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Anyone Home?

Residential Construction in Hawaii's Challenged



BY LEE SCHALLER

D.R. Horton Hawaii's Kahiwelo at Makakilo

What's happening in residential construction? We keep hearing the downbeat media reports about "the continuing reduction in home sales" and "more projects delayed or stalled indefinitely."

Yet, there are several major residential projects that are moving forward, with some "receiving extremely positive reception."

What's the real story? Down, up, somewhere in between?

More specifically, what is the impact of the down

economy on residential construction? What types of residential projects are being most affected?

And, of course, what lies ahead?

We look at all of these complex questions in this detailed report.

In addition, we focus on green-oriented residential communities and homes as well as the developers and builders who continue to set the pace in a commitment to sustainability.

And that, at least, **has** to be good news.

Marketplace



Accentuate the Positive

For those of you not old enough to remember this once very popular song, the second line is, "Eliminate the negative!"

And that, apparently, is exactly what many of you are doing.

"The residential sector in Hawaii will weather this storm," says Mary Flood, vice president of sales and marketing for D.R. Horton Hawaii. "We are fortunate in that our local lenders and local families alike are quite conservative and chose not to participate too much in subprime and adjustable mortgages. As a result, our foreclosure rate is low and has not impacted new home



Richard (Rick) Hobson, vice president of sales and marketing, Gentry Homes

sales to any great extent. Once people own a home in Hawaii, they do not want to lose it. Homeowners here are doing everything they can to keep their homes and that is good for everyone."

As to the impact of the current economic situation on D.R. Horton Hawaii, Flood says, "The way the economy has affected our new home communities is that there are fewer buyers in the marketplace, primarily due to the decline in consumer confidence and partially due to tighter lender standards. There still are serious, interested buyers coming in our doors every day. We just need to try harder to meet their needs and help them make a buying decision."

Richard (Rick) Hobson, vice president of sales and marketing for Gentry Homes, also emphasizes the benefits of building homes in Hawaii, even during a down economy. "If you are a homebuilder, Hawaii is probably the best place you can be," he points out, "for several reasons. The inventory supply of new homes is restricted in many ways — land use, for example — all of which prevent overbuilding. Medium-sized and smaller residential builders such as many of those in Hawaii, would be out of business or



Karen Nakamura, executive director of the BIA, at the association's recent Renaissance Awards

struggling to exist in most mainland locations during this current economic situation." As to the downside of the current economic picture, Hobson says, "Yes, there is an impact. Unemployment or the fear of being unemployed; insecurity about the future, is a major factor. This, combined with the higher credit requirements and the return to a more conservative lending process, has reduced the size of the market."

Richard Dunn, vice president of residential sales and marketing for Haseko, underscores the advantages of the current marketplace, saying, "With interest rates at an all-time low and with the first-time buyer federal tax credits, there has never been a better time to buy. In fact, this could very well turn out to be a once-in-a-lifetime opportunity for many buyers. Within the last two weeks, we have sold a combination of 24 single family and townhomes at Ka Makana and Hoakalei."

We also asked Karen Nakamura, executive director of the Building Industry Association of Hawaii (BIA), for her take on the status of residential building under the present economic conditions. We felt her analysis would be an important addition to this report since as an

affiliate of the National Association of Home Builders (NAHB), the BIA and its members are heavily involved in all areas of residential construction. "Hawaii is definitely in a better position compared to other cities in the nation," she responds. "The media has created a lot of fear and people are afraid to spend money on anything right now. However, this is one of the best times to buy a home in Hawaii. The \$8,000

federal mortgage interest deduction for first time-home buyers plus the lowest interest rates in 40 years give a major advantage to the buyer." Nakamura also fills us in on a few encouraging national statistics: "The NAHB reports that nationally, home sales are up in the first quarter of this year. California has recorded more than 13,000 new home buyers through March 2009. As credit becomes more readily avail-

able, we will be seeing more buyers qualifying for homes. And as credit for acquisition and development becomes available, we will see projects start up again."

"The residential sector in Hawaii will weather this storm." Mary Flood, D.R. Horton Hawaii

D.R. Horton Hawaii's Recent, Current and Planned Projects



D.R. Horton Hawaii's Kahiwelo community at Makakilo ultimately will have a total of 472 single-family homes.

"On Oahu, we have three communities," D.R. Horton's Flood tells us, "Sea Country in Maili, Kahiwelo at Makakilo and Nanala at Mehana (in Kapolei). Sea Country has only four remaining homes to sell in its Nohokai neighborhood. However, sitework is beginning in May for Makalae, the last community in the master plan. Approximately 20 of the 282 homes will be affordable.

"Kahiwelo at Makakilo ultimately will have a total of 472 single-family homes. Since August of 2008, 74 have been released for construction and 62 have been sold. Nanala at Mehana, D.R. Horton's new master plan in Kapolei, is the first of nine communities. Nanala, which began

sales in October 2008, has a total of 100 townhomes. Twenty of these are live/work units; two are commercial units and 78 are residential townhomes."

Flood also fills us in on West Oahu's Hoopili, the first master-planned, mixed-use community that will incorporate the City & County of Honolulu's rail transit project. "It presently is in the land use entitlement process," she says, "and is planned to encompass approximately 11,750 residential units, five public schools, parks, and office and commercial areas. It is located in East Kapolei adjacent to the University of Hawaii's West Oahu campus and DHHL's East Kapolei developments."

