixed-use project that would include hotel rooms, affordable housing rentals and for-sale condominium units, Camp confirmed to Pacific Business News.

The complex at 1400 Kapiolani Blvd. includes three individual two-story walk-up buildings with office and retail spaces on just under an acre of land. Camp, who told PBN that the sale closed on Wednesday, said that the deal includes a joint venture with Japan's Capbridge Group and funding partners from Korea. The seller was Lyk Kenrock LLC.

"We don't yet have any plan to share as the property will continue to operate as an income-producing commercial center until we have a solid plan to address housing needs for Hawaii's residents, against financial risks of an ever-



TINA YUEN PBN



7000 Hawaii Kai Experience

<u>7000 Hawaii Kai</u>	
Cost per unit	582,000
Cost before land	452,000
Cost before parking	382,000
<u>Cost of Time & Process</u>	
Entitlement Processing	19,000
Interest Costs	86,000
Total	105,000

CAPITAL STACK			
Development Capital Stack	Interest Rate		
Loan	45%	3.75%	
Mezzanine	23%	15.00%	
Equity	32%		
Take out capital stack			
Loan	58%	4.13%	
Mezzanine	7%	15.00%	
Equity	32%		
**Nore equity generally requires 15-25% Internal Rate of Return (Time value)			

ACTUAL vs PROFORMA												
269 units		Profoma	Actual	Op Cost	Mortgage	Residual for Ownership	Status	Monthly	Annualized Return on equity	PROFORMA		
9	4/2 market	\$ 3,800	\$3,450	\$ 620	\$ 2,185	\$ 645	available	\$ 5,805.18	69,662	\$ 8,955		
134	3/2 market	\$ 3,650	\$3,450	\$ 620	\$ 2,185	\$ 645	available	\$ 86,432.67	1,037,192	\$ 113,233		
72	2/2 market	\$ 2,950	\$2,500	\$ 620	\$ 2,185	(\$305)	wait list	\$ (21,958.56)	(263,503)	\$ 10,441		
28	3/2 affordable	\$ 2,603	\$2,300	\$ 620	\$ 2,185	(\$505)	available	\$ (14,139.44)	(169,673)	\$ (5,655)		
26	2/2 affordable	\$ 1,703	\$1,703	\$ 620	\$ 2,185	(\$1,102)	wait list	\$ (28,651.48)	(343,818)	\$ (28,651)		
								62% annual net	329,860	\$ 1,179,868		
	579 parking stalls							equity	51,000,000	51,000,000		
								Net return	0.647%	2%		
									50% INT	36,500,000		
										3.23%		

KENROCK REDEVELOPMENT (ORIGINAL VISION)

BUILDING MASSING



Real Life Impact of Changing Policies

	Original Concept (Iconic Design)	Current View
Total Unit Count	800	660 - 700
Condo Hotel	300	“0”?? - 200
Market Units (rental/sale)	300	300 - 561
Affordable Rentals	200	140 +/-

