



HUNT'S BIG DECADE

Over the next 10 years, the developer's plans will transform nearly 2,000 acres on three islands.



BY JANIS L. MAGIN, PAGES 10-13

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HNL's new concourse plan

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3 islands.
1,800 acres.
7,000 homes.

KRYSTLE MARCELLUS FOR PBN

Hunt Cos.' big plans to transform fields of red dirt and weeds in Kalaeloa into a community with homes and schools is about to take off – and so are other projects, from Mayor Wright Homes in Honolulu to Palamanui on the Big Island.

BY JANIS L. MAGIN | jmagin@bizjournals.com

The back of the Costco warehouse in Kapolei is within sight of a grassy, vacant parcel of land where Kapolei's Main Street dead ends, but it seems a world away from the new shopping centers and homes that have sprung up over the past 25 years in Oahu's Second City.

Eight years after the Navy transferred control of more than 500 acres of the shuttered Barbers Point Naval Air Station under a master lease, the Texas developer has finally gained title to the parcel in Kalaeloa behind Costco and nearly 200 more acres of vacant and underused land.

And now Hunt Cos., led by Hawaii President Steve Colon, is getting ready to launch plans that would redevelop several parcels of that mostly vacant land adjacent to the growing city of Kapolei into a mixed-use community, starting with about 1,000 new homes, the first of which could be delivered less than three years from now. Future phases of development will stretch as far east in Kapolei to makai of the Ka Makana Alii regional shopping mall, which broke ground just last week on a second, grocery-anchored phase.

At the same time, Hunt is also working

on completing zoning and entitlements for its 1,116-home Palamanui project on 725 acres above Kona's airport on the Big Island, selling several dozen single-family and condominium lots within Mauna Lani Resort, finishing work on the Kilauea Lighthouse Village shopping center on Kauai, and getting ready to break ground on a four-mile historic trail around Ford Island.

The developer is also preparing to start the design phase on what may be its biggest challenge in Hawaii after Kalaeloa – the redevelopment of the Mayor Wright Homes

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“ This is going to be an urban and suburban environment...we’re working backwards from what Kapolei did...Kapolei built the homes first and now they’re trying to create jobs...Kalaeloa already is an employment center.”

THOMAS LEE, Hunt Cos.

public housing project into a 2,500-unit mixed-income, mixed-use project on the edge of Downtown Honolulu.

YEARS IN THE MAKING

It’s been almost five years since Hunt officials told the Hawaii Community Development Authority, which was given oversight of Kalaeloa in 2002, about plans to build 4,000 homes, along with retail and other commercial space at the former Navy base.

The Navy had closed Barbers Point Naval Air Station in 1999 and divvied up the 3,700-acre property on the west end of Oahu among a variety of public agencies, including the Coast Guard, the state Department of Transportation, the Army National Guard and the Department of Hawaiian Home Lands, while keeping control of more than 500 acres on the mauka side of the base, closest to Kapolei. Hunt entered the Hawaii market a few years later as the builder of military homes under privatization contracts with developers Fluor and Forest City and formed Hunt Development Group in 2006. Last year, Hunt became the owner of those 6,800 Navy and Marine Corps. houses it helped build when Forest City exited the Hawaii market.

A lack of infrastructure – specifically electricity and water – and issues with gaining title to the land put development at Kalaeloa on hold after Hunt took over con-



Thomas Lee, senior vice president of development with Hunt Cos., walks through a parcel along Franklin D. Roosevelt Avenue next to the Kapolei Costco.

trol of the Navy’s 538 acres under a master lease in 2009.

But several actions over the past year have finally put the gears in motion for Hunt’s development plans.

A year ago, Hunt purchased a little more than 16 acres from the James Campbell Co. – a thin strip of land between Renton Road and Franklin D. Roosevelt Avenue that separates Kapolei from Kalaeloa, from Costco to where Fort Barrette Road turns into Enterprise Street, land that the developer plans to use for utilities.