On Maui, Flood reports



Nanala is the first of nine neighborhoods at Mehana, D.R. Horton's new master-planned community in Kapolei. Pictured here is a rendering of building two.

that D.R. Horton Hawaii has three new home communities:

- Opukea at Lahaina — These four-story condominium buildings in the heart of Lahaina make up a residential complex that includes a pool, recreation center and barbecue area. Sixty units to date have been released for sale.

- Na Hoku at Maui Lani — This community in Kahului includes a total of 161 single-family homes; 102 released to construction to date and 94 sold.

- The Cottages at Kulamalu — This upcountry community features single-family detached and paired homes in a CPR (condominium property regime). There are just 40 homes in this "exclusive commu-

nity" with 24 already built and the second phase just beginning.

D.R. Horton Hawaii also is actively involved with residential construction on the Big Island. "Pualani Estates in Kona has a total of 276 homes," Flood tells us, "with 219 released to construction and just 10 remaining to be sold. The final phase is expected to begin construction later this year."

On Kauai, D.R. Horton Hawaii's Koheo Loa, a master-planned community in Hanamaulu, is a partnership with the City and County of Kauai. "Currently in the planning stage," explains Flood, "it will provide more than 400 affordable homes and townhomes for the people of Kauai."

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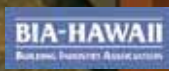
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Bridging the Gap

Taking a look at specific sectors of homebuilding in all of its configurations, it becomes obvious, as we pointed out in the introduction to this report, that some developments and individual projects continue to move forward despite the challenging times. For example:

“Our residential projects continue, including (the latest Oahu community) Kanehili, our affordable resi-

dential home project in Kapolei,” says Lloyd Yonenaka, administrator of the information and community relations office for the Department of Hawaiian Home Lands (DHHL). “In addition, our commercial properties, such as our DeBartolo project in Kapolei, also are progressing.” (Yonenaka refers, of course, to DeBartolo Development’s huge Ka Makana Alii shopping center on land leased from DHHL in Kapolei.)

DHHL’s current residential proj-



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ects span almost the entire state, with construction, development or planning in progress on Oahu, Maui, Kauai and the Big Island. The residential projects also encompass infrastructure work including roadways and utilities. All in all, DHHL, while fulfilling its commitment to serve as “a bridge during a down time” since its projects would continue, is providing significant current and future work for industry members, from general contractors and subs to consultants and vendors.

Projects, Progress and Positive Attitudes

“Our new home construction is continuing,” says D.R. Horton’s Flood, “as evidenced by the start of Makalae, our newest community at Sea Country in Maili. Overall, we are monitoring the pace of sales at each community and matching construction to that pace. Our marketing efforts are emphasizing the extremely low 30-year fixed interest rates and the closing cost incentives. We also are offering VA (Department of Veterans Affairs) financing, FHA (Federal Housing Administration) financing and USDA (United States Department of Agriculture) financing that will help our VA and first-time buyers more than ever. The \$8,000 federal tax credit also is huge. We already had a good product mix going into this market and presently we are looking at keeping homes in the



Five different single-family home models are offered at Haseko's Ka Makana residential development at Hoakalei.

Give the People What They Want

"We're optimistic about the future and confident there will continue to be a market for our homes," says Haseko's Dunn. "Buyers recognize the extraordinary quality of the homes at Ka Makana and the potential for the future." Updating us on the status of Haseko's Hoakalei development, Dunn says, "Hoakalei's first residential community, Ka Makana, (ultimately) will comprise approximately 890 residences, including single-family homes and townhomes and a private swim club exclusively for Ka Makana residents and their guests. Homes in the first phase of this resort neighborhood are selling steadily, with prices ranging from the high \$300,000s to more than \$1 million. Five different single-family home models in the 140-acre

private community offer three to five bedrooms and customizable floor plans." In addition to the single-family homes, the sixth and final phase of Ka Makana, a townhome development named Lehua, recently was debuted. The 128 one and two-story three-bedroom townhomes offer up to 1,247-square-foot interiors. Targeted to first-time home buyers or those downsizing, Dunn expects strong local interest in the townhomes. "There are few other places on the island where home buyers can purchase residences in a resort setting," he says.

Ka Makana was a big winner in the 2008 BIA Parade of Homes, receiving 18 awards, including the "Best In Show-Oahu" and the "Grand Champion Award."

"There is a pent-up demand for quality, reasonably priced homes," says Gentry's Rick Hobson. "The Tides is a perfect example. With homes of this quality — and these are **detached** single-family condominium homes — realistically priced

affordable range. We are not selling as many upgrades and options." Of its innovative residential offerings, Flood says, "The live/work units at Nanala have been very well accepted. The concept of living and working in the same place without the hassle of commuting is very appealing and being in what will be the heart of Kapolei works well for many buyers."

