

BUILDING INDUSTRY HAWAII

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ARE THE FLAWS FIXABLE?

Developer Christine
Camp calls for new
building processes

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A Developing Situation

Christine Camp of the Avalon Group offers practical suggestions to lower costs before building starts, and discusses her company's current and future projects, the reason for diversifying into building management and lessons from running away at 15

BY DON CHAPMAN
PHOTOS BY NATHALIE WALKER



“It’s about land use. It’s about creating communities, creating places where people can work, where people can live. And then you try to figure out the math, and that’s where the creativity comes in. That’s where what they call ‘moxie’ comes in.”

Want to make affordable housing more affordable to build? Want to take \$100,000 off the cost of every new unit, whether it’s affordable or market-value?

Christine Camp, president and CEO of the Avalon Group, has a novel idea: Streamline the process before shovel hits dirt.

At 7000 Hawaii Kai Drive, which she’s developing with the Korean landowner (who was unsuccessful in four previous tries to develop the property), a unit costs \$580,000, she says, “and of that, \$118,000 is for the process, not the permitting fees, just the process. If we can save \$100,000 a unit just by expediting the process, that’s pretty significant.”

That’s just one practical proposal she made during a wide-ranging interview with *Building Industry Hawaii* at her Queen’s Court office downtown.

“Even in an urbanized area,” she says, “if you’re going to build, expect 24 months just to start, just for permitting, 12 months if you’re really lucky. And you’re paying property tax on the land, and interest. It’s very expensive.”

She’d like to see tax waivers for developers as they go through the process, and believes the numbing wait time could be dramatically cut with a sort of one-stop shop.

“Right now we have to make a proposal to the Land Use Commission, another to the City Council, another to the Neighborhood Board, etcetera,” she says, adding that each meeting takes time and money for developers. “There should be just one meeting, do it all at one time, it’s the same community ... but we have to schedule all these meetings. Let’s have one and get it over and done.”

A recurring theme during our conversation was misperceptions the public and government officials have about developers.

Whether it’s a new park or new schools, Camp says, “people say, ‘Make the developers pay for it, they make all these millions.’ But what they don’t see is all the work and sacrifice ... I put up my personal residence,

my savings account, my son’s savings account, to make the projects happen. In the first three years I didn’t get paid, because I was building the company. I lived very meagerly, because every dollar I made I put back into the company. It wasn’t about lifestyle, it was what can I do to have impactful change, what can I do to make it so I’m doing something that is greater than myself.

“That’s why I like real estate development. It’s about land use. It’s about creating communities, creating places where people can work, where people can live. And then you try to figure out the math, and that’s where the creativity comes in. That’s where what they call ‘moxie’ comes in.”

Building Opportunities

Another ongoing project for Avalon is Kapolei Business Park, an example of building to fill a need.

“With industrial, vacancy is under 2 percent in our marketplace,” Camp says. “Look at Mapunapuna—it’s getting gentrified. That land is not to be sold because Damon Estate sold it to a REIT (real estate investment trust), and their mandate is not to sell. On the *makai* side of the freeway is the Luke family, Royalty Enterprises, they’ll never sell. They have a mandate to develop it and keep income for their families and trusts. And then you look at Halawa, that’s Queen Emma, that generates income for the hospital foundation. You look at Kapalama, that’s Kamehameha Schools. You look at Sand Island, that’s the state. None of these people are land sellers.

“So we thought, we should really be looking at opportunities for people to buy. Especially when (landlords) are re-setting lease rents every 10 years, businesses are facing rate increases greater than 200 percent, sometimes 300 percent—how do you manage a company doing that, not knowing what your future is going to be? So we thought we’re going to buy a significant amount of land, and one of the mandates is that we’ll have fee simple land available for people.

“To me that’s very satisfying. It’s an opportunity for local businesses to own their property and control their destiny. Land value in town averages about \$100 to \$120 a square foot; we’re selling our land for \$38 to \$40 a square foot. We’re basically sold out at the first project, we have maybe two lots left. And then we’re opening up the second phase, 57 acres, by Costco. And Kiewit/HART has a big construction yard; when they’re done we’ll develop that.

