CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

FILED
JAN 2 2 2016
PURSUANT TO ROH Sec. 1-2.4

ORDINANCE _____

BILL 6 (2014), CD1

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 provide new authority for the issuance of a Request for Proposals ("RFP") under the City's Honolulu Affordable Housing Preservation Initiative ("HAHPI") in the event a transaction is not consummated thereunder before the repeal of Ordinance 12-12 on April 1, 2014.

SECTION 2. Findings and Determinations. Pursuant to Ordinance 12-12 and Section 28-3.5 of the Revised Ordinances of Honolulu 1990, as amended ("ROH"), the City has sought through HAHPI 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 Village, and Winston Hale. A number of these projects are multi-purpose projects consisting of not only rent-restricted dwelling units for low-and moderate income residents, but also of unrestricted rental units for higher-income residents, commercial and retail space, parking and telecommunications facilities. Certain of the properties are candidates for redevelopment.

On October 18, 2012, the City executed a Purchase and Sale Agreement with Honolulu Affordable Housing Partners, LLC ("HAHP, LLC") relating to the HAHPI properties. By the terms of Ordinance 12-12 and the Purchase and Sale Agreement, the transaction must close no later than March 31, 2014.

In the event the City and HAHP, LLC are unsuccessful in consummating said transaction by March 31, 2014, or in the event the transaction is earlier terminated, it is the desire of the City to pursue a new RFP for HAHPI.

As with Ordinance 12-12, this ordinance provides with respect to the HAHPI initiative that any new RFP 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 higher-income residents, as well as commercial and retail spaces and parking and telecommunications facilities.

Also as with Ordinance 12-12, this ordinance clarifies and confirms that leases for certain properties included within the HAHPI initiative and made part of any new RFP, to wit: Bachelors 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 3. "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, attached hereto as Exhibit A, 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 for higher-income residents, the project's commercial and retail spaces and tenant parking facilities, if any, and the City's interest in any telecommunications facility appurtenant to the project.

SECTION 4. Redevelopment options and proposals for certain HAHPI leases. For the purposes of the new 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 redevelopment 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 redevelopment 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(s), and shall indicate the studies and design work that must be satisfactorily carried out and approved as a condition to the redevelopment of the project(s).

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.

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SECTION 5. Effective Date. This ordinance shall be effective upon approval and shall apply only to a new RFP, including any amendments or addenda thereto, that is released after the effective date hereof in connection with HAHPI.

INTRODUCED BY:

Ernest Martin (BR)

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DATE OF INTRODUCTION:

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January 22, 2014
Honolulu, Hawaii

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Councilmembers

APPROVED AS TO FORM AND LEGALITY:

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Deputy Corporation Counsel

APPROVED this _____ day of _____, 20___.

FILED
JAN 22 2016
PURSUANT TO ROH Sec. 1-2.4

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KIRK CALDWELL, Mayor
City and County of Honolulu