



A BILL FOR AN ORDINANCE

RELATING TO LEASING OF CITY AFFORDABLE HOUSING PROJECTS.

BE IT ORDAINED by the People of the City and County of Honolulu:

SECTION 1. Purpose. The purpose of this ordinance is to facilitate the Honolulu Affordable Housing Preservation Initiative ("HAHPI"), through which the City seeks to transition ownership and management of twelve City apartment complexes to the private operators or managers of affordable housing. The projects include: Bachelor's Quarters, Chinatown Gateway Plaza, Chinatown Manor, Harbor Village, Kanoa Apartments, Kulana Nani Apartments, Manoa Gardens, Marin Tower, Pauahi Hale, Westlake Apartments, West Loch Elderly Housing, and Winston Hale. A number of these projects are multi-purpose projects consisting not only of dwelling units for low- and moderate income residents, but also of dwelling units for gap-group and market-rate residents, commercial and retail space, parking facilities, in some cases, telecommunications facilities.

On February 15, 2012, the City released its Request for Proposals ("RFP") for HAHPI by seeking lease proposals from operators or managers of affordable housing pursuant to Section 28-3.5 of the Revised Ordinances of Honolulu 1990, as amended ("ROH").

This ordinance retroactively clarifies and confirms, with respect to the HAHPI initiative, that the RFP process under ROH Section 28-3.5 may encompass the entirety of each housing project, including, in addition to dwelling units for low- and moderate income residents, dwelling units for gap-group and market-rate residents, as well as commercial spaces and parking and telecommunications facilities.

In addition, this ordinance further clarifies and confirms that leases for certain properties included within the HAHPI initiative and made part of the RFP, to wit: Bachelor's Quarters, Kanoa Apartments, Pauahi Hale and Winston Hale, may include a redevelopment option; and this ordinance provides for the process by which the redevelopment option would be exercised with the approval of the council.

SECTION 2. "Real property and/or improvements" defined for the purposes of the Request for Proposals for the Honolulu Affordable Housing Preservation Initiative. For the purposes of the Request for Proposals for the Honolulu Affordable Housing Preservation Initiative only, the term "real property and/or improvements", as that term is used in ROH Section 28-3.5(a), means all real property and improvements composing any part of the twelve HAHPI projects, including in addition to dwelling units for low- and moderate income tenants for each project, those dwelling units reserved for gap-group and market-rate residents, the project's commercial and retail space and



A BILL FOR AN ORDINANCE

tenant parking facilities, if any, and the City's interest in any telecommunications facility appurtenant to the project.

SECTION 3. Redevelopment options and proposals for certain HAHPI leases. For the purposes of the Request for Proposals for the Honolulu Affordable Housing Preservation Initiative only, any lease awarded for Bachelor's Quarters, Kanoa Apartments, Pauahi Hale and/or Winston Hale pursuant to ROH Section 28-3.5(a), may include an option for future redevelopment by the lessee. The lessee may exercise the option at any time during the first ten years of the lease by submitting to the Department of Budget and Fiscal Services a redevelopment proposal. The Department of Budget and Fiscal Services shall evaluate the lessee's redevelopment proposal in accordance with the criteria set forth in ROH Section 28-3.4(d)(1) through (6), and shall negotiate the terms of the redevelopment contract with the lessee. The negotiated redevelopment contract shall:

- (1) Be for a term not to exceed five years;
- (2) Assure that affordable dwelling units are replaced on a one-for-one or better basis;
- (3) Provide for a reasonable plan that complies with all applicable laws and regulations relating to the relocation of tenants during the redevelopment period;
- (4) Be otherwise on terms acceptable to the Department of Budget and Fiscal Services; and
- (5) Be submitted by the Department of Budget and Fiscal Services to the Council for approval by resolution; provided that the Council, prior to approval by resolution, may add, delete or amend any term or condition of said development contract.

Upon approval, the development contract shall set forth in detail all covenants, obligations, restrictions, requirements and conditions to govern the proposed redevelopment and subsequent operation of said project, and shall indicate the studies and design work that must be satisfactorily carried out and approved as a condition to the redevelopment of the property.

The Department of Budget and Fiscal Services may grant a renewal or extension of the redevelopment option to the lessee, subject to approval by the Council. Any such renewal or extension may be conditioned on payment of additional compensation to the City.



A BILL FOR AN ORDINANCE

SECTION 4. Upon approval, this ordinance shall be effective retroactively to January 1, 2012, and shall apply only to the RFP for HAHPI released on February 15, 2012, including any addenda thereto. This ordinance shall be repealed effective April 1, 2014; provided, however, that notwithstanding such repeal, all leases, redevelopment options and related contracts entered into by the City prior to April 1, 2014 pursuant to said RFP shall be unaffected by such repeal and shall remain valid for all purposes, in accordance with their respective terms.

INTRODUCED BY:

Ernest Martin (BR)

DATE OF INTRODUCTION:

March 13, 2012
Honolulu, Hawaii

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel

APPROVED this _____ day of _____, 20____.

PETER B. CARLISLE, Mayor
City and County of Honolulu