STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

March 10, 2017

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

PSF No.: 11OD-204

OAHU

(1) Set-Aside to Hawaii Housing Finance and Development Corporation (HHFDC) for Educational and Affordable Housing Purposes; (2) Authorize HHFDC to Create a Condominium Property Regime; (3) Authorize the Chairperson to Execute a Memorandum of Agreement with HHFDC regarding the Method of Payment for Compensation for the Leased Premises; and (4) Rescind Prior Action on August 24, 2012, Item D-15 Kakaako, Honolulu, Oahu; TMK (1) 2-1-051:041.

APPLICANT:

Hawaii Housing Finance and Development Corporation (HHFDC).

LEGAL REFERENCE:

Sections 171-6 and 11, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands situated at Kakaako, Honolulu, Oahu, identified by Tax Map Key: (1) 2-1-051:041, as shown on the maps attached as **Exhibits 1A-1B**.

AREA:

94,423 square feet, more or less.

ZONING:

State Land Use District:	Urban
City and County of Honolulu LUO:	Kakaako Commercial Development District

TRUST LAND STATUS:

Section 5(a) lands of the Hawaii Admission Act, i.e. Non-ceded.
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: No

CURRENT USE STATUS:

Encumbered by General Lease No. 6097, Hawaii Community Development Authority, Lessee, for management and general maintenance purposes, expiring on February 10, 2019.

PURPOSES:

Educational and Affordable Housing Purposes.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

In accordance with Hawaii Administrative Rule Section 11-200-8 and the Exemption List for the Department of Land and Natural Resources reviewed and concurred by the Environmental Council on June 5, 2015, the requested set-aside is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1, Item 43, that states "transfer of management authority over state-owned land, such as setting aside of state lands to or from other agencies through a Governor's executive order." See **Exhibit 2**.

With respect to the proposed condominium property regime and memorandum of agreement with the Hawaii Housing and Finance Development Corporation, the subject property is covered in the Final Supplemental Environmental Impact Statement for the Revisions to the Kakaako Community Development District (Mauka Area Plan) published in the Environmental Notice on May 8, 2009. Section 6.2.1 of the report stated "Next to Mother Waldron Park is the State-owned former site of the Pohukaina Elementary School. A portion of this site has recently been committed to the development of an affordable housing project, to include a community room at the ground floor. The remainder of this site may be used for a new elementary school if new housing development in Kakaako spurs a resurgence of school-age population. If a school is built at this site, it should be designed to complement Mother Waldron Park in scale, orientation and facade treatment to respect the historic character of the park. It should also provide some additional outdoor recreation facilities for children on the school grounds itself. If a public school is not built on this site, it should be used instead for expansion of Mother Waldron Park."

APPLICANT REQUIREMENTS:

None.

REMARKS:

On August 24, 2012, item D-15, the Board approved in concept the conveyance of the fee simple interest of the subject parcel to Hawaii Community Development Authority (HCDA). The proposed conveyance was intended to facilitate the development of the parcel by private developer into a mixed-use market and affordable residential apartment project, through a competitive request for proposal ("RFP") process undertaken by HCDA. The Department was to receive a share in the revenue generated from the proposed development. A copy of the 2012 submittal is attached as **Exhibit 3**.

While HCDA was negotiating with the selected developer, Alakai Development LLC (Developer), for the project mentioned above, HHFDC and DOE started discussions with HCDA and the Department regarding modifying the components of the project by incorporating additional affordable units and a public school. The parties met with the Administration and ultimately it was decided that the project would best be managed by HHFDC. HHFDC will become the lead agency in overseeing the eventual development of the parcel.

The project, as modified, will be divided into two (2) phases to be processed through a condominium property regime process (Project). Developer will be responsible for a mixed market/affordable residential tower together with 13,000 square feet of commercial floor area. Together with the respective proportionate share of parking stalls, they are defined as Phase 1 of the Project. DLNR will be paid by the Developer under the new deal in an amount based upon the appraised value of the land used by the Developer, as restricted by its affordable housing requirement. The Department and HHFDC will enter into a memorandum of agreement regarding the method of payment of compensation to the Department. Staff recommends the Board authorize the Chairperson to execute the memorandum of agreement subsequently.

For Phase 2, HHFDC will prepare another RFP for the development of another affordable residential tower and other public facilities desired by HHFDC. At the time of writing this submittal, staff understands a new public school[1] to be funded by CIP appropriation at the subject location is in the planning stage.

HHFDC Board has approved the basic terms of the proposed development at is meeting on November 10, 2016. A copy of the HHFDC's board action is attached as **Exhibit 4**, which describes the proposed development in detail.

In view of the latest development of the subject parcel described above, staff recommends the Board rescind its prior action in 2012 that proposed to turn control over the lands to HCDA. Instead, staff recommends the Board authorize a recommendation to

[1]The proposed school will be a four-story structure, consisting of 25,000 square feet for each floor.

the Governor setting aside the subject parcel to HHFDC for education and affordable housing purposes.

Staff understands HHFDC will enter into ground leases respectively with the Department of Education and the developers for the two residential towers described above. HHFDC will bring such ground leases to its Board and BLNR for approval when the terms and conditions of the leases are available.

The issuance of the executive order by the Governor shall be subject to General Lease No. 6097 for lease management, which means HCDA, on behalf of the Department, will continue to maintain the subject parcel and the subleases thereon. GL 6097 will expire in February 2019, and the anticipated commencement of construction activities for Phase 1 is around May 2019.

RECOMMENDATION: That the Board:

1. Declare that, after considering the potential effects of the proposed set-aside to HHFDC as provided by Chapter 343, HRS, and Chapter 11-200, HAR, this project will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment.

2. Approve of and recommend to the Governor the issuance of an executive order setting aside the subject lands to Hawaii Housing Finance and Development Corporation under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:

    A. General Lease No. 6097 to Hawaii Community Development Authority;

    B. The standard terms and conditions of the most current executive order form, as may be amended from time to time;

    C. Disapproval by the Legislature by two-third vote of either the House of Representatives or the Senate or by a majority vote by both in any regular or special session next following the date of the setting aside;

    D. Review and approval by the Department of the Attorney General; and

    E. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

3. Authorize Hawaii Housing and Finance Development Corporation on behalf of the State of Hawaii to proceed with the condominium property regime for the project described above;

4. Authorize the Chairperson to execute the condominium property regime

documents, including the Declaration, and other applicable documents and other amendments that may be required from time to time;

5. Authorize the Chairperson to execute a Memorandum of Agreement with Hawaii Housing and Finance Development Corporation regarding the method of payment for the compensation to the Department over the leased premises; and

