BIOGRAPHICAL SUMMARY: Roy C. Kelley, 81, Waikīkī developer and hotel owner

"I built lots of [hotel] rooms at reasonable prices and nobody else has done that. (Chuckles) That's my claim to fame. And I think we've had the highest occupancy of anybody in Honolulu ever and no question about that. I think that's totally 100 percent so that when you have the highest occupancy and you have contented people, that's about all anybody can do, I think."

Roy Cecil Kelley was born in Redlands, California on August 31, 1905. The son of an independent mason and cement worker, Kelley attended public schools and graduated from the University of Southern California School of Architecture. He earned money for tuition at USC by working for the Pacific and Electric Railroad.

After briefly working for various contracting firms in the Los Angeles area, Kelley accepted a position with the Hawai'i architectural firm of C.W. Dickey. Kelley and his wife, Estelle, whom he had married four months earlier, arrived in Hawai'i on September 13, 1929. They first lived in the Marigold Apartments on Dewey Way in Waikīkī.

In 1932, Kelley purchased his first piece of Waikīkī land at the corner of Seaside and Kuhio Avenues and built his home and the six-unit Monterey Apartments. In 1947, he built the Islander Hotel on Seaside Avenue. The five-story building was the first major hotel built in Waikīkī in twenty years.

Kelley, who designs and runs his own hotels, established a family empire of Waikīkī hotels. Today, the Kelley family is the largest hotel operator in Waikīkī with over 6,000 rooms, including the Outrigger, Reef, and Edgewater Hotels.

Although the day-to-day administration of the hotels is the responsibility of his son Dr. Richard Kelley, Roy Kelley is still active as chairman of the board.
This is an interview with Mr. Roy Kelley on April 22, 1986. We're at poolside at the Waikīkī Village Hotel. The interviewers are Warren Nishimoto and Michiko Kodama-Nishimoto.

Okay, Mr. Kelley why don't we begin by having you tell us when and where you were born.

RK: I was born in Highlands, California on August 31, 1905.

WN: Can you tell me something about your father and his family?

RK: My father was a construction worker and he spent all his lifetime in construction.

WN: What type of construction?

RK: Just general construction, houses. Actually he spent a great deal of time on masonry work too.

WN: What about his father. Do you know what his father . . .

RK: No, I never did know what. . . . They came from Arkansas and I never did get any of that background at all. I don't know anything about his father.

WN: And how about your mother's side?

RK: My mother--she was living in Arkansas and met my father and got married and they all decided to come to California right away.

WN: Can you describe your neighborhood, the neighborhood that you grew up in?

RK: Well, I was born in an orange grove. (Chuckles) My father when he first came to California couldn't get a job very well and so he had to take what he could get and he was tending orange trees. It was
the first job he had and so they had a little shack there on the property and in that shack is where I was born.

MK: How many brothers and sisters do you have?

RK: I had one brother and one sister, both of those are half-brothers. There was a previous marriage before my mother got involved. (Chuckles)

MK: And you mentioned earlier that your father was in construction and you later became an architect yourself. I was wondering, what influence did your father have on your getting into this type of work?

RK: I don't know of any reason. Two different jobs entirely. One is construction and one is architecture. One plans them and the other one executes them.

WN: In terms of your socio-economic background or... What about your neighbors or people that were around there? What kind of socio-economic...

RK: We were in a very poor district. We were very poor people. We had no money at all. They all was the same type, very poor people, that's all. Just lucky to get something to eat.

MK: You said that they were all poor people, but what gave you that sense of being poor?

RK: What gave us our reason for being poor or what...

MK: What gave you that feeling that you did grow up in a poor neighborhood?

RK: Oh, I assure you. We had no money. I know that. (Chuckles) My father just worked by the day and gradually kept something to eat on the table and that's just about all. That's all there was. You couldn't be any poorer than that. (Chuckles)

WN: What kind of schools did you go to?

RK: California had a good school system, so we went to the regular school right from the very beginning. We had to make a decision on what kind of a school we'd go to and by that time I'd learned how to work for a living and so I took a full-time job as an information clerk with the Pacific Electric Railway. In addition to that I worked full-time in school in the University of Southern California.

WN: What types of things did you do with other kids growing up in the neighborhood?
RK: Well, we didn't see much of the other children actually because we were busy all working. I was raising rabbits for a living, (chuckles) and it took us full time every day to raise (those) rabbits, kill 'em, get 'em to the market, things like that, you know.

WN: What made you get into that?

RK: Just by accident, we happened to have rabbits, that's all. We had a few rabbits. Pretty soon we got more as we learned how.

WN: And you sold 'em to market?

RK: We sold 'em to shops, butcher shops. Actually they didn't have markets back in those days. People would have a little store. Then there'd be a separate butcher shop entirely.

WN: After you were born in a shack in the orange grove, where did you move to after that?

RK: Well, we moved to San Bernardino for a while and then we moved to Los Angeles and I guess we lived in Los Angeles till I came over here.

WN: Besides the rabbits, you had any other part-time jobs to make money?

RK: Not that I can think of. Rabbits is all I could think of. I don't remember any other. I like rabbits.

WN: You went to USC [University of Southern California]. Did you know right away that you were gonna become an architect?

RK: Yes, it so happened that in high school there was a junior class in which you were supposed to determine what kind of a profession you would be going into. I had no actual inclination at the moment but one of the classes listed was architecture, so I said, "Well, that'll be pretty good." So I joined a group under the title of learning how to be an architect, and it worked out very well because part of their curriculum was to send you out to an architect's office and to interview their architects and see about the profession and how you would like it and things like that. And it just worked out fine. I took right to architecture right from the very beginning.

MK: I was wondering, what aspects of architecture appealed to you?

RK: Well, I think the slight reason was the fact that my father was building houses. From houses you just automatically go to stores and things like that. The first thing you know you're in a full line of architecture. That's what it amounts to. My father never achieved that but he was always doing any kind of construction he
could find and he always managed to make a living and eat. Eat was
the principal thing. (Chuckles)

WN: Did your father encourage you in any way to go into...

RK: No, not at all. My father and I didn't have any communication. It
wasn't the case that we avoided it. Neither one of us had much to
say I guess--what it amounts to. So we just got in it purely by
accident--what it amounts to.

WN: How did you get the funds or the money to get into USC and pay the
tuition?

RK: We didn't have the money but fortunately in those days you could
get into USC for fifteen dollars. (Chuckles) And I didn't have
that at first but I got it after a few weeks.

WN: Fifteen dollars!

RK: Isn't that something though? The world is certainly changed.

WN: The day you went into USC you knew you were gonna go into
architecture?

RK: Oh yes, definitely. I was committed. I said when I was a junior
in high school I went through the exposure and I fell in love with
it right off the bat.

WN: You graduated from USC in 1927.

RK: That's right.

WN: What did you do after that?

RK: Well, I had a job where I was working for the Pacific Electric
Railway [i.e., Pacific and Electric Railroad] and that continued on
for a while--just a short while--and then I finally got a job being
a draftsman in an architect's office.

WN: And which office was this?

RK: In southern California, in Los Angeles, they had a place called
Allied Architects. Just like having your own business, the Allied
Architects people contributed their time and hoped to get paid for
it, that's all. And it worked out very successfully.

They were building a big--at the time--county hospital. I was
there only about a year before I got another job in another
architect's office which I liked better and so I transferred over
to them. That was mostly residential.

MK: What was the name of that firm that you joined?
RK: Mr. Flannery. Mr. Flannery was an architect that specialized in building for the movie people. (Chuckles) So we made several houses for the top movie sets.

WN: He designed for the sets?

RK: No, no. He designed for the star. In other words, the individual person wanted to build a house and so they got Mr. Flannery because he was well established by word of mouth in having built some other houses. In other words it turned out to be a full-time profession, just building places for the movie stars.

WN: In these early jobs, how much were you paid?

RK: Fifteen dollars a week. (Chuckles) Different world than now.

WN: And then from there where did you go?

RK: Well, I moved pretty fast. It so happened I worked with this architect that took care of the movie stars and then, believe it or not, I was still immature. I'd always wanted to go all the way down to Santa Ana which seemed to be a long, long ways from Los Angeles and so I went down there and just by chance, happened to find a tract of land where they were building houses on the tract of land, subdividing it, things like that. So I asked them for a job, and I got a job. And so that was where my real start in architecture was because even though I had very little experience in architecture I did know something about it after a few years in the university. And so I got a job as an architect for the project which is much bigger (chuckles) than I deserved, I assure you. And so the place was called Capistrano Beach which is halfway to San Diego from Los Angeles.

WN: Why did you want to go to Santa Ana in the first place?

RK: I didn't. I wanted a job. (Chuckles)

WN: Seems to me for someone who just graduated from USC . . .

RK: I hadn't graduated yet--when I first started. I'm wrong. I had just graduated. You realize when you been in one of these schools of architecture for four years that you don't know much about architecture, so we didn't have any confidence of choosing a job. We just got a job where we could, that's all it amounts to.

WN: So there were jobs available for a graduate in architecture?

