

REPORT OF THE COMMITTEE ON BUDGET

Voting Members:

Ann H. Kobayashi, Chair; Joey Manahan, Vice Chair;
Carol Fukunaga, Trevor Ozawa, Kymberly Marcos Pine

Committee Meeting Held
October 19, 2016

Honorable Ernest Y. Martin
Chair, City Council
City and County of Honolulu

Mr. Chair:

Your Committee on Budget, which considered Resolution 16-276 entitled:

"RESOLUTION AUTHORIZING THE SALE BY COMPETITIVE SEALED PROPOSALS OF THE PROPERTY KNOWN AS VARONA VILLAGE IN THE EWA VILLAGES, IDENTIFIED AS TAX MAP KEY (1) 9-1 -017: 113, WITH THE NET SALE PROCEEDS DEPOSITED INTO THE HOUSING DEVELOPMENT SPECIAL FUND,"

transmitted by Communication D-699, from the Department of Budget and Fiscal Services, dated October 14, 2016, reports as follows:

The purpose of the Resolution is to authorize the sale by competitive sealed proposals of the property known as Varona Village in the Ewa Villages, identified as tax map key (1) 9-1-017: 113, with the net sale proceeds deposited into the Housing Development Special Fund.

The Director of Community Services (DCS) and the DCS Community Based Development Division Chief testified in support of the Resolution and the proposed amendments.

Your Committee received testimony from two individuals in support of the Resolution.

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ADOPTED ON NOV 02 2016

COMMITTEE REPORT NO. 335

REPORT OF THE COMMITTEE ON BUDGET

Voting Members:

Ann H. Kobayashi, Chair; Joey Manahan, Vice Chair;
Carol Fukunaga, Trevor Ozawa, Kymberly Marcos Pine

Committee Meeting Held
October 19, 2016
Page 2

After consideration and discussion, your Committee has approved a CD1 version of the Resolution that makes the following amendments:

- A. Amends the title to read as follows:

APPROVING THE MARKETING OF THE PROPERTY KNOWN AS VARONA VILLAGE IN THE EWA VILLAGES, IDENTIFIED AS TAX MAP KEY (10) 9-1-017: 113 AND CONCURRING WITH THE ADMINISTRATION'S USE OF COMPETITIVE SEALED PROPOSALS TO SELECT THE POTENTIAL BUYER.

- B. Amends the existing BE IT RESOLVED clause to read as follows:

BE IT RESOLVED by the Council of the City and County of Honolulu that the Council approves of the marketing of the Real Property, the administration may proceed with the marketing of the Real Property in accordance with all applicable laws, and the Council concurs with the administration's use of a competitive sealed proposal method to select a potential buyer; and

- C. Adds a new BE IT FURTHER RESOLVED clause to read as follows:

BE IT FURTHER RESOLVED, that this resolution does not constitute an approval to execute the sale of the Real Property; and

CITY COUNCIL

CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ADOPTED ON

NOV 02 2016

COMMITTEE REPORT NO. 335

REPORT OF THE COMMITTEE ON BUDGET

Voting Members:

Ann H. Kobayashi, Chair; Joey Manahan, Vice Chair;
Carol Fukunaga, Trevor Ozawa, Kymberly Marcos Pine

Committee Meeting Held
October 19, 2016
Page 3

- D. Amends the second BE IT FURTHER RESOLVED clause to read as follows:

BE IT FURTHER RESOLVED, that after the administration selects the successful proposer, the administration shall transmit a resolution for Council approval of the sale provided that the resolution has attached to it the Development Agreement concerning the revitalization of Varona Village between the City and the successful proposer, the proposed and unexecuted sales agreement, the deed and any and all documents proposed to be executed that express the terms and conditions of the sale; and

- E. Makes miscellaneous technical and non-substantive amendments.

Your Committee on Budget is in accord with the intent and purpose of Resolution 16-276, as amended herein, and recommends its adoption in the form attached hereto as Resolution 16-276, CD1. (Ayes: Kobayashi, Fukunaga, Manahan, Ozawa – 4; Noes: None; Excused: Pine -1.)

Respectfully submitted,


Committee Chair

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ADOPTED ON NOV 02 2016

COMMITTEE REPORT NO. 335

SUMMARY OF PROPOSED COMMITTEE DRAFT:

Resolution 16-276

APPROVING THE MARKETING OF THE PROPERTY KNOWN AS VARONA VILLAGE IN THE EWA VILLAGES, IDENTIFIED AS TAX MAP KEY (10) 9-1-017: 113 AND CONCURRING WITH THE ADMINISTRATION'S USE OF COMPETITIVE SEALED PROPOSALS TO SELECT THE POTENTIAL BUYER.