In late October, the Navy conveyed to Hunt title of 122 acres in Kalaeloa, including a large vacant parcel near Costco and the Hawaii Judiciary’s family courthouse. In late December, Hunt acquired the title to another 70 acres, including another parcel slated for residential development. Eventually the Navy will convey title for the rest of the land Hunt controls under the master lease.

Hunt also recently closed on the purchase of the Navy’s water and sewer system, and the HCDA began construction on the Kalaeloa Energy Corridor – new underground ductlines for Hawaiian Electric Co., Hawaiian Telcom and Spectrum cable utilities that extend from Kapolei Parkway down Enterprise Street to the National Guard facility.

Hunt also received tentative subdivision approval for some of its Kalaeloa land and by the middle of next year – pending final subdivision approval and approval from the HCDA board – intends to be able to sell the parcels near Costco to homebuilders for the development of the first 1,000 homes.

“This year, things are going to change,” said Thomas Lee, a senior vice president of development at Hunt’s Hawaii office. “The property is going to start to look a lot better.”

While Hunt plans to seek another developer or home builder to execute the plan for its residential lots, the developer will likely retain a role as the master developer for Kalaeloa, and form an association to maintain the area, Lee said.

“We’re creating a master-planned community, [but] it may not be like Hoopili or Ocean Pointe, where you have just one big contiguous piece of land,” Lee said. “Our intent is to put in a master-planned community where Hunt is the master developer and we put in the roads and the infrastructure and then sell fee-simple parcels to homebuilders.”

Before the first shovel hits the ground, however, Hunt must present a final plan to the HCDA, which, at this point, may be this summer, Lee said.

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The HCDA is then required by law to hold a contested-case hearing before the board of directors can consider the plan for approval, said Garret Kamemoto, the agency's interim executive director. Once the plan is deemed complete, HCDA has 120 days to complete that process or the plan is automatically approved, he said.

THE ROAD AHEAD

Not all of the land in Kalaeloa is vacant. Hunt currently has some 50 tenants on 350,000 square feet under roof, including K-1 Speed, Barbers Point Bowling Center, Tamura's Market, American Machinery, Kamaaina Kids, Coral Crater Adventure Park and Hawaii State Federal Credit Union, which recently opened a call center at the Kalaeloa Professional Center at the corner of Saratoga Avenue and Lexington Street.

Hunt sold two parcels with 520 units of former Navy homes several years ago to Carmel Partners, which sold them to an affiliate of Rockpoint Group in 2015 for \$154.5 million. The developer kept the Navy's former bachelor officer quarters, and redeveloped the buildings into 100 affordable one-bedroom apartments, now called the Wakea Garden Apartments.

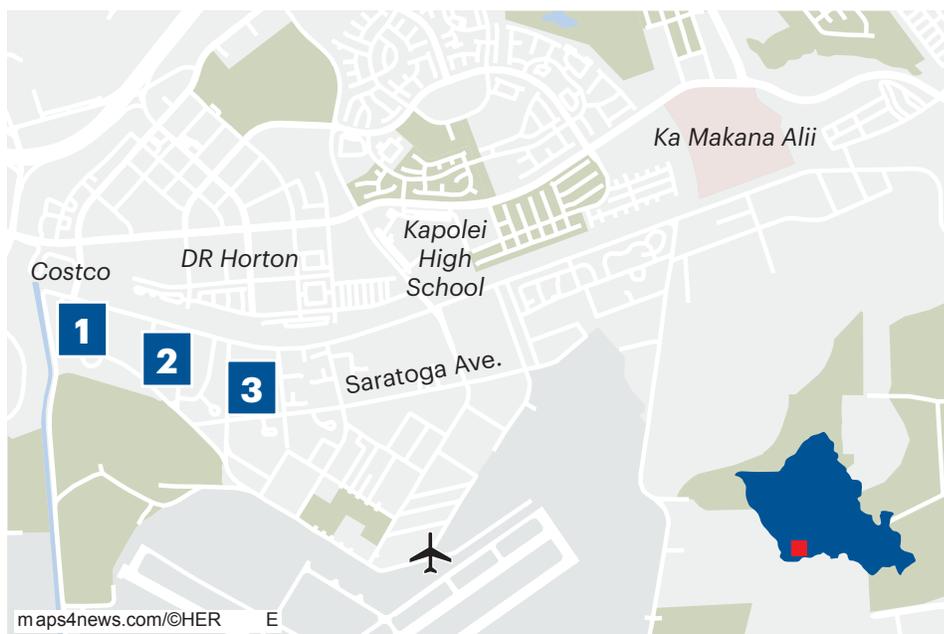
Another 110 acres of land is leased to businesses for vehicle storage and other uses. Lee noted that commercial real estate firms CBRE and Colliers International Hawaii hadn't counted Hunt's industrial properties in their research previously because the land was leased from the Navy. Now that Hunt owns some of the land, he expects it will affect the market's statistics. However, researchers from both firms say they only count the buildings available for lease, and not unimproved land.

