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Huge Kapolei mall project on track despite Hawaii's economy

Construction on \$500M West O'ahu complex expected to start in 2010

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KO OLINA — Officials of DeBartolo Development LLC said yesterday they are undeterred by the struggling economy and intend to complete the first phase of the Ka Makana Ali'i regional shopping and business complex which, by late 2011, could rival Pearlridge and Ala Moana in size.

"We're standing here to say KMA is real," Erin Nellis, western regional development officer for the Florida-based DeBartolo, said of the East Kapolei development. "We're committed to Hawai'i and we're here to stay."

Nellis showed some renderings of the project, and said construction would begin in late 2010, but offered few other details at a West O'ahu Economic Development Association luncheon at Ihilani Resort.

The \$500 million complex will feature 1.1 million square feet of commercial space, and 200,000 square feet each of hotel and office space.

The project sits on about 67 acres being leased from the Department of Hawaiian Home Lands directly east of Kapolei Middle School and across Kapolei Parkway from DHHL headquarters. The project at the corner of Kapolei Parkway and the upcoming North-South Road, is expected to become the community hub of East Kapolei.

Ka Makana is expected to create about 21,000 construction jobs over five years. Once completed, the complex is expected to create 4,000 to 5,000 jobs.

West O'ahu residents and business leaders said they welcome the project.

"I'm so excited that there's a variety of development coming," said Makakilo resident Georgette Stevens, a WOEDA board member. "Variety is the key to making our community more whole."



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planning phase 1

Stacey Suzui, Central Pacific Bank vice president and Kapolei branch manager, said she's excited by the number of jobs the project will bring — both in construction work and more permanent opportunities.

DHHL is receiving \$100 million in lease rent over the first 25 years of a 65-year lease. Terms of the lease in future years will be negotiated later, DHHL Chairman Micah Kane said.

Nellis, after yesterday's presentation, said the specifics of what will be in the first phase is still being discussed although she expects it likely will incorporate a neighborhood community center as well as smaller retail businesses. "I think it makes a lot of sense for that to come online first," she said.

It probably will not include large-scale retailers or traditional department store anchors but will likely have office space, Nellis said. She also did not rule out the possibility that one of the hotels could be in phase 1.

4 TOWERS EXPECTED

The complex is expected to have four towers — two for hotels and two for offices. The two hotels would have between 300 to 500 rooms and would be aimed at those doing business or visiting family in the burgeoning West O'ahu region, Nellis said.

Maximum height for the towers would be 120 feet, complying with what is allowed under the city Land Use Ordinance.

Belt Collins Hawaii principal planner Lee W. Sichter, who is working with DeBartolo, said the project doesn't have to get traditional land use entitlements, such as city zoning, because it is on DHHL property and is therefore exempt from city zoning laws. However, he said, Ka Makana will voluntarily adhere to city zoning standards, and will stress pedestrian-oriented development and ample open space.

"We've already met with the city and we have committed to complying with LUO standards in order to give the city the assurance they know what's coming," Sichter said. "They still have to approve building permits. We don't want to drop any surprises on their desks."

The project also needs to obtain from the state Land Use Commission a change in designation from a regional sports complex to a regional mixed-use project, Sichter said, adding that the nearby University of Hawai'i at West O'ahu campus also went to the commission for such a change.

Nellis said she expects the Hawai'i economy to recover by the time the first stores open. Further, "Hawai'i is a little sheltered from this economy," she said, noting the strong openings of a Costco, Target and other big-boxers in recent weeks.

"It's a little different than what's being experienced on the Mainland."

Nellis said the developer won't be seeking a production loan until late 2010. However, she said, "we do have our equity partner in Prudential and we have our pre-development planning through First Hawaiian Bank so the good news is we have all that established."

The city's multi-billion rail transit project is expect to travel north of the complex.

Nonetheless, Nellis said, "we definitely have designed the project to integrate a transit stop."

