

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

November 9, 2017

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

GL S-3722

Hawaii

Authorize a One-Year Holdover of General Lease No. S-3722, Hawaii Pacific Baptist Convention, Lessee; Authorize Staff to Prepare and Publish a Request for Interest to Gauge whether there is Interest among Prospective Developers in Conducting an Environmental Assessment to Rezone State Lands to Commercial Use and Facilitate the Issuance of a Long-term Lease for Commercial Purposes, Waiakea Cane Lots, Waiakea, South Hilo, Hawaii, Tax Map Key: (3) 2-4-057:023.

APPLICANT:

Hawaii Pacific Baptist Convention, a Hawaii non-profit corporation.

LEGAL REFERENCE:

Sections 171-6 and 171-40, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands of Waiakea Cane Lots situated at Waiakea, South Hilo, Hawaii, identified by Tax Map Key: (3) 2-4-057:023, as shown on the attached map labeled Exhibit A.

AREA:

1.00 acre, more or less.

ZONING:

State Land Use District:	Urban
County of Hawaii CZO:	RM-1 (Multi-Residential-1,000sf land/unit)

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: NO

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

In accordance with the “Exemption List for the Department of Land and Natural Resources, reviewed and concurred upon 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 No. 47, which states “Leases of state land involving negligible or no expansion or change of use beyond that previously existing”. Refer to attached Exhibit B.

DCCA VERIFICATION:

Place of business registration confirmed: YES
Registered business name confirmed: YES
Applicant in good standing confirmed: YES

CURRENT USE STATUS:

Encumbered by General Lease No. S-3722, Hawaii Pacific Baptist Convention, for a student center and allied purposes. Lease to expire on November 29, 2017. The last rental reopening occurred on November 30, 2012 and was for the remainder of the lease term.

CURRENT LEASE TERM AND ANNUAL RENT:

55 years commencing November 30, 1962 and expiring November 29, 2017. The current annual rent is \$11,800.00 billed in four equal quarterly installments in November, February, May and August.

HOLDOVER LEASE COMMENCEMENT DATE AND TERM:

November 30, 2017 for a term of one-year, expiring November 29, 2018.

HOLDOVER LEASE ANNUAL RENT:

Continuation of the current annual rental amount and payment terms.

PERFORMANCE BOND:

Continuation of the current bond amount.

BACKGROUND:

General Lease No. S-3722 was sold at public auction to Hawaii Pacific Baptist Convention (HPBC) on November 30, 1962, with a term of 55 years and the character of use was designated “a student center and allied purposes”. HPBC was required to erect improvements valued at no less than \$15,000.00 within one year of inception of the lease. A single-family dwelling/building with a value of \$20,100.00 was completed on March 1, 1964. No further improvements have been made to the property.

At its meeting of May 24, 2013, agenda item D-7, the Board denied HPBC’s request for mutual cancellation and issuance of a new direct lease at nominal rent. At that time, HPBC was contemplating expansion of the existing facilities to include a kitchen, farming operation, dining area and a 1-4 unit residential component. However, the plans were not firm and HPBC was unable to make a commitment as to size, dollar amount or use specifications. Staff was instructed to bring a plan back to the Board prior to the expiration.

In May 2017, the Hawaii District Land Office (HDLO) received a new request from HPBC for a new direct non-profit lease. HPBC has indicated that it wants to continue the current use without making additional improvements.

DISCUSSION:

The property is a one-acre parcel located on Kapiolani Street across from UH-Hilo and less than a block from Waiakea high school. Kapiolani Street has been recently upgraded with new pavement, widened to add turning lanes and paved sidewalks. The Hawaii Island Veterans Memorial is currently developing an affordable Senior/Veterans housing complex on 7 acres within the same block.

The property has 345.58 feet of road frontage, is 126 feet deep, zoned Multi-Family Residential and is well-sited to provide commercial, retail and professional services to the surrounding community. Discussions with the County of Hawaii Planning Department indicate that a zoning change to commercial is consistent with the County General Plan designation of high-density urban. This zoning would allow for mixed commercial and professional uses. A deeper investigation into the potential for this type of use is warranted.

