

FOR ACTION

I. SUBJECT

Consider Authorizing the Executive Director to (i) accept conveyance from the State of Hawaii, Department of Transportation of Two Remnant Road Parcels located in the Kalaeloa Community Development District [no postal address] Pursuant to that Certain Memorandum of Understanding, Dated July 25, 2016, by and among, the Hawaii Community Development Authority (HCDA), State of Hawaii, Department of Transportation (DOT), and the City and County of Honolulu, and (ii) Dispose of the Two Remnant Road Parcels to the Abutting Property Owner, Hunt Development, For Fair Market Value Established by an Independent Appraiser pursuant to Chapter 171, Hawaii Revised Statutes, for Cash and/or Other Valuable Consideration, and (iii) Terminate the Memorandum of Understanding.

II. BACKGROUND

This subject was presented to the Authority in May 2023 for information only.

This matter arises from efforts dating back to 2016 to effectuate roadway improvements in the Kalaeloa community development district to facilitate development because of the temporary ownership of some roads by the DOT.

Discussions between the HCDA, City and County of Honolulu (“City”), and the DOT commenced prior to 2016, regarding road improvements and the applicable standards for such roadway improvements in the Kalaeloa community development district.

HCDA, DOT, and the City intended to execute a memorandum of understanding to memorialize the pre-2016 discussions and ostensibly to (i) address all DOT roads in Kalaeloa, (ii) provide a mechanism for removing these roads from DOT ownership and convey them to the City, and (iii) the disposition of unusable remnant roads in consideration of replacement roads where they are to be built on private property—for example, if a road alignment changes and the roads are built on private property and such realigned roads are then conveyed to the City.

The broader scope described above did not make it into the Memorandum of Understanding, effective July 25, 2016, between HCDA, DOT, and the City (“MOU”). See, Exhibit “A”. Instead, the scope of the MOU was limited to obligations relating to the following portions of roadway:

1. Remnant Portion of West Perimeter Road (“WPR-Mauka”): DOT owns WPR-Mauka.
2. Remnant Portion of Franklin Delano Roosevelt Avenue (“FDR-West”): The DOT also owns FDR-West.

Under the terms of the MOU, DOT must convey WPR-Mauka and FDR-West to HCDA. HCDA was obligated to make certain right-of-way improvements to FDR-West approved by the City, and convey FDR-West to the City. WPR-Mauka would be closed and abandoned as a roadway. The DOT has no plans to improve WPR-Mauka or FDR-West.

HCDA did not undertake the improvements required under the MOU. In a March 13, 2017 letter to the City, HCDA stated that after it receives the conveyance of FDR-West and WPR-Mauka, HCDA, working with DOT, will close West Perimeter Road, as the extended Kamokila Boulevard, will replace West Perimeter Road and the West Perimeter Road will be the back of Parcel 1-C. See, Exhibit “B”.

In 2019, the then Executive Director reportedly acknowledged HCDA’s intent to convey FDR-West and WPR-Mauka to Hunt Development Corporation whereby those remnant parcels would be consolidated with Hunt Development Corporation’s Parcel 1¹ to create a separate commercial parcel named, Parcel 1-C.

Hunt Development Corporation proceeded with the extension of Kamokila Boulevard. The extension of Kamokila Boulevard south of Franklin Delano Roosevelt Avenue connects with the realigned Boxer Road. The extension of Kamokila Boulevard is almost complete.

III. DISCUSSION

Staff desires to finalize the contemplated transactions, some of which may be simultaneous:

1. Accept the conveyance, by quitclaim deed, from the DOT of WPR-Mauka and FDR-West in accordance with the terms of the MOU.
2. Obtain approval from the Board of Land and Natural Resources to dispose of the two remnant parcels to Hunt Development Corporation for fair market value cash and/or other valuable consideration in accordance with State law.
3. Confirm with the City, HCDA’s intent to remove WPR-Mauka as a roadway, as shown in the 2012 Kalaeloa Thoroughfare Plan (attached) of Chapter 215 of Title 15, Hawaii Administrative Rules, and due to the removal of WPR-Mauka as a future City right-of-way, HCDA no longer requires the remnant piece of FDR-West to be provided as a future City right-of-way, resulting in the Franklin Delano Roosevelt Avenue/Kamokila Boulevard intersection transitioning from a “cross” to a “T” City roadway, thereby closing off further westbound access on Franklin Delano Roosevelt Avenue.
4. Terminate the MOU.

¹ The Advanced Leeward Outpatient Healthcare Access (ALOHA) multi-specialty Veteran’s Affairs Clinic is under construction and is located on Parcel 1. The permitted, Gentry by Kaula residential development, will also be located on Parcel 1, but has not commenced construction.

The fair market value of the two remnant parcels was appraised at \$2,770,000 by an independent certified appraisal, obtained by HCDA, dated June 23, 2023.

IV. RECOMMENDATION

Authorize the Executive Director to (i) accept conveyance from the State of Hawaii, Department of Transportation of Two Remnant Road Parcels located in the Kalaeloa Community Development District [no postal address] Pursuant to that Certain Memorandum of Understanding, Dated July 25, 2016, by and among, the HCDA, DOT, and the City and County of Honolulu, and (ii) Dispose of the Two Remnant Road Parcels to the Abutting Property Owner, Hunt Development, For Fair Market Value Established by an Independent Appraiser pursuant to Chapter 171, Hawaii Revised Statutes, for Cash and/or Other Valuable Consideration in the amount of \$2,770,000, and (iii) Terminate the Memorandum of Understanding.

Prepared By: Gareth Sasaki, Administrative Services Officer *Gareth Sasaki*

Reviewed By: Craig K. Nakamoto, Executive Director *Craig K. Nakamoto*

Attachments:

Exhibit "A": Memorandum of Understanding dated July 25, 2016

Exhibit "B": Subdivision Map Showing the (i) Subject Remnant Parcels Consolidated with Parcel 1-C, and (ii) the Kamokila Boulevard Extension.