The PROPOSED CD1 makes the following amendments:

- A. Amends the title to read as follows:

APPROVING THE MARKETING OF THE PROPERTY KNOWN AS VARONA VILLAGE IN THE EWA VILLAGES, IDENTIFIED AS TAX MAP KEY (10) 9-1-017: 113 AND CONCURRING WITH THE ADMINISTRATION'S USE OF COMPETITIVE SEALED PROPOSALS TO SELECT THE POTENTIAL BUYER.

- B. Amends the existing BE IT RESOLVED clause to read as follows:

BE IT RESOLVED by the Council of the City and County of Honolulu that the Council approves of the marketing of the Real Property, the administration may proceed with the marketing of the Real Property in accordance with all applicable laws, and the Council concurs with the administration's use of a competitive sealed proposal method to select a potential buyer; and

- C. Adds a new BE IT FURTHER RESOLVED clause to read as follows:

BE IT FURTHER RESOLVED, that this resolution does not constitute an approval to execute the sale of the Real Property; and

- D. Amends the second BE IT FURTHER RESOLVED clause to read as follows:

BE IT FURTHER RESOLVED, that after the administration selects the successful proposer, the administration shall transmit a resolution for Council approval of the sale provided that the resolution has attached to it the Development Agreement concerning the revitalization of Varona Village between the City and the successful proposer, the proposed and unexecuted sales agreement, the deed and any and all documents proposed to be executed that express the terms and conditions of the sale; and

- E. Makes miscellaneous technical and non-substantive amendments.



RESOLUTION

APPROVING THE MARKETING OF THE PROPERTY KNOWN AS VARONA VILLAGE IN THE EWA VILLAGES, IDENTIFIED AS TAX MAP KEY (10) 9-1-017: 113 AND CONCURRING WITH THE ADMINISTRATION'S USE OF COMPETITIVE SEALED PROPOSALS TO SELECT THE POTENTIAL BUYER.

WHEREAS, Paragraph 16, Section 46-15, Hawaii Revised Statutes (HRS) authorizes the counties, under certain conditions, to dispose of real property as the interest of the inhabitants of the county may require; and

WHEREAS, the property known as Varona Village, identified as tax map key (1) 9-1-17: 113 as shown on the map marked as Exhibit A (the "Real Property"), attached hereto and by reference made part of the Resolution, is owned by the City and County of Honolulu; and

WHEREAS, the Honolulu City Council, by adoption of Resolution No. 13-114 on June 5, 2013, urged the City administration to organize a working group to address the short- and long-term housing needs of Varona Village's residents and to make recommendations as to disposition of the Real Property; and

WHEREAS, the Report of Findings of the Varona Villages Working Group dated December 13, 2013 (the "Working Group Report") recommended that residential uses be retained in Varona Village, and that efforts to identify private-sector funding and resources to achieve desired results be initiated. Such desired results included restoring existing structures within Varona Village, improving infrastructure, preserving unnumbered lots as open space, constructing a community center, allowing tenants of record to purchase their homes they are presently occupying, and providing social programs for seniors; and

WHEREAS, the Director of Budget and Fiscal Services (the "BFS Director") has recommended to the City Council to offer the Real Property for sale pursuant to Sections 37-1.3, 37-1.6, and 37-1.11, Revised Ordinances of Honolulu 1990, as amended (ROH); and

WHEREAS, the BFS Director recommended that the sale of the Real Property be pursued under a competitive sealed proposals method where selection of the successful proposer will be based on evaluation criteria to be stated in a forthcoming Request for Proposals to be issued by the City; and

WHEREAS, the Real Property is not considered surplus property as determined in Section 37-1.2, ROH, but pursuant to Section 37-1.3, ROH, it is in the public interest



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

No. **16-276, CD1**

RESOLUTION

to sell the Real Property to achieve the desired results in the Working Group Report;
and

WHEREAS, the Real Property has a total land area of 26.359 acres and is improved with 46 single family homes, of which 43 are currently rented to households;
and

WHEREAS, the Real Property is zoned AG-1, Restricted Agricultural District, and will be sold for residential use, in accordance with said zoning; and

WHEREAS, the Real Property has a total 2016 assessed value of \$1,607,900, which is the minimum sale price recommended; and

WHEREAS, the Real Property shall be marketed without the assistance of a real estate broker; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu that the Council approves of the marketing of the Real Property, the administration may proceed with the marketing of the Real Property in accordance with all applicable laws, and the Council concurs with the administration's use of a competitive sealed proposal method to select a potential buyer; and

BE IT FURTHER RESOLVED that the Request for Proposals incorporate the BFS Director's recommendations and requirements, including:

- 1) All proposals shall include a detailed program of affordable housing that will either provide surviving tenants of record of Varona Village with the opportunity to purchase their homes at prices they can afford, or provide other housing options to allow tenants of record to remain as residents of Varona Village.
- 2) All proposals shall allow survivors of tenants of record the opportunity to acquire an existing home or vacant house lot at an affordable rate.
- 3) Development of Varona Village shall be limited to single-family residential units. Commercial development shall be prohibited on the Varona Village property.
- 4) The successful proposer shall incorporate, to the extent practicable, the recommendations of the Varona Village Working Group.



