



RESOLUTION

REQUESTING THE CITY ADMINISTRATION TO EVALUATE THE FEASIBILITY OF SELLING THE FEE INTEREST FOR THE ALII PLACE PARCEL TO GENERATE ADDITIONAL REVENUE SOURCES FOR DOWNTOWN/CHINATOWN REVITALIZATION.

WHEREAS, the most pressing concern raised by Downtown/Chinatown businesses and residents is the level of homelessness and crime in the area, and their impacts on the economic vitality of this urban Honolulu region; and

WHEREAS, these concerns have increased as the number of homeless in the urban core has risen 30% since 2007, with 45% of these homeless found to be chronically homeless or homeless for more than one year, according to a 2009 homeless count conducted by the City; and

WHEREAS, establishing a police substation in Chinatown, increased community crime patrols, neighborhood clean-ups and video monitoring of street corners have been undertaken to curb crime in the Downtown/Chinatown area, but businesses and property owners have reported that these actions are not sufficient to combat illegal activity in the area;

WHEREAS, in spite of coordinated efforts between City/State and community stakeholders to address homelessness and illegal drug activity in 2013, funding to address these problems - such as additional services, transitional or permanent supportive housing and law enforcement/prosecution - has been limited; and

WHEREAS, the City could also consider the sale of its properties as a source of revenue to address concerns in the Downtown/Chinatown area; and

WHEREAS, the Alii Place office building is built on a parcel located at 1099 Alakea Street (the "Parcel"); and

WHEREAS, while the City and County of Honolulu is the fee owner of the Parcel, Bristol Alii Holdings owns a 65-year long ground lease for the Parcel which is set to expire in the year 2054; and

WHEREAS, under the existing ground lease, the current ground lease rent collected by the City is \$205,000 per year; and

WHEREAS, the ground lease rent must be renegotiated every 10 years starting in 2022 and the renegotiated ground lease rent is based on seventy percent of the fair market value of the property or a rent agreed to by Bristol Alii Holdings and the City; and



RESOLUTION

WHEREAS, under the terms of the lease rent agreement, in the Alii Place office building, 432 parking stalls are reserved for the State of Hawaii and 235 parking stalls are reserved for the City; and

WHEREAS, the State has a perpetual easement to use 432 parking spaces on the Parcel; and

WHEREAS, the lease rent agreement further permits the City to use 67,567 square feet of office space in the Alii Place building rent-free, although the City does have to pay the common area maintenance charges associated with the City's office space; and

WHEREAS, Bristol Alii Holdings has expressed an interest in acquiring the City's fee interest in the Parcel; and

WHEREAS, Subsection 37-1.3(b) of the Revised Ordinances of Honolulu states that the City may dispose of real property owned by the City subject to the concurrence of the Corporation Counsel and the approval of the City Council; and

WHEREAS, Subsection 37-1.3(c) states that the Council can only approve the sale if the Council determines that the sale is in the best interest of the inhabitants of the City; and

WHEREAS, there are other statutes, ordinances, and policies that may affect the feasibility of such a sale; and

WHEREAS, it would be desirable for proceeds of the sale to be used to revitalize Downtown/Chinatown area through investment in programs and facilities to combat crime and provide supportive or transitional housing that reduces homelessness; and

WHEREAS, in order to determine whether such a sale would be in the best interests of the inhabitants of the City, the City should first conduct a study to evaluate the feasibility of making such a sale; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu that it requests the City Administration to conduct a feasibility study to determine the feasibility of selling the City's fee interest for the Alii Place parcel, including the minimum sales price for the fee interest of the Parcel that would maximize the City's benefits from the Parcel; and



RESOLUTION

BE IT FURTHER RESOLVED that the Administration submit a copy of this study to the Council by January 15, 2014; and

BE IT FINALLY RESOLVED that copies of this Resolution be transmitted to the Mayor, Managing Director and the Director of Budget and Fiscal Services.

INTRODUCED BY:

Carol Fukunaga

DATE OF INTRODUCTION:

OCT 22 2013

Honolulu, Hawaii

Councilmembers

2013 OCT 25 PM 3:34
CITY OF HONOLULU
OFFICE OF THE CLERK