Some of the commercial land is listed for sale with Sofos Realty Corp. – Hunt closed on the sale of one property, a 9,000-square-foot building on two acres of land to longtime tenant Henkels & McCoy last fall for \$2.7 million.

It was the first fee-simple sale of land since Hunt sold the land for the FBI build-

BUILDING A COMMUNITY

The numbered parcels are where Hunt envisions the first 1,000 homes, starting at No. 1, will be built. Hunt recently acquired the title to the parcels, known as parcels 1, 2, and 3.



ing in 2011, a 10-acre parcel at the corner of Roosevelt Avenue and Enterprise Street where construction of the utility lines is currently happening. HCDA's target date for completion is August, after which HECO will install its lines.

Further west, Hunt will need to extend a trunk line along Kamokila Boulevard – Lee said the line already runs underneath the railroad tracks that separate Kapolei from Kalaeloa – in order to run power to the future residential subdivision behind Costco.

The state will eventually bifurcate the parcel, cutting a 10-acre strip through it for an extension of Kamokila, adding more access to Kalaeloa, and Lee said the area directly behind Costco could be used for a small retail center.

A block away, Saratoga Avenue will be extended to meet it, creating a Main Street with neighborhood shopping centers and

multifamily homes.

"This is going to be an urban and suburban environment," Lee said, pointing down the rural street lined with trees, brush and utility poles.

The utility lines and poles will be undergrounded, and, sometime in the future, an extension of the Honolulu rail line will go through the neighborhood as it makes its way from the Kalaeloa Airport to the center of Kapolei, he said.

Hunt expects the homes built in Kalaeloa will be priced for first-time buyers, and up to the area's median price, which was \$659,000 in 2017, according to the Honolulu Board of Realtors.

Lee noted that the HCDA's master plan for Kalaeloa calls for higher density than what's currently seen in mostly suburban Kapolei.

"Even single-family is going to be denser than what people are used to," he said.

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Crews work on the HCDA Enterprise Energy Corridor project on Enterprise Street in front of the FBI's Hawaii headquarters.



Thomas Lee (left), walks through a parcel adjacent to Barbers Point Elementary School on Boxer Road with Scott Wilson, manager of Hunt Cos.' Kalaelo properties.

“We want to introduce new product.”

Lee said HCDA's zoning – a form-based code that uses physical form, rather than separate uses, as an organizing principle, according to the Form-Based Codes Institute – will allow mixed-use properties that could have multiple uses within one building, such as a convenience store topped by office space or apartments.

Some of the existing buildings in Kalaelo are also historic, he noted, and must be restored with the original look intact. Hunt recently restored a historic storage barn that's currently being offered for lease.

“We're building a new community, but we're redeveloping an old community and from a kind of live-work-play perspective, we're working backwards from what Kapolei (did),” he said. “Kapolei built the homes first and now they're trying to create the jobs. Kalaelo already has the FBI, the National Guard, the Coast Guard, and all these nonprofits and state entities. It already is an employment center.”

The 4,000-home plan likely won't happen right away. While Hunt has secured water through the Navy system, it's not enough. There is enough water for 1,500 homes, but there isn't enough for all 4,000, which means over the next few years, Hunt will have to find additional

water for that development, said Mitch Silver, senior vice president of development in Hawaii.