RK: There was at that time and believe it or not this was the summer of '28, I think it was, the summer of 1928. And the world didn't know at that time, but the world was gonna go to hell in a year's time and so I was very lucky to get that job and I had it all the way through up until the summer of '29.
Now this you can't believe, but it's true. This tract of land was owned by a very wealthy man, a fellow named Ed Doheny. Ed Doheny was a wealthy man and he dealt in a great deal of development and things like that. And so he had taken this big subdivision down there at Capistrano Beach and he turned the subdivision over to his son to operate. And his son hadn't had enough experience I presume to operate it. But in the summer of '29, my boss which was Mr. Doheny, Jr. went home one day to Beverly Hills to his lovely home, sat down in his office there and in behind him came his butler with a revolver and shot him dead. (Chuckles) And so that was the end of my architecture. Mr. Doheny closed the tract down right away and we were all let go.

So then I came back to Los Angeles and applied to some of the places where some of my friends were already working in architecture and I got a job for a month, finishing up a dormitory for the university there in town. And it was made very clear at the time that it would be just a month because they needed a man at that moment but they had nothing in the future. And so I took the job.

And then this is an even more fantastic thing. After I was there a little while working and going out, having lunch, and things like that with my buddies. I went over to one place and Nick Kabushco—I don't think you want to bother with the name—but went to Nick Kabushco's office and talked to him and he said, "Hey, you don't want a job in Hawai'i do you?"

And I wasn't even asking for a job because I had one momentarily and I said, "Yeah. That'd be great."

So they sent a cable over here to Mr. [C.W. "Pop"] Dickey and I was hired sight unseen because the owner of that particular architectural office was a very close friend of Mr. Dickey's. And so he had confidence in me, and so he cabled through and I was accepted on the fact that he had given the recommendation. Business was very booming here in Honolulu at that time, really booming.

I came down to the architectural office here as soon as I landed and I went up in the office, a pretty good-sized office. I guess about as big as this room here and there were unfinished projects all over the drafting tables because they couldn't get enough architects. So we got very, very busy and worked all the way from 1929 to 1938. That's roughly a ten-year period--working all the time.

And we didn't feel the recession so much in Hawai'i as the people in the Mainland cities so even when I was right there we still didn't realize that the recession--the big depression I call it--was right behind us breathing all down our necks. We didn't know it. We had plenty of work and we were happy.
In the meantime I wanted to build a home up here on Seaside Avenue so I built that and then I built some more units in the place, six units altogether. So then I started taking people that wanted rentals and so we got started right off the bat in doing things for other people--rentals. And pretty soon somebody else wanted a little place built and I'd build that one while I was still working down there at Dickey's and so...

WN: When you came here--let me back up just a little bit--I think it's significant the day that you arrived. What was the date of that?

RK: September 13, 1929. (Chuckles)

WN: Did you know at any time before coming to Hawai'i that there was going to be a crash?

RK: No, I had no idea. We had no feeling whatsoever. Even "Pop" Dickey in my office, in retrospect, had no idea. He left I think about a year later. I don't know. Maybe more than a year later. He came over to the Mainland to have a vacation trip and by that time, things were crying the blues so much that he got discouraged and came back and fired everybody in our office (chuckles) except me. I was the only one left and I stayed right through the depression that way.

WN: When you first learned that you were going to come to Hawai'i, what went through your mind? What did you think Hawai'i was like?

RK: Oh, I just thought it was a bunch of (chuckles) palm trees like everybody else does, no difference. I didn't even know Hawai'i was here instead of being down there in the Philippines. I had no idea at all. I'd taken geography in high school. It didn't include knowing where Hawai'i was for some reason or other (chuckles). So I was just lucky all the way around, very lucky.

WN: When you arrived in Hawai'i where was the first place you lived?

RK: I lived two blocks right down [from] here where the Hilton [Hawaiian Village] Hotel is now. There was a bunch of two-story cottages there and I lived in one those cottages [Marigold Apartments].

WN: Was that on Dewey Way?


MK: Did the cottages have a certain name to them?

RK: No, they didn't have a name, they were just cottages, that's all.

WN: What was Waikīkī like when you first came here?
RK: Just a bunch of cottages, that's all. There was only two hotels, the Moana and the Halekulani which was a cottage hotel and then a cottage hotel down at the Niumalu. And that's all there was. There wasn't anything else.

WN: I think the Royal Hawaiian had just come up.

RK: Yeah, but it hadn't got---I'm sorry. It did get finished in 1927, that's right. And it was empty. I remember the time I had gotten aware of it. It had three guests in the whole hotel. (Chuckles) That's all there were. In fact, it did go bankrupt or so close to bankrupt that they sold the hotel for nothing practically to the Matson Navigation people and why they took it I don't know because they found out they didn't have anything. The place was empty and it stayed that way for quite some years.

And in those days, people of course came entirely by ship. And so when a ship came it stayed here and you might say waited for the people. They came, went in the hotel and lived there for a while. Then they got out of there, went back on the ship and went home again and that's all there was to the business, just a very few thousand people a year, just practically nothing.

MK: You mentioned the Niumalu Hotel which wasn't too far from where you first lived.

RK: Oh, right next door, yeah.

MK: What did Niumalu Hotel look like . . .

RK: Just cottages, that's all.

MK: About how many cottages were there and how were they arranged?

RK: Well, there was a central cottage and then just a whole series of cottages around the property, that's all. There wasn't any arrangement to them at all. The central place was where you check in, where you had your meals and your lobby space and that's all there was. Seemed like only yesterday.

MK: And what kind of clientele did the Niumalu Hotel attract?

RK: Just the same as the Halekulani. Halekulani had the same thing. I think the fancy people by the time I got here did go to the Royal and the ordinary people went to the Moana Hotel. The Moana Hotel was right next door [to the Royal Hawaiian] and it was built around the turn of the century. And so they either could afford the Royal or they went to Niumalu, or Moana Hotel. I think Moana was built in 1899 [1901] I think it was, just before the turn of the century.

WN: Reading earlier accounts of tourism in Hawai'i it seemed to us that the tourists that came here in those days were a lot different from the tourists that you see today.
RK: Well, I think they're all human beings as far as I'm concerned. I don't see any difference between 'em.

WN: We've heard that Waikīkī was once the home of the carriage . . .

RK: Yeah, the carriage people went to the Royal Hawaiian, that's all. There wasn't that many people. You see, the ship in those days would have maybe 500 maximum number of people aboard and maybe 300 of them went to the Royal and the rest of them scattered through the little different places, that's all. That's all there was to it. There was a little streetcar that came from Downtown and went across the [McCully] bridge and came in down Kalākaua Avenue. That's all there was. Very primitive.

MK: Back in those days, what did Kalākaua Avenue look like, if you rode the streetcar?

RK: The streetcars in the old days were open both sides so you could just get in and out any seat you want to just by walking into the car. There was no enclosed place at all, just wide open.

There were other cities in the United States like that that had streetcars that you just walked in--like those cable cars up there in San Francisco--they're very much like that. I don't know if you've seen the pictures of cable cars but the people stand on the step and hang on there because the place is full, so they'd hang on the side of the car. Whenever they wanted to get off they'd just walk off.

MK: And then what was along Kalākaua Avenue?

RK: Nothing, just the little stores and houses, mostly houses. But there was no attempt to develop any kind of a city or business district or anything, you know. It was just a nothing place.

Across the street from the Moana Hotel was a car barn where they kept the horses and wagons to drive you back and forth if you wanted to go that way. That was just dying out at the time we came--they still had it but they turned over to buses then at that time. No, you just can't believe how primitive Waikīkī was back in those days.

WN: As you're going down Kalākaua toward Diamond Head, what was on the left side?

RK: I'd say that's where the car barn was.

WN: Anything else?

RK: No, there was nothing. There were some more cottages over there. They were kind of annexed to the Moana--was some cottages over there and the gardens, but they were just two-story cottages is all they were. And this whole big area right between here and the Ala
Wai Canal wasn't anything. It was just nothing. You might say the streets were surfaced with asphalt and the little cross streets behind--there was only two little cross streets behind and they had just been paved and they'd try to sell [to] people houses in there but there weren't many houses being sold. There wasn't any aggressive development at all here.

WN: When you arrived, the Ala Wai Canal had just been built.

RK: Just been finished. The whole street was just raw, that's all. And the boulevard on the ocean side of the canal was finished at that time--just brand new. Spanking brand new. I don't know where they got the money to build it, I swear. Well, probably just because like I said--fifteen dollars was rent for a week. Maybe everything else was that cheap, you know. I thought I was getting to be a big shot. I got seventy dollars a week as a designer for an architect. That was big money.

MK: How much did it cost to live at Dewey Way?

RK: Forty-five dollars a month for a nice little living room and bedroom. That's all. Living room, bedroom and kitchen. Forty-five dollars a month.

WN: People who lived in that area, were they mostly people like you who had just arrived from the mainland or were there locals . . .

RK: No, we never thought of being local at that time. I think that most of the people were just people that had a job over here, that's all. I mean I don't think they--I doubt very much whether anybody had a job [paying] more than $150 a month is what it amounts to. Very, very poor people. We were aware that we were poor at the time but nothing you could do about it. (Chuckles)

WN: Were there a lot of people coming from the Mainland at that time to work here in Hawai'i?

RK: No, not at all. I would say 80 percent of the people were entirely visitors, just visiting for two weeks and that's all there were. It was very primitive.

WN: When you arrived here, how long did you intend to stay?

RK: I didn't expect to stay more than two or three months. No, I had no desire to stay. I mean I didn't have a desire for or against it. I just faced it. We were a young married couple and we wanted to have adventure. Basically that's why we came because we wanted to have the adventure of coming. And I say one more time that I didn't know whether Honolulu was here or out in the Philippines. I had no idea at all.

