

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

November 9, 2018

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

18HD-123

Hawaii

**Issuance of a 5-Year Direct Lease to Hawaii Pacific Baptist Convention for
Collegiate Ministry Center and Allied 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. Tax-exempt 501(c)(3) eleemosynary organization.

LEGAL REFERENCE:

Sections 171-43.1, Hawaii Revised Statutes (HRS), 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

APPLICANT REQUIREMENTS:

Applicant shall be required to:

- 1) Pay for the costs of public notice pursuant to section 171-16, HRS.

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, which includes: “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 its 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 to Hawaii Pacific Baptist Convention for a student center and allied purposes. Lease to expire on November 29, 2018 due to a one-year holdover. The last rental reopening occurred on November 30, 2012 and was for the remainder of the term.

CHARACTER OF USE:

Collegiate ministry center and allied purposes.

LEASE TERM:

5 years commencing November 30, 2018 and expiring November 29, 2023.

ANNUAL RENT:

\$11,800.00 per annum as established by appraisal performed on 11/30/2012. Rent to be paid in four equal quarterly installments.

PERFORMANCE BOND:

In an amount equal to twice the annual rent.

BACKGROUND:

General Lease No. S-3722 (GLS-3722) was sold at public auction to Hawaii Pacific Baptist Convention (HPBC) on November 30, 1962, with a term of 55 years. 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, under 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 commercial 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 original lease expiration date of November 29, 2017.

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

At its meeting of November 9, 2017, item D-2, the Board approved a one-year holdover of GLS-3722 and authorized staff to prepare and publish a Request for Interest to gauge whether there was 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.

DISCUSSION:

Staff has been reluctant to recommend issuance of a new direct 65-year lease which would effectively extend the current lessee's tenure to a total of 120 years without benefit of a public offering. However, due to some extraordinary challenges over the past year, as explained below, staff has not had the resources to conduct a Request for Interest to move this situation forward.

HPBC is currently requesting that it be allowed to continue its tenancy until a new long-term lease is offered either by direct negotiation or through the public auction process.

In April 2018, Staff conducted a site inspection and found the premises in good repair (see before and after photos attached as Exhibit C). The property shows a marked improvement in upkeep and organizational operations since the January 2013 inspection. The large invasive trees noted as a potential hazard in 2013 have been removed. The southern end of the property that had been left to grow wild has been reclaimed for volleyball and youth community outreach activities. The exterior of the building has been repainted and the landscaping has been reconfigured to create a more open and welcoming entrance to the property. It is also noted that the activity level on the property has increased, with many more students utilizing the facility.

In addition, HPBC has reported that it now hosts the Hilo Baptist Collegiate Ministry (BCM), a UH-Hilo Registered Independent Service Organization, providing a place for students to study, gather, share experiences and participate in community service projects. While the facility is operated and managed by a Baptist entity, membership is open to any and all UH-Hilo or Hawaii Community College students, without preference to faith. The mission of the program is to engage students in service to the community

which benefits both the students and the community.

Participation in all activities is open to the community at large and BCM members are encouraged to bring a friend. The BCM provides a weekly free lunch, free dinner on Thursday evening and regular weekend field trips to various Big Island recreation spots (i.e., beaches, hiking, cultural sites, etc.). Community service and outreach activities are a major focus for BCM and it participates in many projects such as: Read Across America (for elementary students), Operation Christmas Child and Hanai Hamakua Keiki Closet (foster care resource).

The past year has been especially challenging for the Hawaii District Land Office. The loss of key personnel coupled with the local lava flow and weather-related flooding issues has created an enormous backlog of work. Recent legislation has added the probability of 50+ future industrial/commercial lease extensions to this workload. Given this, it is unlikely Staff will be able to get this property to auction in less than 2 years. Therefore, staff is recommending the issuance of a 5-year direct lease to Hawaii Pacific Baptist Convention. Staff will utilize this time to execute the Request for Interest and develop a plan for the future utilization of the property.

Staff is also recommending the rent be set at the current rate of \$11,800.00 per year as was determined by independent appraisal on November 30, 2012.

A request for comments was sent out to various agencies. Responses are summarized in the following table:

State Agencies	Response
DHHL	No Response
Hawaii County Agencies	Response
Planning	No Comments
Public Works	No Objections
Other Agencies & Interested Parties	Response
Office of Hawaiian Affairs	No Response
UH-Hilo	No Comments
Hawaii Housing Finance Development Corp	No Objections

HPBC has not had a lease, permit, easement or other disposition of State lands terminated within the last five years due to non-compliance with such terms and conditions.

