Reviewed and Approved by Executive Director: Craig K. Nakamoto
December 3, 2025

FOR ACTION

I. REQUEST

Consider Adopting Revised Policy and Procedures for Reviewing Solicited and Unsolicited Offers to Lease or Develop Property Owned by the Hawaii Community Development Authority (HCDA).

II. BACKGROUND

HCDA owns approximately 234 acres of land throughout its Kakaako and Kalaeloa Community Development Districts. Of this land, about 9 acres in Kakaako and 84 acres in Kalaeloa include developable parcels or buildings that are not encumbered by long-term leases. These lands may be available for redevelopment and/ or leasing opportunities.

HCDA general and administrative operations rely heavily on revenues generated by leasing and managing its properties. Funds received go toward HCDA office operations, property management, public facilities management (such as parks and roads), equipment maintenance, and staff salaries.

As such, the HCDA needs leasing policies that allow for prudent management of HCDA properties that balances revenue generation with HCDA's mission.

On April 4, 2018 the General Authority adopted a policy and procedures providing guidelines and protocols governing the consideration of proposals to lease and/or develop HCDA-owned property. The policy and procedures included guidelines for the following:

1. Considerations for evaluating the duration of a lease;
2. Solicitation for proposals for the lease and/or development of property;
3. Consideration of Unsolicited Proposals to lease and/or develop property; and
4. Supplemental considerations for proposals offering below market terms.

The above policy establishes guidelines for how the HCDA solicits, evaluates, and approves lease or redevelopment opportunities on its properties. It ensures decisions align with HCDA's mission to revitalize districts, balance public and commercial uses, and generate revenue while maintaining transparency and fairness.

III. DISCUSSION

Revisions to the leasing policy and procedures are necessary to allow for greater clarity and flexibility in property management.

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The newly proposed policy and procedures (attached) includes all of the tenets of the previous policies and procedures and further distinguishes between long-term leases, which require Board approval and typically involve redevelopment, and interim uses, which are shorter-term and more flexible.

HCDA staff proposes that agreements with terms of five years or less in length do not require Board approval and may be administratively approved by the Executive Director, provided they do not interfere with long-range community plans and are for an interim use that either generates revenue, activates dormant areas, or meets unmet community needs and aligns with the proposed policy and procedure.

Proposals may be solicited through RFQs/RFPs or be considered as unsolicited proposals if they present unique, mission-driven opportunities, with evaluation committees scoring submissions based on qualifications, financing, and alignment with community plans. HCDA may also accept below-market leases when proposals advance public benefits.

As a board level policy, the leasing policy and procedures presented are intentionally structured to allow HCDA staff some autonomy in the application of the policies and procedures. This policy and procedures would set a standard that leasing proposals must meet in order to be presented for board consideration or administratively approved by the Executive Director.

If approved, the policy and procedures will be effective immediately, making all new and subsequent proposals or solicitations subject to the requirements of the leasing policy and procedures. Similar to the prior leasing policies, this policy and procedures can later be amended to address any issues or concerns that may arise after implementation.

IV. RECOMMENDATION

It is Recommended the Board Adopt the attached "Policy and Procedures for Reviewing Solicited and Unsolicited Offers to Lease or Develop Property Owned by the Hawaii Community Development Authority" to Review and Evaluate Proposals to be an acceptance or non-acceptance.

Attachments:
Attachment 1 – HCDA Leasing Policy and Procedures, Draft
Exhibit A – HCDA Lease Property Evaluation, Draft

Prepared By: Lindsey Doi, Asset Manager ______________

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

ATTACHMENT 1

Policy Number:
Effective Date:
Revision Dates:

Hawaii Community Development Authority
Policy and Procedures for
Reviewing Solicited and Unsolicited Offers to Lease or Develop Property

1.0 Background

This Policy and Procedures establish guidelines and protocols for the solicitation, evaluation, and presentation of lease and/or development proposals for consideration by the Hawaii Community Development Authority ("HCDA"). It ensures that leasing decisions align with HCDA's mission to revitalize community development districts while balancing public facilities, commercial uses, and revenue generation for HCDA operations.

This policy shall supersede all previous leasing-related policies and shall apply to all new solicitations, unsolicited proposals, and supplemental considerations for leasing and/or redevelopment of HCDA-owned property.

2.0 Policy

The Executive Director shall review offers to lease HCDA-owned property. If the term is longer than 5 years, the Executive Director shall recommend to and get approval from the applicable HCDA authority board prior to leasing property. If the term of the lease, license agreement, or right of entry is 5 years or less, the Executive Director may enter into such arrangement without seeking board approval. For the purposes of this policy and procedure, "long-term", means a term of an arrangement that is longer than 5 years.

3.0 Procedure

3.1 Solicited Proposals.

3.1.1 Solicitation of Proposals for Long-Term Leases

3.1.1.1 HCDA shall advertise properties available for long-term leases through a public posting online, in a newspaper, or in a specialized publication. HCDA may also issue a Request for Qualifications (RFQ) or a Request for Proposals (RFP) for competitive development opportunities.

3.1.1.2 RFQ and RFP Solicitation Contents: Purpose and objectives, solicitation schedule, scope of work, property description, project requirements, affordability and financing, offeror qualifications and requirements, selection procedure, and evaluation criteria.