WN: Did you feel homesick at all?
RK: Not at all, uh uh. I got very close to homesick after about a year here. But I really didn't quite get to being homesick. The two of us were very happy and we didn't want to do anything else except just swim and loll around, you might say.

We were here about a year and a half before we started to building a house for ourselves--what it amounted to. In those days you could buy a lot on time and you could borrow the money to build a house with. So I don't think we had a thousand dollars between the two of us saved. Then we started to building with that much money.

WN: In 1932 you bought your first parcel of land in Waikīkī?

RK: Yes, uh huh.

WN: Can you tell us the details on how that transaction came about?

RK: Seaside was just a brand new street as I told you, Seaside, Royal Hawaiian [Avenue] and Lewers. And the lots were all weeds and grass and bushes and things like that. And we picked out this one corner, wasn't really a corner, but a place where there was going to be a street. Kūhīo was going to be a street someday so they left a space out there. So I figured that corner was a good location so I went down to Castle & Cooke—to the man—and asked him how much he wanted for it. He said, "Well, I'll take $5,335 for it."

And I said, "Fine, I'll buy it." (Chuckles)

WN: Purchased as non-lease, fee simple?

RK: Oh, fee simple, yeah. Leases wouldn't work in those days because the property was too cheap. Nobody was going to lease something when they could buy it for nothing. That's the big mistake, you might say, I made in my lifetime. I—which is some years later we're talking about now—we went out and leased property and built buildings which was a big mistake because once you leased a property and put a house on it, and when the lease comes to about renewal time, the guy that owns the property thinks he has a very, very valuable corner and so he wants a valuable lease rent. And it took me about thirty years to realize that and in the meantime, it was a big mistake. I should have bought nothing but fee simple when I bought anything here at all.

WN: How did you get the $5,000?

RK: I didn't tell you that. I went in the office that [first] day [after arriving in Hawai'i] and told Mr. Dickey I was here. He said, "Fine, when you want to go to work?"

I said, "Immediately."
So that was Friday. So on Saturday I went to work and it so happens where the cashier worked, she paid my first half day's work when I got through working that day. She handed me a check for half a day of work and then likewise the same thing happened.

My wife in a month or so--she looked around and asked for a job and right in the same building--it was Judge [James] Coke's office. And so she went down there and asked him for a job, and they needed a secretary. So there it was (chuckles) and we never stopped working since.

MK: So with two incomes you were able to buy that lot?

WN: Mama paid for all the living and I took all my money at $70 a week. And $70 times 50 is $3,500 right off the bat. So in a year's time I was here--then I had enough money to buy the lot, very simple. Banking was very simple then.

(Laughter)

WN: What made you decide to buy at that spot? Why Waikīkī?

RK: I never even thought of any other place. We never even thought of any decision of buying anywhere else. I don't know why. It just was handy, that's all. I really have no idea at all. I had no idea of going in the hotel business either.

MK: How large a lot did you purchase, that first lot?

RK: Oh, it was 55 by (100) [feet], just an ordinary--I was able to work on six units to live in--one unit for me and five to rent out.

MK: What caused you to make it into an apartment building rather than just a home for yourself and your family?

RK: I guess avariciousness.

(Laughter)

RK: It worked out right too. We lived in practically every unit. What we'd do is we'd put up an ad--apartment for rent. And we'd rent the place and as soon as we rented it, we'd move out and move to somebody's who had a room for twenty-five dollars a month. So I made a whole profit of twenty-five dollars to sixty-five dollars. I made forty dollars a month and I kept on repeating that process. We became capitalists.

(Laughter)

WN: You were saying that Kūhiō Avenue hadn't been built yet.

RK: No, not from Seaside towards the mountains, no. The two blocks from Seaside back toward town had been paved because that whole
thing was a little subdivision of two blocks wide. Seaside here, Royal [Hawaiian Avenue] here and Lewers here. So that's all the size there was and there was a jungle on this side and a jungle on this side. This is Kūhīo and this is Seaside.

A very interesting thing happened at that time which had nothing to do with my story. The vice-president of the [Hawaiian Trust Company] Downtown had a little boy. I think he was five or six years old and one day he disappeared and they looked around, the whole town. They got into streetcars and automobiles and everything--looked through the whole town. He just plain disappeared and you know where they found his body? Just right there at Seaside and Kūhīo. There was a whole bunch of coconut trees--they weren't even coconut trees. They were date palms and one of the date palms had been cut down and they rolled it over there and there was this body underneath. Somebody had kidnapped him and killed just for pleasure, that's all. Yeah, that's part of life.

WN: The corner that you were on, was that ma kai Diamond Head?

RK: Ma kai Diamond Head, uh huh [yes].

MK: At the time that you built your apartments were there many other apartments in Waikīkī?

RK: Some older places. Here's Kalākaua and here is Kūhīo Avenue and here is Ka'iulani and here is Seaside and here is Royal Hawaiian [Avenue] and here is Lewers. This whole area in here was a big jungle all the way from Seaside up to Ka'iulani. And this place from here [Seaside] on--up toward Diamond Head--maybe it's three or four blocks--had already been developed into little old houses, little cheap houses built for $5[000] or $6,000. That's all they were built for. And so that whole area was about I would say four streets wide and two streets the other way, maybe eight total blocks in there.

WN: Diamond Head of Ka'iulani.

RK: Diamond Head of Seaside. From Seaside Avenue all the way up to what is now Kapi'olani Park had houses scattered over, not very many, but there were houses scattered over the whole area there.

WN: This is all ma uka of Kalākaua we're talking about.

RK: All ma uka of Kalākaua. But this side was just the Royal Hawaiian . . .

WN: The ma kai side?

RK: Just the Royal Hawaiian and the Moana and then there was just enough room in here [between the Royal Hawaiian and the Moana]
where it was very propitious—that there was room big enough for the Outrigger Hotel. We never dreamed it'd be there. (Chuckles)

WN: Right where the Outrigger Canoe Club was?

RK: Yeah, right there—Outrigger Canoe Club there.

MK: And in those days, where were the other apartment buildings located?

RK: The apartment buildings were scattered. Don't get confused about the apartment buildings. They weren't apartment buildings. They were individual houses. Sometimes there'd be two units. It's like in my case it was six units and things like that but there wasn't any special apartment house district at all. It was just places for people to live—houses, that's all. There was no apartment house zoning or anything like that. They didn't believe in it.

MK: And in those days who were your neighbors when you were up on Seaside and Kūhiō?

RK: I had this one neighbor across the street. Here was Seaside and here's the Ala Wai Canal which was just finished and here is Kūhiō which stopped there.

WN: Kūhiō stopped at Seaside?

RK: Yes, uh huh, and then here is Kalākaua Avenue and this was all jungle, just all big jungle. That's why they took the little boy out there and killed him and just put him under a coconut tree.

WN: The whole area ma uka of Kalākaua near Seaside . . .

RK: Was all jungle. Yeah, uh huh. There was a lot there that belonged to Mr. [Fred] Hummel who was the head man of the telephone company. But it was just raw—he never did build on it. He bought it and then he finally sold it to people, what it amounted to.

WN: At Seaside and Ala Wai?

RK: Yes, that's right, uh huh.

WN: The area that you bought, was that filled land?

RK: It's all filled land. The whole area was filled land. It had just been filled and it was all white coral. The whole area.

WN: Did anybody try to talk you out of buying that land?

RK: No. The nearest thing to it—my banker Downtown called up my boss and said, "Can't you stop these silly kids from buying this lot?"
And my boss, thank God, said, "My draftsman is a very good man and if he doesn't pay for the lot, I will." And so that settled that. I got a map of that district... 

END OF SIDE ONE

SIDE TWO

RK: This new subdivision here. There's Seaside, there's Royal Hawaiian, and there's Lewers. That was the only thing--this thing here was started but it wasn't any better than the rest of it and then this over here wasn't even started. This was all blank space.

WN: All this Diamond Head of Seaside?

RK: Yeah, uh huh.

MK: So you're saying that the area between Seaside and Lewers was developed first?

RK: No, well, it was developed, just paved but nobody living there.

MK: And there was some work being done 'Ewa of that area?

RK: Yeah, some. These streets here, I think, I'm not positive, but I'm pretty sure. All these streets were in here but they didn't have many houses on them at all.

WN: Niu Street and Pau Street...

RK: I think when I first came here those were all finished already and these streets had just been put in.

WN: Lewers, Royal Hawaiian and Seaside.

RK: And this all didn't exist in here--what it amounted to--was a big jungle. And then I can get a map further than that I think here somewhere. I think here's a better one. Now here we are back to Seaside and Royal Hawaiian and Lewers and these streets were put in and just the houses--there were a few houses there. But now this here was older. This in here [i.e., Diamond Head of Ka'iulani Avenue] was pretty much developed with houses and this street here, Uluniu, this is Ka'iulani here and that's where the Princess lived. She lived on this side of the street right here, Princess Ka'iulani and the Kūhio was in here. This wasn't really developed. But this was developed.

WN: Where Kānekapōlei is.

RK: Yeah, from Kānekapōlei. Oh, at least from Ka'iulani for sure.
This whole area was more or less developed and laid out and paved and things like that.

WN: So Diamond Head of Ka'iwulani was pretty much developed.

RK: Pretty much, yeah.

WN: But 'Ewa of Ka'iwulani was pretty much . . .