“I felt good about doing it, and it’s been very successful.”

Camp understands the emotional as well as financial benefit of owning land.

“This land (Queen’s Court at the corner of Nimitz and Bethel), I own, and the satisfaction of owning this space is great,” she says.



Christine Camp and her development team discuss project plans.

Avalon also recently acquired the Kenrock Building at 1400 Kapiolani Blvd. across from Ala Moana Shopping Center, with options on either side.

“We want to do something meaningful there,” she says. “We’re studying that now. Sometimes you buy because the property is the right location. The opportunity presented itself, and now we have to plan around it.

“We definitely know there’s going to be affordable housing on the site. If we can afford to build rental housing, we will. If we can do for-sale market condos we will. But just the value of the property alone, what we paid for it, to return the investment we would have to look at maybe a hotel plus for-sale condos plus rental housing. We

paid a little over \$550 a square foot, pretty significant. But it’s generating income, so we’re working on the right plan, we’re not rushing.”

Avalon also can afford to proceed judiciously because the company has diversified into property management.

“That came out of 2008,” Camp says. “You know how when something really bad happens—and something bad happened, I lost tens of millions of dollars (she eventually paid off all her investors) ... but what came out of it was I was greater than myself.

“Avalon really was built by people, not just me, and we decided we’re going to roll up our sleeves and do property management, including properties nobody else wants to manage, Section 8, whatever it is. We work with IHS to

place homeless people into our properties. We’ll take on these properties and make them better—we’re developers after all. Today we manage 900 units with about 1.5 million square feet.”

Camp says that whether it’s a multimillion-dollar home on Diamond Head or a Waipahu complex where tenants “pay daily, they give you \$20 all crinkled up, or they say today I have a funeral, I cannot pay you, but next week I’ll pay you,” the guiding principles are the same.

“Our first responsibility is to the owner, but we can also be compassionate with renters—these people could be us. We have to give these people good service. We want to treat them the way we would want to be treated. All those faces remind me of

the neighbors I had when I was 15-16, eating sacks of potatoes.”

Changing Perceptions

Then known as Hyun Hee Camp, she was one of five siblings brought to Hawaii from South Korea by their parents. She was 10. A year later, a poor family got poorer when her father died. With limited English skills, she struggled in school, but then transferred to Wilson Elementary in Waiialae-Kahala.

As she recalls: “I had the most amazing teacher who made me think I was smart, Mrs. Hasegawa. I wrote this poem, I couldn’t spell for beans, but she announced to the whole class that Hyun Hee Camp had written a poem and she was going to read it. I was so afraid, but she read this poem and it sounded good—did I really write this?—it sounded like a real poem. And everybody looked at me differently from that day on, I was the smart kid.

“It changed perceptions. I was called ‘FOB’ (fresh off the boat). I’d been so down on myself, thinking I was dumb. I thought I was pretty smart in Korea, but here my confidence sank to the lowest. By sixth grade I was hoping no one would notice me, and then she did this thing and people are respecting me now. ... She made me want to do better.”

Getting good grades was never again a problem, but the strictness of an overworked immigrant mom putting in long hours as a waitress led to tensions at home. “I ran away at 15, spent my sweet 16th birthday in an apartment with no electricity or water—that showed my mom! But, yes, I ran away and lived on my own for almost a year, working three jobs a week—Liberty House, Sears and Ritz.”

She paid \$175 rent for a run-down Waiialae apartment where, she says, most people had given up on life and themselves.

“The exception were the students,” Camp says. “I realized the only way to make it was with an education, and the only way to do that was to go back home. You see how hard you have to work to put food on the table, and it made me realize how hard it was for my mom. ... I had street smarts. I realized nothing came easy, you have to work for it. I was never afraid of work.”