6. Rescind its prior action of August 24, 2012, item D-15.

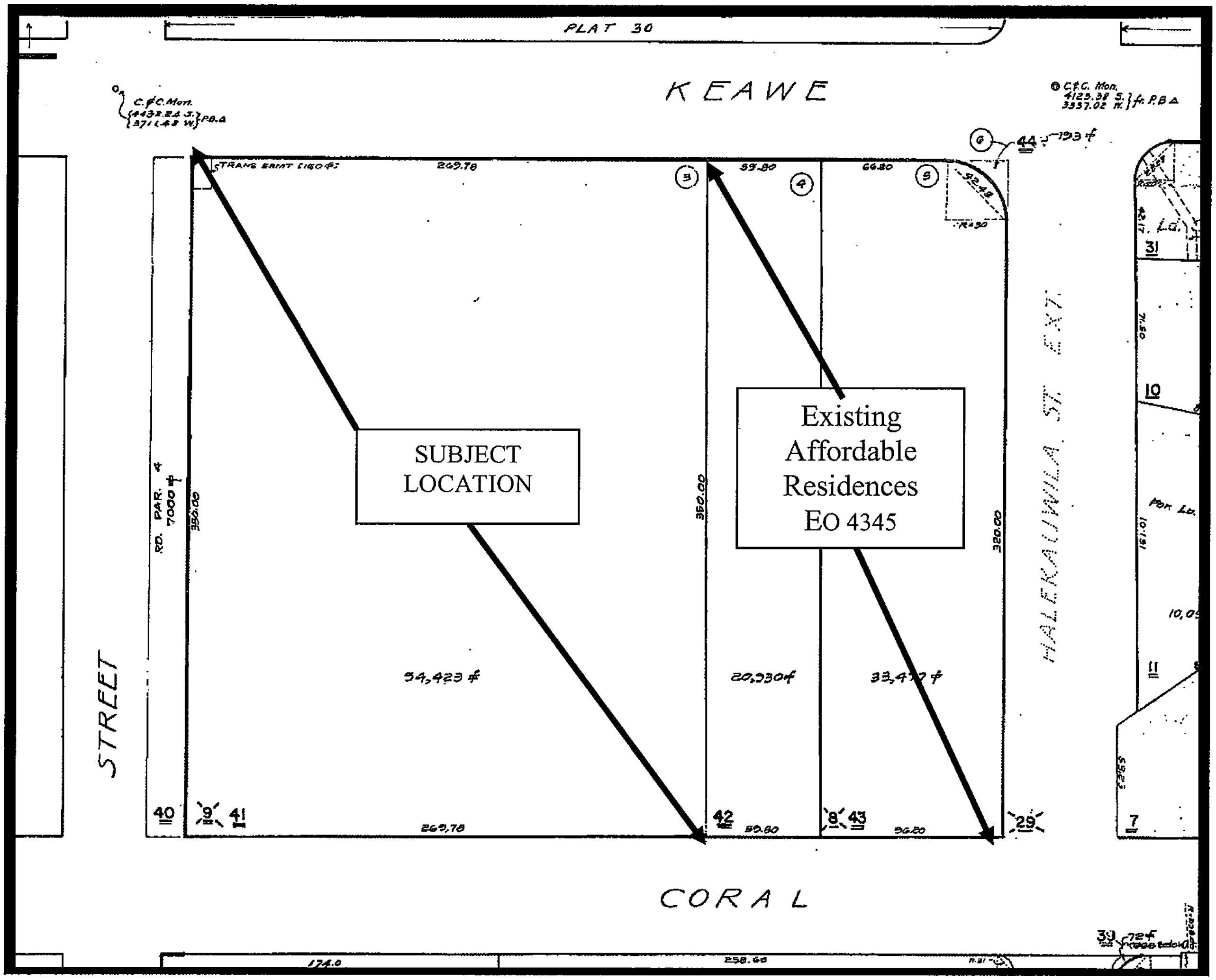
Respectfully Submitted,

Barry Cheung

Barry Cheung
District Land Agent

APPROVED FOR SUBMITTAL:

Suzanne D. Case, Chairperson



TMK (1) 2-1-051:041

EXHIBIT 1A

TMK (1) 2-1-051:041

EXHIBIT 1B

EXEMPTION NOTIFICATION

Regarding the preparation of an environmental assessment pursuant to Chapter 343, HRS and Chapter 11-200, HAR.

Project Title:	Set-Aside to Hawaii Housing Finance and Development Corporation for Educational and Affordable Housing Purposes.
Project / Reference No.:	11OD-204
Project Location:	Kakaako, Honolulu, Oahu, Tax Map Key: (1) 2-1-051:041
Project Description:	Set-aside to HHFDC to facilitate proposed development of the subject parcel into market and affordable residential units and new school.
Chap. 343 Trigger(s):	Use of State Land
Exemption Class No.:	In accordance with Hawaii Administrative Rule Section 11-200-8 and the Exemption List for the Department of Land and Natural Resources reviewed and concurred by the Environmental Council on June 5, 2015, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1, Item 43, that states "transfer of management authority over state-owned land, such as setting aside of state lands to or from other agencies through a Governor's executive order." The subject request pertains to setting aside the State parcel for housing and school purposes. According to the exemption class noted above, staff recommends the project to be exempt from preparation of an environmental assessment. The subject State agencies will ensure the compliance of Chapter 343, HRS, during the ensuing progress of the development. The development of the land with a residential tower and school was covered in the Final Supplemental Environmental Impact Statement for the Revisions to the Kakaako Community Development District (Mauka Area Plan) published in the Environmental Notice on May 8, 2009.
Consulted Parties:	Hawaii Community Development Authority, Hawaii Housing Finance and Development Corporation, and Department of Education.
Recommendation:	That the Board finds this request will probably have minimal or no

significant effect on the environment and is presumed to be exempt from the preparation of an environmental assessment.

Suzanne D. Case, Chairperson
Date: 3/1/17

EXHIBIT 2

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

August 24, 2012

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

PSF No.: 11od-204

OAHU

Approval in Concept for the Conveyance of the Fee Simple Interest to Hawaii Community Development Authority, Authorize the Chairperson to Enter into a Memorandum of Agreement; Issuance of Management Right-of-Entry for Site Management Purposes, Kakaako, Honolulu, Oahu; TMK (1) 2-1-051:041

APPLICANT:

Hawaii Community Development Authority (HCDA).

LEGAL REFERENCE:

Sections 171-6, 55, 95(a)(1), Hawaii Revised Statutes, as amended.

SUBJECT PROPERTY:

Location: Portion of Government lands situated at Honolulu, Oahu, identified by TMK: (1) 2-1-051:041, as shown on the attached map labeled Exhibit A.

Area: 94,423 square feet, more or less. ("SUBJECT PROPERTY")
Consists of: 15,000 square feet ("FEE PORTION")
79,423 square feet ("LEASE PORTION")

Note: FEE PORTION and LEASE PORTION are defined here for the purpose of discussion, while the exact location and area of such portions over the entire SUBJECT PROPERTY are yet to be determined.

Zoning: State Land Use District: Urban
County LUO: Kakaako Commercial Development District

APPROVED BY THE BOARD OF LAND AND NATURAL RESOURCES AT ITS MEETING HELD ON August 24, 2012

TRUST LAND STATUS:

Section 5(a) lands of the Hawaii Admission Act, i.e. non-ceded. See Exhibit B.

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: No

EXHIBIT "3"

CURRENT USE STATUS:

Vacant and unencumbered.

CONSIDERATION:

. See Remarks Section for discussion on compensations.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

In accordance with Hawaii Administrative Rule Sections 11-200-8(a)(1) & (4) and the Exemption List for the Department of Land and Natural Resources approved by the Environmental Council and dated December 4, 1991, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1, that states "Operations, repairs or maintenance of existing structures, facilities, equipment, or topographical features, involving negligible or no expansion or change of use beyond that previously existing" and Class No. 4, that states "Minor alteration in the conditions of land, water, or vegetation." See Exhibit C.

APPLICANT REQUIREMENTS:

HCDA shall execute a Memorandum of Agreement ("MOA") with the Department of Land and Natural Resources ("DLNR") regarding the compensation, responsibilities, time frame and other pertinent issues relating to the development of the SUBJECT PROPERTY monitored by HCDA. See Remarks Section for details of the MOA.

REMARKS:

Background: Section 171-95(a)(1) authorizes the Board to sell public lands to other governmental agencies at such terms and conditions the Board deems proper.

HCDA recently announced its plans to develop a mixed-use high-rise project on the SUBJECT PROPERTY. The proposed project is part of HCDA's overall plan to redevelop a 3.41-acre block of State lands, which plan calls for market-priced residential units, affordable residential units, commercial units, and parking on the SUBJECT PROPERTY, and affordable rental units on the adjacent parcels (see Exhibit A).[1]

HCDA's plans for the SUBJECT PROPERTY provide for the construction of two residential towers, commercial spaces, and parking. Units on one of the towers will be sold as market-priced fee simple properties while the other tower comprising of affordable units, commercial spaces, and parking will be leasehold.

1[1] The affordable rental units are being developed by the Hawaii Housing Finance and Development Corporation (HHFDC) on the adjacent parcels 42 & 43, which have been set aside to HHFDC for such purposes under Governor's Executive Order No. 4345.

The development will be undertaken by the developer selected by HCDA pursuant to a request for proposals (RFP), which was issued in January 2012 with the deadline for the developers to submit proposals on August 31, 2012.

HCDA intends to confine the footprint of the market-priced tower to about 15,000 square feet. HCDA will consider the relaxing the height restrictions to help expanding the building envelope. HCDA indicated that an essential part of its proposal involves selling the fee simple interest of the FEE PORTION plus any expanded air rights to the developer who will be allowed to sell the fee simple interest in the individual residential units.

Conveyance and Reversion

HCDA requests the fee simple interest conveyance of the entire SUBJECT PROPERTY ((consist of both the FEE PORTION and LEASE PORTION as mentioned above) to facilitate its negotiation with any prospective developer. Upon completion of the development or other triggering events provided in the MOA as described below, HCDA will reconvey the LEASE PORTION to the Board at no cost.