RK: This was all just jungle in here and this was all jungle in here too. I don't know where these streets stopped because it was all jungle in here too.

WN: 'Ewa of Lewers Street?

RK: Uh huh, and here was a military fort here. This was a real live fort when I came here.

WN: Fort DeRussy.

RK: The big guns were kept here and when Pearl Harbor day came, you wouldn't believe, but the Japanese planes came along out here. I saw them out there so I know they were out there. They came here and went through and bombed Pearl Harbor and they sank all the ships.

But the joke of the thing is, these big guns here--they were twelve-inch guns--they were trying to shoot down these Japanese planes coming by with twelve-inch guns. (Chuckles) And now here's the story. This is the most amazing story. The concussion of these guns was so strong that this little apartment house [near Fort DeRussy] here was entirely destroyed. You probably don't know about concussion but when something like these big guns are fired it makes a tremendous destruction of anything around it and so these houses in here were all destroyed--what it amounted to.

But the joke of the thing is, these big guns here--they were twelve-inch guns--they were trying to shoot down these Japanese planes coming by with twelve-inch guns. (Chuckles) And now here's the story. This is the most amazing story. The concussion of these guns was so strong that this little apartment house [near Fort DeRussy] here was entirely destroyed. You probably don't know about concussion but when something like these big guns are fired it makes a tremendous destruction of anything around it and so these houses in here were all destroyed--what it amounted to.

So getting ahead of my story now, this is the Halekulani it turned out. Halekulani when I first worked on it was just a bunch of cottages. But we built a building--it's still there as a matter of fact--we built the main building for them as an architect.

And then this was a--it so happened over a period of years--the YWCA [Young Women's Christian Association] had got a little strip in here and they had built a little beach club down here.

WN: Near where the Reef [Hotel] is now?

RK: Yeah, but right alongside the Reef. And this whole piece was to be the Reef Hotel but in the meantime this gentleman had built a whole bunch of apartments. He left some old houses up here. There's four old houses here. Then the rest of the place he built two-story apartment houses all the way down the street. So the
whole thing was developed and the concussion destroyed these places. So after the war was going along maybe about a year, year and a half and might have been even two years, the Hawaiian Trust wanted to sell these properties because they were abandoned and so the man that owned this place was Mr. [Richard] Kimball.

Mr. Kimball called me up at home and said, "I want you to come down and I'll meet you out in the street here." So he came down and met me out in the street and said, "Let's walk over here." So we walked over here. He said, when he got opposite this place, "You know, this place is all for sale."

I said, "Oh, is that so?"

He said, "Yeah, the fellow that developed it now wants to sell it, because it's in ruins."

And so I looked it over and I said, "Yes, what does he want for it?"

"Two hundred and fifty thousand dollars."

I said, "I'll buy it." So I went Downtown to the Hawaiian Trust Company and bought it, just like that. (Chuckles)

WN: And that became the Reef Hotel.

RK: That became the Reef Hotel, that's right.

MK: Why did Mr. Kimball call you and not somebody else?

RK: Well, he just happened to be a friend of mine. I was the architect of all the buildings he was building. C.W. Dickey was the architect and I was the actual architect so he knew me and knew I would probably like this. That's all there was to it. He could have called anybody. (Chuckles)

WN: This was in the early '50s?

RK: No, this was earlier than the '50s. This was '47. The guns started firing on December 7, 1941...

WN: Oh, I see.

RK: And January 1, 1942 was when this thing developed--I don't remember the exact date but the point is that somewhere after January 1, 1942 this all happened, what it amounted to. But the war kept on going up until '45. Armistice Day was August 9, 1945.

In the meantime I bought these places. There were no carpenters anywhere in Honolulu. They were all frozen by the military. They all took 'em out to Pearl Harbor and places like that to work. So I got the idea by luck of getting some carpenters here when they
quit work down there or [had] the day off or something like that. So we'd nail all these places back together again and start using them again for the GIs coming here to Waikiki Beach. (Chuckles) It's crazy, just plain crazy.

MK: And did that place have a name during the war years?

RK: This place here? No, it had no name but it was called---what was it called? I haven't used the name so---it's been all these forty years now so I don't know. . . . Funny, I remember the Niumalu all right but maybe it'll come to me eventually. But that's the way it all started and it's all by luck, the good Lord's good to us, that's all.

WN: If we can back up just a little bit.

RK: Yeah.

WN: What was the name of the apartments that you built on the Lewers side?

RK: We didn't name them. Six units don't get named. No, we never. . . .

WN: Who stayed in there?

RK: Just the GIs, officers usually. It was a little high-priced for GIs so the officers stayed there.

MK: Also during one of our earlier meetings you mentioned that during the war, architects were not allowed to work.

RK: Architects? No, nobody could build any building during the war. That was part of the command decision, in other words. The whole town was frozen and so that department went out of business, that's all.

MK: So during the war years, what was your sole means of support?

RK: Well, let me see if I can put it back together again. . . . I didn't stay here. (Chuckles) Here it's December 7, '41 and then January did come. In the meantime Mrs. Kelley, I think, still had a job Downtown. I don't know whether she did or not--makes no difference. So this is a very short interval of time in here and we decided to get the hell out of here.

And so we got Mama out on February 7, with all the kids. She got on a Pan American seaplane and she had the rights to two seats and she had four children with her. (Chuckles) And here's the funny thing about it. She had my children---our children, I should say. Of course, they were very tiny babies and then Vladimir Nikolaiovich Ossipoff, the architect, wanted to get his child out
and so Mama took his child too. So she had four children besides herself and...

(Taping interrupted, then resumes).

RK: And so they asked what the names were. It was Richard Kelley, Jean Kelley and Patricia Kelley and Val Ossipoff. (Laughs) And that kind of made 'em raise their eyebrows. They thought maybe they had a little bastard there. (Laughs) And the Ossipoffs stayed here. I think they stayed here during the whole war. I'm not sure because she took her up to San Francisco and the plane landed in Magic Island. I don't know if you ever seen Magic Island out there in the San Francisco Harbor. Here's the peninsula and this is the San Francisco Harbor like this and so the town was mostly located right in here. And the plane landed there and the kids got off and went to a hotel over here in San Francisco. The next day they got transportation by air down to Los Angeles. Our family was in Los Angeles.

WN: And where were you all this time?

RK: Here, I was here the whole time but that's another wild story. I was here. I had every intention of staying here but just before the hostilities started the navy realized war was going to start so they put out a call for all the architects to join their forces. It was like Seabees. So I went down there to join the forces and had a physical. And the man was checking me and everything like that and he spoke my name and he said, "Do you realize you will be blind in four months?" That was the first I knew that I was going to be blind in four months, and sure enough in four months I was entirely blind.

And so I stayed there in Los Angeles until I had an operation and got my eyesight back and then I came back over again. But I was very lucky. That's why I've only got one eye. I've got this eye here that's entirely gone and so it was a very dramatic period of my life. I can say that.

WN: So you spent most of the war years in...

RK: I came back. No, that was only a year. I came back here and ran my apartments again. By that time I had, oh, twenty-five or thirty apartments so I ran them. But I never did work for another architect again ever. In other words, as the time went by I built more apartment houses for myself. That's another whole story of course. We started out with these six apartments and now we have 6,000 apartments. Isn't that amazing though? And that was by working all these years.

WN: Who did you contract to do the constructing?

RK: Anybody, low bidder. We'd put 'em out for bids and most of 'em are Japanese boys. I think that they're all Japanese boys, the whole
bunch of 'em, very fine people. We had nothing but fine, fine people and that's one thing I can say. All of my life I've had very fine people working for me, just like that man a while ago. You saw Okamoto come by. He's my number one man and you could guess in a thousand years and you wouldn't guess where he came from. He was a captain in the Japanese Army down in Singapore. I don't know if you've ever seen the Bridge on the River Kwai bridge.

MK: Uh huh.

RK: Well, he was right in there.

(Laughter)

WN: That's another story in itself.

RK: Oh, that's a story all by itself. It's unbelievable. He's a very fine man and he's been my superintendent of construction all these years.

WN: So you would buy the land and you would be the architect? You would design the buildings and then you would contract out for these small contracts?

RK: Yes, that's right. They were pretty good-sized contractors as the times went. But the point is that's what an architect always does. You come in here as a client and say, "Gee, I'd like to have a house."

And I say, "Fine, I'll draw it up for you." So I draw it up and then if everything's satisfied I call up the best contractor and get a bid and build the place. Over and over again we did that.

WN: Who would actually operate all of your apartments?

RK: Well, as the years went by, it so happens, that . . .

(Visitor arrives. Taping interrupted, then resumes).

RK: I'm a little distracted here, but here is Seaside, and I built these places gradually, one by one. And I'd had an office building, not a very big office building, but it was an office building for my architectural service there. And the home was behind.

And believe it or not, a man came into my place when the war was maybe two years old and said he wanted a place to live. But I said, "There isn't any place for you to live. There's no place to rent or anything."

And so he went out and tried and he couldn't find any place and so he came back to me and he said, "Well, I can't find a place."
I said, "I'll put a bed in my drafting room here and you can sleep on that."

And believe it or not that's exactly what he did and that was in January '43. And this is now '86. That's 43 years. He's still living with me. (Chuckles) He had a little trouble with his knee--and so he went to a doctor and the doctor said, "Yes, I can operate on that." And so he operated on it and the operation was a failure so he lost that leg. And then he lost the other leg. Then he lost an arm. Finally right now he has just one arm that he lives his entire life by.

