

Shall the Authority Authorize the Interim Executive Director to Engage in Further Discussions with Hunt Development, LLC (Hunt) and to Proceed with Negotiation of an Agreement between the Hawaii Community Development Authority (HCDA) and Hunt Regarding Hunt's Proposal to: (1) Purchase Real Property (Tax Map Keys: 9-1-16: 27 (Portion) and 9-1-160: 06, 08, and 10) (Subject Property) Currently Owned by James Campbell Company, LLC, and (2) Thereafter, Convey the Subject Property at No Cost to the HCDA to Facilitate HCDA's Planned Future Roadway Improvements to Franklin Delano Roosevelt Avenue in the Kalaeloa Community Development District, in Exchange for HCDA's Agreement to Provide Hunt with Public Facilities Dedication (PFD) Credits (Not to Exceed \$100,000.00) to be Applied Toward Hunt's PFD Requirements Arising from Hunt's Future Development Activities in the Kalaeloa Community Development District?

Staff Report

September 7, 2016

History:

At its July 8, 2015 meeting, the Authority authorized the Executive Director or its designee to execute a Memorandum of Understanding (MOU) with the State of Hawaii Department of Transportation and the City and County of Honolulu (City) for the conveyance of a portion of Franklin Delano Roosevelt (FDR) Avenue between the West Perimeter Road and Enterprise Avenue to the Hawaii Community Development Authority (HCDA). This MOU was executed by the HCDA on February 24, 2016 (see Exhibit A).

At its December 9, 2015 meeting, the Authority authorized the Executive Director or its designee to execute a Memorandum of Agreement (MOA) accepting conveyance of properties (Tax Map Keys: 9-1-16: 27 (portion) and 9-1-160: 06, 08, and 10) owned by James Campbell Company LLC (Campbell) for no cost for the future improvements to FDR Avenue in the Kalaeloa Community Development District (Kalaeloa), provided that Section 2.3 of the MOA, exempting Campbell from Hawaii Revised Statutes Chapter 343 (requiring environmental review) would be stricken from the MOA (see Exhibit B). Since the HCDA could not agree to the stipulation, the MOA was not executed between the HCDA and Campbell.

Discussion:

The FDR Avenue currently serves as a major east-west corridor in Kalaeloa that connects Ewa Beach to Campbell Industrial Park and the Kapolei Commons Commercial area.

Pursuant to the MOU, the HCDA is now the owner of FDR and is responsible for the redevelopment. In response to community feedback and to expedite development along FDR West of Enterprise Avenue (FDR West) Hunt Development LLC (Hunt) is proposing to purchase those Campbell properties (see Exhibit C).

Although Campbell was willing to convey those same properties to the HCDA at no cost, Hunt would be charged \$100,000.00 to purchase those same properties. Hunt is willing to purchase those remnant properties and convey the properties to the HCDA in exchange for future public facilities dedication credits not to exceed \$100,000.00.

Hawaii Administrative Rules Section 15-215-64 “*Dedication of public facilities.*” of the Kalaeloa Community Development District Rules (Kalaeloa CDD Rules) stipulates for improvements and developments increasing existing floor area by more than twenty-five percent. Three percent for commercial and industrial developments and four percent for residential developments of developable floor area or in-lieu payment would be required for public facilities dedication and conveyed or paid to the HCDA with exceptions for reserved housing and eleemosynary type developments.

Currently, Hunt owns the majority of lands along FDR west and anticipates subdividing parcels for future development in Kalaeloa. The Kalaeloa CDD Rules for dedication of public facilities would apply when Hunt or a developer would apply for an Improvement or Development Permit. Therefore, the \$100,000.00 public facilities dedication credit Hunt is requesting could be applied to the future development of lands along FDR west. Hunt is seeking to enter into this agreement with the HCDA prior to the purchase of the Campbell properties (see Exhibit D).

Considerations:

- At its December 9, 2015 meeting, the Authority received testimony from Authority Member Chinn stipulating that the Department of Hawaiian Home Lands paid \$50,000.00 for less than a ½ acre for a strip of Campbell-owned property on the eastside of the district in order to execute the construction of the Ka Makana Ali‘i shopping mall.
- The Campbell property Hunt will be purchasing is approximately five acres for \$100,000.00.
- Hunt’s acquisition of the Campbell lands will comply with the City, Department of Planning and Permitting subdivision’s process requiring 108-foot roadway right-of-way in order to develop along FDR west.
- Hunt’s purchase of the Campbell lands and conveyance to the HCDA for future Public Facilities Dedication Credit creates development opportunities for the west region of the district without impacting the Kalaeloa Community Development Revolving Fund.
- Improvements included in the MOU contemplates that these improvements would be made on Campbell property (Exhibit A)

- Campbell property is located outside of the Kalaeloa CDD

Recommendations: Staff recommends that the Authority authorize the Interim Executive Director to engage in further discussions with Hunt Development, LLC (Hunt) and to proceed with negotiation of an agreement between the Hawaii Community Development Authority (HCDA) and Hunt regarding Hunt's proposal to: (1) purchase real property (Tax Map Keys: 9-1-16: 27 (Portion) and 9-1-160: 06, 08, and 10) (Subject Property) currently owned by James Campbell Company, LLC, and (2) thereafter, convey the Subject Property at no cost to the HCDA to facilitate HCDA's planned future roadway improvements to Franklin Delano Roosevelt Avenue in the Kalaeloa Community Development District, in exchange for HCDA's agreement to provide Hunt with public facilities dedication (PFD) credits (not to exceed \$100,000.00) to be applied toward Hunt's PFD requirements arising from Hunt's future development activities in the Kalaeloa Community Development District.

Attachments: Exhibit A – Memorandum of Understanding between the HCDA, State of Hawaii Department of Transportation and the City and County of Honolulu
Exhibit B – Memorandum of Agreement - James Campbell Company LLC
Exhibit C – Map of the Campbell properties to be purchased by Hunt
Exhibit D – Draft Memorandum of Agreement – Hunt Development LLC