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Left to right: Robert Brant, president and CEO of Gentry Homes; Mitchell Johnson, principal, Pacific Sustainable Building Science; and Robert Kayser, vice president of construction for Gentry Homes at the blessing ceremony for The Tides



from \$365,000 — why rent? We're offering homes that make sense for today's home buyers. We went to sale with the Tides on April 29 and immediately sold out the first phase." The two-story, three and four-bedroom floor plans range from 1,050 to approximately 1,240

square feet and include garages that, according to Hobson, should accommodate a minivan and/or SUV and leave room for typical garage storage.

Another Gentry neighborhood, Latitudes, "more traditional single-family homes on zero lot lines," offers first and move-up buyers extra

space, says Hobson, "priced from the low \$500,000s. We're approaching our second year with Latitudes and sales have been steady."

Gentry's luxury neighborhood, Haleakea, is selling out, Hobson reports. "We only have a few left. The timing is perfect — we're tran-

DHHL'S Recent, Current and Planned Projects

Oahu:

- East Kapolei 1, now known as Kanehili — Roads and utilities for the first increment of 271 lots were completed in January 2009. Gentry Homes, Ltd. was selected as the developer for the first 111 single-family homes. House construction commenced in February 2009 with first occupancy scheduled for May 2009. Five models are available ranging from a two-bedroom, two-bath (\$221,300) to a five-bedroom, three-bath (\$295,300).
- East Kapolei II — Construction of the East-West Road and off-site sewer and drainage systems are scheduled to begin by the middle of 2009. Subdivision and construction plans for Increment IIA are being reviewed by the county. Two hundred and five undivided interest leases were issued for

increments IIB and IIC in December 2008.

- Kumuhau Subdivision, Waimanalo — Construction of infrastructure for this 52-lot project started in June 2008 and is scheduled to be completed in July 2009. A request for proposals to construct 39 turnkey houses was issued in March 2009. House construction is scheduled to start in late summer 2009.
- Kakaina Subdivision, Waimanalo — Subdivision and construction plans for this 50-lot subdivision are being reviewed by the county. Site construction is scheduled to start in late 2009.
- Kaupuni Subdivision, Waianae — The sitework has been permitted and the contractor given NTP (Notice to Proceed) in April 2009. Site completion is expected in December



Left to right: Senate President Colleen Hanabusa, Sen. Mike Gabbard, DHHL Chairman Micah Kane and Rep. Sharon Har, with a congratulatory certificate from the State Legislature at the groundblessing for Kanehili Increment 1 in Kapolei

2009 with vertical construction scheduled to begin in January 2010 with completion in August 2010. Design of the 18 single-family dwellings is under way by Group 70 and is expected to be finished by August 2009.

Maui:

- Keokea-Waiohuli

Development — Phase 1 of the Keokea-Waiohuli Development consists of 98 residential lots and 68 farm lots. On-site infrastructure including roadways, water tank, water lines, drainage, overhead electrical system and underground telecommunications system has been completed. A request

Construction continues at The Tides, Gentry's detached, single-family condominium homes community which sold out its first phase shortly after sales began in April 2009.



sisting out of the luxury market and into products more geared to the current economy." Which brings us to Gentry's partnership with DHHL on Kanehili, Increment 1, in Kapolei. "We wanted to develop homes that would meet the Energy Star criteria to reduce energy costs for our beneficiaries,"

"We are optimistic about the future and confident there will continue to be a market for our homes."

Richard Dunn, Haseko

says DHHL chairman Micah Kane. "This is about affordable living and it is the right thing to do for our state. Our Hawaiian Homes Commission recently adopted an energy policy that recognizes the importance of energy efficiency and using renewable energy, as well as respecting our environment." Gentry, long at the forefront in green building in Hawaii, was selected by DHHL as its partner in developing and building the first 111 homes at Kanehili. Robert Brant,

president and CEO of Gentry Homes and of Gentry Kapolei Development, LLC, says, "We are excited to be



Quentin Machida, vice president, Gentry Homes

working with DHHL and excited about building homes that will help people reduce their cost of living. This idea of affordable, environmentally responsible living truly is what green building is about and we have worked hard as a company to be a leader in this field."

Quentin Machida, vice president of Gentry Homes, adds another

for proposals has been issued to select a developer to design, construct, finance and market a minimum of 25 turnkey homes. Engineering designs are being prepared for Phase 2 of the Keokea-Waiohuli Development, consisting of 76 residential lots. Construction of the site improvements for Phase 2 is planned for late 2010. Preliminary engineering designs have been prepared for Phase 3 (77 residential lots) and Phase 4 (80 residential lots) and construction of the improvements are planned for 2012 and 2014, respectively.

Hawaii Island:

- **Lai Opua Village 5** — The mass grading of a 118-lot subdivision on 23.6 acres in Kealakehe, north of Kealakehe High School, was completed in December 2008. A notice to proceed on the construction of the roads

and utilities was issued May 1, 2009 and is in the permitting process.

A request for proposals for the design, financing, construction and marketing of a minimum of 45 and up to 113 homes at Village 5 was issued on April 3 and received May 22, 2009. Selection of a development team for the houses is expected in mid-June 2009, with construction estimated to be authorized to begin no later than April 2010.

- **Lai Opua Village 4** — The mass grading of a 245-lot subdivision on about 60 acres at Kealakehe, located east of Kealakehe High School, was completed in May 2009. Design of the road and utility improvements for the subdivision currently is ongoing. Construction of the roads and utilities for the project will be done in two phases.

