



HAWAIIAN HOME LANDS

HAWAIIAN HOMES COMMISSION · DEPARTMENT OF HAWAIIAN HOME LANDS

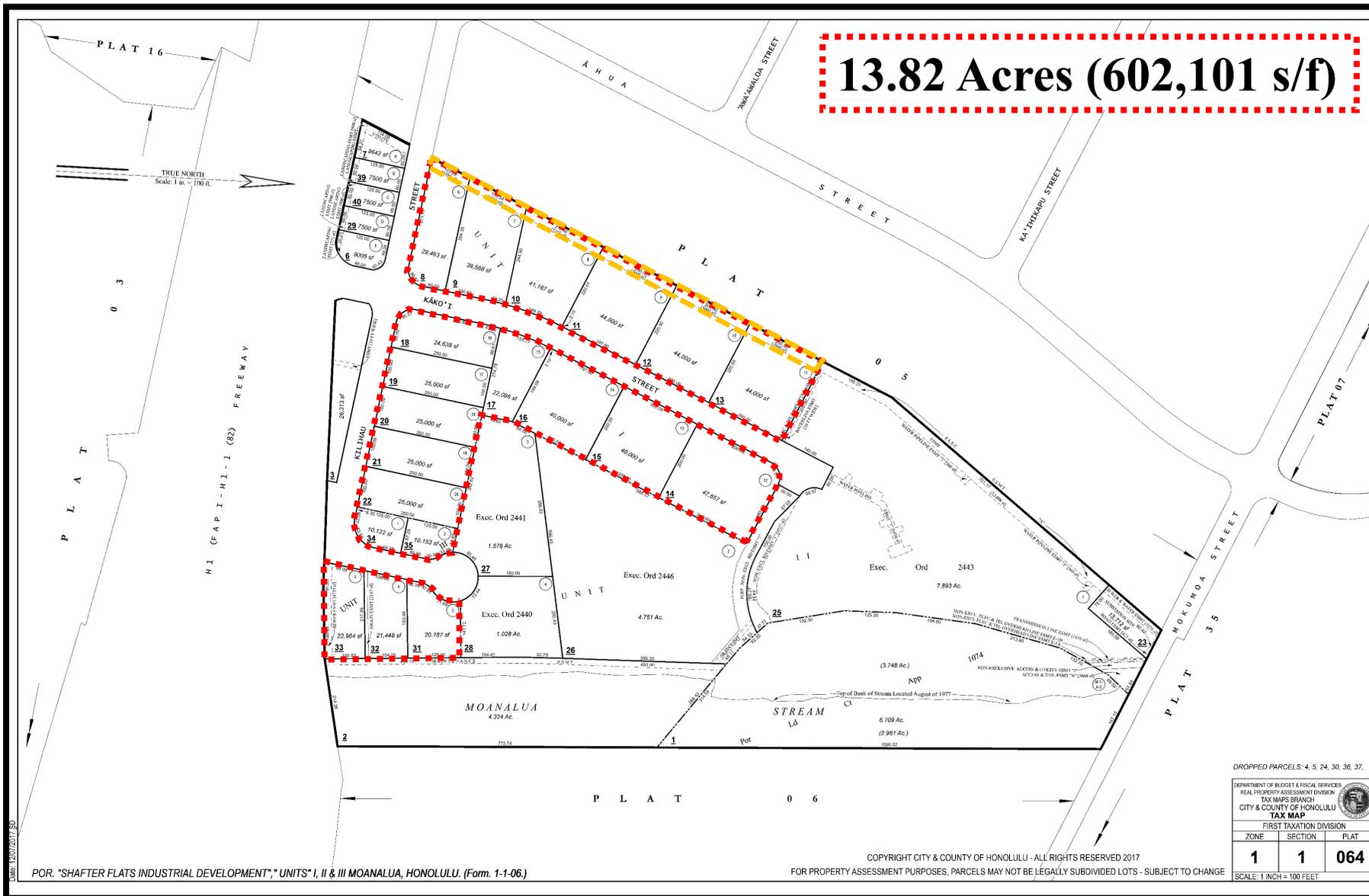
Status & Mid-Term Plan Update for Moanalua Kai (Mapunapuna/Shafter Flats)

Agenda Item No. F-6 – For Information Only

July 18-19, 2022



Moanalua Kai – Mapunapuna/Shafter Flats





Moanalua Kai – Mapunapuna/Shafter Flats





Moanalua Kai – Mapunapuna/Shafter Flats





Moanalua Kai – Mapunapuna/Shafter Flats

Shafter Flats - Lease Rent Revenue

Lease No.	Lessee	Annual Rent	Expiration Date	TMK
1 S-4113	U-Haul of Hawaii, Inc.	\$189,870	10/9/2022	1-1-064:008
2 S-4114	U-Haul of Hawaii, Inc.	\$245,247	10/9/2022	1-1-064:009
3 S-4117	Lease Properties, LTD	\$278,800	10/9/2022	1-1-064:012
4 S-4118	Lease Properties, LTD	\$278,800	10/9/2022	1-1-064:013
5 S-4119	GP Energy Company LLC	\$316,442	10/9/2022	1-1-064:014
6 S-4120	Frank & Sally White	\$181,200	10/9/2022	1-1-064:015
7 S-4121	Safety Systems and Signs Hawaii	\$185,200	10/9/2022	1-1-064:016
8 S-4122	Pacific Transfer, LLC	\$102,300	10/9/2022	1-1-064:017
9 S-4124	Lease Properties, LTD	\$162,200	10/9/2022	1-1-064:019
10 S-4125	Lease Properties, LTD	\$162,200	10/9/2022	1-1-064:020
11 S-4126	Living the Word	\$117,560	10/9/2022	1-1-064:021
12 S-4127	W.P. Inc.	\$125,000	10/9/2022	1-1-064:022
12 Leases		\$2,344,819		



