CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ORDINANCE _____

BILL 6 (2014), CD2

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.

This ordinance provides for the issuance of a RFP for nine of the HAHPI properties, including Chinatown Gateway Plaza, Chinatown Manor, Harbor Village, Kulana Nani Apartments, Manoa Gardens, Marin Tower, Westlake Apartments, West Loch Village, and Winston Hale.

This ordinance also 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, commercial and retail spaces, and parking and telecommunications facilities.

This ordinance further clarifies and confirms that one of the properties is a candidate for redevelopment and that the lease for that property 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 RFP for the nine HAHPI properties pursuant to this ordinance only, the term "real

property and/or improvements," as that term is used in ROH Section 28-3.5(a), shall be defined as follows:

"Real property and/or improvements" means all real property and improvements composing any part of the nine HAHPI projects, including the dwelling units for low- and moderate-income tenants, 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 RFP for the HAHPI only, any lease awarded for Winston Hale 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, 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.

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.

SECTION 5. RFP Evaluation and Selection. A selection committee comprised of appointees by the Administration and the Council shall be formed to evaluate and rank proposals, and select the preferred proposal. At least one of the Administration appointees and one of the Council appointees shall have expertise in financing affordable housing projects. In addition to other relevant criteria that may be set forth in the RFP, the RFP must include criteria relating to the following:

1. Tenant involvement in building management;

2. Price proposed to the City;

3. Closing date, with preference for accelerated closing (120 days);

4. Use of State and City resources, with preference for minimal use; and

5. Community impact.

Following selection of the preferred proposal by the committee, the Council shall be briefed by the Department of Budget and Fiscal Services on all proposals submitted, and the criteria that were used to evaluate and rank Applicants.

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SECTION 6. Effective Date. This ordinance takes effect upon approval and applies 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:

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____.

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KIRK CALDWELL, Mayor
City and County of Honolulu