DHHL is targeting the solicitation of construction bids to build the first phase of the road and utility improvements for about 125 of the 245 lots for the second quarter of 2010, with work to start in mid-2010.

Solicitation of construction bids to build the second phase of road and utility improvements for the rest of Village 4 (about 120 of the 245 lots) is slated for the latter part of 2010 with work to start in late 2010.

The request for proposals to design, finance, build and market houses at Village 4 is anticipated for early 2011.

- **Lai Opua Village 2** — Planning and preliminary design for a new 240-lot subdivision on about 60 acres east of the existing DHHL Kaniohale Subdivision began in August 2008. A target date for the

solicitation of construction bids to build the improvements for this project has not been determined.

Kauai:

- **Piilani Mai Ke Kai** (181 lots) — For Phase 1, 80 lots, site construction was completed in April 2009. House construction was awarded in three increments:

Increment 1 consists of 26 turnkey units and 10 vacant lot awards. Coastal Construction will be building the turnkey units.

Increment 2 consists of 25 turnkey units and five vacant lot awards.

Increment 3 consists of 14 self-help lots. Request for proposals have been sent out to acquire a self-help provider.

Site plans are under review with the County of Kauai for Piilani Mai Ke Kai Phase 2 (55 lots). The schedule for Phase 3 (46 lots) is to be determined.

dimension to the benefits of the new community. "A project like this preserves a lot of jobs for people that may otherwise not be working," he points out.

Green and (Really!) Growing

There is no doubt that residential developers and builders in Hawaii are increasing their green focus and commitment.

As we mentioned earlier, Gentry Homes has been a longtime active advocate of green building in Hawaii. The kamaaina company has been an Energy Star partner since 2005, with such advances as making solar water heating a standard feature of all homes in its Ewa by Gentry community. (Solar water heating also is included as a standard feature in the Kanehili Increment 1 homes in Kapolei being built with DHHL.)

Gentry's Hobson points out that to date, 500 homes in Ewa by Gentry have been built with new

energy-saving technology included in the sales price. In addition to solar water heating, there is a long list of green features incorporated into the homes, including:

- sustainable borate-treated, termite-resistant lumber from managed forests
- interior spaces designed to promote good airflow and cross ventilation
- Icynene open cell foam insulation which seals the home from outside noise, air infiltration, dust pollens and allergens
- Rheem 16-SEER central air conditioning with programmable humidistat
- dual glaze low-E high performance vinyl windows
- GE Profile Energy Star rated appliances
- compact fluorescent lighting throughout 90 percent of the home
- dual flush toilets

Outfitting the garages of the first 111 homes at Kanehili for the future use of electric cars has received a

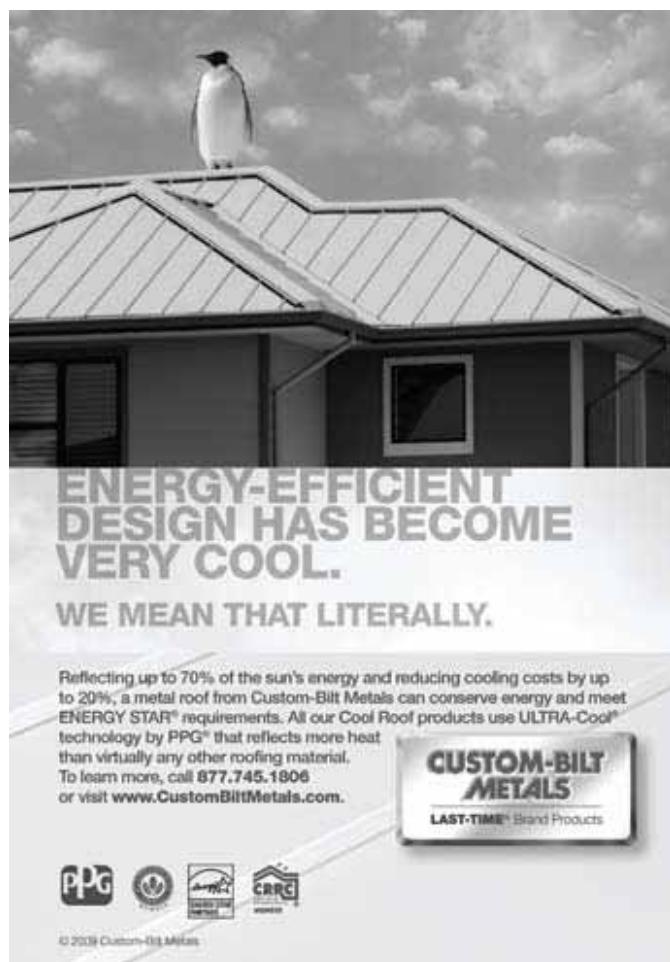
great deal of attention, including praise from Gov. Linda Lingle. "Building the homes with the provisions for accommodating an electric vehicle in the future shows tremendous vision by both the Department of Hawaiian Home Lands and Gentry," she says.

Gentry recently has been nominated for the 2009 KOA (Kapolei Outstanding Achievement) Award in the environmental category which "demonstrates awareness and sensitivity to the environment..."

Also no slouch when it comes to sustainable building, Haseko has emphasized "green" in its Ka Makana community at Hoakalei.

