

NEIL ABERCROMBIE  
GOVERNOR



KAREN SEDDON  
EXECUTIVE DIRECTOR

**STATE OF HAWAII**

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM  
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION  
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July 11, 2013

**REQUEST FOR PROPOSALS  
DEVELOPMENT OF A VACANT LAND PARCEL  
WITHIN THE EAST KAPOLEI II PLANNED COMMUNITY  
KAPOLEI (EWA), OAHU, HAWAII  
TMK (1) 9-1-017: 109  
HHFDC JOB NO: DEV-RFP-13-001**

**ADDENDUM NO. 1**

This Addendum No. 1 (Summary of Informational Meeting held on July 10, 2013, consisting of 8 pages, inclusive of this page and the Exhibit) is hereby made a part of the Request for Proposals – Development of a Vacant Land Parcel Within the East Kapolei II Planned Community issued by HHFDC on June 5, 2013.

APPROVED:

A handwritten signature in blue ink, appearing to read "Karen Seddon", written over a horizontal line.

Karen Seddon, Executive Director  
Hawaii Housing Finance and Development Corporation

JUL 25 2013

\_\_\_\_\_  
Date

Please detach and execute receipt below and return immediately to the Hawaii Housing Finance and Development Corporation, 677 Queen Street, Suite 300, Honolulu, Hawaii 96813.

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Receipt of Addendum No. 1 (Summary of July 10, 2013 Informational Meeting) is hereby made a part of the Request for Proposals – Development of a Vacant Land Parcel Within the East Kapolei II Planned Community issued by HHFDC on June 5, 2013.

Signed: \_\_\_\_\_ Title: \_\_\_\_\_

Company: \_\_\_\_\_ Date: \_\_\_\_\_

The Offeror shall be responsible for incorporating Addendum No. 1 into its copy of the Invitation for Bids.

**Pre-proposal Conference for the RFP – Development of a Vacant Land Parcel Within the East Kapolei II Planned Community**

HHFDC Boardroom, 10:00 a.m.  
Wednesday, July 10, 2013

HHFDC staff members in attendance:

Leonell Domingo, Housing Development Specialist  
Seiji Ogawa, Housing Development Specialist  
Ken Takahashi, Project Manager

Attendees:

Miles Okimura, Michaels Development  
Monika Mordasini, Michaels Development  
Ann Peterson, TMO Better Tomorrow  
Tom Fischer, Urban Housing Communities  
Kali Watson, Hawaiian Community Development  
Marian Gushiken, EAH Housing  
Leslie Miasnik  
Gary Furuta, Hawaii Housing Development Corporation  
A. Rettig, IRM  
Andrew Furuta, Castle and Cooke Homes Hawaii  
Thomas Lee, Hunt Companies

The meeting was opened at 10:05 a.m. A project fact sheet that also served as the meeting agenda, entitled "EAST KAPOLEI II, LDA PARCEL 2, REQUEST FOR PROPOSALS (RFP) Fact Sheet", was distributed and is attached as Exhibit "A". The RFP objectives and project site were described; the critical dates and the requirements of the RFP were summarized.

Three Project updates, since the announcement of the RFP, were noted as follows:

1. The Board of Land and Natural Resources (BLNR) approved the fee conveyance of LDA Parcel 2 to the HHFDC at its meeting on June 14, 2013. Accordingly, Section 2.4(a)(2) on page 9 of the RFP is removed and replaced in its entirety with the following:

*"Landowner and Transfer of Land:* The State of Hawaii, DLNR owns the parcel. Pursuant to Agenda Item D-14 dated September 24, 2004, the Board of Land and Natural Resources (BLNR) approved the conveyance of 318 acres of non-ceded lands at East Kapolei to the DHHL, which included two parcels for low-density apartment (LDA) use. LDA Parcel 1 and Parcel 2 consist of 17.8 acres and 19.7 acres, respectively. LDA Parcel 1 was conveyed to the HHFDC by the

BLNR at its meeting on March 14, 2008. The BLNR approved the fee conveyance of LDA Parcel 2 to HHFDC at its meeting on June 14, 2013, under agenda item D-9.”

2. The Department of Hawaiian Home Lands (DHHL) has informed HHFDC that the pro-rata costs for off-site water and wastewater infrastructure to be assessed to LDA Parcel 2 will be \$656,780. Accordingly, Section 2.6(k) on page 11 of the RFP is removed and replaced in its entirety with the following:

“The developer shall be responsible for submitting project plans to DHHL for review and approval, and for paying DHHL the allocable pro-rata share of off-site water and wastewater infrastructure costs assessed to LDA Parcel 2 which DHHL has determined to be \$656,780.”