When the lease was issued in 1962, UH-Hilo was in its infancy with enrollment of less than 500 students; the need for an off-site student center was a necessary component of the university community. Over the ensuing years, UH-Hilo has grown exponentially and now includes a well-appointed, on-campus student activity center.

Staff is reluctant to recommend issuance of a new direct 65 year lease which would effectively extend the current lessees tenure to a total of 120 years without benefit of a

public offering.

Staff is recommending approval of a one-year holdover which will allow time to assess whether there is interest in putting this property to a higher and better use. The current lessee is in compliance with the terms and conditions of the lease regarding rent, bond and insurance.

Staff is seeking Board approval to issue a Request for Interest (RFI) on this property to see whether there is interest among prospective developers in conducting an environmental assessment to rezone the property to commercial use and facilitate the issuance of a new long-term lease for commercial purposes. The RFI will advise prospective developers that it will be a developer obligation to secure the permitting and approvals needed to demolish the existing structures, complete the demolition, and construct a new building on the site. The RFI will additionally seek to estimate the amount of rent credit that would induce a potential developer to incur all costs associated with the rezoning, environmental assessment, demolition of the existing structures and construction of a new building. Staff will report back to the Board on the responses to the RFI with an assessment of whether the Department should proceed with a public auction of a long-term lease to include a requirement to rezone the property, demolish existing structures and rebuild, or whether it would be more appropriate to pursue a Request for Qualifications or Request for Proposals and directly negotiate a long-term lease pursuant to Section 171-59, HRS. Staff will return to the Board with a report on the response to the RFI before the one-year holdover expires.

RECOMMENDATION:

That the Board:

1. Declare that, after considering the potential effects of the proposed dispositions 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. Authorize a One-Year holdover for General Lease No. S-3722 for the period of November 30, 2017 to November 29, 2018, 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 holdover of lease form, as may be amended from time to time;
 - b. Review and approval by the Department of the Attorney General; and

- c. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.
3. Authorize staff to prepare and publish a Request for Interest (RFI) to gauge whether there is interest among prospective developers in conducting an environmental assessment to rezone the property to commercial use and facilitate the issuance of a new long-term lease for commercial purposes. The RFI will advise prospective developers that it will be a developer obligation to secure the permitting and approvals needed to demolish the existing structures, complete the demolition, and construct a new building on the site. The RFI will additionally seek to estimate the amount of rent credit that would induce a potential developer to incur all costs associated with the rezoning, environmental assessment, demolition of the existing structures and construction of a new building. Staff is directed report back to the Board prior to the expiration of the one-year lease holdover on the responses to the RFI with an assessment of whether the Department should proceed with a public auction of a long-term lease to include a requirement to rezone the property, demolish existing structures and rebuild, or whether it would be more appropriate to pursue a Request for Qualifications or Request for Proposals and directly negotiate a long-term lease pursuant to Section 171-59, HRS.

Respectfully Submitted,


Candace Martin
Land Agent

APPROVED FOR SUBMITTAL:


Suzanne D. Case, Chairperson



EXHIBIT A

Photo record of site inspection of GLS-3722



View of front of building from Kapiolani Street. Large trees circled.