"Each residence has received the highest ranking of three stars, based on Hawaii BuiltGreen™ standards, and is Energy Star qualified," says Haseko's Richard Dunn, "which means all the homes built at Ka Makana are energy efficient. Each, for example, features:

- solar hot water system



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Left to right: Rear Adm. Alexander Townsend, former commander of Navy Region Hawaii; Jon Wallenstrom, senior vice president, FCMC; Gov. Linda Lingle; Thomas Kimbis, director of Solar America Showcase for the U. S. Department of Energy and Rear Adm. Michael Giorgione, commander, NAVFAC (Navy Facilities Engineering Command) Pacific,

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At D.R. Horton Hawaii, Mary Flood says, "D.R. Horton participates in green building at each of our new communities. We adhere to the BIA Hawaii BuiltGreen standards and will be participating in the new NAHB green building program. We are bronze level energy partners with HECO (Hawaiian Electric Company) at Kahiwelo and Nanala. Solar attic fans, solar water heating and photovoltaic systems are offered at our single-family communities on Oahu and on Maui. We find that buyers

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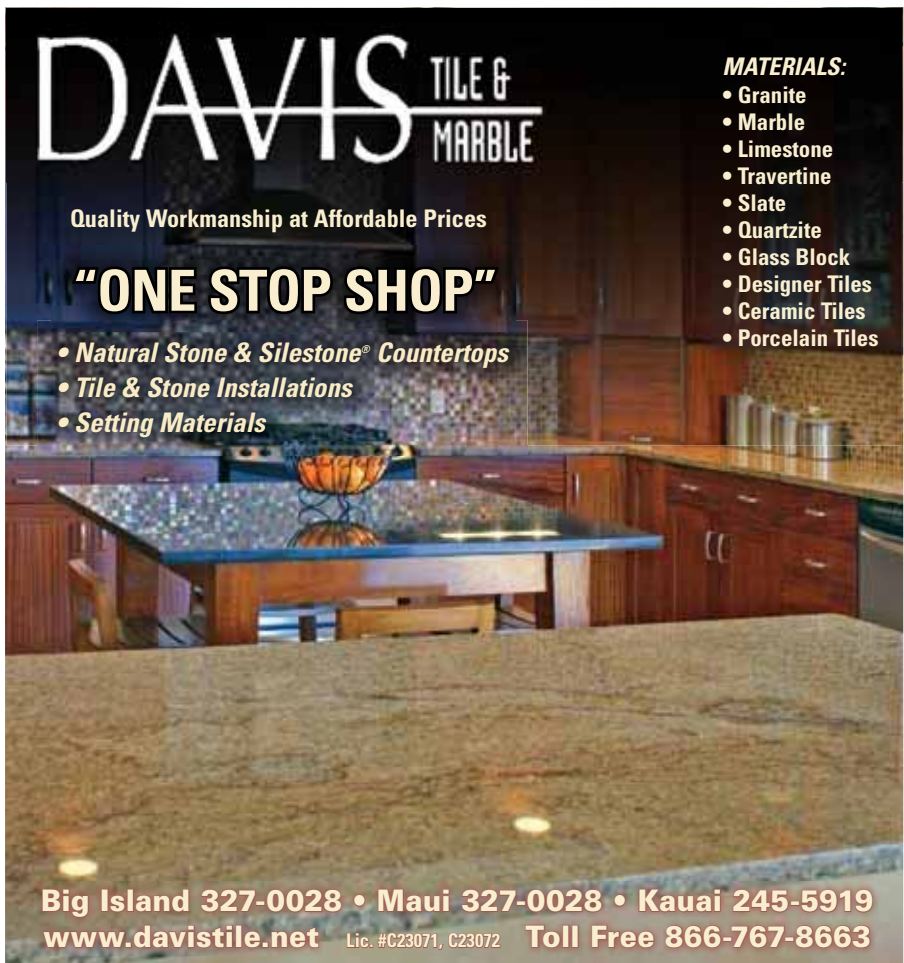
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are interested in green options if they are affordable and we strive to provide the green living features buyers request.”

Cultivating the (Green) Soil

“Green building has taken off and continues to skyrocket here in Hawaii,” says Dean Masai, energy analyst, strategic (energy) division, Department of Business, Economic Development and Tourism (DBEDT), “as it is doing on the mainland. It took last year’s energy crisis to finally wake up everyone to the fact that energy is expensive and that if we are not aware of how we are using it, we will be spending a lot of our income unnecessarily on our energy costs. Thanks to energy-awareness campaigns from

specifically for Hawaii conditions. The BIA annual Parade of Homes and Renaissance Building and Remodeling Awards use this rating system as a guide for its energy awards. In addition, state agencies such as the DHHL have adopted it as a guide to designing energy-saving, durable, healthy homes.

