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## 2,000 military homes to go on rental market

By [William Cole](#)  
Advertiser Military Writer

O'ahu's tight housing rental market is about to get some major breathing room as the result of a unique business deal between the U.S. Navy and a private developer.

Approximately 2,000 former Navy homes at Iroquois Point and Barbers Point are being made available to military personnel and civilians as part of an \$80 million land sale and lease that also involves millions being spent for refurbishment of the base housing.



Beachfront homes in a gated community, with large yards that offer front-row views of the comings and goings of Navy vessels, will be among about 2,000 rental units that will be made available to military and civilians.

Fluor Hawai'i LLC is hoping that big yards, beach access and gated-community security will be draws at Iroquois Point, where 1960s single family homes and duplexes sit mostly unoccupied among mature plumeria and towering monkey pods. About 75 homes are considered to be beachfront.

At the former Barbers Point Naval Air Station — now called Kalaeloa — the rental housing is within the desirable Kapolei school system boundaries.



Spacious but typically spartan, in the style of military housing in the past, the kitchen of a four-bedroom home at Iroquois Point gets a maintenance check.

The business deal is unique and the move to offer so many rentals unprecedented.

Now they just have to get people to sign on the dotted line.

"(At Iroquois Point) there are the yards, the proximity to the beach and the mature neighborhood," said Ricky Cassidy, a residential market researcher. "It's a really neat place. But it's a hell of a lot of units (to rent)."

Photos by Jeff Widener • The Honolulu Advertiser

There are 1,463 units at Iroquois Point and the adjoining Pu'uoloa housing. Rent will range from about \$1,300 and up depending on unit location. Another 540 units built from the 1940s through the 1980s are available at Kalaeloa.

About 35 percent of the housing already is rented to military personnel. Roy Yee, a local representative for Fluor, said the marketing plan called for 90 percent occupancy within two years, which he admits is "very aggressive," and may have to be modified.

But Fluor also is looking ahead to an anticipated military buildup with new units like the Army's Stryker Brigade, which could bring 500 to 800 more soldiers and their families to O'ahu.

Cassidy said although Fluor is essentially flooding the market, and will have to be very competitive to achieve high occupancy, the offering will be welcomed by renters facing fewer and fewer choices as homeowners

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sell off houses instead of renting them out.

"They are coming into a market that's tightened significantly over the last year and then some, so they will satisfy demand that's been building for reasonably-priced housing," Cassidy said.

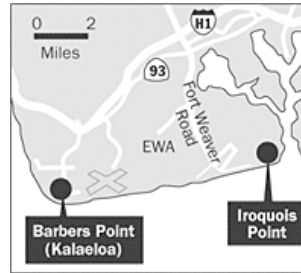
Don't call just yet, though.

Work crews are painting, cleaning, repairing and landscaping, and by October, Fluor's goal is to have 10 homes ready to rent each week. Officials say the best time to start inquiring is after Oct. 1, although the rental agent, Chaney Brooks, already has a trailer open at Iroquois Point to process military renters converted over to new leases.

In the meantime, Fluor is looking to add to its military tenants, who will be able to sign a civilian lease or a "military friendly" lease with clauses that allow them to leave if they get transferred.

Yee said some Army personnel transferring to Hawai'i from the Mainland had no options within the Army inventory of housing, and contacted Fluor about renting at Kalaeloa.

"So we've gotten all these names and numbers down and dates when they are going to relocate to see if we can get some units cleaned up in time for them," Yee said.



Special legislation was passed by Congress in 1999 allowing the Navy to lease and sell off some of its under-used outlying properties and use the money to centralize operations and increase efficiencies in the Pearl Harbor area. As part of the plan, family housing, bachelor-enlisted quarters and new office space will be built on Ford Island.

Fluor is paying the Navy more than \$80 million for a 65-year lease of Iroquois Point and Pu'u'loa, which was built in 1975; fee simple purchase of the Kalaeloa housing after three years; ownership of the 515-acre former Waikele naval magazine; and a 65-year lease of 6.6 acres at Halawa Landing.

At the ceremonial signing of a master developer agreement last month with Fluor, U.S. Rep. Neil Abercrombie said Hawai'i was the "originator, the initiator" of the type of land sale and lease deal that is expected to be a model for similar projects across the country.

The rental plan by Fluor is no less unique — particularly at Iroquois Point, which will mix military and civilian tenants, but retain base elements like a gate guard, and mini-mart and gas station that can be used only by military personnel, like at any base facility.

"The military families have a certain culture, they have a quality of life they've come to expect, and one of the examples is out at Iroquois (where) the Navy has elected to keep the mini-mart and gas station," Yee said.

The Navy also will continue to run military-only Morale, Welfare and Recreation activities and a community center.

"Gray boat" ferry service to Pearl Harbor is in place from Iroquois, and the Iroquois Lagoon Yacht Club is open to active duty or retired military, but Yee said discussions are ongoing with the state to revive ferry service to Aloha Tower Marketplace with the hope of offering it for the greater community's use.



Leanne Howe, who has lived at Iroquois Point for two years, said there are mixed feelings within the military community about the upcoming change.

The decision to offer some of its under-used properties as rental units to military personnel as well as civilians — and at highly competitive rates — is expected to help satisfy a growing demand in Hawai'i.

"I know that some people have reservations," Jeff Widener • The Honolulu Advertiser said Howe, whose husband is an Army warrant officer at Camp Smith. "I have found local people to be cordial and kind-hearted, and I'm hopeful it will be a good mix of people in here."

But Howe added that "security is a major issue — I would say it is the issue, because our husbands are deployed for a great length of time and we are left home alone."

She and her husband chose military housing because neighbors are in similar deployment situations, and residents can count on one another for support.

Howe also said in the past month, since the base became an "open community," thefts have risen, fishermen have removed safety fencing to gain access to a lagoon, and campers have pitched tents on the stretch of beach that provides a front-row seat to the passage of Navy ships and submarines.

Yee said it's Fluor's goal to re-establish the Iroquois Point and Kalaeloa housing as gated communities "very quickly." A private company also has been hired to provide roving patrols.

"We want to ensure the quality of life that our military tenants have become accustomed to," Yee said.

Military and civilian tenants will pay approximately the same rent, depending on unit location, officials said. Between Iroquois Point and Pu'uloa — where the majority of housing is available — there are 110 two-bedroom units, 843 three-bedroom units, and 510 four-bedroom units.

The interior of one of the four-bedroom, two-bath ranches at Iroquois Point revealed a large living room, linoleum floors, and fairly new kitchen cabinets and appliances. Inside and out, the homes reflected the spartan styling of past military housing.

But with big yards and beach access, Yee says it's unique.

"It's a different product," he said. "There are no comparables."

Cassiday, who analyzed the project for Earnst & Young and a group that competed with Fluor, said the average three-bedroom home on O'ahu rents for about \$1,700. Average 'Ewa Plain area rent is about \$1,400, and \$1,600 for a 3-bedroom Kapolei home.

At a minimum, Cassiday believes the housing will compete with rentals from Kapolei to Royal Kunia and Waikale, and at a maximum, reach to Wai'anae.

"It's dumping just a whole bunch of units on the market, and it might relieve some of the pressure that's been building on O'ahu for housing," Cassiday said. "The fact of the market is there hasn't been any supply."

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