WN: How old is he?

RK: Oh, now he's--I can go backwards easy enough--in '43 he was 22, and now 43 years--he's 65 now. And all this time he's been living with me.

WN: Has his rent gone up at all?

RK: He never paid any rent. No, he had enough troubles without paying rent.

By the way, here's the---to change the subject just a moment. Here's what I hope to do. Here is the Fort DeRussy all through here and I hope to put a great big convention center here and put a big hotel here and then make this all beautiful lawn and things through here, and underground the whole thing will be parking.

Now the only problem is that the City and County of Honolulu and everybody included with them are very jealous of this and they don't want to have anything built here. They just want to talk about it. And so that's the way it stands right now. I could build 'em in two years time--have a beautiful big convention center, a big hotel, a great big recreation area here, all the parking underground. All they gotta do is just snap their fingers. But they're so jealous and so stupid that I doubt very much whether I'll ever build it.

WN: Will they have to put that up for bid?

RK: No, no. All they gotta do is get this government to sell this property to me and then I'd take the whole thing over from then on.

WN: Oh, you'd buy it?

RK: Yeah. I would buy it. I'd build the whole thing too--about $120 million. Yes. That's what should be done there.

MK: Going back to the past we know that you had the Monterey Apartments . . .
RK: Yeah. Right on the corner here. Yeah, the Monterey Apartments, right there.

MK: The Monterey Apartments and the Islander Apartments.

RK: The main Islander was here.

WN: So that's ma kai of your Monterey . . .

RK: Of my Monterey, yeah . . .

WN: On the corner of Seaside and Kūhiō.

RK: And then here was the building which I've torn down in the meantime and they got a great big project on here now.

MK: These two places were called apartments and I was wondering when did you make the switch from apartments to hotels?

RK: Well, I'll tell you--very simple. Down here when we started to build this thing we couldn't operate it as an apartment house but we could operate it as a hotel. (Chuckles) That's the government again.

WN: Why was that?

RK: Just stupidity, just plain---the government is basically almost 100 percent stupid and this is just one of the facets of the government that's stupid, that's all.

MK: Was it a zoning problem that prevented you from having an apartment there instead of a hotel?

RK: There isn't any difference between a hotel and an apartment, just how you operate it, that's all.

MK: Why is it that you couldn't have a hotel there?

RK: Because it's stupid. They had that peculiarity. They couldn't operate an apartment house there but I could operate a hotel there.

WN: This is the Reef [Hotel] area?

RK: Reef area, uh huh. Isn't that stupid though?

WN: In '47 when you built the Islander that was built as a hotel.

RK: As a hotel, yeah. We passed the war era. In '46 was when the war era died and from then on you could go ahead and build anything you wanted to build again. They confiscated all manpower in the islands. The first things these governors do--war governor--is tell you all the things you can't do and practically everything except breathe, you couldn't do it. (Chuckles)
I never will forget on Seaside Avenue just to show you how silly.
I had an apartment here and I had an apartment house over here and
we eventually developed all of this and I was standing here at
nighttime in the dark with no lights at all. And I saw there was a
light across the street so I looked around everywhere and couldn't
see anybody and I rushed across the street to get the light turned
out. In the meantime the military caught me and they practically
wanted to take me and shoot me. You just wouldn't believe how
stupid they were. Stupidity is the way that manpower is developed
in a war--it can't be helped I guess. I don't know.

Well, just like here was this---talking about this son of a bitch
now that's over there in Libya. Here they got ten big nations that
want him destroyed but they haven't got the guts to destroy the son
of a bitch. In other words, there should be intelligent people on
earth but I haven't seen 'em so far. I'm not saying that I'm
intelligent. I'm just merely saying I'm not so stupid as they are.

(Laughter)

WN: In '47 what made you decide to make that switch from apartments to
running a hotel?

RK: The die had been cast when it was against the law to build
anything--what it amounted to. And then I just started in the
hotel business. I liked it. So I just kept on building hotels,
that's all.

WN: Were there advantages to having a hotel rather than an apartment?

RK: Oh, I think so. It's like this. It's a very strange thing. Let's
take an imaginary lot and put an apartment house or a hotel on it.
It's just like these condominiums. They're all hotels and
apartments too--same idea. You put in a thing here and you make
all these rooms. Now somebody comes--you put a sign up--a hotel
and so people come and want a hotel room. So we give 'em a hotel
room. They have it maybe a week, two weeks, three weeks, a month,
something like that, but it's a short term most of the time.

But say this gentleman--lives with me for nothing. He's been here
forty some odd years and he's been living in the hotel. It's just
purely a matter of---well, just like this little place right here
where we're sitting. My sister had a little house right in there
and was a couple more rental units right in here and when the time
came we tore them down and built this part of the hotel, that's
all. It's a very strange thing, but I think that people don't
realize that there isn't any difference between a hotel and an
apartment house except how you operate it, that's all.

WN: And how you operate it, but some differences would be services I
would imagine.
RK: That's right. The first thing you do is get a maid. Then you get a janitor. Then you get a yardman and pretty soon you're in the hotel business.

WN: So wouldn't the upkeep of a hotel be a lot higher than the upkeep of an apartment?

RK: Oh, a lot higher. That's the reason why the rate has to be higher. Let's go back in my first building. I rented an apartment for $65 a month. But if I operated that apartment as a hotel I'd want at least $5 a day. That's $150 a month. And that's almost—it is double this part here but this hotel room is going to be standing empty most of the time. It's just rented a day, two days, three days, when somebody wants. . . .

This happened to me the other day. I was down on Sunday. Today is Tuesday. I went down to Ala Wai Terrace and a man came in and he had just been over there with Khadafy and he got the hell out of there [i.e., Libya] fortunately and he came here and he found a place to live but he wouldn't get it for two weeks. So he wanted a hotel [in the meantime]. So I was down at Ala Wai Terrace and I walked in there and heard him talk and I said, "Fine, come and I'll show you." So I showed him a place and I said, "You can rent this place by the day and you can move in here anytime you want to in your apartment when you can get it."

So he said, "Fine." And that's all there was to it.

There is no difference between a. . . . There's three classifications it turns out now. There's an apartment house, and then there's a hotel, and then there's a condo. Now all the difference of operating those places is entirely in relation to financial arrangements. When this man comes in here and knocks at your door, what does he want to do? He wants to have a place for six months, or does he want a hotel? In this particular case the guy had already had a place settled but he had to have a hotel for about ten days in the meantime. And that's really all there is to it.

WN: Did you look at the Islander Hotel as being something more profitable?

RK: No. The basic premise of a hotel is it will not be occupied half as much time as an apartment house. An apartment house has to be occupied all the time or you don't make any money at all. But a hotel—if you can be at least 60 percent occupied you can make money out of it because you've got in the first place all these employees. You take a janitor. A janitor works all the time so obviously he's fine, but you take somebody that just cleans up about the place, room boy we call 'em. He will be hired as long as there's a need for cleaning all the places up. When somebody checks out, he cleans it up. In the meantime he goes in and does other chores when there isn't any place needed. And so then likewise with the girls—same way. First, she makes the beds and
things like that. He doesn't make the beds. He just cleans up the place and that's the way it works out. It's a crazy business.

WN: Back in '47 did you envision---what was happening in Waikīkī at the time to cause . . .

RK: There weren't any tourists and it was just people gradually coming back to settle in the islands again after the war. The war ended up in '45 and '46. It really wasn't out of the war era until you got to January, January 1, 1947. And then people gradually wanted to have a place to live either temporarily, short term or something like that.

And it so happens that in the meantime on Seaside Avenue we first built. . . . Here's Kālākaua and here's Kūhiō and here's Seaside and by 1947 we had built a little hotel here and then we had this place on the corner here and then in the meantime we built some apartment houses back here.

WN: Along Kūhiō?

RK: Yeah. And so now those places are always rented as apartments. This is rented as a hotel and this was rented as an apartment at first and then eventually into short-term occupancy. I guess that's the difference between a hotel and an apartment: one is a longer-term occupancy and the other is a shorter-term occupancy. It still is--the same thing.

At times like this when we're running better we have people come in and they'd like to get an apartment but they can't find one and so they take one of our hotel rooms. But they would like for us to rent that hotel room on a monthly basis. We can't do that. We wouldn't make any money. That's the whole story.

It's hard for people to realize that. People don't even analyze it. Nobody thinks about it even. But all these people sitting around the pool there--they're here as hotel guests. They're here from week to week, two weeks the very most. Then they're on their way. In the meantime they want breakfast, lunch, dinner all served to them. They want entertainment. One of our hotels has entertainment in it. The rest of them we don't because we can't make any money out of it. The main thing is you got to make money.

WN: Back in '47 did you envision this type of tourist to come, I mean the short-term tourist?

RK: No. We had no idea how many people were coming. We just started operating a place and when people came, why, we rented to them, that's all. We had many times when we got down to very low occupancy. It was just a gamble, that's all. Rolling dice.

MK: Back in 1947 who actually did the day to day management of your hotel?
RK: My wife. Number one. (Chuckles)

WN: How did you two meet?

RK: We were college chums. When I was going to college I met her in college. Long before she came over here. I think it's fifty-seven years now, let me see now. Nineteen twenty-nine, yeah. Fifty-seven years now we've been married, had our children, been very happy.

MK: So she actually ran the hotels—hiring people, overseeing the work?