Executive Order and Lease

It is contemplated that upon the reversion over the LEASE PORTION as mentioned above, the Board will recommend to the Governor for the issuance of an executive order setting aside the LEASE PORTION to HCDA. A lease will be entered by HCDA and the developer over the LEASE PORTION for the purposes of affordable residential unit, commercial spaces, and parking stalls. The Board will consider granting consent to such lease, subject to compensation payable to DLNR according to the terms and conditions of the MOA.

Compensation to DLNR

HCDA advises that the revenues generating from the entire project will be shared with the Department. HCDA and/or its developer shall use the compensation to purchase annuities with the principal and interest solely for the benefit of DLNR. Compensation will come from the sale of the fee simple interest of the FEE PORTION by HCDA to the developer, and any other recurring revenues receivable from the LEASE PORTION. At prior meetings, HCDA had indicated that it would start negotiating with the prospective developer at a value below fair market value, subject to a minimum value that DLNR would accept. However, HCDA estimated that the revenue generated from the development could amount to $20 million. For Board's information, the minimum value will be inserted in the MOA.

Memorandum of Agreement

DLNR met with HCDA who requested to bring this matter to the Board for consideration and approval but subject to a memorandum of agreement to specify the details of the transaction being agreed upon by HCDA and DLNR regarding some pertinent issues of the conveyance.

Following are the basic terms for the proposed MOA. Further, staff recommends the Board authorize the Chairperson negotiate with HCDA regarding the MOA.

1. HCDA shall be responsible for obtaining the maps and legal descriptions, subdivision approvals, legal documentation, recordation, Legislature

concurrence[2], and other permits or authorizations as may be required for the development of the project.

2. HCDA use its best efforts to negotiate the best deal possible for the State including the compensation to be paid to the State and DLNR for the fee simple interest of the FEE PORTION to be occupied by the market-priced residential tower and the air rights, the leasehold interest of the LEASE PORTION to be occupied by the affordable residential units, commercial spaces, and parkings[3].
3. HCDA shall provide an appraisal for the values for the respective interest (fee and leasehold) mentioned in paragraph 2 above, provided that any final approval of compensation for the respective interest (fee and leasehold) be brought back to the Board for blessing.
4. In the event any of the negotiated values mentioned in paragraph 2 above is less than 80% of the fair market value as determined by such appraisal, HCDA shall bring this matter back to the Board for further consideration and/or reevaluation.
5. HCDA shall obtain the Board's concurrence to the terms and conditions of the lease over the LEASE PORTION to be executed between HCDA and the selected developer.
6. HCDA and/or its developer shall use compensation payable to DLNR to buy annuities with the principal and interest solely for the benefit of DLNR.
7. In the event HCDA cannot reach an agreement with the developer selected pursuant to the Request for Proposal within two (2) years from the date of MOA, the MOA shall deem to be terminated without any further action from both HCDA and DLNR. Upon the termination of this MOA, all interests over the SUBJECT PROPERTY that have been conveyed to HCDA shall be reverted to the Board at no cost to the Board. This reservation shall appear in the conveyance document for the SUBJECT PROPERTY.

Further, staff recommends the Board authorize the issuance of an immediate management right-of-entry for the SUBJECT PROPERTY to HCDA to facilitate the forthcoming RFP process.

Staff did not solicit comments from other government agencies at this stage. Staff understands any solicitation for comments from the general public and agencies will be performed during the forthcoming environmental assessment compliance process to be undertaken by the selected developer.

<u>RECOMMENDATION</u>: That the Board

1. Authorize the Chairperson negotiate and execute a memorandum of agreement with Hawaii Community Development Authority regarding the conveyance of fee simple

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[2] HCDA's plan of selling the FEE PORTION to the selected developer requires the concurrence from the Legislature pursuant to Section 171-64.7, HRS.

[3] The compensation receivable by DLNR over the LEASE PORTION shall include any revenue/rent over any area, or its undivided interests, not sold in fee simple interest.

interest of the SUBJECT PROPERTY.

2. Approval in Concept for the conveyance of the fee simple interest of the SUBJECT PROPERTY to Hawaii Community Development Authority under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:

   a. The standard terms and conditions of the most current deed form, as may be amended from time to time;

   b. Execution of the Memorandum of Agreement as described above in the Remarks Section;

   c. Review and approval by the Department of the Attorney General; and

   d. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

3. Issue an immediate management right-of-entry to Hawaii Community Development Authority covering the SUBJECT PROPERTY for site management purposes subject to the following:

   a. The standard terms and conditions of the most current right-of-entry permit, as may be amended from time to time; and

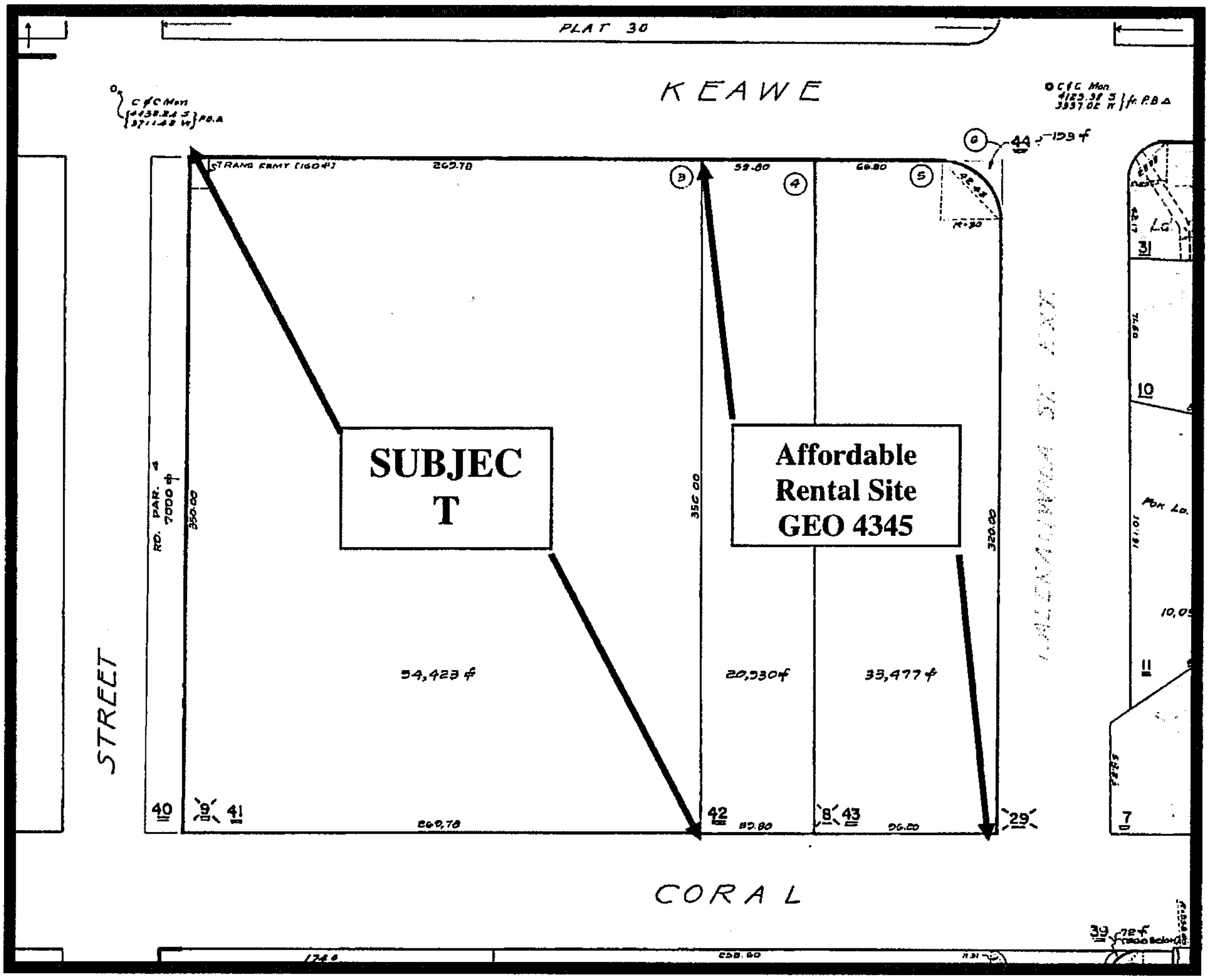
   b. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,

Barry Cheung
District Land Agent

APPROVED FOR SUBMITTAL:

William J. Aila, Jr., Chairperson



TMK (1) 2-1-051:041

EXHIBIT A

NEIL ABERCROMBIE
GOVERNOR OF HAWAII

WILLIAM J. AILA, JR.
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
LAND DIVISION

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

January 5, 2012

10457(O)

MEMORANDUM

TO: **Barry W. Cheung, Oahu District Land Agent**

THROUGH: **Russell Y. Tsuji, Administrator**

FROM: **E. Mahoe Collins, State Abstractor**

SUBJECT: **Ceded-Trust Status of Tax Map Key Parcel: (1) 2-1-051:041.**

We have been requested to determine the ceded-trust status of the subject property identified as TMK (1) 2-1-051:041 ("Parcel 041"), and delineated as shown on the map attached hereto as Exhibit A.

