

FOR ACTION

I. SUBJECT

Consider Adopting the HCDA Plan for the Development of Currently-Owned and Future-Acquired Real Property, Which is Included as a Goal in the Strategic Plan, revised June 5, 2024.

II. BACKGROUND

During its June 5, 2024 Regular At-Large Authority Meeting, the Board adopted the HCDA Strategic Plan.

One of the Short-Term (1 year) Agency and Executive Director Goals is as follows:

Develop a Plan for the Development of Currently-Owned and Future-Acquired HCDA Real Property

Phase: Complete

Task Type: Development Plan

Priority: **High**

Strategy: The acquisition of properties for housing and non-housing development (i.e., mixed-use) is a board objective, with an emphasis on producing housing. Producing housing requires a balanced portfolio of income-producing and nominal income-producing (i.e., affordable housing or community benefit projects). There is a need to create a development plan for currently-owned and future-acquired properties to serve as a framework and guiding principle for development.

During its October 2, 2024 Regular At-Large Authority Meeting, the Board reviewed the HCDA Real Estate Portfolio Development Plan. Feedback from the Board included potential use for alternative energy on the Kalaeloa parcels.

III. DISCUSSION

Development will continue or commence on the following properties:

1. Kewalo Basin Harbor: Charter Building
 - a. Non-housing development, income producing
 - b. Next step: Explore development possibilities
2. Kewalo Basin Harbor: NOAA Lot
 - a. Non-housing development, income producing
 - b. Next step: Commence procurement for a contractor

3. Lot C
 - a. Non-housing development, nominal income producing community benefit
 - b. Next step: Continue pursuing legislative funding

4. Block P
 - a. Housing development
 - b. Next step: Commence procurement of a developer

5. Block P-3
 - a. Housing development
 - b. Next step: Support budget request for 99-year Leasehold Program

6. Kalaeloa 19-acre vacant parcel
 - a. Non-housing development, income producing
 - b. Next step: Support budget request for EIS


Additionally, continue acquisition of two properties for Supportive Housing and Community Center.

IV. RECOMMENDATION

Adopt the HCDA Plan for the Development of Currently-Owned and Future-Acquired Real Property, Which is Included as a Goal in the Strategic Plan, revised June 5, 2024.

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Reviewed By: Garet Sasaki, Chief Financial Officer 

Reviewed By: Craig K. Nakamoto, Executive Director 

Attachments:
Exhibit A – Real Estate Portfolio Development Plan



**REAL ESTATE PORTFOLIO
DEVELOPMENT PLAN**

February 5, 2025

Hawai'i Community Development Authority
547 Queen Street
Honolulu, Hawai'i 96813

Table of Contents

EXECUTIVE SUMMARY	3
CURRENTLY OWNED REAL ESTATE PORTFOLIO.....	4
KAKA'AKO	4
KALAELOA	6
HE'EIA	6
PORTFOLIO DEVELOPMENT ASSUMPTIONS.....	7
CURRENT FINANCIAL SUMMARY.....	7
PROJECTED FINANCIAL SUMMARY	7
KEY CONSIDERATIONS.....	7
GOALS AND OBJECTIVES.....	8
GOALS	8
OBJECTIVES	8
PORTFOLIO DEVELOPMENT STRATEGY	9
DEVELOP CURRENTLY OWNED REAL ESTATE	9
FUTURE REAL ESTATE ACQUISITIONS	11
DEVELOPMENT TIMELINE	12

Executive Summary

The Hawai‘i Community Development Authority (HCDA) is a public entity created by the Hawai‘i State Legislature to establish community development plans in community development districts; determine community development programs; and cooperate with private enterprises and the various components of federal, state, and county governments to bring community development plans to fruition. The Authority’s work should result in economic and social opportunities and aim to meet the highest needs and aspirations of Hawai‘i’s people.

One of the short-term goals listed in the Strategic Plan, dated June 5, 2024, was to Develop a Plan for the Development of Currently-Owned and Future Acquired HCDA Real Property.

The acquisition of properties for housing and non-housing development (i.e., mixed-use) is a board objective, with an emphasis on producing housing. Producing housing requires a balanced portfolio of income-producing and nominal income-producing (i.e., affordable housing or community benefit projects). There is a need to create a development plan for currently-owned and future-acquired properties to serve as a framework and guiding principle for development.

This Real Estate Portfolio Development Plan is intended to be a blueprint and roadmap for the board’s vision for developing real estate owned now and in the future. It is a blueprint that considers several factors, including property location, infrastructure availability, zoning, proximity to transportation, and legislative direction.

As to future acquired properties, the determination of the properties’ use for housing and non-housing development should be made on a case-by-case basis after staff reviews the mix of properties in the portfolio (i.e., income-producing, or nominal income-producing) and other considerations, subject to the board’s review.