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

No. **16-276, CD1**

RESOLUTION

- 5) The successful proposer may develop infill single-family dwellings on vacant areas of Varona Village for sale at prevailing market rates.
- 6) The successful proposer shall be responsible for the construction of all site improvements and infrastructure improvements necessary to support the revitalization of Varona Village.
- 7) The successful proposer shall conform with all historic preservation requirements as stated in the 1995 Memorandum of Understanding signed by the City and County of Honolulu, the State of Hawaii, Farmers Home Administration, Advisory Council on Historic Preservation and Historic Hawaii, including the preparation of design guidelines approved by the State Historic Preservation Division for the construction of new homes and the preservation of existing homes in Varona Village.
- 8) All existing mature trees shall be retained to the extent practicable; and

BE IT FURTHER RESOLVED, that this resolution does not constitute an approval to execute the sale of the Real Property; and

BE IT FURTHER RESOLVED, that after the administration selects the successful proposer, the administration shall transmit a resolution for Council approval of the sale provided that the resolution has attached to it the Development Agreement concerning the revitalization of Varona Village between the City and the successful proposer, the proposed and unexecuted sales agreement, the deed and any and all documents proposed to be executed that express the terms and conditions of the sale; and

BE IT FURTHER RESOLVED, that the net sale proceeds resulting from the sale of the Real Property be deposited into the Housing Development Special Fund; and



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

No. 16-276, CD1

RESOLUTION

BE IT FINALLY RESOLVED, that the Clerk be directed to transmit certified copies of the Resolution to the Director of Budget and Fiscal Services and the Director of Community Services.

INTRODUCED BY:

Ernest Martin (br)

DATE OF INTRODUCTION:

October 18, 2016
Honolulu, Hawaii

Councilmembers

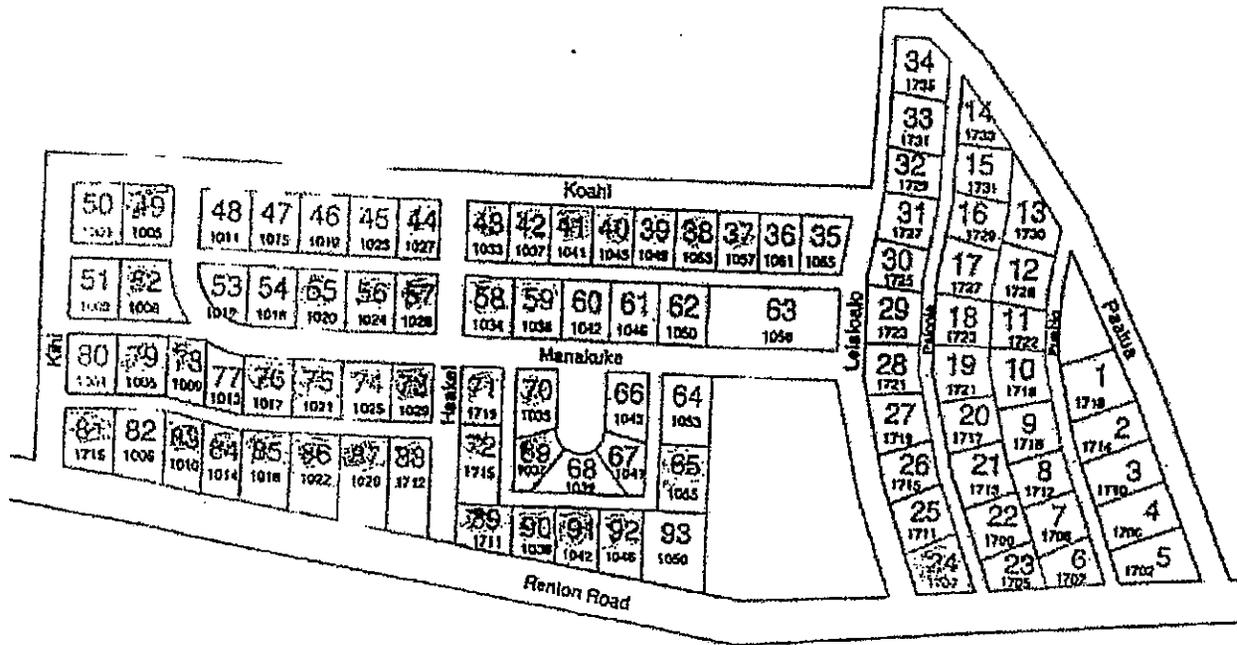


Exhibit A