3.1.1.3 Evaluation Criteria: Alignment with HCDA mission, offeror qualifications and experience, ability to complete project on time and on budget, past performance, ability to assemble financing, and financial terms.

3.1.1.4 Procedures: (i) HCDA advertises the property through public channels or issues an RFQ or RFP and the scope therein; (ii) HCDA Executive Director forms an evaluation committee to review proposals; (iii) Committee members independently evaluate and score all proposals in accordance with the evaluation criteria; (iv) Committee selects the highest-ranking proposal to forward to Executive Director for administrative approval and award; (v) HCDA staff negotiate terms with selected offeror. For development proposals, Planned Development Permit Public Hearings are scheduled to further allow public and board input. Final lease terms require HCDA Board approval for all long-term leases.

3.2 Consideration of Unsolicited Proposals. HCDA may consider innovative, independently developed proposals outside of formal solicitations. This includes proposals responding to informal HCDA advertisements for available properties.

3.2.1 Requirements: (i) Advance HCDA's mission and plans; (ii) Present unique opportunities unavailable in competitive processes; and (iii) Include sufficient detail (objectives, financial forecast, qualifications, references).

3.2.2 Procedures: (i) Unsolicited proposals are reviewed by a three-member HCDA staff committee; (ii) Committee members evaluate whether the proposal meets the above requirements to be considered; (iii) committee makes a recommendation to forward the proposal to the Executive Director and Authority for further discussion; and (iii) Authority votes to approve entering into exclusive negotiations or terminating discussions with the offeror.

3.3 Request and Evaluation. Upon receipt of a proposal, HCDA's Executive Director and staff will review and evaluate the request using the criteria outlined in Table 1 (Lease Criteria). The HCDA Executive Director and staff will complete an Evaluation (Exhibit A) for each request.

3.4 Executive Director Recommendation. HCDA Executive Director may enter into right of entry agreements, leases, or license agreements with total term, which includes renewals, and options to extend of five years or less, provided they meet the criteria in Table 1.

3.5 Recommendation. The Evaluation will form the basis for the HCDA Executive Director's recommendation to the HCDA board for review and action. HCDA Board retains approval power for all development agreements and general leases with terms longer than 5-years.

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3.6 Board Review and Action. Long-term leases recommended by the HCDA for acceptance or non-acceptance, will be presented to the HCDA board for review and action. The HCDA board will make a final determination whether to accept or decline the long-term lease proposal.

Policy Number:
Effective Date:
Revision Dates:

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Table 1: Lease Proposal Review and Evaluation Criteria

Criteria	Description
A. Guiding Principles	• Support HCDA's mission to revitalize community development districts and advance community development plans. • Balance public facilities and commercial facilities to sustain growth. • Generate revenue for HCDA operations while advancing public benefit. • Ensure transparency, fairness, and accountability in all leasing processes.
B. Lease Duration	Long-term leases: Align with ultimate uses identified in community development plans. Generally, includes redevelopment of HCDA-owned site or repurposing of HCDA-owned building. Requires HCDA Board approval. Interim uses: Allowed when they generate revenue, activate dormant areas, or meet unmet community needs, provided they do not interfere with long-range plans. Does not include redevelopment of site, essentially involves leasing the site or building as-is. Does <u>not</u> require HCDA Board approval for terms of five years or less. Evaluation factors: o Location-specific (parcel size, zoning, infrastructure readiness). o District-level (surrounding development, market trends). o Proposal-specific (offeror's motives, financing requirements). Flexibility mechanisms: Options to extend, early termination clauses, and liquidated damages for non-compliance.
C. Risk Assessment	What are the risks associated with the property and associated lease? Can the risks be mitigated or managed effectively?

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Table 1: Lease Proposal Review and Evaluation Criteria

Criteria	Description

D. Supplemental Considerations for Below-Market Proposals (Nominal Rent)	• HCDA may accept below-market lease terms when proposals advance public facilities or community benefits.
	• Evaluation factors:
	  o Quantitative: Difference from market rates, residual value of improvements, avoided costs.
	  o Qualitative: Consistency with community development plan, public benefit, necessity of proposed use.
	• Procedures:
	  o Requests for below-market proposals from prospective lessees are evaluated by HCDA staff for consideration.
	  o HCDA staff evaluates request based on the factors above and makes a recommendation to the Executive Director.

E. Transparency & Accountability	• All solicitations and awards shall be conducted in compliance with Hawaii Revised Statutes, unless exempted from procurement. • HCDA reserves the right to amend, cancel, or reject proposals. • Costs incurred by offerors in proposal preparation are their responsibility. • Confidentiality requests will be honored to the extent permitted by law.

4.0 Evaluation

Policy and Procedure Review. This policy and procedure will be reviewed by the Asset Manager at least once every two years, or more frequently, if deemed necessary by the Asset Manager. Any proposed amendments to this policy shall be submitted to the HCDA general authority board for review and approval.

Exhibit A

Hawaii Community Development Authority
Offers to Lease or Develop Property

[Offeror]

Offeror:

Describe offeror

Property:

Describe property

Lease Terms:

Describe lease terms [Lease Duration] [Funding Sources]

Other Considerations:

Describe staff capacity [Guiding Principles] [Risk Assessment] [Supplemental Considerations]

Recommendation:

Describe recommendation and justification [Transparency & Accountability]

Exhibit A

Attachments

Prepared by:____________________ Date:____________________

Reviewed by:___________________ Date:____________________