As shown thereon, "Parcel 041", containing 94,423 Square Feet, as situated, lying and being portions of the Lele of Puunui at Kaakaukukui, was awarded under Land Commission Award 7712, Apana 6, Part 1, Royal Patent 4483 to M. Kekuanaoa for V. Kamamalu.

Through mesne probates the title and interest of V. Kamamalu in and to the said Lele of Puunui, including the subject "Parcel 041", was devised to the Trustees under the Will and of the Estate of Bernice Pauahi Bishop, Deceased.

By Deed dated May 20, 1910 and recorded in Liber 326, Page 459 (L.O.D. 1227) the Territory of Hawaii acquired "Parcel 041", and other lands, from the Trustees of the Estate of Bernice Pauahi Bishop.

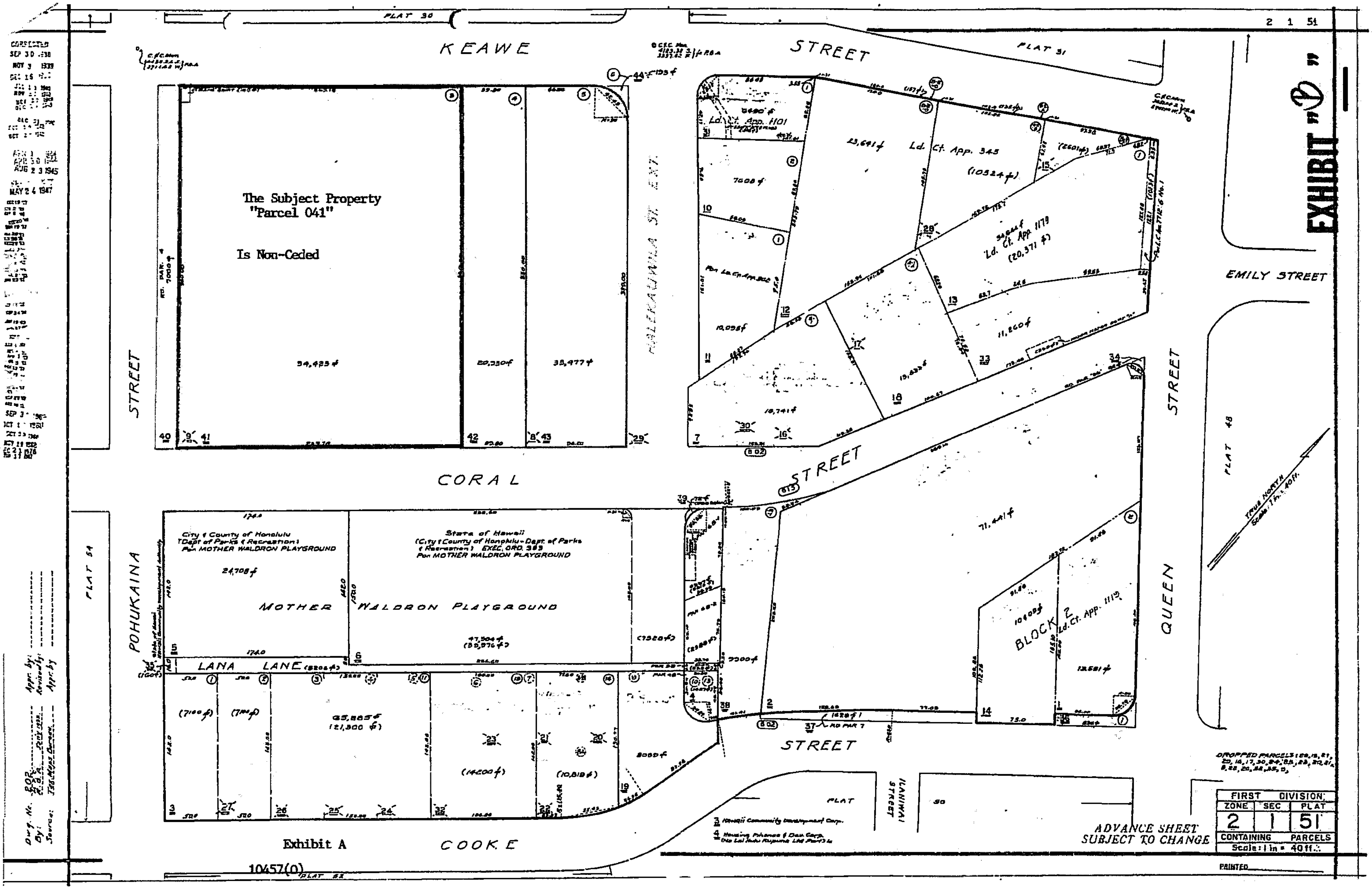
Pursuant to § 5(a) of the Admissions Act of March 18, 1959 (Pub L 86-3, 73 Stat 4), the State of Hawaii succeeded to the title and interest of the Territory of Hawaii in and to said "Parcel 041" and other lands.

In conclusion we find that the subject property, "Parcel 041", is non-ceded.

If you have any questions, please feel free to call me at 587-0458.

Enclosure

EXHIBIT "B"



2 1 51
EXHIBIT "B"
KEAWE STREET
PLAT 30
PLAT 31
The Subject Property
"Parcel 041"
Is Non-Ceded
CORAL STREET
POHUKAINA STREET
HALEKAUWILA ST. EXT.
EMILY STREET
QUEEN STREET
COOKE STREET
ILANIWAI STREET
PLAT 48
PLAT 50
PLAT 51
PLAT 52
Ld. Ct. App. 101
Ld. Ct. App. 345
Ld. Ct. App. 1179
Ld. Ct. App. 1119
BLOCK 2
City & County of Honolulu
Dept of Parks & Recreation
Por. MOTHER WALDRON PLAYGROUND
State of Hawaii
(City & County of Honolulu-Dept. of Parks & Recreation) EXEC. ORD. 383
Por. MOTHER WALDRON PLAYGROUND
MOTHER WALDRON PLAYGROUND
LANA LANE
TRUE NORTH
Scale: 1 in. = 40 ft.
3 Hawaii Community Development Corp.
4 Housing Finance & Dev. Corp.
FIRST DIVISION
ZONE SEC PLAT
2 1 51
CONTAINING PARCELS
Scale: 1 in. = 40 ft.
ADVANCE SHEET
SUBJECT TO CHANGE
Exhibit A
10457(0)

EXEMPTION NOTIFICATION

regarding the preparation of an environmental assessment pursuant to Chapter 343, HRS and Chapter 11-200, HAR

Project Title:	690 Pohukaina Street Development
Project / Reference No.:	PSF 11od-204
Project Location:	Kakaako, Honolulu, Oahu Tax Map Key: (1) 2-1-051:041
Project Description:	Fee conveyance and issuance of management right-of-entry
Chap. 343 Trigger(s):	Use of State Land
Exemption Class No.:	In accordance with Hawaii Administrative Rule Sections 11-200-8(a)(1) & (4) and the Exemption List for the Department of Land and Natural Resources approved by the Environmental Council and dated December 4, 1991, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1, that states "Operations, repairs or maintenance of existing structures, facilities, equipment, or topographical features, involving negligible or no expansion or change of use beyond that previously existing" and Class No. 4, that states "Minor alteration in the conditions of land, water, or vegetation." The request pertains to the transfer of fee title to Hawaii Community Development Authority (HCDA). Upon finalization of the request for proposal and the selection of a developer for the proposed development of the SUBJECT PROPERTY, the compliance process for environmental assessment will begin. During the interim, HCDA does not plan to change the use of the SUBJECT PROPERTY and will continue to maintain the property. Therefore, staff does not expect there will be major alteration in the conditions of the land, water or vegetation at the location.
Consulted Parties	Not applicable
Recommendation:	That the Board find this project will probably have minimal or no significant effect on the environment and is presumed to be exempt from the preparation of an environmental assessment.