Finally, this Real Estate Portfolio Development Plan should be reviewed periodically by the board and amended as needed. We must remain flexible in our development strategies to respond to the growing needs and aspirations of the community, as well as, the guidance and support of the Hawai‘i State Legislature.

Development will continue or commence on the following properties:

1. Kewalo Basin Harbor: Charter Building
2. Kewalo Basin Harbor: NOAA Lot
3. Lot C
4. Block P
5. Block P-3
6. Kalaeloa 19-acre vacant parcel

Currently Owned Real Estate Portfolio

Below is a list of properties currently owned by the HCDA. Each property was evaluated for potential future development based on the following criteria: 1) current use and zoning, 2) existing lease terms (if applicable), 3) parcel size and location, and 4) other factors.

The properties listed below as developable means staff initially believed there is potential to monetize the parcel through development. Additional due diligence may be needed to confirm that a parcel is developable.

Kaka‘ako

	TMK	Address	Description	Asset	Developable	Develop?
1.	2-1-031-021	545 Queen Street	Honuakaha	Building	No	n/a
2.	2-1-031-021	545 Queen Street	Honuakaha: Commercial	Building	No	n/a
3.	2-1-031-021	547 Queen Street	Honuakaha: Brewery	Building	No	n/a
4.	2-1-058-132	None	Kewalo Basin Harbor waters	Land	No	n/a
5.	2-1-058-133	None	Kewalo Basin Harbor: Charter Building	Building	Yes	Yes
6.	2-1-058-135	None	Kewalo Basin Harbor: NOAA Lot	Building	Yes	Yes
7.	2-1-058:134	None	Kewalo Basin Harbor: Diamond Head Parking Lot and Comfort Station	Land and Building	Yes	No, based on internal cost-benefit analysis
8.	2-1-015:062	210 Keawe Street	City sewage pumping station	Land	No	n/a
9.	2-1-015-063	240 Keawe Street	Sheriff's Receiving Station	Land	<u>No</u>	n/a
10	2-1-015:063	653 Ala Moana Blvd.	Historic Ala Moana Pump Station	Land and Building	No	n/a
11	2-1-051-014	630 Cooke Street	Nohona Hale	Land	No	n/a

	TMK	Address	Description	Asset	Developable	Develop?
1	2-3-003:040	1025 Waimanu Street	Ola Ka 'Ilima Artspace Lofts	Land	No	n/a
1	2-3-007:026	1226 Waimanu Street	Hale Kewalo Driveway	Land	No	n/a
1	2-1-050: 013, 014, 015, 063, 065, 070	832 Halekauwila Street	Kauhale Kaka'ako Parking Garage	Building	No	n/a
1	2-1-015-052	None	Lot C	Land	Yes	Yes
1	2-1-015-052	None	Forrest Private Driveway	Land	No	n/a
1	2-1-015: 052	643 Ilalo Street	Entrepreneur's Sandbox	Land and Building	No	n/a
1	2-1-060: 009	651 Ilalo Street	UH JABSOM and UH Cancer Center	Land and Building	No	n/a
1	2-3-003-094	955/957 Kawaiaha'o Street	Block P Warehouse	Building	Yes	Yes
2	2-3-003-022	956/958 Queen Street	Interior Showplace Warehouse	Building	Yes	Yes, combined with Block P Warehouse
2	2-1-051-003	510 Cooke Street	Mother Waldron Park	Land	No	n/a
2	2-3-004: 080 & 076	1141 Waimanu Street	Kolowalu Park	Land	No	n/a
2	Various	None	51 Road Remnants	Road	No	n/a
2	2-1-049:080 & 063	873 Kapiolani Blvd & 610 Ward Avenue	Block P-3	Land and Building	Yes	Yes

Kalaeloa

	TMK	Address	Description	Asset	Developable	Develop?
1.	9-1-013-034	BRAC 13074-A	Beach front park property	Land	No	n/a
2.	9-1-013-055	BRAC 13063-F	Homeless transitional shelter leased to HPHA	Land and Building	No	n/a
3.	9-1-013-067	BRAC 13073-B	65-acre vacant parcel	Land	Yes	No, to commence following development of 19-acre vacant parcel
4.	9-1-013-068	BRAC 13073-C	19-acre vacant parcel	Land	Yes	Yes
5.	9-1-013-069	BRAC 13073-D	Leased to KHLF as Kalaeloa Heritage Park	Land	No	n/a
6.	9-1-013-070	BRAC 13073-E	Leased to Aloha Solar for PV Farm	Land	No	n/a
7.	9-1-031-047	BRAC 13126-B	Landlocked beachfront property	Land	No	n/a
8.	9-1-013 road	BRAC 13080-B	Enterprise Ave.	Road	No	n/a

He'eia

	TMK	Address	Description	Asset	Developable	Develop?
1.	4-6-016-001	46-206 Ahui Nani Place	He'eia agricultural land leased to Kāko'o 'Ōiwi	Land	No	n/a

Portfolio Development Assumptions

Income generated from real estate activity, such as ground leasing and/or parking operations, are deposited into our special fund. Special funds are used for operations and fund approximately half of our staff positions—the other half is funded by general funds. It is important, therefore, to maintain and grow our special fund balance through the monetization of certain properties.