RK: Uh huh [yes], and I did my architecture.

WN: Was your architecture limited to just your developments or did you . . .

RK: No, I built lots of them around town. I built apartment houses. I didn't build any hotels, I don't think, if I remember right. But I built all apartment houses. I don't remember any hotels. And then of course we were building our places. That transition period didn't last very long because we got so busy building our own hotels that we didn't have time to build any more apartment houses.

I built an apartment house on Aloha Drive for a couple and we got to know them well. And they just both—the lady of the place died just a year ago and the husband died four years ago and they'd been personal friends of ours all this time. In the meantime he had some knowledge about apartment houses.

Here's another thing that happened in '47. That's a very important year. Here's the Ala Wai Canal and I found a big sight down here. This was 1947. The United States government said, "Hell, there's nothing being built. We gotta get some places built." So they passed the 608 law and so if you wanted to gamble and build a place for those people then you could buy a lot and sign up under 608 and build in a place and, believe it or not, this is another goody. I got loaned this money for 4-1/2 percent. Isn't that amazing? And so that was a gamble I took. And this was absolutely raw land down here. There's the ocean out here and here's the Ala Wai Canal.

WN: Wait a minute, I'm trying to think where we are now.

MK: Where is this now?

WN: This is Ala Wai Canal. This is going Diamond Head.

RK: No, Diamond Head is over here.

MK: Going ma uka.

WN: Of the canal.

RK: This canal goes like this so right down here at the yacht harbor.
Right here at the yacht harbor we acquired this property. And so I said to Charley Parrent, "You like to go in with me on a hotel site?"

Well, he hemmed and hawed. He was a teacher and so he didn't have quite the determination that more positive people had, I guess, and he thought about it a few days and he says, yes, he would. So we built this big apartment house here--all with government money.

MK: Do you still own that site?
RK: Oh yes, it's a big hotel now.
WN: What hotel is that?
RK: It's the Ala Wai Terrace.
WN: Oh, Ala Wai Terrace.
RK: Ala Wai Terrace. That's part of our 6,000 rooms. Got some very nice people operating it down there. They're doing very well. We still have a site there for--this is all empty yet. And we have a site for a $30 million hotel there but the government in the meantime is trying to make up its mind whether anybody can build anymore at Waikiki or not.

The government's very wise you know. (Chuckles) They say, "Well, I don't know." The man right across the street here. Here's Ala Moana going though and here is a place over here where a fellow wants to build a bigger hotel. I tell you right next to his property is where Kaiser had his hospital here. And he wants to build his big hotel there. And the government's trying every way possible to stop him from building it just because of meanness, that's all. The dog in the manger. They don't want to do anything but they don't want anybody else to do anything. That's what it amounts to. Heartbreaking. But that's the way the world works.

WN: Comparing the early days when you were building and developing . . .
RK: It was a freewheeling day compared to now, yeah. Each year ever since 1947 there has been a gradual tightening up and total destruction. People like this guy, McCurdo [McMurdo], down there at city hall [state capitol]. If she could stop everybody from building she'd be the happiest person in the world. (Chuckles)

WN: [State Senator Mary Jane] McMurdo?
RK: McMurdo, I mean that's the son of a bitch. (Laughs)
WN: Mr. Kelley, you think we can stop here, maybe continue some other time?
RK: Sure, perfectly all right. Yeah, no trouble at all.

END OF INTERVIEW
WN: This is an interview with Mr. Roy Kelley on April 25, 1986. We're at poolside at the Waikiki Village Hotel. The interviewers are Warren Nishimoto and Michi Kodama-Nishimoto.

Mr. Kelley, instead of talking about land acquisitions and so forth—maybe we can do that later. I think we have a lot of that information . . .

RK: You don't need much information, yeah.

WN: We have some questions that we want to ask you, without using the map, that we want to get your reactions toward. Back in '69 you sold some of your properties, the Edgewater [Hotel] and the Reef [Hotel] to Cinerama [Inc.].

RK: That was on agreement of sale, yeah.

WN: Agreement of sale. Why did you do that? What prompted you to . . .

RK: Oh, I don't know the reason for it at all. I knew Bill Forman and he came by and asked me if I wanted to sell something. I said, "Well, I wouldn't mind." And so we sat down and talked and in half an hour had made a deal, that's all there was to it. We never even knew the day before he was going to make a deal that I was going to sell anything.

WN: What was Cinerama involved in at the time?

RK: Theaters. They're always theater people. Believe it or not here in the islands now all theaters are gone except Bill Forman theaters. The people, one by one, have been eliminated and Bill Forman has 'em all. He's a theater man. He never was a hotel man, never did acquire any attitude towards hotels even. He was a theater man.

WN: So he just approached you?
RK: He approached me and he shouldn't have bought it. He never—we had that place 100 percent occupied every day of the year. And before he got through—he had it less than two years—he had it down to 40 percent occupancy.

MK: If it was occupied 100 percent, why were you willing to sell it in the first place?

RK: It was just the money, that's all. I had no reason. I'm afraid I have very few of my reactions that are reasonable. (Chuckles) No, I just—he asked me, "Do you wanna sell it?"

I said, "Sure." In fact the people are still writing me letters now. I say, "Well, now you come over here and I'll get acquainted with you, but don't come over especially for me. Find something else first if you're gonna buy because I don't know if I'm gonna sell anything or not." And more so that now Richard's in charge, I don't think he has any intention of selling anything. My son runs the whole show now. And so he doesn't want to sell anything. That's all there is to it. We don't do things logically in this world. (Chuckles)

WN: Well I do know about the time you were selling I think was the time when there were a lot of hotels coming up in Waikiki.

RK: Not especially. I was building as many hotels as anybody else was. But I don't think that was any reason at all. The only reason why I sold to Bill Forman—just because he walked in and said, "Hello." I had nothing for sale. And so he had it for many years but he never did make any payments on it at all. He just never had any money.

WN: So what eventually happened?

RK: He died. When he died I took it back, that's all.

WN: What were the circumstances of you taking it back?

RK: All very nice. I just told 'em that they weren't making a go of it so he better give it back to me so I just took it back, that's all. His son Mike stays out here all the time. Mike's in charge of the theaters now of course since the old man's dead. So he comes out here maybe three or four times a year. But the theaters are his dish of tea—what it amounts to.

WN: So you have some interest in Cinerama?

RK: No.

WN: Not at all?

RK: No, not at all. They made an agreement of sale and each time as the year'd go by they'd say, "Well, now we can't make it--give me
an extension." So we kept on making extensions, extensions, extensions and they never did pay anything more than the original down payment.

WN: What didn't they do What you did? Why were you keeping it at 100 percent and they were at 40 percent? What was different?

RK: One thing of course is that they were businessmen and they didn't stay here very much of the time. And so they hired people as managers who weren't good managers. That basically is the whole thing I think. There's also another basic thing I can say. Most people don't know how to operate a hotel. I would say 90 percent of people never learn how to operate a hotel. It takes somebody smart—if I do say so myself—to operate a hotel and make a profit.

There's all kinds of them here. Right now there's the Hiltos and the Sheraton and there's gonna be a couple down the other end. I don't know about what they're doing so I don't want to be negative but it's only these two professional hotel chains here that know how to operate a hotel. This is an actual fact of life. The Hilton down here was run by a very competent man and the Sheraton was run by a very competent man. I knew them. They were very competent.

And so there is a competency involved in it. It isn't a matter of making a remark about them at all. But it so happens here in Hawai'i that most hotels have not been run by professionals—what it amounts to. And you might say, well, am I professional? I was a very poor person. And so it was up to me to learn how to be a professional—what it amounted to, and I did. That's the whole story.

WN: Did you learn from anybody in particular?

RK: No, no, just keeping the bucks going and making a profit. That's the whole story in a nutshell.

MK: What are some basic dos and don'ts of say running a hotel?

RK: I can't tell you.

(Laughter)

RK: No way I can tell you at all. It's just the case that—I know one thing, my philosophy is different than I guess anybody in the United States. Every one of my hotels are operated by a manager who you might say isn't a manager. He's at the front desk and by god he better stay there. And so I'm checking up on him all the time. And so I think that's a lot of it—that they do what I want them to do. Day by day the little things come up and I make a remark, and they take and follow the remark and pretty soon you got a whole philosophy built into a person.
Every one of our hotel managers are very satisfactory, every one of them. I watched a manager leave there and walk over here into the office. I watch it all. I'm not doing it---trying to be on top of 'em or anything like that. It's all just a case---I automatically look and see what everybody's doing. I look at the elevator to see if they're running. I don't think I've ever had a manager who knew whether the elevator's were running or not but I look at 'em every time to see if they're running. They might have a bunch of elevators sitting there closed down as far as they were concerned. They just don't think of it, that's all. And so basically speaking I put every manager at a front desk and it's up to him to be gracious to the guests and to see that they get the right room and they're happy. When five o'clock comes he's all through for the day and then the next manager takes over and I keep an eye on him too. So basically observing is a big thing.

MK: But you've got so many hotels. How do you...

RK: I just keep...

MK: ... manage...

RK: ... on walking around. Sometimes I don't get around for three or four days, one hotel to the other. But I'm always around—usually works out.

MK: Is your son Richard also following that practice?

RK: Exactly the same, uh huh. Yeah, he never was a hotel man either and so I taught him. He started out as a bellboy at the Islander. (Chuckles) He worked up from there and so he got my theories—I taught things casually or something like that. He got the idea how it's to be run and so he's been following right in my footsteps—very good man.

