

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

July 8, 2010

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

PSF No.: 05od-261

OAHU

Set Aside to Hawaii Housing Finance and Development Corporation for Affordable Senior and Multi-Family Rental Housing Projects; Rescind Prior Action dated March 28, 2008, Agenda Item D-12; Waimano, Ewa, Oahu, Tax Map Key: (1) 9-7-019:035.

APPLICANT:

Hawaii Housing Finance and Development Corporation (HHFDC)

LEGAL REFERENCE:

Section 171-11 and 55, Hawaii Revised Statutes (HRS), as amended.

LOCATION:

Portion of Government lands situated at Waimano, Ewa, Oahu, identified by Tax Map Key: (1) 9-7-019:035, as shown on the attached map labeled Exhibit A.

AREA:

4.703 acres, more or less.

ZONING:

State Land Use District: Urban
City and County of Honolulu LUO: P-2 General Preservation District

TRUST LAND STATUS:

Section 5(a) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: No

CURRENT USE STATUS:

Vacant and unencumbered.

PURPOSE:

Affordable Senior and Multi-Family Rental Housing Projects Purposes.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

The Final Environmental Assessment for the subject project was published in the OEQC's Environmental Notice on January 8, 2008 with a finding of no significant impact (FONSI).

APPLICANT REQUIREMENTS:

None. Map is available.

REMARKS:

The subject property was previously encumbered by General Lease No. 4948 to the Pearl City Youth Complex Association for youth athletic and recreation purposes. The lease was mutually cancelled effective on May 13, 2005 due to lack of volunteers and funding.

On March 28, 2008, under agenda item D-12, the Board authorized the issuance of a 65-year direct lease, pursuant to Section 171-43.1, HRS to Coalition for Specialized Housing (CSH), a domestic non-profit entity, for low-income rental housing and related purposes.

During the lease negotiation, CSH requested that they be allowed to sublease the lease to a limited partnership, Hale Mohalu II, of which CSH is the general partner. The setting up of the limited partnership is to facilitate obtaining housing tax credit which is the crucial financial component of the project.

Staff discussed the proposed sublease with the Department of the Attorney General and was advised that §171-43.1, HRS restricts the lessee to be a full non-profit entity. Staff understands the other partner in the proposed limited partnership is not a non-profit entity. Since the proposed limited partnership is not able to meet the requirement, the proposed sublease and the development of this housing project are not feasible.

Staff explained the issue to CSH and staff of HHFDC. Eventually, HHFDC decided to request setting aside the subject land to HHFDC for the same purpose. CSH has no objection to the subject request. In addition, HHFDC is asking for a construction and management right-of-entry and Board's authorization for developing the property into a condominium property regime.

Staff believes the proposed use for the subject request is the highest and best use of the property based on the prior proposal to lease the property for a similar purpose.

Staff did not solicit comments from other agencies on the subject request, as similar process was conducted during the environment assessment stage and any comments raised at that stage have been resolved or addressed.

Staff recommends the Board rescind its approval dated March 28, 2008, agenda Item D-12 regarding the issuance of a direct lease to CSH.

There are no other pertinent issues and concerns. Staff does not have any objections to the request.

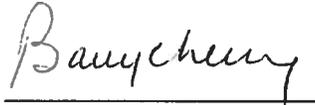
RECOMMENDATION:

That the Board, subject to Applicant fulfilling the Applicant Requirements above:

1. Rescind its prior action of March 28, 2008, agenda item D-12.
2. Authorize Hawaii Housing Finance and Development Corporation on behalf of the State to proceed with the condominium property regime and other permits applications relating to Hale Mohalu II project.
3. Approve of and recommend to the Governor the issuance of an executive order setting aside the subject lands to Hawaii Housing Finance and Development Corporation under the terms and conditions cited above, which are by this reference incorporated herein and subject further to the following:
 - A. The standard terms and conditions of the most current executive order form, as may be amended from time to time;
 - B. Disapproval by the Legislature by two-thirds vote of either the House of Representatives or the Senate or by a majority vote by both in any regular or special session next following the date of the setting aside;
 - C. Review and approval by the Department of the Attorney General; and
 - D. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.
4. Authorize the issuance of a construction and management right-of-entry to Hawaii Housing Finance and Development Corporation covering the subject area under the terms and conditions cited above, which are by this reference incorporated herein and subject further to the following:

- A. The standard terms and conditions of the most current right-of-entry permit form, as may be amended from time to time;
- B. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,

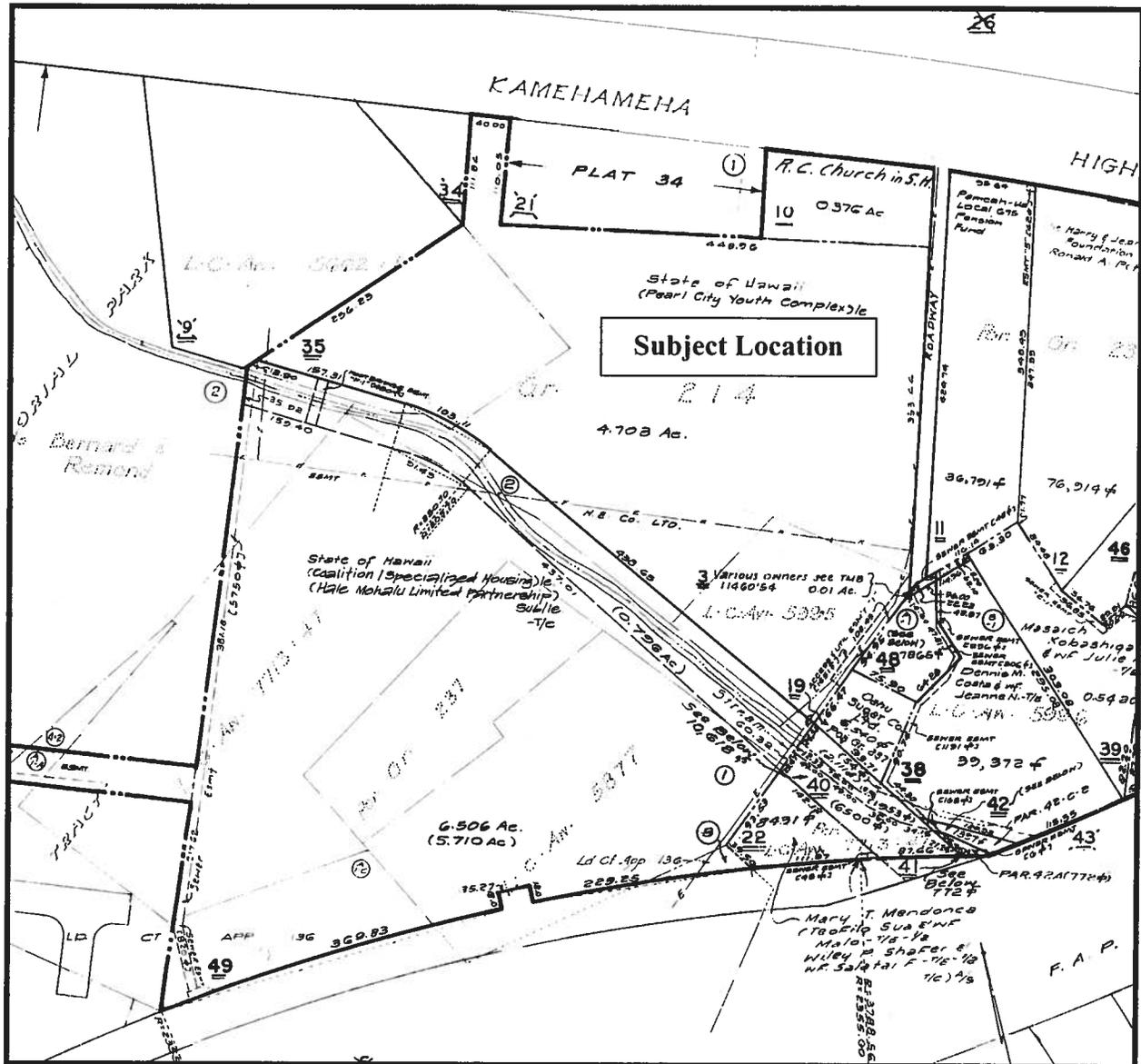


Barry Cheung
District Land Agent

APPROVED FOR SUBMITTAL:




Laura H. Thielen, Chairperson



TMK (1) 9-7-019:035

EXHIBIT A