The financial summary below illustrates the modest net gain. Through the development of certain properties. The intent is to generate additional revenue to support operations and special funds positions.

Current Financial Summary

Income	\$2,700,000
Expenses	
Directly related to the property	\$ 700,000
Special fund positions	<u>\$1,800,000</u>
	\$2,500,000
Net gain/(loss)	<u>\$ 200,000</u>

Projected Financial Summary

[To be included in subsequent versions of the HCDA Real Estate Portfolio Development Plan]

Key Considerations

1. Source of funds
2. Current and future capital obligations
3. Current and future maintenance obligations
4. Staff capacity

Goals and Objectives

The following goals and objectives are the key considerations in developing this plan. Over time, the board may change these goals and objectives.

Goals

1. Support the production of housing
2. Support economic growth

Objectives

1. Acquire parcels for housing
2. Develop parcels for housing and retail/commercial mixed-use
3. Develop parcels for income production
4. Maintain and manage all owned parcels

Portfolio Development Strategy

The following is our current development strategy for the lands designated as “developable”. Additional due diligence is needed to determine each parcel’s suitability for development.

Develop Currently Owned Real Estate

Kewalo Basin Harbor: Charter Building

- Current Use: Commercial office/retail space (leased to Howard Hughes)
- Current Income/Expense: \$2,185/month; no expenses since NNN lease
- Cost to Develop: TBD
- Future Use: Improved commercial/retail space
- Future Income/Expense: TBD
- Next Step: Explore development possibilities

Kewalo Basin Harbor: NOAA Lot

- Current Use: Office space for Harbormaster and Lifeguards, overflow parking space
- Current Income/Expense: None (combined with Charter Building lease)
- Cost to Develop: \$2,000,000 from HCD Special Funds to develop a parking lot
- Future Use: Public paid parking (80 stalls)
- Future Income/Expense: \$25,000+/month for public paid parking
- Next Step: Commence procurement for a contractor

Lot C

- Current Use: Public paid parking lot (414 stalls + small fenced lot)
- Current income/expense: Approx. \$65,000/ month; \$4,500 monthly management fee
- Cost to Develop: \$24,000,000 from CIP Funds to develop a mobility hub
- Future Use: Regional parking garage, mobility hub, and commercial/retail space
- Future Income/Expense: TBD
- Next Step: Continue pursuing legislative funding

Block P – Combined TAJ/ Ekea/ Rice Factory Warehouse and Interior Showplace Warehouse

- Current Use: Commercial/ Retail office space
- Current income/expense: \$30,000/ month; less \$4,712 monthly management fee and regular repair and maintenance expenses
- Cost to Develop: \$0, RFP developer for affordable rental project
- Future Use: Affordable housing
- Future Income/Expense: \$0
- Next Step: Commence procurement of a developer

Block P-3 – Combined Jack in the Box, Fiddler’s, Zimmer Medical Supplies

- Current Use: Commercial/ Retail office space
- Current income/expense: \$28,576/ month; less \$5,000 monthly management fee
- Cost to Develop: \$30,000,000 from CIP Funds to develop a 99-Year Leasehold Building
- Future Use: Affordable housing
- Future Income/Expense: TBD
- Next Step: Support budget request for 99-year Leasehold Program

Kalaeloa 19-acre vacant parcel (BRAC 13073-C)

- Current Use: Vacant parcel
- Current income/expense: None
- Cost to Develop: TBD
- Future Use: Warehouse/ storage facility or alternative energy
- Future Income/Expense: TBD
- Next Step: Support budget request for EIS

Future Real Estate Acquisitions

Property for Supportive Housing

\$5,000,000 in General Funds

Property for Community Center

\$5,000,000 in General Obligation Bond Funds

Development Timeline

	2025	2026	2027	2028	2029
Charter Building	Planning	Design	Construction		
NOAA Lot	Planning and Design	Construction			
Lot C		Request Funds	Planning	Design	Construction
Block P	Procurement				
Block P-3	Request Funds	Planning and Design	Construction		
19-Acre Parcel	Request Funds	EIS	Planning	Design	Construction