

March 16, 2016

The Honorable Ernest Martin, Chair
Honolulu City Council
City & County of Honolulu
530 S. King Street
Honolulu, HI 96813

RE: Bill 11 (2016) – Establishing an Interim Development Control (IDC) Area for Aiea, Red Hill, Moanalua and Salt Lake

Aloha Chair Martin, Vice Chair Anderson and Councilmembers:

On behalf of Douglas Emmett, Inc. ("*Douglas Emmett*"), thank you for the opportunity to present testimony expressing concerns on Bill 11, which seeks to establish an Aiea-Red Hill-Moanalua-Salt Lake Interim Development Control (IDC) Area and to impose a six-month moratorium on building or grading permits.

Douglas Emmett has been investing in Oahu for more than a decade. We currently own over 1,500 apartment units on the island in three multi-family projects: The Villas at Royal Kunia, Waena Apartments, and the Moanalua Hillside Apartments. Approximately two-thirds of our total units on Oahu are income restricted and provide vitally needed affordable housing.

Over the last two years, we have been working closely with local advisors, elected officials, consultants and the community on a proposed ~\$130 million development that would add approximately 490 workforce housing rentals to Moanalua Hillside Apartments. Our proposed plans include a refresh for the entire Moanalua Hillside Apartments complex, with upgrades to the exteriors of the existing units, new landscaping and a new recreation center for all tenants.

When complete, Moanalua Hillside Apartments would be a combination of workforce and affordable rentals for Oahu families, individuals and military personnel with an AMI in the range of 50-140 percent. This falls directly in line with the stated objectives of the City and County of Honolulu and the State of Hawaii toward increasing the supply of rental workforce housing.

As a stakeholder deeply committed to the Moanalua neighborhood, we understand that traffic in the area has historically been an issue of concern. As part of our pre-development process, Douglas Emmett has funded traffic studies, met with local community members and discussed traffic mitigation measures with the State Department of Transportation. We continue to work closely with our consultants and the aforementioned groups to discuss how to implement traffic mitigation measures as the development commences. These measures include improving signalization and traffic control in the area. We will soon be ready to break ground, and the passage of Bill 11 would affect our vested rights to proceed with development of the planned upgrades to the existing affordable units, as well as the delivery of new, much-needed rental workforce units.

The Honorable Ernest Martin, Chair
Honolulu City Council
City & County of Honolulu
March 16, 2016
Page 2

We support the Moanalua community and want to be part of the solution to current traffic issues. However, delaying Douglas Emmett's current development of rental housing and its work to mitigate traffic issues does not offer the solution that the community needs. Inasmuch as Bill 11 appears to be outside of the best interests of the residents of Moanalua as well as the objectives of the City and County of Honolulu and the State, we respectfully ask that you defer Bill 11.

Sincerely,



Kevin Crummy
Chief Investment Officer, Douglas Emmett



Michele Aronson
Senior Vice President - Capital Markets, Douglas Emmett