Moanalua Kai – Mapunapuna/Shafter Flats

Property Info:

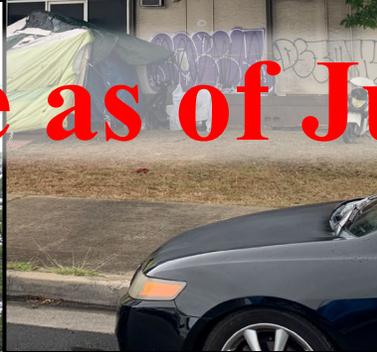
- ✓ 20 Parcels - Ranging in size from 10,122 to 47,657 square feet
- ✓ Properties leased to various tenants
- ✓ Makai areas of property experience drainage and ponding issues during heavy rains and high tides particularly around the intersection of Kakoi and Kilihau Streets.
- ✓ Inundated with illegal trespassers/homeless encampments



Moanalua Kai – Mapunapuna/Shafter Flats



Recent Fire as of July 6, 2022





Moanalua Kai – Mapunapuna/Shafter Flats

Options:

- 1) Status Quo
- 2) Mid-Term Redevelopment Path
- 3) Land Exchange



Moanalua Kai – Mapunapuna/Shafter Flats

Long Term Options:

- ✓ In September 2019 DHHL commissioned study to prepare conceptual plans and supporting studies for the redevelopment of Moanalua Kai into more modern facilities to harvest value potential from TOD, future rail service and general commercial market opportunities in this area.
- ✓ PBR HAWAII & Associates, Inc. (PBR HAWAII) led the study effort, and was supported by a study team including Callison/RTKL Inc. (TOD planning and design), Meyers Research (market assessment), and Rider Levett Bucknall (cost estimation). PBR HAWAII also worked collaboratively with R.M. Towill Corporation (civil engineer) and its engineering consultants (collectively herein, “RMTC”) who provided a due diligence study and information on infrastructure and cost considerations for redevelopment.
- ✓ Based on consultation with DHHL and a market review of various commercial and industrial development types, it was decided that the study team investigate a higher density, vertical industrial product for portions of Moanalua Kai. Any such redevelopment would be implemented by a private third-party developer pursuant to a General Lease, and development would occur in phases in order to address existing General Lease obligations and market absorption.



Moanalua Kai – Mapunapuna/Shafter Flats

Long Term Options continued:

- ✓ In addition to market and physical capacity, key planning considerations included that the property is:
 - (1) subject to periodic flooding during high tides and severe weather events, and could be susceptible to more flood risk (from sea-level rise compounded by an increase in severe weather conditions) in future years;
 - (2) largely known to be underlain by fill material and of a soils type for which special seismic design should be evaluated and which will require foundation improvements and enhancements; and
 - (3) subject to certain height and noise restrictions due to its proximity to HNL; Airport its location underneath an inner approach restricted airspace. In conjunction with other regulatory guidelines, it was concluded that finish floor elevations for all new buildings should be elevated above existing grades. Additionally, special foundations were specified by the engineering and cost estimating team members, to elevate and secure the ground under the multistory buildings.

- ✓ The study found that development costs for Phases 1 and 2 could be expected to be some \$222 million and \$182 million, respectively, or \$405 million in total, including construction loan interest, in 2019 dollars. Approximately \$66 million, or 16% of overall costs (20% of construction only costs) are attributable to the costs of special foundations for the two multistory buildings.



Moanalua Kai – Mapunapuna/Shafter Flats

Short Term Options

Mid-Term Redevelopment Path Consideration

- ✓ Ten (10) year lease extensions for current/good standing leases – retaining strong tenants
- ✓ Craft RFP for redevelopment partners



Moanalua Kai – Mapunapuna/Shafter Flats

Recommended

Mid-Term Redevelopment Path Consideration

- ✓ Ten (10) year lease extensions for current/good standing leases – retaining strong tenants
- ✓ Craft RFP for redevelopment partners

Next Steps

- ✓ HHC Approval for Authorization to extend current general lease dispositions that are in good standing
 - Authority – Act 114, enacted into law by the 1994 Hawaii Legislature, amends Section 171-36, Hawaii Revised Statutes, relating to Lease restrictions; generally. § 171-36(b)(c), HRS, allows for extensions to a lease term.
- ✓ Commence consideration to craft RFP for redevelopment partners



Mahalo



DEPARTMENT OF HAWAIIAN HOME LANDS

www.dhhl.hawaii.gov