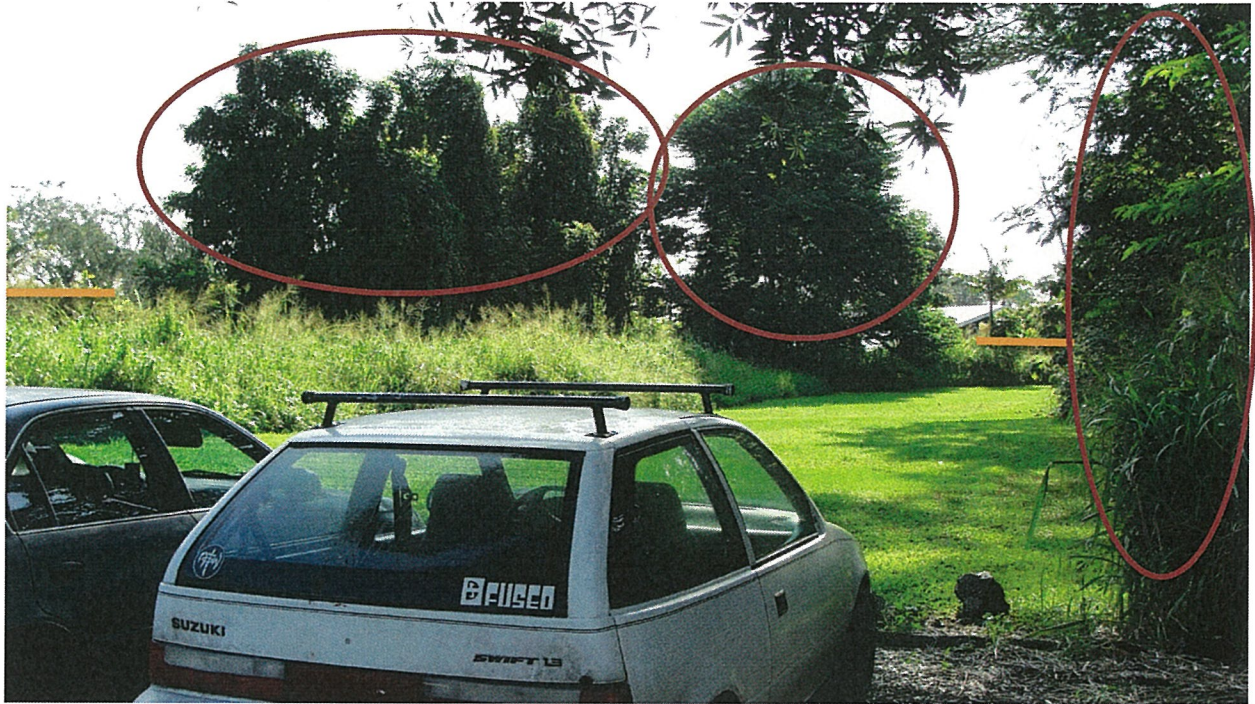
The south side of building from the parking lot. Note condition of pavement in parking lot.



View of rear of property along eastern border. Large invasives are circled. Note condition of pavement of parking lot and overgrowth on right side of picture.



View of eastern border from Kapiolani Street. Note large invasive trees circled. This is the area that drops down.



View of southern half of property. Orange line approximates boundary. Note large trees circled and the tall grass on left half.



Building consists of large open meeting area, a kitchen (center of photo) and a caretaker apartment (through door with curtain).

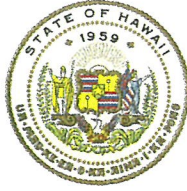


View of meeting area.



View of kitchen.

DAVID Y. IGE
GOVERNOR OF HAWAII



STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

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October 18, 2017

SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

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FIRST DEPUTY

JEFFREY T. PEARSON, P.E.
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

EXEMPTION NOTIFICATION

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

Project Title: Authorize a One-Year Holdover of General Lease No. S-3722, Hawaii Pacific Baptist Convention.

Project / Reference No.: GL S-3722

Project Location: Waiakea Cane Lots, Waiakea, South Hilo, Hawaii, Tax Map Key: (3) 2-4-057:023.

Project Description: Current lessee is requesting a one-year holdover of the expiring lease in order to relocate its current operations.

Chap. 343 Trigger(s): Use of State Land.

Exemption Class No.: In accordance with the "Exemption List for the Department of Land and Natural Resources, reviewed and concurred upon 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 No. 47, which states "Leases of state land involving negligible or no expansion or change of use beyond that previously existing".

Authorization: The Board, at its meeting of September 25, 2015, under agenda item D-17, delegated authority to the Chairperson to declare exempt those actions that are included in the Department-wide exemption list.

Consulted Parties: County of Hawaii:
Planning Department

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 in accordance with the Department-wide exemption list, Class No. 1, Item No. 47.

EXHIBIT B