William J. Aila, Jr., Chairperson
Date:

EXHIBIT C

Reviewed and Approved by the Executive Director [signature]
November 10, 2016

FOR ACTION

I. REQUEST

Approve Alakai Development LLC, or Other Successor Entity Approved by the Executive Director, as an Eligible Developer Pursuant to Section 15-307-24, Hawaii Administrative Rules, Request for Set Aside of the Property to HHFDC, Negotiation and Execution of a Development Agreement with the Eligible Developer, Creation of and Amendments to Spatial Units Under a Condominium Property Regime, Issuance of Ground Leases for Spatial Units, and Purchase of Ground Leases at Completion of Phase 1 of a Mixed-Use Development at 690 Pohukaina Street Located in Kakaako, Oahu, TMK No. (1) 2-1-051: 041

II. FACTS

Project:	690 Pohukaina Street	
Address:	690 Pohukaina Street, Kakaako, Oahu, Hawaii	
TMK:	TMK No. (1) 2-1-051: 041	
Acreage:	94,423 square feet, or 2.167 acres	
Zoning:	Mixed-Use, FAR of 3.5, Height Limit of 400 feet	
HHFDC Involvement:	Lessor	
Type:	Mixed-Use Project – Affordable and Market Rental Housing, Commercial Space and Educational Complex	
Land Tenure:	Leasehold	
Units (Approximately):	Phase 1	390 Units 600 Parking Stalls 13,000 Square Feet of Commercial Space Parking Structure (Garage) with Parking Stalls for Phases 1 and 2
	Phase 2	Affordable Rental Housing 200 Units 250 Parking Stalls Educational Complex 25,000 Gross Square Feet per Floor Over Four Floors For 750 Students ___ Parking Stalls[1]
Target Market:	Phase 1	At least 60% of the units will be affordable to households at 140% and below the U.S. Department of Housing and Urban Development area median income (AMI)

[1] To be determined.

EXHIBIT "4"

Units	*Unit Type and Affordability*	*Max. Rent/Mo.*[2]
	Studio Units @ 140% AMI	$2,257
	1-Bedroom Units @ 140% AMI	$2,414
	2-Bedroom Units @ 140% AMI	$2,895
	3-Bedroom Units @ 140% AMI	$3,343

Phase 2 All of the rental units will be affordable at 60% and below the AMI

Units	*Unit Type and Affordability*	*Max. Rent/Mo.*[3]
	Studio Units @ 60% AMI	$1,056
	1-Bedroom Units @ 60% AMI	$1,131
	2-Bedroom Units @ 60% AMI	$1,357
	3-Bedroom Units @ 60% AMI	$1,568

Developer Contact:

Jon Wallenstrom, Manager
Alaka'i Development LLC
1110 Nuuanu Avenue
Honolulu, Hawaii 96817
Phone: 223-9767 cellular

A. The State of Hawaii owns a parcel of land of approximately 93,423 square feet, or 2.167 acres located adjacent to the Mother Waldron Park at 690 Pohukaina Street in Kakaako, Oahu, Hawaii, Tax Map Key No. (1) 2-1-051: 041 (Property). The Property is bound by Mother Waldron Park to the east, Pohukaina Street in the Makai (south) direction, Keawe Street to the west, and the Halekauwila Place affordable rental project in the mauka (north) direction. See attached Exhibit A.

B. The Property is NOT ceded land.

C. Under the Hawaii Community Development Authority's (HCDA) Mauka Area Rules, the Property is zoned Mixed-Use, with a Floor Area Ratio (FAR) of 3.5 and height limit of 400 feet.

D. The Property is subject to unrecorded General Lease No. 6097 to HCDA dated August 11, 2016 for management and general maintenance purposes, expiring on February 10, 2019.

III. DISCUSSION

A. After a competitive request for proposal (RFP) process, in January 2013, Forest City Hawaii, LLC (Forest City) was selected by HCDA to develop a mixed-use market and affordable residential apartment project at the Property.

B. The public meetings held by HCDA for their RFP process were as follows:

November 2012 Public hearing on proposals
November 2012 Community meeting for comments on proposals

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[2] From HHFDC 2016 maximum rents, assuming the tenant pays for cooking (electric), other electric, water heating (electric), water and sewer. The Developer proposes to sub-meter each unit for both electric and water because based on their experience, they have found that it results in residents consuming less energy.
[3] From HHFDC 2016 maximum rents, assuming the landlord pays for all utilities (no deduction for utility allowances).

December 2012	Community meeting for comments on proposals
December 2012	Evaluation committee's recommendation to the Board

C. To enable a 75-year leasehold development, HCDA and Forest City collaborated with the Hawaii Housing Finance and Development Corporation (HHFDC) for a public private partnership for the leasehold development of a mixed-use project at the Property (Project) which incorporates the full number of residential units originally proposed by Forest City with parking stalls in a separate parking structure (Garage) in phase 1 (Phase 1), and an educational complex and affordable rental housing project to be developed by HHFDC with the Department of Education (DOE) in phase 2 (Phase 2), under separate leasehold ownership of spatial units created under a condominium property regime (CPR).[4]

D. On September 7, 2016, the HCDA Board deferred an action to approve the draft Term Sheet between HCDA and Forest City and authorize the Interim Executive Director to proceed with negotiating a development agreement for the Project. On September 8, 2016, the HHFDC Board deferred an action to approve a Term Sheet and authorize negotiation of a development agreement for a mixed-use development at the Property.

E. On October 13, 2016, the HHFDC Board discussed HHFDC's consideration, in the event of a termination of the HCDA RFP, to negotiate a development agreement with Forest City for a mixed-use development at the Property at essentially the same terms as previously discussed on September 8, 2016.

F. This For Action seeks approval, in the event that the HCDA RFP is cancelled, to negotiate and execute a development agreement with Forest City for the development, ownership and operation of Phase 1 of the Project (Development Agreement), substantially as previously discussed with this Board on September 8, 2016 and October 13, 2016. Major terms are as follows:

1. The Property is proposed to be set aside to HHFDC by Governor's Executive Order. This For Action seeks approval to request for the set aside of the Property to HHFDC for educational and affordable housing

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[4] In 2016, the Legislature expanded HHFDC's authority to develop mixed-use projects to include rental housing and with other agencies besides DOE and DAGS:

"The legislature finds that traditional zoning and land use designations are no longer adequate to meet current development trends. Mixed-use zoning encourages smart growth, and the development of compact, higher-density communities consisting of walkable areas with housing, jobs, shops, and services located within close proximity. Mixed-use developments are especially beneficial for low- and moderate-income households because they reduce transportation costs, traffic congestion, and the number of vehicle miles traveled by community residents.

The legislature finds that pursuant to section 201H-44, Hawaii Revised Statutes, the Hawaii housing finance and development corporation is authorized to develop commercial, industrial, and other properties in connection with the development of any dwelling units if it determines that the uses can be 'an integral part of the development and can help to preserve the lifestyles of the purchasers of dwelling units in the development.' Broadening this authority to include development of multifamily rental housing would further enable the corporation to facilitate the development of affordable dwelling units in areas with mixed-use zoning.

The legislature also finds that under current law, the Hawaii housing finance and development corporation is authorized to develop certain types of facilities in partnership with the department of education and the department of accounting and general services. Expanding this authority to include other state and county governmental agencies would enable the corporation to use its development powers in partnership with any governmental agency that holds developable land.

The purpose of this Act is to enable the Hawaii housing finance and development corporation to develop mixed-use developments in partnership with state and county departments and agencies, as well as to further the objective of encouraging walking and active areas by locating affordable housing, jobs, shops, and services within close proximity." Act 131 SLH 2016.

purposes, subject to the existing unrecorded General Lease No. 6097 to HCDA.

If acceptable to the Department of Land and Natural Resources (DLNR) and DOE, after the CPR is set up and the ground leases have been issued, HHFDC would like to reserve the right to replace the set aside of the Property to HHFDC for educational and affordable housing purposes, with two set asides—one for the educational spatial unit to DOE for educational purposes (subject to the ground lease to DOE), and one for the residential components to HHFDC for affordable housing purposes (subject to the then existing ground leases for the residential rental components).

2. The developer of Phase 1 of the Project is proposed to be Alakai Development LLC (Developer). The Developer is an affiliate of Forest City formed to focus on multi-family project development in Hawaii.