“There also are hundreds of Energy Star-rated homes in Hawaii,” Masai says. “The Energy Star program is part of HECO’s green home advantage package, which provides large rebates to home builders for the integration of energy-efficient features, equipment and appliances. And there is a great deal of interest in the U.S. Green Building Council’s LEED (Leadership

“There is a pent-up demand for quality, reasonably priced homes.” Rick Hobson, Gentry Homes

HECO and the state, Hawaii residents have taken an earnest look at how they are using electricity at home. The state 35 percent income tax credit and the federal 30 percent income tax credit also have helped Hawaii residents afford solar water heaters and PV systems. The state issued a mandatory solar water-heating bill in 2008 that was refined this year, requiring solar water heaters in all new homes. Although unpopular with some Hawaii builders and solar dealers, this first-in-the-nation law will help Hawaii become more energy independent and reduce electricity costs for those homeowners by about 40 percent, saving a family of four (at .24 per kWh) approximately \$1,000 a year.

“Local developers, architects, builders and building owners and operators also are looking more closely at building design rating systems such as the Hawaii BuiltGreen homes in Hawaii, including custom-built homes. Hawaii BuiltGreen is an energy efficient home rating system developed in 2001 by local developers, architects, the University of Hawaii School of Architecture, builders, suppliers, HECO and state agencies,

in Energy and Environmental Design) program, as verified by the growing number of LEED-accredited professionals in Hawaii, even in state and county agencies.

“I am often asked which home rating system is the best. My answer is that it depends on what you want. If you are a homebuilder, designer or prospective home buyer and you want the most stringent, all-encompassing, third-party verified and more costly sustainable home program, you have to go with LEED. The simplest, most affordable and focused on Hawaii program is Hawaii BuiltGreen, which in its current form, is self-certifying. The rest fall somewhere in between.”

Masai adds what could be a concise summary of how sustainability awareness in Hawaii’s home buying marketplace has evolved. “I’ve noticed a marked change in questions at our home shows and expo booths over the last couple of years,” he says. “In the past, the majority of questions were related to home temperature and comfort, with the most frequent being, ‘My home is too hot; how can I make it cooler?’

Now, the most asked question is, ‘What is photovoltaics and how does it reduce my electric bill?’”

Repercussions and Resiliency

Although, as we have discovered from their comments, many of Hawaii’s longtime residential developers and builders are not only coping with the down economy but are receiving positive reception of their products and are moving forward to fill the demand, there are other sectors of residential building that are feeling a more serious impact.

“The resort market has been affected hardest,” says Stanford Carr of Stanford Carr Development (SCD), “with the loss of so many loan products for second home buyers.”

Mark Richards, president and CEO of Maryl Group, Inc., told us a couple of months ago when we were researching our developers story for the April issue of Building Industry magazine that the news for residential construction was not good. However, he had expected Kukuiula, the large master-planned Kauai joint venture of A&B Properties, Inc. and DMB Associates, Inc., to begin construction this past April. “It’s been delayed due to the permits — again,” he now reports, “and with reshuffling of sequence due to buyer caution. We’re now looking at a June start.” In other news, Richards says, “We have three houses finishing at Kukio. The overhang of finished inventory is preventing any future starts.” In an overview of the residential building picture, he says, “Finished inventory needs to be absorbed.” On the positive side, he feels that buyer confidence seems to be improving. “Pricing is the best buyers have seen in five years. We’re starting to see some transactions. The very low end product will be the first to clear. And we think the high dollar will be next since it usually isn’t subject to financing.”

In addition to its current and planned residential projects, Maryl, which has developed several high-

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The Aukai Model - Plan 2

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end resort-residential communities, has diversified and is keeping busy with a variety of work, including public facilities and commercial-retail projects. The Carpenters Union Training Center, which is featured in this issue, is a recent Maryl project.

Craig Watase of Marc Development, Inc., which is developing Ke Ola O Pokai Bay as an affordable market project, also addresses the current economic picture. "We've adjusted our unit mix to reflect more of the lower-priced models," he explains, "while maintaining the key features of our community which include quality construction, large lots, spacious interior living, low cost of operation — there are no maintenance fees or association fees and the Energy Star homes have a solar water-heating standard. Kaya is my house builder and Royal did the roads.

"Our company also does property management on some government-assisted rentals," Watase tells us, "and that is a help during these

Forest City's Mololani neighborhood at KMCB is the site of major sustainability initiatives, including a planned smart home/smart neighborhood initiative.

rough times. We are trying to push out repair work and renovations to help keep our construction crews working. A current project of this type is a \$1 million siding replacement and painting job at our Kapolei Hoolimalima affordable rental project. Sunrise and Jade are doing the work."

Heavy Reinforcements

The importance of the Public/Private Venture (PPV) military housing initiatives to the industry and the state economy as a whole, cannot be over-stated. The Army and Air Force housing projects that Actus Lend Lease is developing and the Navy and Marine housing neighborhoods being created by Forest City Military Communities Hawaii are providing reliable, long-term work for all segments of the building



industry and its related fields.

Jim Ramirez, Forest City Military Communities (FCMC) vice president of construction, gives us a little background: "In April 2004, FCMC entered into a 50-year phase 1 privatization venture with the Department of the Navy to manage and operate 1,953 Navy homes in five neighborhoods around the Pearl Harbor area, including the rebuilding of 910 homes within a four-year period. This major undertaking with a development and construction budget of more than \$300 million has been completed and is occupied by very happy Navy and Marine personnel and their families.

"With the success of the phase 1 venture, the Navy added three more phases to FCMC's portfolio, which has resulted in 1,900 houses currently constructed with another 1,132 to be completed. The development value now is at \$1.8 billion and our privatization portfolio's total is approximately 6,600 homes."

