
EDITORIAL

OUR VIEW

Editorial: So much riding on new public housing

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COURTESY MICHAELS ORGANIZATION

A rendering shows Kuhio Park Terrace.

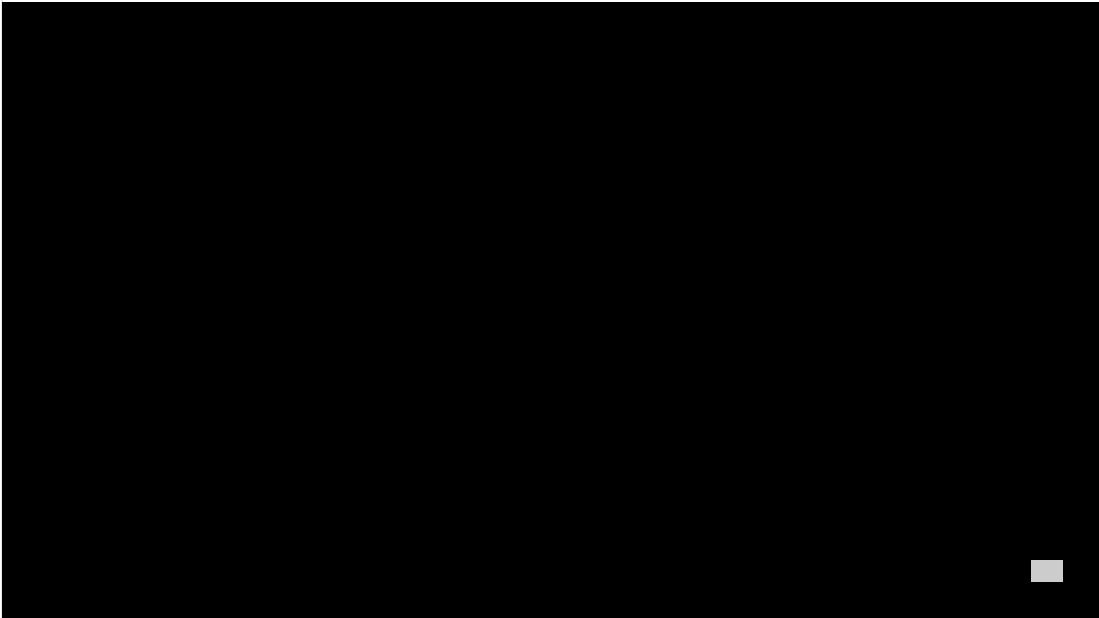
State-facilitated financing or consideration for financing has been approved for three major — and long-anticipated — Hawaii public housing redevelopment projects on Oahu, which are projected to produce an impressive 1,800 housing units over the next four years.

More than 550 units are expected to be complete by 2026, with 911 more by 2028, most all below-market-rate rentals open to low-income households. Groundbreaking is near on two properties, initiating new building at a 12-acre School Street property holding the Hawaii Public Housing Authority's headquarters, and kicking off larger plans for the HPHA's [Kuhio Park Terrace property](#).

Each increment moves the city forward on addressing a dire need for affordable housing by Honolulu households — a need that has only grown while many of these projects, or variations on them, have been pending, but faltered for various reasons. Those include design and permitting issues, and rising expenses that drove a wedge between a chosen developer and the state. And each have faced rising costs with every delay: For example, the projected cost for 250 senior units at School Street rose 20% between 2021 and this year, to \$164 million — nearly all of that attributable to inflation and increased construction costs.



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Gov. Josh Green has pointed to rising costs over time as a cause for urgency in moving forward on building — and the history of these projects bears that out. Both the pitfalls of granting a contract too soon, before potential difficulties have been identified and ironed out, and in stumbling into delays that raise costs unacceptably are hard lessons that both state and city administrators must take to heart in coming years, as further opportunities arise for affordable development.

The three projects together are projected to cost about \$892 million upon completion — a big number, but justified in light of the need. As projects of the HPHA, a portion of costs will be borne by the federal government, with the state



issuing a complex mix of subsidized loans, bonds and transferable tax credits to fund building.

The Hawaii Housing Finance and Development Corp. is playing a large role in all of this action. HHFDC, a state agency that facilitates financing for private developers building affordable housing, has approved financing for the School Street and Kuhio Park projects, and accepted the application for exemptions to city fees and zoning regulation at a third project at Mayor Wright Housing, where a financing decision comes up next. The three projects:

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>> California-based Highridge Costa Development Co., HPHA-certified as a “master developer” supervising the construction of hundreds of units, in addition to these, will oversee the School Street project. These 250 low-income units will house seniors with incomes of up to 30%, 50% or 60% of Honolulu’s area median income (AMI), ready for occupancy in 2026.

>> At Kuhio Park, The Michaels Organization has been chosen to replace 176 existing low-income rentals with 650 new rental units for households with low, moderate and higher incomes. A first phase will replace 64 existing units with



304 apartments in four buildings reserved for households with maximum income levels ranging from 30% to 60% of AMI, to, with occupancy in 2026.

>> The 70-year-old Mayor Wright Homes complex, derided as a “ghetto” development by former Gov. Neil Abercrombie when he called for redevelopment in 2014, is now in line for an initial phase with three towers and 911 homes projected for delivery in 2028. One tower would offer 306 rentals for households with maximum incomes from 30% to 60% of AMI. A second tower would offer 352 rentals for households with maximum incomes from 80% to 100% of AMI. A third tower would offer “workforce housing” for higher earning households, with leasehold condos for sale to those with maximum incomes from 110% to 140% and beyond AMI — if financing can be obtained. This is a savvy idea, as mixed-income development is generally beneficial — safer, more desirable, and offering opportunities to relocate within a community as family incomes rise.

There’s a lot riding on these three projects, with most of the heavy lifting happening through a potential two-term Green tenure. The governor’s reputation to an extent does ride on the success of these projects. A benefit is the boost to the economy that this amount of building will cause, including the additional affordable housing. A risk is the spending and debt that the state must incur to make it happen. If difficulties add significantly to costs, projects could stumble once again. No one wants that.

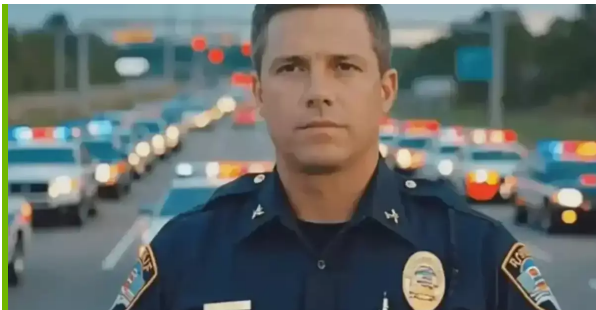
Under a \$6 billion-plus state master plan, eight more public housing projects would be redeveloped in the next dozen years or so, as HPHA partners with private developers and long-term land leases, adding potentially 10,880 more



homes for low- and middle-income households at nine public housing projects on Oahu, Maui, Kauai and Hawaii island.

If Green and his team can move all of these projects on the road to completion, he'll have solid reason to boast of a "Green New Deal."

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