

HAWAIIAN HOME LANDS
HAWAIIAN HOMES COMMISSION
DEPARTMENT OF HAWAIIAN HOME LANDS

**Transit-Oriented Development
Conceptual Plans Project:
Redevelopment Options for DHHL's
Moanalua Kai (Shafter Flats) Parcels**

Item No. F-4

Hawaiian Homes Commission Meeting

August 18, 2020

Kapolei, Hawaii

Moanalua Kai Revenue-Generating Properties

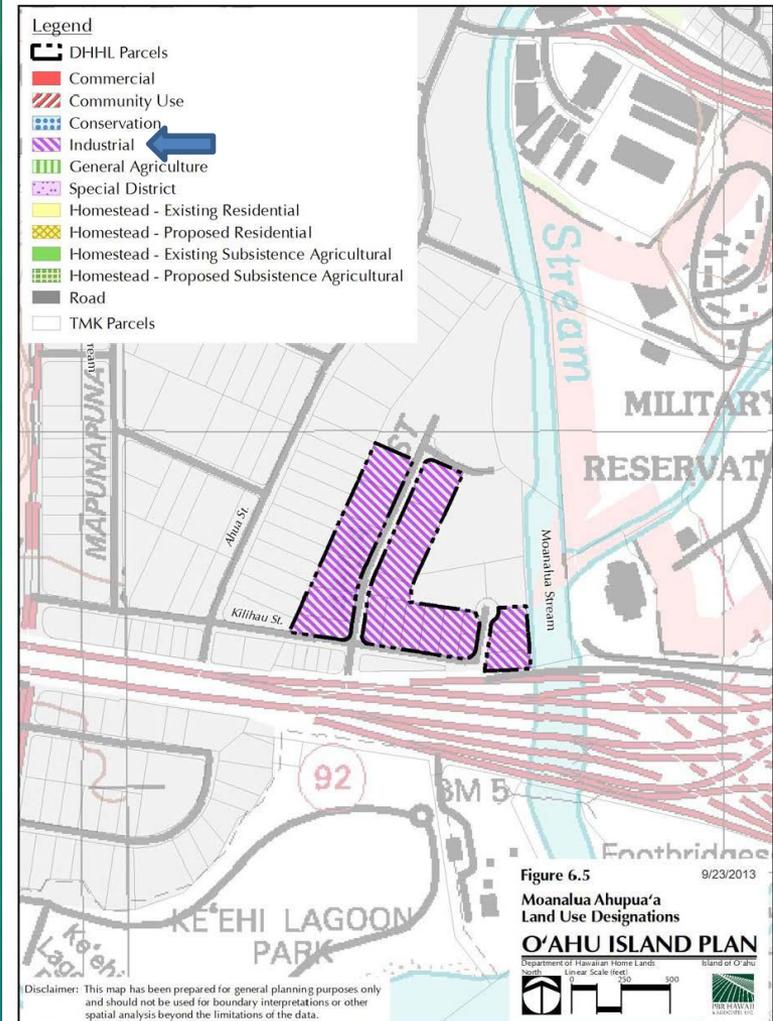


Figure 6-5 Moanalua Ahupua'a Land Use Designations

Moanalua Kai near two HART stations



What is Transit-Oriented Development (“TOD”)?

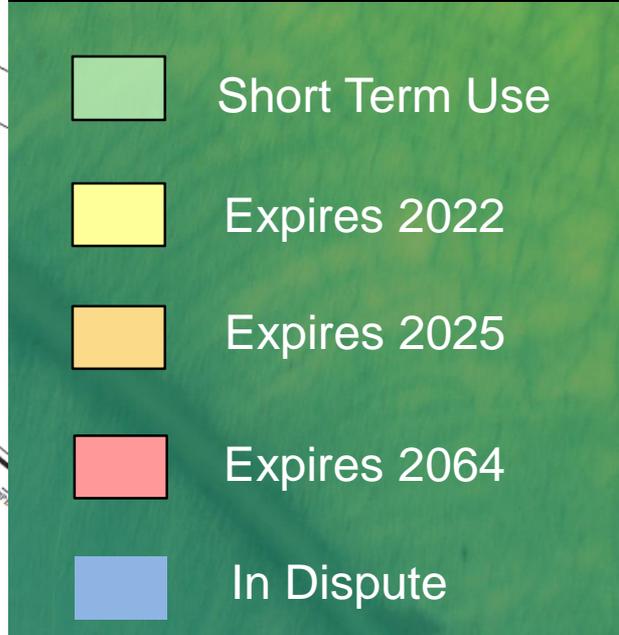
- A type of community development
- Includes mix of land uses such as housing, office, retail and/or other amenities
- Integrated into a walkable, moderate-to-high density neighborhood
- Located within designated TOD zones or within one-half mile radius of public transportation connection points

(Source: Reconnecting America (<http://www.reconnectingamerica.org/what-we-do/what-is-tod/>))

Why is TOD important to DHHL?