3. A possible conceptual site plan and an aerial perspective of the Project are attached hereto as Exhibits B and C, respectively.

4. Development of Phase 1 will include the following:

   a. The Developer will create CPR spatial units for at least three components and possibly four—the affordable and market rental units in Phase 1 (Workforce Component), and the educational component (Educational Component) and tax credit rental housing component (Tax Credit Component) in Phase 2 and possibly a component that will include the Garage and drive aisle that serve the development, with reservation by HHFDC to amend the CPR documents to enable development within Phase 2 for the separate leasehold ownership of the Educational and Tax Credit Components. HHFDC, as lessor, proposes to issue 75-year ground leases to the Developer at $1/year for the Workforce Component, as well as the Educational and Tax Credit Components, upon closing of all of the interim financing for the Phase 1 improvements. The Developer will finance and develop the Phase 1 improvements including the parking stalls in the Garage for Phase 2, and upon completion of Phase 1, the ground leases for the Educational and Tax Credit Components, with their appurtenant parking stalls, will be purchased by DOE and HHFDC, respectively, at prices acceptable to Developer, DOE and HHFDC.

   b. Workforce Component of approximately 390 units, of which at least 60% will be affordable to households at 140% or below the AMI, for the duration of the ground lease.

   c. Common driveway and Garage, with approximately 600 parking stalls for the Workforce Component, 250 stalls for the Tax Credit Component and parking stalls for the Phase 2 Educational Component as determined by DOE.

   d. The roof of the Garage will be reserved for Developer to install, at its cost and expense, photovoltaic panels to provide electricity to the Workforce Component.

e. The Developer will be granted the right to provide asset and property management services for the Garage and receive a fair market fee agreed upon by the HHFDC, DOE and the Developer at the time the Garage is open for use.

f. At the time of the closing of the ground lease for the Workforce Component, the Developer will pay to HHFDC, subject to a Memorandum of Agreement to be negotiated between HHFDC and DLNR for annual payments to DLNR, a one-time lease premium based on the appraised value of the lot coverage of the Property required for the Workforce Component, inclusive of all required setbacks, as restricted by the 75-year lease, affordable housing requirements, nature of the lease in terms of subordination, etc., and the pro-rata appraised value of the lot coverage of the Garage and common driveway based on the number of parking stalls in the Garage for the Workforce Component relative to the total number of stalls in the Garage.

g. The Kakaako Sewer Master Plan Update, dated June 10, 2015 indicates that the existing 10-inch sewer line from Keawe Street to South Street requires an upgrade to a 12-inch sewer line to provide adequate capacity for the Project.

h. The existing building at the Property is proposed to be demolished and the Property will need to be cleaned up of any environmental waste.

i. It is anticipated that the Developer will be seeking exemptions from zoning pursuant to HRS Section 201H-38.

j. The Developer has a reasonable time after execution of the Development Agreement to undertake studies, tests and investigations as the Developer deems necessary for development of the Project.

k. The Developer will receive a construction management fee for the construction of the common driveway, Phase 2 parking stalls in the garage and any other construction related services desired by HHFDC and DOE that will accrue to the benefit of Phase 2, as agreed to by the Developer, DOE and HHFDC.

l. The Project shall obtain approvals for a new Environmental Assessment pursuant to HRS Chapter 343.

5. After completion of Phase 1, Phase 2 is proposed to be developed by HHFDC under an RFP and is projected to consist of leasehold CPR spatial units for the Educational and Tax Credit Components with appurtenant parking. Subject to agreement with DOE, development of Phase 2 could include the following:

   a. Revision of the CPR documents to describe the spatial units in Phase 2 for the Educational and Tax Credit Components. The ground lease for the Tax Credit Component will be assigned to the Phase 2 developer at its closing, when the financing for the Tax Credit Component and the CIP appropriations for the Educational

Component are available. The upset price of the ground lease for the Tax Credit Component will be HHFDC's acquisition price from the Phase 1 developer, plus HHFDC carrying costs. The ground lease for the Educational Component could be retained by DOE while the Educational Component is being developed by the Phase 2 developer under the development agreement with DOE and HHFDC for the Phase 2, or assigned to the Phase 2 developer to finance and develop the turnkey Educational Component for acquisition by DOE at completion of the Phase 2 improvements, as is contemplated for Phase 1.

b. The Tax Credit Component of approximately 200 units and 250 parking stalls will be affordable to families at 60% or below the AMI for the term of the ground lease.

c. The Educational Component and its parking stalls shall comply with DOE's educational objectives and requirements[5] and is planned to be funded through CIP appropriations.

6. The DOE, Developer and HHFDC are discussing the possibility of combining the Educational Component with the Phase 1 Workforce Component and relocating the Phase 1 building next to Mother Waldron Park. Upon completion of Phase 1, DOE would purchase the ground lease with the turn-key Educational Component from the Developer at a price agreeable to DOE and the Developer. This will enable DOE to work with the Developer in the design and development of the Educational Component, and complete the Educational Component sooner. In this case, Phase 2 will consist of the Tax Credit Component in a separate building on the west (ewa) side of the Property.

7. DOE's Student Enrollment Projections for Honolulu Urban Corridor and 21st Century School Model are attached hereto as Exhibit D. The projections estimate a need for four new elementary schools, one and one-half middle schools, and one and one-half new high schools within the school area of the proposed Project.

G. Forest City Realty Trust, Inc. (with its subsidiaries, the "Company") is an NYSE-listed national real estate company that principally engages in the ownership, development, management and acquisition of commercial and residential real estate and land throughout the United States. The Company had approximately $8.9 billion of consolidated assets in 20 states and the District of Columbia at June 30, 2016. The Company's core markets include Boston, Chicago, Dallas, Denver, Los Angeles, New York City, San Francisco, Washington, D.C., and the Company's corporate headquarters in Cleveland, Ohio.[6]

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[5] Section 2 of Act 131 SLH 2016 provides that, "...facilities developed in cooperation with the department of education comply with the department of education's educational objectives and requirements."

[6] On January 13, 2015, the Board of Directors of Forest City Enterprises, Inc., the Company's predecessor, approved a plan to pursue conversion to real estate investment trust (REIT) status. As of January 1, 2016, the Company believes it is organized in a manner that enables it to qualify, and intends to operate in a manner that will allow it to continue to qualify, as a REIT for federal income tax purposes. The Company holds and operates certain of its assets through one or more taxable REIT subsidiaries (TRSs). A TRS is a subsidiary of a REIT that is subject to applicable corporate income tax. The Company's use of TRSs enables it to continue to engage in certain businesses while complying with REIT qualification requirements and also allows the Company to retain income generated by these businesses for reinvestment without the requirement of distributing those earnings. In the future, the Company may elect to reorganize and transfer certain assets or operations from its TRSs to other subsidiaries, including qualified REIT subsidiaries. From the Company's Form 10-Q filing for the quarterly period ended June 30, 2016 at www.forestcity.net.

H. Locally, subsidiaries of the Company's predecessor entity, Forest City Enterprises, Inc., recently completed the development of a $2 billion public private partnership with the Department of the Navy with a portfolio of 6,700 homes, and, with a DURF loan from HHFDC, is completing the Kapolei Lofts rental project of 499 units, of which no less than 20% of the total units are affordable to families at 80% or below the AMI and no less than 60% of the total units are affordable to families at 140% or below the AMI.[7]

I. The Developer is Alakai Development LLC, a Hawaii limited liability company, whose mission is to meet the need of Hawaii's housing shortage by developing quality rental residences (Alakai). Jon Wallenstrom is the Manager and sole initial Member. Alakai proposes to form special purpose entities for each project where it will act as general partner with other investor(s) as limited partners(s).

J. Proposed members of the Developer's team (subject to change) include:

1. Developer – Alakai Development LLC, Kailua, Hawaii
2. Architect – Benjamin Woo Architects, Honolulu, Hawaii
3. Contractor – To Be Determined
4. Management Agent – To Be Determined
5. Legal Counsel – Settle Meyer Law, Honolulu, Hawaii

K. HHFDC's past involvement with the Developer or its affiliates as developer or co-general partner include the following:

1. Kamakana Villages at Keahuolu, Keahuolu, North Kona, Hawaii, a 2,330-unit on-going master planned community, more than 50% of the units will be affordable to families at 140% or below the AMI.