WN: What about your wife? What was her role through the years?

RK: Oh, she was a tremendous help back in the days when it counted. She was my alter ego—what it amounts to. Between the two of us we ran the hotels right up to 1941. That's [when] the Japanese came in [i.e., attacked Pearl Harbor]. And from that time all the way up to '44 I guess it was—anyway she came back in '45. There was four years gone by during the war and in the meantime I was running the hotels and I didn't take her back in as a co-owner in my mind because she'd been away all this time. So I was just operating things automatically.

So I think that's the difference. She did a very nice job, but from '45 on, she just took charge of reservations only, that's all, and she didn't take charge in the actual running of the hotels. There was a little lanai over here on one of the hotels. And I said, "That's the reservation department." She stood here in the
corner with her desk right here and she had about seven people in there and she ran the reservations.

And so she never got involved in the theory of hotel operations. She was doing—writing the letters and making decisions on who should stay and who should not stay, that's all. If she had been here the whole time she might have been a better manager than I was. I don't know.

WN: You had a lot of hotels and in the days before computers how did you . . .

RK: I claim there's no reason for a computer right now. (Chuckles) Richard's got a great big computer department in the Outrigger. I don't know--must be twenty or thirty people in there. They're not necessary. He thinks so. (Chuckles)

WN: How did you guard against overbooking for example?

RK: Well, I'll tell you—very simple. This was at the Edgewater. She had a big lanai. And her desk was right here. There was a big table and she had stacks of reservations in pieces just like this. She'd look over it—you wouldn't believe this—she'd decide whether we could take more people or not by looking at the stack.

(Laughter)

WN: Very scientific.

(Laughter)

RK: And that's the way she did it. And we finally had to use two tables, but the point is she was watching the whole thing, working very hard. She was typing out little memos to be turned into letters and she had all these girls placed around here. And they all got their assignment and they all did their typing. They had nothing to do with reservations. In other words they just did the typing, that's all. And so none of them had anything to do with reservations except Mrs. Kelley, but she was the law. You had a door here and a door over here and even I tiptoed in here to see if I could get something or not. (Chuckles) That's the whole story in a nutshell.

WN: So I guess if one hotel was full, you would just transfer them to another one of your hotels?

RK: No, we didn't have to do that. Mrs. Kelley made these stacks so they matched up at arrival and departure. She knew roughly how many each hotel was gonna have for each day for the coming month, two months, three months. And so when the people would write in she'd make a decision which hotel they were going to be put in, automatically.
So she never did have to say, "Now you come down here and if you get here to my desk then I'll decide where you're gonna go." She told them where they were gonna go and 99.9 percent--everybody went in the place they were assigned to--no question about that. But that's because of know-how in her head. She knew those stacks, those very stacks. For instance, the islander might have gotten quite low on a stack, may have been only maybe a stack about that high. Then she knew she could always, if things got tight down here, she would book 'em over there. But 99.99 percent of the people went into the hotel they were supposed to go into. And that's still the same way we do. We don't---I'll stop just a minute and I'll show you how easy it is when . . .

(Taping stops, then resumes).

MK: . . . pretty good occupancy rate so . . .

RK: It just so happens we're right at the dying time. A week ago it started to die a little bit and now it'll stay dead all the way through May up to June 20. And after June 20, it'll be 100 percent occupied.

MK: So what are the main tourist seasons now in Waikiki?

RK: Just like I tell you--you always start with December 24. That day you're 100 percent occupied. You stay 100 percent occupied until January 3. And then we have a little lull, maybe 85 percent occupied and January 20, we're 100 percent and February 100 percent and March we're 100 percent. And April is according to which kind of Easter it is and then April, May and June are soft. But June 20--from then on, we're 100 percent all the way through till September 1. Everything just works like that. We know 'em all by heart. We know exactly what's gonna happen.

MK: And what do you do to attract tourists to come to these Kelley hotels instead of going to Sheraton or Hilton?

RK: Well, they want to save money, I think is the main thing. The Sheraton and the Hilton will be a minimum of $100 a day and it'll go up to $200 a day--that's the rooms. In our hotels taking a total picture, we'll be $50 a day and we might get some $75 in the Outrigger and places like that but we're a $50 a day hotel compared to a $100 a day hotel. And so we have to not only do a good job of selling but we have to see that people are happy with the rooms they get.

The hotel business--people get to know whether you're a luxury hotel or a medium-priced hotel or a bargain hotel and they get to know that by word of mouth. They talk to their friends so by the time they get over here they know what kind of hotel they're getting into and they're all very happy. All these people out here are happy. I'm living in the place next door. You ought to have
seen that lobby. You couldn't get through the lobby today. It happens to be a big day. Boy, it was just packed.

WN: After your wife retired who took care of reservations?

RK: Just ordinary employees. And it got concentrated over to the Outrigger then and we have a very good girl over there--Alice has been with us for twenty years and she almost inherited the job from Mrs. Kelley and so she checks everything. All the reservations go through her as much as possible, of course, but it's not possible sometimes to get all of them through there. But the point is that Alice--and she's got about twenty other people there now that she tells them what to do. And it's very much like Mrs. Kelley there except her name isn't Mrs. Kelley, that's all. (Chuckles) We have very satisfactory employees.

WN: Art Rutledge and the Hotel Worker's Union [Local 5, AFL-CIO]--how have your relations been with them? How has it changed your . . .

RK: That's been too long ago. We were a union hotel up until two years ago. Then Richard decided that he didn't want to be in the union and so he got good attorneys and good concentration and he got the employees up and they voted. And they voted no union, and that's all there was to it.

WN: How about when the employees first voted for union representation, how was it?

RK: That was tough. It was tough all right but it so happens we were in a much smaller hotel business then. It had been hell on wheels but fortunately we didn't have maybe 150, 200 rooms and we managed to work it out all right. His son's running the place now so you don't have to talk about Art anyway.

But I don't know why Sheraton keeps him under the union there because they could out vote the union easily--same way Hilton. But they more or less got a routine, I guess, doing it. But we definitely made an effort to eliminate them and we did.

WN: When they first came on the scene were there attempts to prevent the unionization of the hotels?

RK: Not especially, but let's say that we tried our best not to be unionized. (Chuckles) But the main thing in those days--we had no money whatsoever and we had to be sure that we kept going. See, there's a whole period we went through. The war caused much of the variation but up until 1947--say after the war ended. From that time on we started really growing. In other words this got to be up to 6,000 rooms, you see.

So it's quite a contrast and in about twenty-some-odd years we were working all the time like hell. And the union was not participating in our house and the union's always been more or less
inclined toward the Sheraton and the Hilton. And so we practically never negotiated a contract—whatever they did at the Sheraton and Hilton they finally turned over to us to do the same thing. And so no trouble. A damn nuisance but no trouble. (Chuckles)

MK: What's your general philosophy towards employees of your hotels?

RK: Oh, we're very friendly. We think they're all (trying to do a job). We have a very, very good relationship with employees and we've never had any problem about that at all. In fact the union finally once called a strike and they called it just one day. At the Reef my sons and my daughters and my daughter-in-laws and all their friends came in and ran the hotel and they realized all of this real quickly that in twenty-four hours they weren't gonna do any good so they cut it out. We had a whole bunch of friends then.

And that's one thing I've gotta remark. We always pay the same wages that the Sheraton and the Hilton. . . . So that they have no reason for an argument because they're gonna get exactly the same wages as they do anyway and so that we're always very careful to see that we got union wages. And they just haven't got anything to offer. That's what it amounts to.

And then also I think getting back to something we haven't dwelled on yet. We are a family hotel. We're run by a family. And the people realize that—all the employees. Every day they greet me and say hello. All of them do. In other words they all know me and I know them and it's just so much simpler that way.

WN: Have there been any kind of employee gatherings, get-togethers?

RK: No, we don't stop them [from] doing it. So happens that they have no need for doing it I know of and. . . .

WN: In terms of parties . . .

RK: We have one party a year—the housekeepers and things like that. But they're so far apart you can't say they had any influence on anything at all.

MK: How about athletic teams or . . .

RK: We don't go in for that stuff that—they do have teams like that and they do have races they run and things like that but they do it on their own and it pretty much is a small percentage of the group really—what it amounts to. But we have quite a few events like that take place and fortunately that's where the doctor comes in because he has more races at it than I do. I . . .

WN: Your son?

RK: Yeah. My son. He's a doctor, you know. He's a full medical man and so he takes and does those things. I stay out of 'em.
MK: You mentioned that your son is a doctor. Did he intend to join the family business?

RK: Not at all, not at all. Just about ten or twelve years ago he came to me one day and said, "Dad, you're gonna die pretty soon and I gotta learn something about the hotel business." (Chuckles)

And so I said, "Fine, take charge." So in the two year's time he got to be as competent as a man could be and of course he stopped his medical profession there immediately and he never has returned to it. He—it so happens—he's a pathologist and they never have any complaints from people because they're all dead.

(Laughter)

WN: That's right. That's one way of looking at it.

RK: That's a joke we have.

WN: Having the family members involved so much, did that—I guess that did cut down on costs.

RK: I don't think so, no. I didn't have that many family [members]. The period when it would have counted, we had just Richard. Even Jean and Pat were away at college so I wouldn't say that was a factor at all in any way. No, it's just the case that this one time my Richard said that I'm gonna die pretty soon so you better let me know something about it, and I did. I handed everything over to him piece by piece and he took it.