But first, the Navy system itself needs to be upgraded.

“It's going to require hundreds of thousands of dollars of repairs and deferred maintenance upgrades just to bring it in to the 21st century,” Silver said.

HUNT'S ROARING '20s

The next decade is going to be a busy one for Hunt Cos. in Hawaii. Here's a glance of the developer's other projects in the works on three islands.

KAUAI

Kilauea Lighthouse Village

Hunt is working on completing the 49,000-square-foot shopping center on Kauai's North Shore. The center, whose anchor tenant is Kilauea Market and Cafe, a grocery concept by Foodland Super Market affiliate Kalama Beach Corp., is expected to open in late summer or early fall.

BIG ISLAND

Palamanui

Hunt is working on getting the water system it built for the 725-acre property up

and running before it is conveyed to the county water system.

“We're also working really hard on a phasing strategy, that the infrastructure that has to go in there is phased,” said Steve Colon, president of Hunt Cos. in Hawaii. “That's not contemplated under the existing zoning, so we're going to be going back to the county in a couple months to get that whole process going.”

Colon said the master plan for Palamanui, which is adjacent to the Hawaii Community College Palamanui campus in Kailua-Kona, includes 1,116 residential units, as well as commercial space, retail space, park space, a 70-acre business park and a hotel. Hunt also contributed \$22 million for the UH campus – \$10 million in cash and \$12 million for its water system, he said.

Colon said Hunt is hoping to go before the Hawaii County Planning Commission in March or April – if the project receives zoning approvals, work on infrastructure could start in 2019, with vertical construction following a couple of years later.

Ke Kailani

Hunt acquired the the mortgages on the land at Mauna Lani Resort in foreclo-

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sure from Bank of Hawaii, Central Pacific Bank and Finance Factors Ltd., then spent six years in litigation with former owner Michael Fuchs, former chairman and CEO of HBO. After winning the case, Hunt last year “did a complete property refresh” of the 24 single-family resort lots and several condominium lots. Ten of the lots are currently on the market.

“It’s possible that we could ultimately enter into some kind of a joint venture with a condo developer,” Colon said.

Makalei Ranch, makai side

Hunt sold a 178-acre parcel of the Big Island ranch last year, and is working on a large-lot subdivision for four or five parcels, the smallest of which is 40 acres.

OAHU

Mayor Wright Homes

Hunt signed a master development agreement with the Hawaii Public Housing Authority last fall for the project that will redevelop the 364-unit public housing project into a mixed-use community with 2,500 homes. Hunt is in the process of completing the environmental impact statement process, and will undertake the national environmental policy act, or NEPA, process this year.

The project – which will include market-rate, non-subsidized affordable units and tax-credit affordable units as well as the 364 public housing units – will be done in five phases, Colon said. Hunt is studying how best to proceed, whether the existing buildings will be demolished at one time, or in phases, depending on the effects on



Saratoga Avenue in Kalaeloa is seen today (above) and envisioned in this rendering as a main street with retail and housing in the future.

the current residents.

Each phase, or block, will include multiple buildings with a mix of units, Colon said.

HPHA doesn’t want all of the public housing to be segregated into one building, but rather to mix in with the market and affordable units.

“They want a good sprinkle of each of those income groups in each of the phases,” he said. “It would require us to demolish some units, other public housing units would stay online while the first phase is being built.”

The project will also include a grocery store or drug store as well as other commercial space.

Hunt is aiming to start work on this project by the end of 2019.

Ford Island

Hunt is starting work on a four-mile trail around Ford Island – where the developer built military housing a decade ago – that will have “30-odd historic nodes” that will allow joggers and walkers to stop and see stories and pictures not just about Dec. 7, 1941, but also about the island before World War II.

University of Hawaii West Oahu

A long-term partnership between Hunt and Stanford Carr Development was chosen to develop some 160 acres along Kualakai Parkway, adjacent to the campus, into a college town.