2. Kapolei Lofts, a 499-unit affordable and market family rental project in Kapolei, Oahu, Hawaii, which was completed in July 2016. At least 60% of the units are affordable to households at 140% or below the AMI.

L. HHFDC finds the following:

1. That the Project is consistent with the objectives and intent for mixed-use developments pursuant to Act 131 SLH 2016, or primarily or exclusively includes housing units affordable to households with incomes at or below 140% of the median family income;

2. That the Developer, or other newly formed, single-asset affiliate of the Developer approved by the Executive Director, are Eligible Developers pursuant to Section 15-307-24, HAR;

3. That the Developer's request meets minimum proposal requirements pursuant to Section 15-307-26, HAR.

On August 22, 2016, the Company announced that its Board authorized a process to review strategic alternatives for the Company's retail portfolio, which consists of ownership interest in 14 regional malls in markets around the country, and 19 specialty retail centers, which are located primarily in New York City. "Assuming we identify and transact on a chosen alternative, or alternatives, our intent would be to redeploy the value from our retail portfolio into apartment and office assets that align with our focus on core markets and urban, mixed-use placemaking projects." David J. LaRue, Forest City President and Chief Executive Officer. Press Release, 8/22/16, from www.forestcity.net.

[7] The military housing portfolio was sold in 2016 and Kapolei Lofts is currently on the market. The Certificate of Occupancy of the last residential building and clubhouse at Kapolei Lofts is dated July 1, 2016.

M. HHFDC estimates that an order of magnitude schedule for Phase 1 could be as follows:

For Information	October 2016
HHFDC Board Approval to Execute Development Agreement	November 2016
Execution of Development Agreement	October 2017
Studies and Investigations	April 2018
EA	April 2018
201H Exemptions	May 2018
Approval of CPR Documents	August 2018
Construction Drawings	November 2018
Approval of HHFDC Financing to Purchase the Ground Lease for Tax Credit Component	November 2018
Foundation/Building Permit	May 2019
Execution of Ground Leases	May 2019
Commencement of Construction	May 2019
Completion	April 2021

IV. RECOMMENDATION

That the HHFDC Board of Directors approve the following for a mixed-use development on approximately 2.167 acres of State land at 690 Pohukaina Street, Kakaako, Oahu, Hawaii, on TMK (1) 2-1-051: 041, substantially as described in this For Action:

A. Alakai Development LLC, or other successor entity approved by the Executive Director, as an Eligible Developer pursuant to Section 15-307-24, HAR;

B. Request for the set aside of the Property to HHFDC for educational and affordable housing purposes, subject to the existing unrecorded General Lease No. 6097, which will include the negotiation and execution of a Memorandum of Agreement with DLNR for annual payments of the lease premium to DLNR;

C. Negotiation and execution of a Development Agreement with the Developer for Phase 1 of the Project;

D. Creation of spatial units under a condominium property regime for the leasehold ownership of the Workforce, Educational and Tax Credit Components and appurtenant parking, and amendments thereto;

E. Issuance of 75-year ground leases at $1/year to the Developer for each of the Workforce, Educational and Tax Credit Components at the closing of financing for the Phase 1 improvements;

F. Purchase of the ground leases for the Educational and Tax Credit Components at the completion of Phase 1 by DOE and HHFDC, respectively, at prices acceptable to Developer, DOE and HHFDC;

G. Authorize the Executive Director to take all actions necessary to effectuate the purposes of this For Action;

Subject to the following:

H. Cancellation of the HCDA RFP for the Property;

I. Set aside of the Property to HHFDC by DLNR;

J. Payment of a one-time lease premium by Developer to HHFDC for the benefit of DLNR for the ground lease to Developer for the Workforce Component;

K. Approval of the Project by the County;[8]

L. Compliance with HRS Chapter 343;

M. Execution of the Development Agreement with DOE and the Developer within one calendar year of approval of this For Action, unless otherwise extended at the sole discretion of the Executive Director;

N. Approval as to form of necessary documents by the Department of Attorney General and execution by the Executive Director; and

O. Compliance with all rules, regulations and such other terms and conditions as may be required by the Executive Director.

Attachments:
Exhibit A – Location Map
Exhibit B – Conceptual Site Plan
Exhibit C – Aerial Perspective
Exhibit D – DOE Student Enrollment Projections for Honolulu Urban Corridor and 21st Century School Model

Prepared by: Stan S. Fujimoto, Project Manager SF
Reviewed by: Rick Prahler, Development Branch Chief MP

Approved by The Board of Directors at its meeting on NOV 10 2016

DEVELOPMENT BRANCH

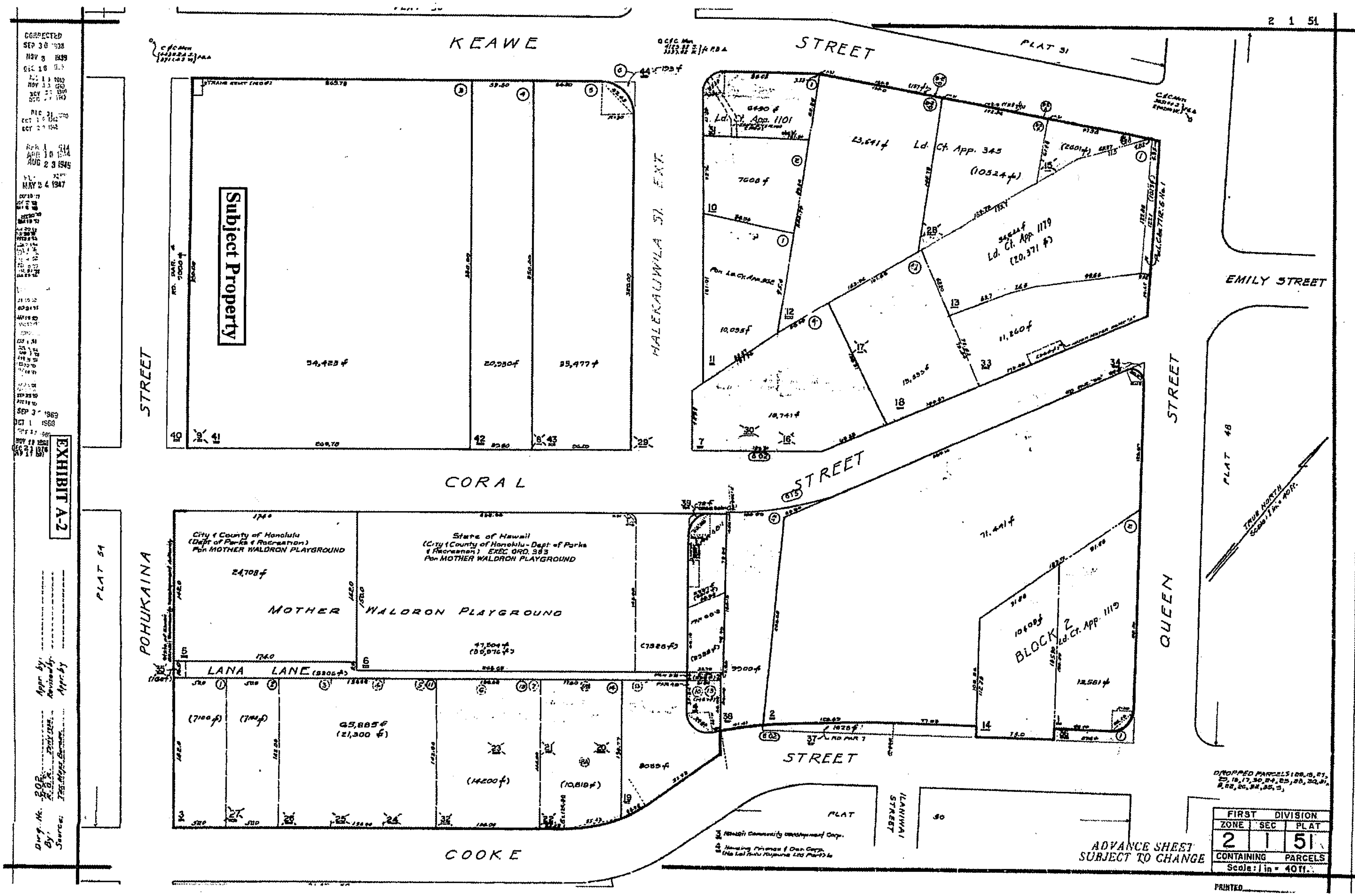
Please take necessary action.

