

Shall the Authority Approve the Amendment to the Request for Proposal for 690 Pohukaina Street as a DeMinimus or Change/Cancel the Request for Proposal for 690 Pohukaina Street Due to a Change in Circumstances?

Staff Report

March 2, 2016

Background: In October 2011, the Authority authorized the Executive Director to develop a Transit-Oriented Development (TOD) Plan and Rules Overlay for the Kakaako Community Development District, request conveyance of the former Pohukaina School Site (690 Pohukaina Street, Tax Map Key (TMK): 2-1-051: 041) to the Hawaii Community Development Authority from the Department of Land and Natural Resources pursuant to the Hawaii Revised Statutes Section 206E-8, and develop and issue a Request for Proposal(RFP) for a Mixed-Use TOD Project (Project) on the former Pohukaina School Site (690 Pohukaina Street, TMK: 2-1-051: 041).

Subsequently, an RFP was published on January 2012 and proposals received in August 2012. Two developers, Forest City Hawaii Residential Inc. (Forest City) and Lend Lease US Public Partnerships LLC (Lend Lease) submitted proposals in August 2012. Proposals were evaluated by an evaluation committee established by the Authority and composed of three Authority members. A public hearing on proposals from both Forest City and Lend Lease was held in November 2012 at which time both developers presented their best and final offer. Two additional community meetings were held in November and December 2012 for the community to provide comments on the proposals before the Authority's decision-making. In December 2012 at a public hearing, the evaluation committee recommended selecting Forest City as the developer for the Project. In January 2013, the Authority selected Forest City as the developer for the Project and authorized the Executive Director to negotiate a development agreement.

Negotiations on development agreement with Forest City reached an impasse in December 2013 due to certain requests made by Forest City that were explicitly prohibited by the RFP.

In the meantime, staff has received a request from the Department of Education (DOE) to include an elementary school as part of the Project.

Discussion: At the February 2016 Authority meeting members of the DOE presented the proposal for an elementary school at the Project location. The scope of the Project in the RFP included the following programming elements:

- 300 affordable rental or for sale housing units;
- 500 market for sale residential units;

- 25,000 square feet civic space intended for State office and library usage;
- 10,000 square feet community space;
- 30,000 square feet commercial space located at ground floor; and
- 30,000 square feet high tech business incubator and innovation space.

The RFP did not anticipate an elementary school as part of the Project. Addition of an elementary school to the scope of Project would require amending the RFP. Alternatively, the Authority could consider cancelling the current RFP and issuing a new RFP to include an elementary school.