And another thing, too, by the way, which is something you should mention is that we do not operate our own restaurants. We have concessionaires operating their own restaurants. And if we pick good men then I never have any worries at all. It's like this restaurant here. I eat in there maybe a couple times a week or something like that. But I never have any problem because he's doing that for profit and he does a good job. All of our restaurants—they're all being run by very smart people and it's just a real pleasure to have them. So we don't try to push them and we likewise don't try to get a maximum dollar either. As long as they give us a percentage we leave them alone. That's worked out now for twenty-some-odd years—just wonderful.

WN: Going back a little bit—I read where I think it was the Edgewater where it said that that was the first hotel [in Waikīkī] with a swimming pool.

RK: Yeah, it was. Isn't that amazing though?

WN: How did you get the idea?

RK: I'm a Los Angeles man and hotels had swimming pools there and I just never even had an idea. I took it for granted I'd have a
swimming pool. I never tried to analyze it at all. The fact is that I didn't even think about it even. As a matter of fact the pool's still over there, by the way. We've always whenever possible put a swimming pool in just as a recreation area, that's all.

It works out very well. Like this one here. They've been here all day long and they been packed in there today--just happy as they can be. I don't think we got more than about six or eight swimming pools altogether. Like this nice one across Reef Towers. And there's one at the Edgewater and one here and a nice one at the Reef. So that's the concentration. But up in that bunch of hotels up there, Kuhio and Lewers--that's the center of that bunch of hotels. I think there's only two pools up there, that's all.

A lot of times we don't have enough room to put a pool in. We try to do it all the time but it's a problem. But all of our pools have no charges whatsoever. That's not a real claim to fame but none of our pools--they don't have to pay anything at all. Lot of places on the Mainland have a fee for this and a fee for that. We don't go for that.

WN: I read where you at one time favored fencing off Waikiki or making it only a place for tourists.

RK: I got that picture here. I'll show it to you.

(Taping stops, then resumes).

WN: Okay this idea of fencing off Waikiki--I mean was that a serious . . .

RK: No, that was just a joke.

WN: Was that a joke?

RK: [Harry] Lyons the cartoonist was a happy man, I should say. (Chuckles) He had no intention of making it more than a joke, that's all.

WN: But is that consistent with your philosophy that Waikiki should be . . .

RK: Not at all, not at all. I think where we got started on it was the fact that the three avenues coming into Waikiki [i.e., Kalakaua Avenue, Kuhio Avenue and Ala Wai Boulevard] were very congested with people going through Waikiki and not stopping here. At that time it was more of a mention of that, and they have by-passed quite a little bit of traffic, but it's still a real problem--people going through Waikiki really have no reason for going through here at all. They're going out to Kahala and places like that and they just as well [could] go around the other side.
Really there should be another—believe it or not, right along here there is a legal road that they never did install.

WN: Along Ala Wai . . .

RK: Along ma uka side of the Ala Wai and right across here they could divert the traffic and go right over there and never come through Waikīkī. I don't know why they've never instituted it at all. It's there. It's the legal rights to the road and everything. It's just one of those things, that's all.

WN: Well, if the convention center is built in Waikīkī, the opponents of a convention center in Waikīkī are saying that the traffic is going to be a lot heavier.

RK: Not at all.

WN: How would you answer that?

RK: People just don't come in cars, that's all. In other words it so happens that the three major hotels are so close to [Fort DeRussy, the proposed site of] the convention [center] that it would be never any problem of actually walking from any one of the hotels. This is the only one that [one] would probably have to take a taxi down or something like that. But they'd mostly be done by taxi.

We've operated Waikīkī and its transportation problem for years. We know what it is. And any time they wanted to as I say they could by-pass this thing and go on right on straight through and go up over Diamond Head and they're on their way over at the other end over there. No reason for it at all except they just haven't done anything about, that's all. It's none of our concern, if they want it to go through or not go through.

But the point is if this highway were put in it would probably cost a couple million dollars. That would be all there was to it to eliminate 80 percent of the traffic that does march through Waikīkī unnecessarily. That's all it amounts to.

WN: You were talking about a road going directly parallel to the Ala Wai but on the ma uka side.

RK: Yes, oh it has to be on the Ala Wai because it would get in the way of the golf course—come right tight through here. Here's a great big major road and look how little it is. And so that's all it is. It wouldn't bother anybody.

WN: What about the controversy over a pedestrian mall for Kalākaua—were you for that or against it?

RK: Neither for or against it, this will happen. They will improve Kalakaua Avenue so we'll have more walking room. I'm all for more walking room and we don't need cars. In other words when they do
this in steps. One, they take and build this road on the other side and then two, they can clear all the sidewalks wider and bigger and it'll all take place automatically. There's nothing controversial. There's no reason why they haven't done it except everybody's sits on their ass and doesn't do anything about it, that's all. (Chuckles) There's no reason for introducing traffic down in here because it has no place to go. Actually this bridge should never have been built--what it amounted to.

WN: Ala Moana Bridge?

RK: Yeah. That should have been right from the very beginning turned this way and gone right around.

WN: You're talking about the bridge near the Kaiser Hospital?

RK: Yeah, that's right. That whole road should never have been there at all. I stay out of controversial things like that. It's not my dish of tea.

WN: Who do you see as your chief competition?

RK: Never saw any so far.

WN: How about Japanese buyers?

RK: No. Japanese buy a hotel, you mean?

WN: For example, [Kenji] Osano.

RK: Well, you see he's done as much as he can and he hasn't bothered me in any way. His hotels are all leased by Sheraton. There's never been anybody as far as I know who tried to invade Waikiki, using quotation marks around the word, "invade." No, I don't think that's any problem at all. All we need is this one big improvement, that's all. It would make all the difference in the world to . . .

WN: The road.

RK: Yeah.

MK: In your own estimation are there other hotel operators who are of the same thinking?

RK: I don't know. I never deal with other hotel operators. (Chuckles) Everybody runs their own little kuleana as the expression goes. Hotel people are, I don't know quite how to say it, but it's amazing how the hotel people are not critical of other hotel people. Each one runs his own rooms and there's never been any problem all these years. There's not that backbiting or criticism or anything like that--just doesn't occur, that's all.
MK: You've been here in Waikīkī since the late 1920s up till now.

RK: Ever since 1933 you might as well say because there wasn't anything happening [before]. It was a period of stagnation before and then it got so stagnated it died entirely in '33 and then from then on it was a very slow growth. Up to 1938 there was a very slow growth. And then the war came again. We never had an opportunity to even get excited before the war came. And that went all the way up to '47. So that you might say Waikīkī never existed from '33 to '47. That was about fifteen years. It was a stalemate--what it amounts to.

And I think the reason why it was stalemated--there wasn't that big a demand for hotel rooms and the whole world started growing when the airplanes got growing. I remember when the first plane came down here. We watched them come over the front of Waikīkī and go down and land at Hickam. It just gradually grew apace but then I think the actual comment on Waikīkī as a growth place, didn't occur until you had the airplanes here to bring people in. So it's really only been about a thirty-year period--what it amounts to--that we've been growing by leaps and bounds.

MK: During the thirty years what do you think has been the biggest changes for Waikīkī?

RK: There haven't been any. Just gradual--if you're up to a certain occupancy per year and it looks pretty good, we build another hotel. It's all supply and demand. In other words it just happened that way, that's all. People saw the opportunity and they took advantage of the opportunity. That's the free enterprise system.

WN: What positive contributions do you think you've made toward Waikīkī?

RK: I built lots of rooms at reasonable prices and nobody else has done that. (Chuckles) That's my claim to fame. And I think we've had the highest occupancy of anybody in Honolulu ever and no question about that. I think that's totally 100 percent so that when you have the highest occupancy and you have contented people, that's about all anybody can do, I think.

WN: Tourism in Waikīkī has changed from more of an affluent carriage crowd . . .

RK: It never was. Wasn't any business, that's all. There was a minute little carriage crowd at the Royal Hawaiian and that was minutely in relation to the number of potential rooms that was gonna be here. And from then on we started building at reasonable prices because that's what people wanted.

In the original days, [people] came from California mostly and everything's reasonable there. There's little motels and things
like that. There's a few big hotels, luxury hotels, but in those
days there weren't very many and since then now there's billions of
people come to California but the ones that wanted to go over there
in the luxury hotels, go in the luxury hotels; the ones that wanted
to go in the motels, go in the motels. It all solves itself. It's
supply and demand--what it amounts to. People just don't believe
that supply and demand takes care of things but it takes care of
most troubles--what it amounts to. That's the way I look at it
anyway.

WN: Is money really the bottom line for you or is it beyond money?
What else do you . . .

RK: Well, let's say I never count my money, so I can't say it's money.
For instance, if you're gonna shoot me right at this moment, here
it is April, end of April--January, February, March and April. I
haven't the faintest idea how much gross we took in last year, not
the faintest. So you can't say it's money because I don't even
count it. (Chuckles) No, we operate each of the hotels at a
reasonable price and a good service and we leave it there. We
don't go beyond that.

WN: Well, I think we're finished with our . . . I don't think we have
any more questions. We'd like to thank you very much.

RK: That's all right. Just remember, be kind on everybody because
that's what I try to be. I try to take care of my business and
they take care of theirs and it's been very successful.

WN: Thank you.

RK: You're more than welcome.

END OF INTERVIEW