

# A Tradition of Building Affordable Housing

Watase family carries on legacy at Mark Development



**A**ffordable housing is a hot topic in Hawaii these days, and apparently will be for some time. But it's nothing new at Mark Development, founded in 1977 by Mark Watase "with the sole intent of building affordable housing for the people of Hawaii." His vision has been carried on for years by his sons Craig and Paul. And now they're bringing along a new generation of leaders in affordable housing, including Craig's son Kyle.

Which is, Kyle admits, "kind of a surprise. I always thought I was going to play baseball forever." Indeed, the lefty first baseman-outfielder, like his dad a Saint Louis alum, was good enough to play professionally in Japan after finishing his collegiate career at the University of Hawaii at Hilo.

His father, he says, "never pressured me" to follow his footsteps.

"It was actually the opposite way," says Craig, who holds the title of president. "He came and announced he wanted to work for the family business. So I said, why don't you go carry Uncle Stanford's briefcase for a couple of years—my friend Stanford Carr, he's seen Kyle grow up."

Mostly, he wanted to avoid a situation he'd seen play out in his family:

"My older brother Dave worked for my dad right out of college and they fought like a cat and a dog—I quit, you're fired. That's how I got into the business. My dad said, hey, we need you for this project. I was making good money at Xerox, one of

the top 10 salesmen in the country. My dad offered me half the pay for twice the hours. I told my wife at the time, I can always go back into sales. This is my chance to learn and maybe one day run my own business. ...

first," Craig says.

Max, a civil engineer out of UH-Manoa and KCC's Hawaiian-based STEM program, is the son of George Lindsey, former chief of staff for then-lieutenant governor Duke



Attending the homeownership dedication event for the Kapolei Ho'olimalima DHHL project are, from left, Kui Meyer of HomeStreet Bank, Max Lindsey, Kyle Watase, DHHL Chair Jobie Masagatani, Kalia Goulette of Fidelity National Title & Escrow, Gov. David Ige, Helen N. Wai of DHHL HALE Program and Craig Watase.

PHOTO COURTESY ANADIL CHOWDHURY

Paul, he's an architect, came in as my partner, and eventually we bought out my dad."

But Kyle never did go to work for Uncle Stanford.

"I needed help at the time," Craig said, "so he came to work here."

The other new hire was Max Lindsey.

"He actually came to work for me

Aiona and one of Craig's attorneys.

"He was a wrestling hero of mine since high school days, so I watched Max grow up, and when he was finally out of school I saw him doing special projects for his dad. I talked with George—Max was interviewing with engineering firms—and I said, 'You think he'd like to be a real estate developer?' And his dad goes, yeah."

Rendering of Kapolei Ho'olimalima



It helped, Craig says, that “the family is Hawaiian and we were doing a project with Hawaiian Homes. So Max (a Kamehameha Schools grad) came on board. I convinced Max that being a real estate developer for less money was better than being an engineer for more money.”

**“We developed a rental project for Native Hawaiians using low-income tax credits and we were able to get the renters, after 15 years, to become the homeowners. ... We think it’s a model of home ownership for low-income people.”**

There was another incentive. Mark Development’s office is across Waiālae Avenue from Saint Louis School.

“Max coaches wrestling at Saint Louis,” says Craig, a former Crusaders grappler, “and I told him, ‘What other boss is going to let you run across the street at 4 o’clock every day to coach?’ One day I actually got out my shoes and we rolled around a little bit, and Max gave me a good slap to the back of the head and almost knocked me over. I popped up and said, ‘Is this a great job or what, where you get to hit

your boss in the head and it’s OK.’ ”

He gives the two young men credit for bringing to fruition Mark Development’s complicated collaboration with Hawaiian Home Lands, Kapolei Ho’olimalima—70 single-family three- and four-bedroom homes for families earning 50 percent to 60 percent or less of the median income.

It’s a ridiculously complex story—worthy of a chapter in a business grad

school textbook—about working with arcane Hawaiian Homes regulations as well as other state and federal government rules, not to mention a parade of personalities.

“To simplify it,” Craig says, “we developed a rental project for Native Hawaiians using low-income tax credits and we were able to get the renters, after 15 years, to become the

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# Kiewit Begins Work on New KCT

Kiewit Infrastructure West Co. began work in January on Honolulu's new Kapalama Container Terminal (KCT), initiating the first phase of the two-phase project for the Hawaii Department of Transportation.

The new terminal, estimated at \$448 million, is the largest capital improvement project in the history of Hawaii's commercial harbor system and is scheduled for completion in 2022.

HDOT's KCT project is the centerpiece of the state's Harbor Modernization Plan. The goal is to improve shipping and distribution logistics at harbors statewide, which receive nearly 80 percent of all goods entering the state.

Kiewit was awarded a \$163.5 million contract in September to build KCT's first, "landside construction" phase. Pending permit approvals, KCT's second, "waterside construction" phase is tentatively scheduled for bid this year.



BIA-Hawaii's two-day Big Home Building & Remodeling Show drew a record 30,000 local residents.

## Remodeling Show Draws Record Crowd

The Building Industry Association of Hawaii reports its 25th annual Big Home Building & Remodeling Show in January attracted more than 30,000 local residents, a 17 percent increase over the previous year.

The event, held Jan. 26-27, at the Blaisdell Exhibition Hall, topped the 24,000 residents who attended in 2017, according to BIA-Hawaii. The not-for-profit trade organization also reports that this year's attendance was 25 percent more than the 2016 HBRS.

BIA-Hawaii 2018 President Dean Uchida says the annual show allows "our members to showcase the latest and greatest in home building and

remodeling from new materials to the new appliances." Uchida says the event also provides Island residents "the opportunity to see, touch and experience what is new and popular in the home building industry."

Among the exhibitors, Honsador and Revolusun featured accessory dwelling units (ADUs). New exhibitors this year included King's Roofing and Aloha Pacific FCU.

In addition to exhibitors and products, the HBRS features seminars and presentations. Topics included "Top Ten Remodeling Mistakes," "Aging in Place—Be Home Fit" and "Kitchen and Bath Design Trends."

...Building Hawaii, continued from page 13

homeowners. ... After paying half-market as renters they're now paying one-third as owners, with no property tax the first seven years, the minimum after that. But they have to pay for their own insurance.

"We think it's a model of home ownership for low-income people."

The difficulties were well worth it, Craig says, when considering the many benefits for those 70 families:

"We heard fantastic stories from people, how we solved problems and got them into home ownership. One lady didn't have money for the down payment, but the loan officer found out she had several cemetery plots, and advised her to sell them and raise the cash for the down payment. Someone asked her, so where you get buried now? She said, 'In my

backyard, I got land.'"

The 15-year rental period ended two years ago, and early this year they finalized the sale of the last unit to its renter.

"It's not for the weak of heart, that's for sure," he says of the often-frustrating process. "And my guys came through, carried the ball, did the heavy work, Max on the financial side, buying out the investors, making presentations, and Kyle being with sales, escrow, lenders, a very meticulous process."

"I hear some contractors grumbling about millennials, they don't want to work hard. I said my guys know how to work. They played competitive sports, they know how to show up, nothing handed to you, no participation trophy."

Affordable housing remains their focus.

"Next up, we're building the largest affordable housing project on Kauai, near Poipu," says Craig. "We received development rights from the county on land that was donated by Kukuiula (the upscale private development) that was part of their affordable housing requirements. That's 134 units."

Of continuing his father's goal to build affordable housing for Hawaii people, Craig says:

"You have to do the right thing. These people are somebody's auntie or uncle. You gotta do it right."

And he's making sure the next generation carries on that legacy. 🏠

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