- **The Moanalua Kai (Shafter Flats) parcels are within ½ mile radius of rail stations as part of the Honolulu Rail Transit Project, and are within the TOD planning areas**
- **Airport Area TOD Plan (HC&C-in progress) will provide a guide for redevelopment that will**
 - **provide incentives for mixed uses, higher densities and enhanced amenities**
 - **coordinate with CIP, future infrastructure plans & responses to sea level rise**

Moanalua Kai Lease Expiration Dates





H-1 Freeway Viaduct

Moanalua Stream

Kilihau Street

Kakoi Street

DHHL Moanalua Kai
Areas Outlined in Red Comprising 20 Parcels

Google Earth

© 2019 Google

200 ft



Various Street Views



DHHL acquired DLNR's Shafter Flats parcels in 1986 in exchange for DHHL lands in Hilo, Kamuela, and Molokai for DOT's airport expansion.

DLNR created the industrial subdivision in the late 1960's. All the improvements in the area were built in the late 1960's/early 1970's.



Various Street Views

Flooding and the vandalism from the homeless in the area have been common issues for all the lessees



Most lessees have maintained their properties well over the years



Flooding During High Tides

2706 & 2696 Kilihau Street



December 2016 at 5:00 am



August 2017 at 3:15 pm

Moanalua Kai Preliminary Conceptual Plans

To reposition our properties and increase their income-generating capacity:

- Redevelop area for continued industrial use
- Build more modern facilities based on TOD, future rail service, location, and general market opportunities
- Build some higher density, vertical structures
- Two five-story buildings of 433,000 sq. ft. each
- Five showroom-type buildings that total 86,000 sq. ft.

Moanalua Kai Preliminary Conceptual Plans (Continued)

- **Groundbreaking for Phase I in 2025 for multi-story building on Waikiki side of Kakoi Street and four showrooms along Kilihau Street**
- **Phase II in about five years (2034) after stabilization of occupancy around 2029 and assuming resolution of the 2064 ground lease**
- **Phase II to include second multi-story building on Ewa side of Kakoi Street and last showroom facility**

Moanalua Kai Preliminary Conceptual Plans



Moanalua Stream

H-1 Freeway (Nimitz Hwy under viaduct)

Killihau Street

Kakoi Street

VIEW TOWARDS MAKAI

**Moanalua Kai
Phase I**

Moanalua Kai Preliminary Conceptual Plans



**Moanalua Kai
Phases I & II**

Examples of Multi-Story Industrial Properties in Honolulu



↑ Airport Industrial Park
(Built in 1989 & 1992)



← Kakaako Commerce Center
(Built in 1971)

Findings of the Feasibility Report

- **Area subject to periodic flooding during high tides and severe weather**
- **Susceptible to more flood risk due to sea level rise and severe weather in the future**
- **Area underlain by fill materials and soils needing more evaluation; need foundation improvements and enhancements**
- **Area subject to certain height and noise restrictions due to proximity to airport and location underneath restricted airspace**

Findings of the Feasibility Report (continued)

- **New structures must be elevated above existing grades pursuant to regulatory guidelines**
- **Special foundations needed to elevate and secure the ground under multi-story buildings**
- **Development costs to be very high, estimated at total of \$405 million in 2019 dollars**
- **From a private developer's standpoint, net operating income, even after 15 years, will not cover development costs**

Findings of the Feasibility Report (continued)

- **Based on conceptual cash flows, the redevelopment project will only be able to support permanent financing for only 28% to 30% of development costs**
- **About 70% of funds for redevelopment would need to come from equity or other sources**
- **Redevelopment project does not appear to be attractive to a market-based developer**

Findings of the Feasibility Report (continued)

- **Report recommends lower density redevelopment**
- **An “as is” scenario for parts of the area**
- **Consider early termination or restructuring of existing ground leases**
- **Report also recommends that the goals and planning for the area consider environmental and site conditions data uncovered**

Options Considered

- **Seek a consultant to help formulate further options or how to proceed further**
- **Proceed with RFPs for a master developer(s) to determine if any interest to redevelop area**
- **Proceed with limited redevelopment**
- **Seek an exchange or sale for Moanalua Kai**

The Sea Level Rise Dilemma: Potential Economic Loss & Flooded Roadways

The majority of Moanalua Kai is underwater except for the northeastern corner under a 2050 “extreme” scenario.