Ramirez says last year's construction activities were spread out across 10 neighborhoods. "This number currently has been reduced," he reports, "to five project sites with major work shifting from the Navy sites to the Marine Corps Base at Kaneohe Bay, with two sites totaling 1,138 units. With the need to meet our turnover quota, the number of workers at the various sites is still

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quite substantial, ranging daily from 930 to 960 workers.”

Other major ongoing construction focuses on historic renovations, particularly at Ford Island and Makalapa, where 250 homes will be renovated following the strict guidelines of the State Historic Preservation Office. FCMC and its contractor Alan Shintani Inc. were honored in 2008 by the Hawaii Historic Preservation Council for the renovation of five historic homes at the Pearl City Peninsula site.

Sustainable Role Models — Military Style

“In the last three years, FCMC has matured into the leader for sustainable residential developments and energy initiatives,” says FCMC’s Ramirez, “partnering with the Department of Energy, HECO, Sandia Labs and the National Renewable Energy Laboratory (NREL).” These programs plus FCMC’s participation in energy efficiency research and development have resulted in recognition and several grants from the Department of Energy.

In its overall military housing program, Ramirez says, “Key features of FCMC’s green building principles in addressing low impact developments, resource efficiency and waste management, promoting good indoor air quality and integrating energy-efficient systems in the

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Thinking Outside of the Box

There is apparently no limit to the possibilities of home building in Hawaii — in this case, a local architect with a creative concept that has the potential to provide low-cost and sustainable housing specifically geared to Hawaii.

Alan H. Nemiroff, AIA, speaks enthusiastically about his “prototype residence for the future,” which he calls “the little house that can.”

“The prototype is modular, easily transportable and affordable,” he says, “providing an inexpensive solution for the home buyer.”

Nemiroff explains that the design concept of his “little house” was not merely to produce a more cost-effective pre-fab solution. “If you google pre-fab or modular structure, you will find many different solutions are somewhat universal. In other words, they can be plopped down anywhere in the world and work to varying degrees.” The difference, as Nemiroff points out, is that these ‘universal’ type structures do not typically represent a sensitivity for and ambience of their location, from both an aesthetic and functional perspective. “This prototype, ‘the little house that can,’ is intended to be Hawaii centric, even though it would work

in many locations. The structure is purposefully lifted off the ground, reminiscent of plantation style homes. The eight taro leaf screens (two at each corner) have multiple openings to allow breezes to flow under the structure, which keeps the house inherently cooler than if it were slab on grade.”

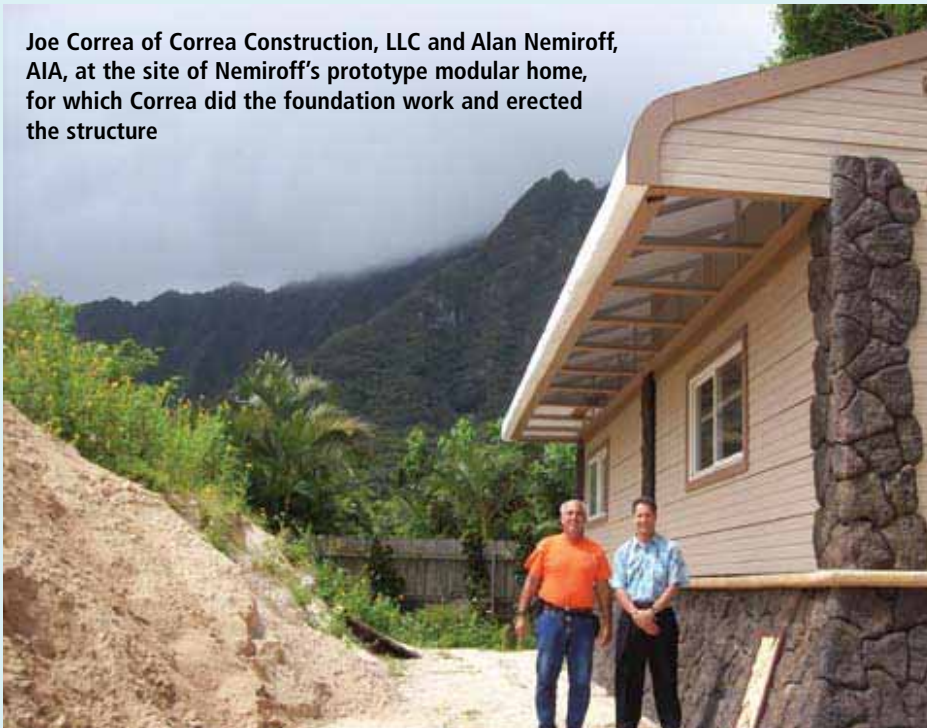
The foundation is a pier and mat system that can either be cast on site or cast off site and transported to the site. “The tops of the piers have leveling channels and cones (similar to ships and trucks that accommodate shipping containers) as the means of attachment to the modules,” Nemiroff explains. “The piers are wrapped with an FRP (fiber-reinforced polymers) skirt that includes a trap door providing access to a large storage space where the solar and wastewater equipment is stored.” All of which brings us to the sustainability focus of the structure. “The roof,” says Nemiroff, “a fiberglass mesh with a PVC coating, is a white color that reflects much of the sun’s rays and provides a cooler interior. The translucent fabric eliminates the need for general artificial lighting during daylight hours.” Flow-through ventilation is

another hallmark of the design. “Four-foot eaves on both sides of the longitudinal axis of the structure are fitted with screens to allow breezes to freely flow in and through the house.”