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Robbins Takes the Helm at HART

Andrew Robbins takes charge of Oahu's rail project as executive director and CEO of the Honolulu Authority for Rapid Transportation.

One of seven finalists for the position, Robbins was recently tapped by HART's board of directors to succeed Krishniah Murthy, effective on Sept. 5.

"The board is very excited about the experience, knowledge, and enthusiasm that Mr. Robbins brings to the Authority," says board Vice Chair Terrence Lee. "We are confident that his

expertise, dedication and strong belief in the project will serve HART and the people of Honolulu well."

Robbins brings experience in public passenger urban rail, rail equipment, infrastructure, construction management, systems integration and airport transit. He is also a specialist in driverless transit systems similar to the system HART will employ.

"I fully realize the challenges that lie ahead for this project and the community concerns that come along with

them," Robbins says. "Having previously been involved with this project, I also believe strongly in its merits.

Residents, visitors and future generations will not only benefit from this project but will also view it as an integral part of Honolulu's transportation infrastructure."

Murthy will remain with HART as Robbins transitions to his new post.



Andrew Robbins

Granite-Obayashi JV Lands Navy Contract

Granite-Obayashi A Joint Venture of Watsonville, Calif., was awarded a \$164.89 million firm-fixed price contract by the Naval Facilities Engineering Command Pacific for design and construction of utilities and site improvements for the future Marine Corps Base Guam on Naval Computer and Telecommunications Site (NCTS) Finegayan.



Rear Adm. John Korka

stewardship and the defense of our nation," said NAVFAC Pacific Commander Rear Adm. John Korka. "Our goal in designing and building this project is to balance the commitment to the environment with the mission to relocate Marines to Guam."

The contract was awarded in support of the Defense Policy Review Initiative and was funded by the Japanese government as part of the International Agreement between the United States and Japan. It was competitively procured via the Federal Business Opportunities website with seven proposals received.

The project will prepare a site of approximately 400 acres within the

current NCTS boundary for future vertical construction projects for operational, administrative and bachelor housing structures that will comprise the new Marine Corps Base.

The contract includes utilities, roads and other infrastructure in anticipation of follow-on construction projects starting in fiscal year 2020. The scope also includes clearing the site of unexploded ordnance and munitions of explosive concern. The construction will be executed employing green waste and stormwater management, mitigation of historic properties and conservation measures for threatened and endangered species.

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She graduated early, but couldn't afford to take the SAT test for college admission. At 16, lying that she was 18, a temp service placed her in a job as a "gofer" with developer Rex Kawasaki.

"I didn't know what developing was. I didn't really know what lawyers did, I'd never been exposed to that," she says.

But under Kawasaki's guidance she learned the business—working by day, attending the University of Hawaii and Hawaii Pacific University by night. She ran for Miss Korean Hawaii, and won. One of the judges was a developer with Castle & Cooke, and she was offered a job. By age 32, Camp founded Avalon.

The company turns 18 on Sept.

1, and she is not slowing down—not even after recently marrying her long-time tax attorney Alan Schlissel.

"We have four projects, all rentals," Camp says. "It's ambitious: Kapolei, Mililani, Kapiolani and Ewa. I'm in a great position where I can do these kinds of projects. My goal is to finish these projects to complete the 20-year plan.

"And then it's transitioning to the next generation (possibly including her son Ethan, 9). I would like people who have been with us for years to be able to buy into the company."

Life's Lessons

Looking in from the outside, it's as

if Camp has lived more than one life.

"Most of us have many layers of life," she says, "and I feel like I've gone through many layers of life. It's been interesting. Every part of my experience, I feel like I was meant to do this to get me to where I am now. It makes me a better person. Maybe if you just learn it from a textbook it wouldn't be so meaningful. I lived it."

And if that life seems rather like a fairy tale, well, the name Avalon comes from the King Arthur legend.

"I love fairy tales," says Camp, an Arthur aficionado. "They always have a happy ending."

As does this story. 🏠