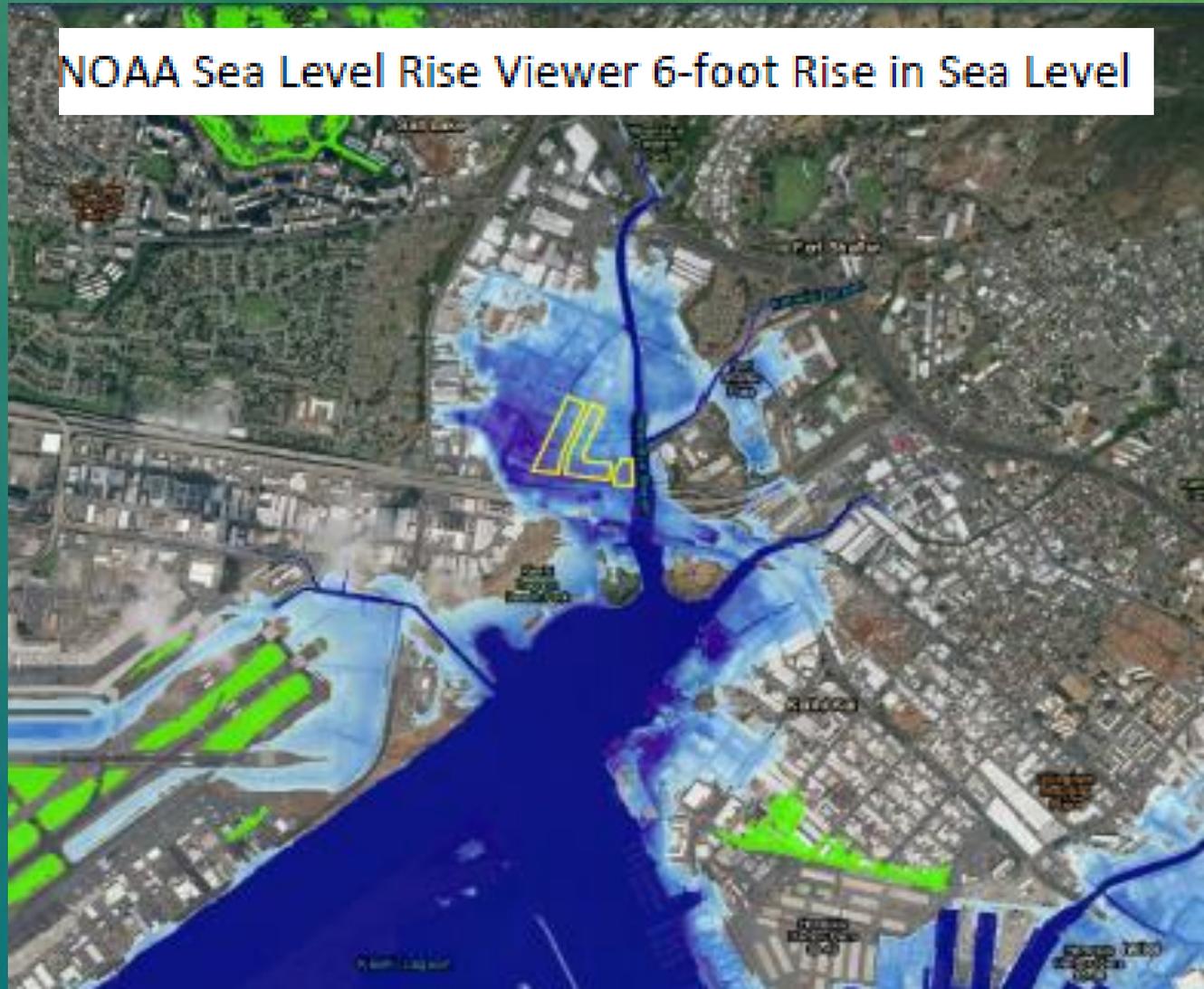
NOAA Sea Level Rise Viewer 3-foot Rise in Sea Level



The Sea Level Rise Dilemma: Potential Economic Loss & Flooded Roadways

NOAA Sea Level Rise Viewer 6-foot Rise in Sea Level

Moanalua Kai is entirely underwater around 2070 or 2080 under the “extreme” sea level rise scenario

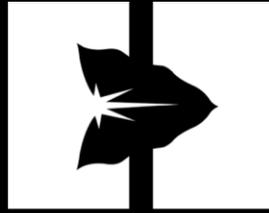


Staff Recommendations

- **Seek an exchange or sale for Moanalua Kai**
- **Determine if there is any interest by a master developer to redevelop the area**
- **Plan further for limited redevelopment**

Next Steps

- **Explore the sale and exchange options further**
- **Pursue a way to determine if there is any interest from potential master developers**
- **Plan for issuance of short-term dispositions for parcels with leases that will be expiring**
- **Conduct further planning and additional due diligence to pursue limited redevelopment**
- **Continue to participate in the City & County's Airport Area TOD planning process**



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Land Management Division
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