The structure also is designed so that no connection to the power grid will be required, from the PV roofing modules and energy-efficient appliances and lighting selections, to an electronic eye bathroom sink faucet that ensures hot water is not accidentally left on, a shower mixing valve for reduced hot water consumption, a low flow kitchen faucet and toilet, task lighting at kitchen counters and accent lighting on the wall, all provided via battery-powered LED fixtures. In addition, the house is designed so that no connection to the local sewer system is required. A self-contained wastewater treatment fiberglass unit buried below grade requires minimal



Joe Correa of Correa Construction, LLC and Alan Nemiroff, AIA, at the site of Nemiroff’s prototype modular home, for which Correa did the foundation work and erected the structure





Alan Nemiroff in the kitchen of his modular home

operation and maintenance.

There are many more details involved in Nemiroff's prototype residence — the fact that it can be deconstructed in a day, for example, and once transported to the desired site where the foundation is set, can be (including the roof), reconstructed in one day. But then he does call it "the little house that can."



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Radford Terrace

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houses, are becoming our baseline standards.” These (green) initiatives include:

- Building homes to meet State of Hawaii Energy Star Home standards — FCMC’s newest homes have a Home Energy Rating System (HERS) rating of between 56 and 66, which means they are between 34 and 44 percent more efficient than the International Building Code requirement

- Implementing HECO’s EnergyScout program on all home air conditioning units so that HECO can activate this remotely controlled load shedding system to disable air conditioners for a short time to reduce peak energy consumption — an initiative Ramirez says holds the promise to substantially reduce the peak component of the Marine Corps Base Kaneohe’s utility rate

- The planning of a zero-energy home initiative with HECO and the Electric Power Research Institute, a nonprofit organization funded by the electric utility industry, with the intent of learning from this initiative and applying it to future home designs

- In partnership with General Electric and its Solar Energy Grid Integration System program with the Department of Energy and the National Natural Energy Institute, FCMC is pursuing a smart home/smart neighborhood initiative, which upon approval, will involve eight homes at the 759 Mololani neighborhood that would become net energy neutral — with the intent of establishing baselines for creating future military communities.

- Ramirez also reports that FCMC is pursuing LEED certification for four different models at the Kaneohe Marine Base Mololani site and Waikulu neighborhood with 359 homes accepted into the LEED ND (LEED for neighborhood development) pilot program by the United States Green Building Council (USGBC). “The major benefits, however, for FCMC,” he stresses, “is not LEED certification but our



This home developed by Actus Lend Lease in the Kaena neighborhood at Schofield Barracks is one of the first four LEED gold-certified homes on Oahu and the first LEED gold homes on a U.S. military installation.



M. Watanabe Electrical Contractor workers at the Kalakaua Community, an Actus development at Schofield Barracks



Worthington Construction is the general contractor for Actus Lend Lease’s Onizuka Community at Hickam Air Force Base.

contribution in incorporating into our design and construction, the sustainable features and energy efficient systems that also have minimal impact to the environment.”

On the Army side of the PPV military housing picture, the number of homes completed to date by developer Actus Lend Lease totals 2,157 homes with 536 homes completed for Air Force personnel and their families. In addition to the new communities that got under way in 2008, Ann Wharton, communications director for Army Family Housing, tells us, “At the Army project, Aliamanu Community’s

Rim Loop, Radar Hill and Hauoli will get under way this summer and Wilikina Community Center located at Wheeler Air Force Base was started earlier this year.” Wharton also confirms that production on the Army and Air Force homes is expected to continue through the balance of 2009 and into 2010.

As to green building practices, Dick Hawes, executive manager-Hawaii for Actus Lend Lease, says, “As you know, we are in the forefront of designing and building homes that are environmentally sustainable. Green build elements of our homes include:

- solar hot water heaters
- solar tubes for lighting
- insulation at ceiling
- radiant barrier at underside of roof
- ceiling fans
- vapor barrier to reduce exterior mold
- dual glaze low-E windows
- raised ridge vents
- natural ventilation/high efficiency A/C units
- extended eaves for increased home/window shading
- energy efficient appliances as part of our Energy Star homes

A challenging marketplace?

Yes. And an economic situation that still is hurting people and projects in Hawaii.

With this framework, we were somewhat surprised at the upbeat attitudes of the majority of those we interviewed for this report. They speak of moving forward, they are continuing with plans, they see the bright side as their residential products receive positive reception, they talk of increased buyer interest and some of them are selling out as quickly as they build.

Granted, there are those sectors that are still heavily impacted and projects still on hold, but even in these areas, the attitude is one of hope, not despair.

As Haseko’s Richard Dunn succinctly puts it, “We are optimistic about the future...”

You can’t ask for more than that.



Richard Dunn, vice president of residential sales and marketing for Haseko, at the Ka Makana construction site