EXECUTIVE DIRECTOR

[8] "For purposes of this subsection, 'mixed-use developments' means a development that contains affordable residential dwelling units that may be combined with governmental, educational, commercial, cultural, institutional, or industrial uses; is approved by the county in which the project is located; and is subject to: chapter 104; title 40 United States Code sections 3141, 3142, 3143, 3144, 3146, and 3147; or a project labor agreement by law or contract in the construction of the project." Act 131 SLH 2016.

EXHIBIT A-1

Map data ©2016 Google 1000 ft



2 1 51
KEAWE STREET
PLAT 51
EMILY STREET
QUEEN STREET
PLAT 48
CORAL STREET
COOKE STREET
POHUKAINA STREET
PLAT 54
HALEKAUWILA ST. EXT.
ILANIWAI STREET
Subject Property
EXHIBIT A-2
Ld. Ct. App. 1101
Ld. Ct. App. 345
Ld. Ct. App. 1119
City & County of Honolulu (Dept of Parks & Recreation) Por MOTHER WALDRON PLAYGROUND
State of Hawaii (City & County of Honolulu - Dept of Parks & Recreation) EXEC. ORD. 383 Por MOTHER WALDRON PLAYGROUND
MOTHER WALDRON PLAYGROUND
LANA LANE
BLOCK 2
ADVANCE SHEET SUBJECT TO CHANGE
FIRST DIVISION
ZONE SEC PLAT
2 1 51
CONTAINING PARCELS
Scale: 1 in = 40 ft.
PRINTED

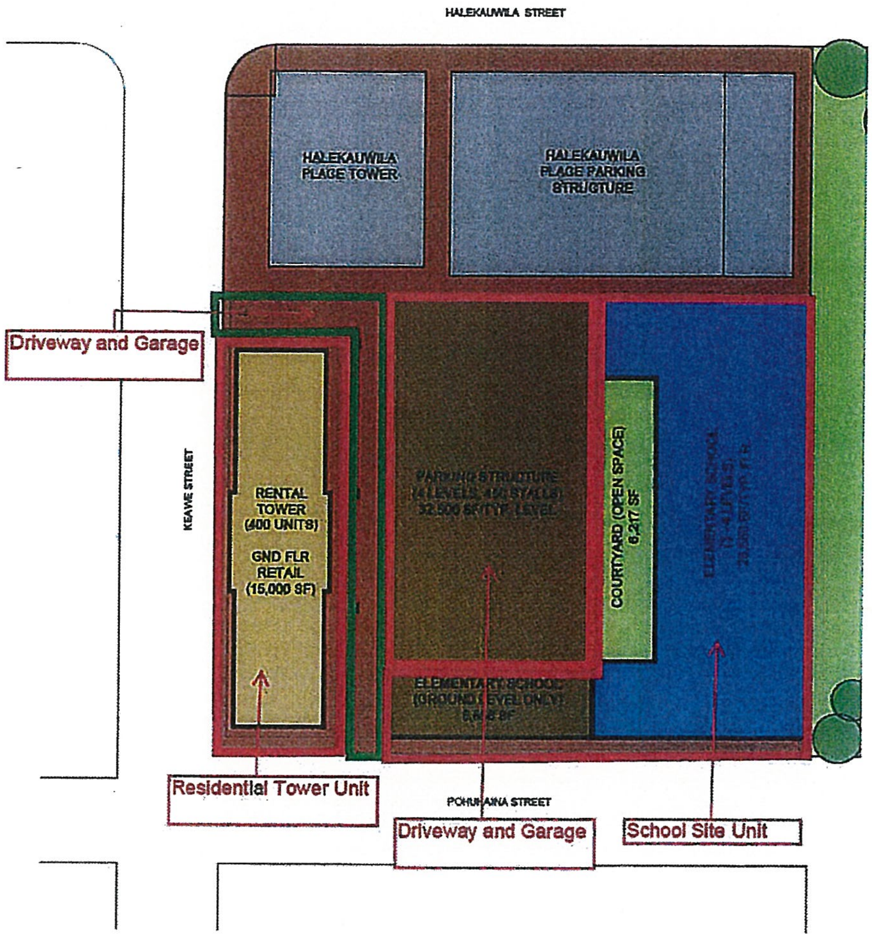

HALEKAUWILA STREET
HALEKAUWILA PLACE TOWER
HALEKAUWILA PLACE PARKING STRUCTURE
Driveway and Garage
KEAWE STREET
RENTAL TOWER (400 UNITS)
GND FLR RETAIL (15,000 SF)
PARKING STRUCTURE
(4 LEVELS, 450 STALLS)
32,500 SF/TYP. LEVEL
COURTYARD (OPEN SPACE) 6,217 SF
ELEMENTARY SCHOOL
ELEMENTARY SCHOOL (GROUND LEVEL ONLY)
Residential Tower Unit
POHUKAINA STREET
Driveway and Garage
School Site Unit

EXHIBIT B

EXHIBIT C

690 POHUKAINA PROPOSED TOWERS (HEIGHT NOT TO EXCEED NEIGHBORING 418 FT. HIGH TOWERS)

Student Enrollment Projections for Honolulu Urban Corridor

The City and County of Honolulu and the State of Hawaii's Hawaii Community Development Authority have plans to approve up to 35,000 additional residential units in the areas within a half-mile radius of the nine transit stations from Middle Street to Ala Moana. The State of Hawaii's Hawaii Public Housing Authority has also announced plans to redevelop four housing projects in areas close to the rail line with an estimated 4,000 net new units. The total for all proposed units in the urban corridor is 39,000.

The number of additional DOE students generated by the full build out of 39,000 multi-family units would be approximately 10,000. After filling all estimated excess classroom capacity in existing schools, there would still be a need to establish facility space for slightly more than 8,500 elementary, middle school, and high school students. If the Board of Education guidelines for school size prevail, the need translates into up to six new elementary schools, one and a-half middle schools, and one and a-half high schools. These new schools, or additional classroom capacity, will be placed in areas based on the area's projected increase in student enrollment. Listed below are projections for the McKinley Complex Area.

Downtown/Kakaako/Ala Moana Elementary Schools
The five elementary schools in the McKinley Complex have a combined 2015 enrollment of 2,011 students. There is a currently a combined excess classroom space for approximately 488 additional students. In the 2020 school year, the combined excess space is projected to decline to 384. The projected impact of the new development would be 3,641 additional students. The net effect is a need to house more than 3,257 additional students, with two thirds of the new students in the Kapalama-School Street-Iwilei and Downtown areas, and one third in Kakaako. It is estimated that it would take as many as four new elementary schools to handle the increase of students in these areas.

Central Middle School
Central Middle School currently has space for close to 445 additional students and projects excess capacity of 508 spaces by 2020. To serve the projected 1,767 additional middle school students generated by proposed new developments, would use all projected excess classroom capacity and there would still be a need for space for 1,259 middle school students. If that need is combined with the need for additional middle school space at Kalakaua for 429 students, approximately one and a half middle schools will be needed for this district.

McKinley High School
There is currently sufficient space for an additional 400 students at McKinley, and that number is expected to stay roughly the same through 2020. Proposed new development in McKinley's service area is projected to generate 1,873 additional high school students. The projected need for high school classroom capacity, minus available capacity, would create the need for roughly 1,400 students. This is in addition to the need for high school classroom space for 995 additional students at Farrington. The combined need across the district is projected to be 2,398 high school students, which is enough to fill for one and a half new high schools.

The DOE is currently looking at how best to utilize existing school campuses to manage the expected growth. Current planning models show there will still be a pressing need for projects beyond existing campuses, such as 690 Pohukaina.

21st Century School Model

Basic components of a 21st Century School for Hawaii:

- Flexible & Adaptive Learning Spaces (allowing for current & future educational needs)
- Community Centered (engaged with local communities in a beneficial manner)
- Economically Viable (location, land use, standardized design/construction practices)

DOE Facilities Development Branch is currently working on specific new standards for 21st century schools. With each new school that is designed the DOE considers how to model viable aspects, and their components, within future and existing schools.

It is expected that the elementary at 690 Pohukaina would benefit greatly from its inclusion in a multi-use facility, by way of construction/design cost savings, direct access to adjacent Public Park, and community engagement. The specifics of the design are yet to be established. Once the project is under design every effort will be taken to provide the best solution for current and future student. The school itself, once designed, will also provide a new typology for vertical urban schools which the DOE hopes to use on additional sites along the rail and in urban Honolulu.