Therefore, in preparing its final proposal, the Offeror must account for \$656,780 in infrastructure costs for LDA Parcel 2. Furthermore, the developer will be responsible for all other applicable pro-rata shares of off-site facilities fees, including but not limited to, the Ewa area traffic impact fees, park dedication fees, and DOE fair share contribution fees.

3. HHFDC is clarifying that preference will be given to proposals that include a lease premium for the use of the LDA parcel 2. Accordingly, Section 2.2, paragraph 1, 3<sup>rd</sup> sentence, on page 8 of the RFP is removed and replaced in its entirety with the following:

“HHFDC will give preference to proposals with more affordable rental units as opposed to market-priced rental units, proposals that include a lease premium or rent for the use of the property, and proposals using the least amount of State of Hawaii resources.”

In addition, the evaluation criteria in Section 3.9(e), on page 16 of the RFP, is removed in its entirety and replaced with the following:

“Financial benefit to HHFDC in terms of proposed lease premium/rent and minimized use of State of Hawaii resources\* 10pts.”

The following is a summary of the questions raised at the meeting and answers provided at the meeting or subsequent to the meeting.

1. Q: Will there be any assistance from HHFDC on getting the project approved for construction and will there be an expedited process?  
A: HHFDC will provide assistance; however the developer will be responsible for obtaining all required approvals for the project, including approval for exemptions under Chapter 201H, HRS. If a developer intends to use the expedited process under Chapter 201H, HRS, it should be discussed in the proposal.

2. Q: The timeline in the RFP requires the project to be completed in three years. Would phasing of the project be disallowed?
- A: HHFDC understands that phasing of the project may be necessary due to financing, market demand, and other factors.
3. Q: How was DHHL's pro-rata cost for off-site water and wastewater infrastructure for the parcel determined?
- A: It was based on the number of multi-family units. In this case the LDA Parcel 2 allocation was 300 units.
4. Q: What about other impact fees, such as highway impact fees and utility fees?
- A: The developer will be responsible for payment of all applicable impact fees. In the case of the developer for LDA Parcel 1, Ewa Highway Impact Fee credits were applied to cover the fees that would have been paid for 120 multi-family dwelling units (\$149,400). HHFDC will work with the State DOT to obtain highway impact fee credits for this parcel, as long as credits are still available. Regarding the DOE school impact fees, the developer will be required to work with the DOE on a fair share contribution agreement. The DOE contribution agreement for the project on LDA Parcel 1 was \$1.173 million. Park dedication requirements may be met on-site if sufficient recreation space is provided; however, this will need to be approved by the Department of Planning and Permitting (DPP). The developer will be responsible for payment of fees for utility connections (i.e., HECO, BWS).
5. Q: Does East Kapolei have a drainage system? Is it already completed?
- A: Yes, the drainage system for storm water runoff has been completed. Provisions for on-site drainage must be addressed during the review of project plans by the DPP.
6. Q: Has there been previous market studies done for the area?
- A: A market study was prepared by SMS in 2007 for the developer of LDA Parcel 1 as part of his RFP proposal. The study indicated a strong market demand for affordable rental apartments in the Kapolei/Ewa region, particularly the 60% AMI and below market. Offerors for this RFP solicitation will need to provide their own explanation of housing needs in the area that the proposed project will be attempting to address (see application Section 1, on page 6, item E. Market Demand).
7. Q: Is the first parcel HHFDC leased in East Kapolei (i.e., LDA Parcel 1) completed and what type of project is it?
- A: LDA Parcel 1 was leased to Mutual Housing Association of Hawaii following a RFP process in 2007. When completed, the project will have a total of 308

multi-family rental units serving households at 60% and below area median income. Phase 1, with 120 units, was completed in April 2013.

8. Q: Are support services required for the project?

A: The developer has the flexibility to incorporate any support services that may be appropriate for the project.

9. Q: In terms of the Evaluation Criteria in Section 3.9(c), does providing for a greater range of affordability help get a higher score?

A: The Evaluation Committee will consider each developer's proposed target group(s) in light of the total number of affordable rental units in the project as a whole.

10. Q: What were the sources of financing for the developer of LDA Parcel 1?

A: For Phase 1, the developer received multi-family tax exempt revenue bonds, Federal and State low income housing tax credits, and a rental housing trust fund loan.

11. Q: Does this RFP discourage the use of State of Hawaii resources other than the ones listed in the footnote to the Evaluation Criteria (page 16)?

A: No, however it will be considered.