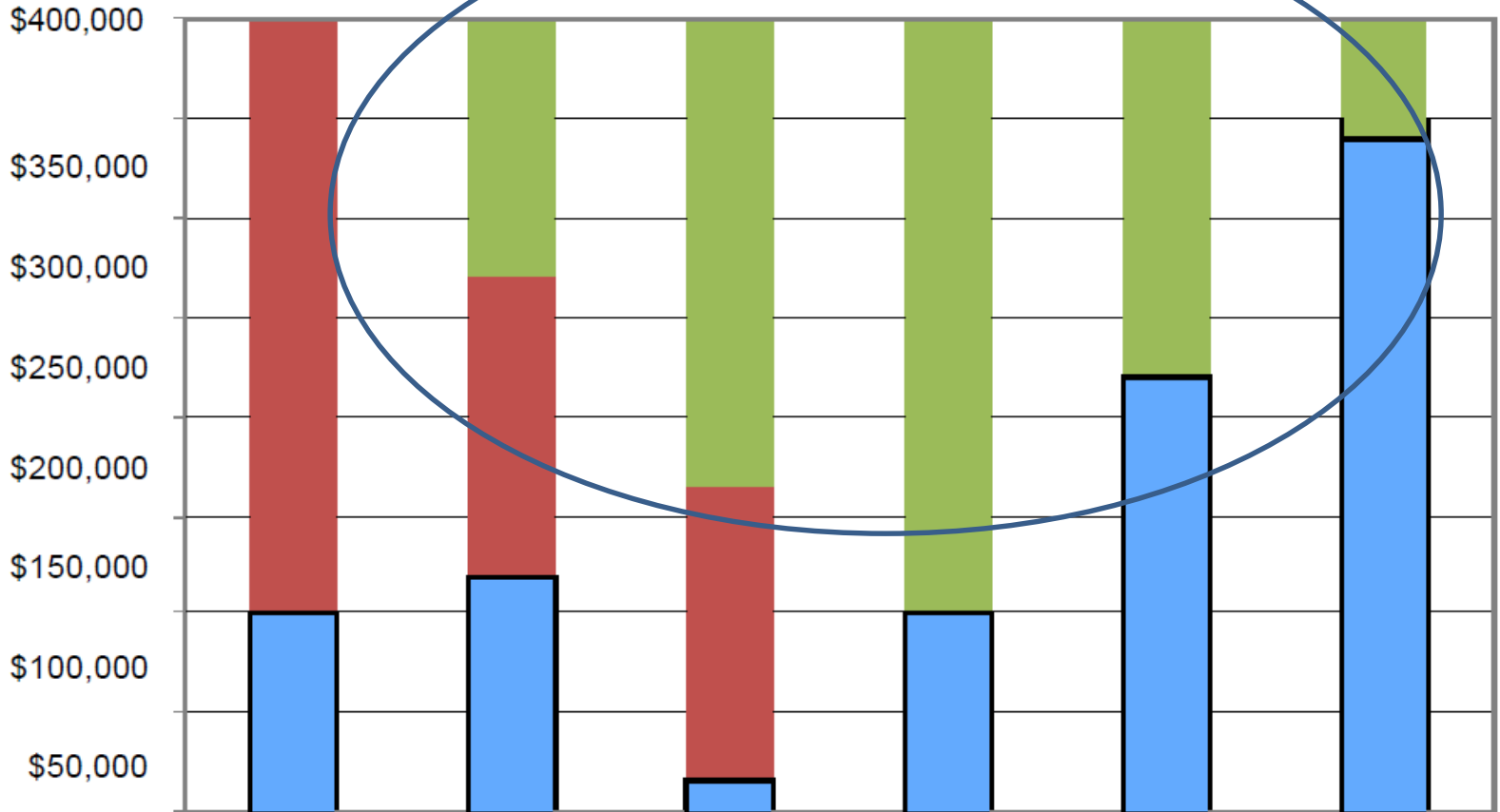
Real Life Impact of Changing Policies

	Requirement	Impact
Park Fees	\$551 psf x 110sf x 700	\$42.43 MM
School Fee	\$5,900 x 700	\$ 4.13MM
Other Impact Fees	\$6,800 x 700	\$ 4.76MM
Energy Codes/etc	\$5,000 x 700	\$ 3.5MM
Potential "Exactions"		\$54.82MM+ \$78,300/unit
Affordable "In-lieu fee"	70,000 sf x 10 FAR = 700,000 x \$45 psf=	\$31.5MM (\$45,000 per unit)

Current Housing Bills

- **HCDA**
 - 30 year requirement (currently 10 years)
 - 100% of AMI (currently 140%)
- **City Bill 58 - NO**
 - 30 year buy back, 30 year rental (current 10 years)
 - TOD 20% affordable housing/25% offsite/15% rental -30 years
 - Non-TOD 10% /15% offsite/5% rental – 30 years
 - No unilateral agreements (90% of developable land)
- **City Bill 59 – Yes – Rental Housing only**
 - Follows new state law
 - PLA Agreements = 15% union rate reduction (30 yrs rental)
 - Waiver of fees

RENTAL HOUSING SUBSIDY ANALYSIS



	60% AMI LIHTC (9%)	60% AMI LIHTC (4%)	30% AMI LIHTC (4%)	No LIHTC (61+% AMI)	No LIHTC (100% AMI)	No LIHTC (140% AMI)
GAP SUBSIDY	\$-	\$130,400	\$235,000	\$295,000	\$179,000	\$60,000
LIHTC	\$298,000	\$149,000	\$149,000	\$-	\$-	\$-
MORTGAGE	\$102,000	\$120,600	\$16,000	\$105,000	\$221,000	\$340,000



Mahalo Nui! A Hui Hou.