

# Artists' housing project gains support from HCDA and public

By **Andrew Gomes**  
agomes@staradvertiser.com

A nonprofit developer wanting to build loft-style apartments for low-income artists has secured the land for the project in Kakaako.

The developer, Art-space, was awarded a 65-year lease for a 30,000-square-foot lot on

Waimanu Street by the Hawaii Community Development Authority, which agreed to nominal rent of \$1 a year.

HCDA's board approved the lease on Nov. 25, following considerable difficulties the developer had obtaining financing for the \$37 million project with 84 rental units.

"This has been a long

haul," said Cathryn Vandenbrink, vice president of properties for Minneapolis-based Artspace. "We all know the great need for affordable housing in Honolulu."

HCDA, which owns the site and regulates development in Kakaako, held a public hearing Wednesday

*Please see **LOFTS**, B6*

## ARTIST HOUSING

*An eight-story rental building with 84 live/work lofts for low-income artists is planned on state land in Kakaako.*



## LOFTS: Construction of the Kakaako affordable units could begin next year

*Continued from B5*

to consider issuing a development permit for the planned eight-story building. Public testimony thus far has been in support of the project, HCDA Executive Director Anthony Ching said.

Ching previously recommended that the board approve the lease deal for the project dubbed Ola ka 'Ilima Artspace Lofts. "This is a very worthwhile project that will produce low-income housing rentals," he said.

Others echoed his sentiment on Wednesday.

"It's important to maintain a sense of place in a district that is going to see more and more development," said Burton White, a downtown resident on the advisory board of the Pa'i Foundation, a partner in the project, and artistic director and general manager of the Hawaii Theatre. "This project adds to the balance by providing affordable housing to artists. Even though it might not be the highest density that you could build, sometimes in the balance of all things we need to do what's right to make a differ-

with moderate-priced rental apartments by a developer that started Pacifica and then lost the tower project to foreclosure.

HCDA bought the lot for \$4.2 million in 2010, according to property records.

Artspace expressed interest in the site, and HCDA gave the firm exclusive rights to negotiate a lease in April 2011. The negotiation window was extended a few times to allow Artspace more time to obtain financing built around hard-to-obtain tax credits.

In July, Artspace received the tax credits from the Hawaii Housing Finance and Development Corp., a state agency that facilitates affordable-housing development.

The \$2.1 million in tax credits — \$1.4 million in federal credits and \$712,500 in state credits — can be claimed annually for 10 years, giving them a face value of \$21 million. The developer expects to net about \$16 million selling the credits to investors.

Artspace also received a \$4.5 million loan from HHFDC, a \$1.9 million grant from the Legislature, \$1 million allocated by the city

artists room to live and work, would be affordable for 65 years and restricted to households earning 30 percent to 60 percent of Honolulu's median income.

The income limits under HHFDC calculations equate to \$20,150 for a single person or \$40,260 for family of four at the low end, and \$28,750 for a single person or \$57,480 for a family of four at the high end.

Monthly rent is projected to range from \$437 to \$1,334. About half the units would rent for \$800 to \$1,000 per month.

Local nonprofit Pa'i Foundation will manage ground-floor space for Native Hawaiian art performances and education along with other community uses.

Artspace has developed 36 artist housing projects in 14 states since being founded in 1979, and is able to cater to artists because it is defined as a special group under federal fair-housing law.

A broad spectrum of art qualifies tenants to live in Artspace projects, including literature, photography, architecture, singing, dancing, filmmaking and acting. Even workers such as techni-

ence instead of making a dollar.”

A final public hearing is scheduled for Jan. 21, when HCDA will make a decision on the permit. Two more comment sessions are expected to be scheduled in January.

The lot at 1025 Waimanu St. makai of Public Storage and the Pacifica Honolulu condominium tower was once going to be developed

and other financing.

The developer expects to start construction in mid-2015 and finish in late 2016.

Previously, there had been concern expressed by some HCDA board members over whether waiting for Artspace to assemble its financing was prudent given that perhaps someone else could do something with the property.

Units, which will give

cians, administrators and teachers who help produce or support art can qualify.

Artspace projects give artists a preference for tenancy. A committee of artists, who do not judge the quality of art from prospective tenants, help make tenant selections.

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*Star-Advertiser reporter  
Kristen Consillio contributed  
to this report.*