12. Q: Was there an Environmental Impact Statement prepared for this site?

A: In 1998 a Final Environmental Impact Statement (FEIS) was prepared for the East Kapolei Master Plan. In 2008 as part of the zoning change process for LDA Parcel 1, the DPP determined that an Environmental Assessment (EA) was not required for the project because the project was generally consistent with the description in the 1998 FEIS. A similar determination was made by the State Office of Environmental Quality Control in 2010 as to whether a Supplemental EIS or EA would be required for the project. The developer of LDA Parcel 2 will need to obtain a determination on the need for a Supplemental EIS or EA from DPP as part of its zone change request.

13. Q: Are there contaminants on the site?

A: A Phase I Environmental Site Assessment was prepared for the Department of Health in 2004 for the area. The site was given a No Further Action Determination.

14. Q: Were there any archaeological studies done for the area?

A: The 1998 FEIS included a discussion of archaeological resources, anticipated impacts and mitigation measures.

15. Q: Is HHFDC the fee owner of the property?

A: The Board of Land and Natural Resources approved the fee conveyance of the property to HHFDC on June 14, 2013. A Land Court conveyance deed to the property will be executed.

16. Q: Can the project on LDA Parcel 2 include housing units for rental exclusively to native Hawaiian families?

A: No. HHFDC's enabling statute, Chapter 201H, Hawaii Revised Statutes, specifically states that the Fair Housing law, Chapter 515, HRS, shall apply to the activities of HHFDC. The law prohibits discriminatory practices when engaging in any real estate transaction. HHFDC ground leases also contain language prohibiting discrimination on the use of the property.

**EAST KAPOLEI II, LDA PARCEL 2, REQUEST FOR PROPOSALS (RFP)  
FACT SHEET**

- I. **Objective:** To produce an affordable multi-family development project in the East Kapolei II master planned community while utilizing the least amount of State of Hawaii resources. The preference is for proposals with more affordable rental units as opposed to market-priced rental units, and proposals that include a lease premium or rent.
- II. **Project Site:** A vacant State of Hawaii parcel within the East Kapolei II Planned Community, Kapolei, Oahu, Hawaii; Tax Map Key No.: (1) 9-1-17: 109, being 19.72 acres, identified as LDA Parcel 2.
- III. **RFP Process:**
- Advertisement – June 5, 2013
  - Informational Meeting – 10:30 a.m. on July 10, 2013
  - Deadline for Questions and Clarification – 4:30 p.m. on August 7, 2013
  - Proposals Due – September 4, 2013
  - Best and Final Offer – September 18, 2013
  - Selection of Developer (Award) – October 10, 2013
- IV. **Project Updates**
- BLNR approved conveyance of parcel on June 14, 2013.
  - DHHL pro-rata costs for off-site water and wastewater infrastructure will be \$656,780.
  - Preference will be given to proposals which include a lease premium or rent, in addition to proposals with more affordable rental units as opposed to market-priced rental units, and proposals using the least amount of State of Hawaii resources.
- V. **Major Project Requirements:**
- Developer to accept parcel in “As is, Where is” condition.
  - Developer shall execute a Development Agreement with HHFDC.
  - Conveyance of the parcel to the developer will be by ground lease for a minimum term of 65 years.
  - Affordable units to be rental. “Affordable” means up to 140% and below the HUD area median income.
  - The developer shall, on its own behalf or in conjunction with a non-profit or other entity acceptable to HHFDC, own, operate and manage any rental units.
  - Rental units shall remain affordable for a minimum of 65 years.
  - Project completion deadline is 3 years from the date of project approval.
  - Developer shall be responsible for all entitlements, permits, and impact fees.
  - Developer shall be responsible for the DHHL pro-rata share of off-site water and wastewater infrastructure cost to be assessed to LDA Parcel 2 which DHHL has determined to be \$656,780.00.
- VI. **Proposal Requirements:**
- Proposal must meet submittal requirements in the RFP.
  - An application fee of \$250.00.
  - An original and 4 copies of the Application proposal are required.

<b>VII. Evaluation Criteria: (100 points total)</b>	
• Development team qualifications, including development and management experience and capacity of the developer and team to undertake the type of project proposed	25 pts.
• Feasibility of overall Project Proposal	20 pts.
• Maximum number of affordable units, with a preference for rental units, and range of affordability	20 pts.
• Financial capacity and proven ability of developer to possess or obtain equity and debt capital for the proposed project	20 pts.
• Financial benefit to HHFDC in terms of proposed lease premium/rent, and minimum use of State of Hawaii resources	10 pts.
• Compliance with RFP and Application requirements	<u>5 pts.</u>
Total Points	100 pts.

**VIII. Project Timeline**

• HHFDC Board approval of Developer	October 2013
• Execute DA and conveyance (i.e., lease)	April 2014
• Developer finalizes project plans, obtains entitlements and secures financing	Mid 2016
• Estimated Project construction start	2017
• Estimated Project completion	2018