

REPORT OF THE COMMITTEE ON BUDGET

Todd K. Apo, Chair; Gary H. Okino, Vice-Chair
Nestor Garcia, Ann H. Kobayashi, Rod Tam, Members

Committee Meeting Held
January 10, 2007

Honorable Barbara Marshall
Chair, City Council
City and County of Honolulu

Madam Chair:

Your Committee on Budget, which considered Resolution 06-194 entitled:

“RESOLUTION URGING THE CITY ADMINISTRATION TO SELL THE
LEASEHOLD INTEREST IN THE KULANA NANI APARTMENTS AND THAT
ANY SUCH SALE REQUIRE THAT THE PROJECT REMAIN AS AFFORDABLE
RENTALS IN PERPETUITY,”

introduced on May 18, 2006, reports as follows:

The purpose of Resolution 06-194 is to urge the City Administration to sell the leasehold interest in the Kulana Nani apartments and that the project remain as affordable rentals in perpetuity.

A representative from the Office of the Mayor testified in support of the Resolution.

Representatives from the Kulana Nani Residents Association and EAH Housing testified in support of the Resolution.

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ADOPTED ON _____

COMMITTEE REPORT NO. 13

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Your Committee amended the Resolution to add "other recorded encumbrance on the property" as an additional method of ensuring that the project remain as affordable rentals in perpetuity.

Your Committee on Budget is in accord with the intent and purpose of Resolution 06-194, as amended herein, and recommends its adoption in the form attached hereto as Resolution 06-194, CD1. (Ayes: Okino, Garcia, Kobayashi, Apo – 4; Noes: None; Excused: Tam - 1.)

Respectfully submitted,



Committee Chair

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ADOPTED ON JAN 24 2007

COMMITTEE REPORT NO. 13



RESOLUTION

URGING THE CITY ADMINISTRATION TO SELL THE LEASEHOLD INTEREST IN THE KULANA NANI APARTMENTS AND THAT ANY SUCH SALE REQUIRE THAT THE PROJECT REMAIN AS AFFORDABLE RENTALS IN PERPETUITY.

WHEREAS, in its final report dated January 2006, the Joint Legislative Housing and Homeless Task Force expressed concern that the inventory of affordable housing rental units is at risk of being reduced; and

WHEREAS, the City and County of Honolulu currently owns at least fourteen affordable housing projects, including the leasehold interest in the 160-unit Kulana Nani apartments in Kaneohe, Oahu; and

WHEREAS, in 2004, the previous city administration floated an idea to sell the city's affordable housing projects in order to generate more than \$140 million to pay off \$117 million in debt and build a reserve fund, but the proposal met with public protest and the council did not approve the sale because it failed to ensure affordability in perpetuity; and

WHEREAS, on December 3, 2005, a special task force appointed by the current mayor recommended that the current city administration sell its affordable housing projects as a means of improving city property management; and

WHEREAS, upon receiving the task force recommendation, Mayor Mufi Hannemann stated that he would agree to the sale of the properties only if the properties were kept affordable and did not evict current tenants; and

WHEREAS, in January 2006, the Kamehameha Schools, fee owner of Kulana Nani apartments, announced that the land beneath the Kulana Nani apartments would be listed for sale at \$6.8 million; and

WHEREAS, the Kamehameha Schools also stated that given a potential sale of its land notwithstanding, the city, under its lease that runs until 2048, would continue to own and operate the Kulana Nani apartments unless a suitable buyer for the project emerges; and

WHEREAS, at least one potential buyer has expressed an interest in purchasing the fee and leasehold interests in the Kulana Nani apartments at the same time; and

WHEREAS, other possible buying scenarios may threaten the continued affordability of the Kulana Nani apartments at a time when private affordable housing



RESOLUTION

rentals in Windward Oahu, including the Kailua Palms, Coral Apartments, Kailua Arms and Countryside Apartments in Kailua, have been or are being sold; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu that the city administration is urged to sell the leasehold interest in the Kulana Nani apartments and that any such sale require, via contractual obligation, deed restriction, or other recorded encumbrance on the property that the project remain as affordable rentals in perpetuity; and

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

INTRODUCED BY:

Todd Apo

Donovan Dela Cruz

Barbara Marshall

DATE OF INTRODUCTION:

May 18, 2006
Honolulu, Hawaii

Councilmembers

(OCS/011007/ct)