RECOMMENDATION:

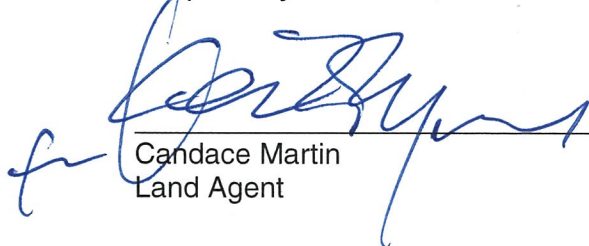
That the Board:

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 the issuance of a 5-Year direct lease to Hawaii Pacific Baptist Convention for a collegiate ministry center and allied purposes, 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 direct 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;

Respectfully Submitted,


Candace Martin
Land Agent

APPROVED FOR SUBMITTAL:

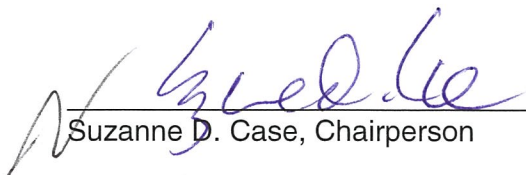
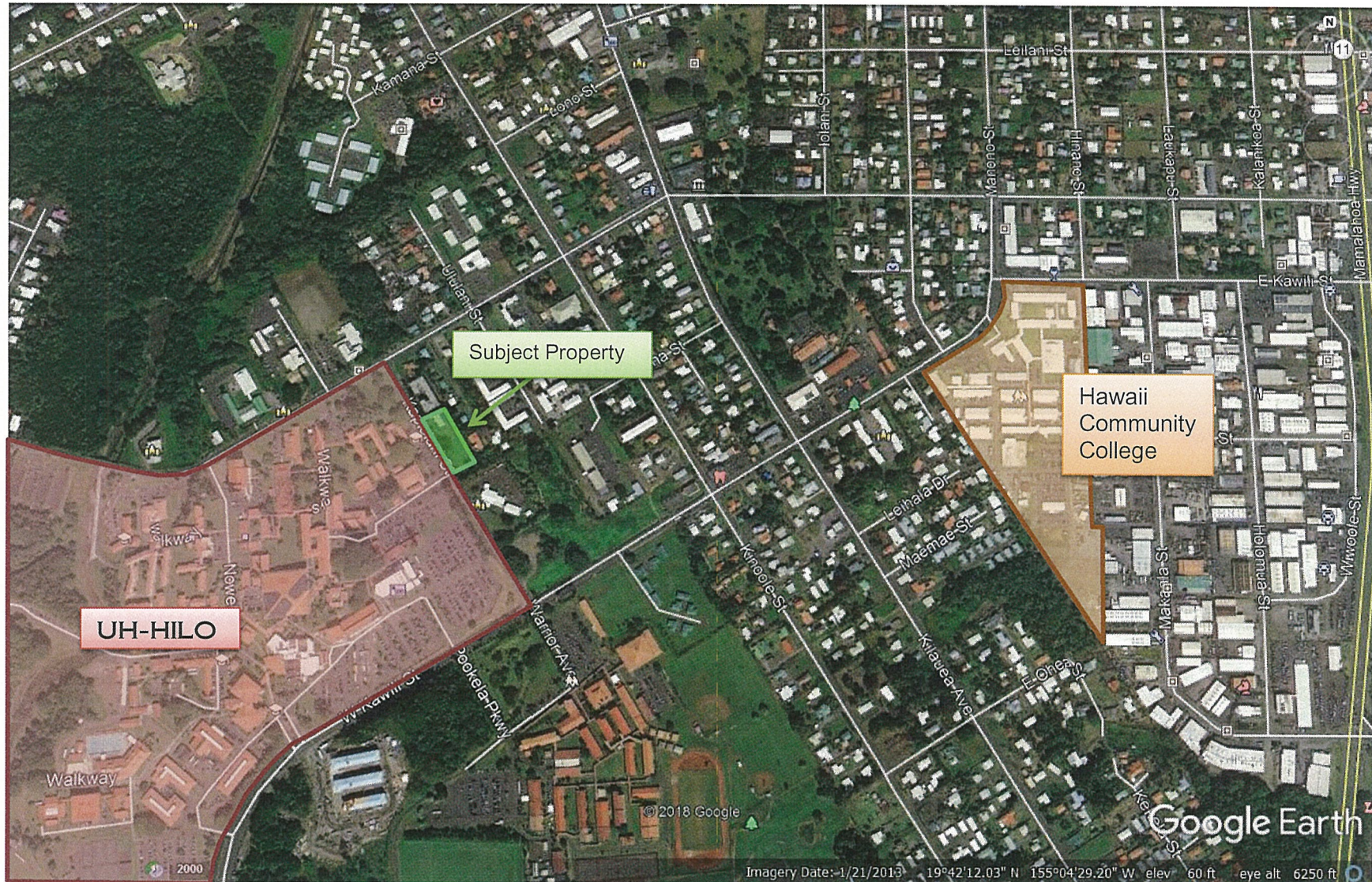
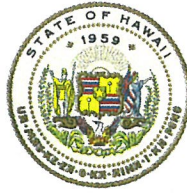

Suzanne D. Case, Chairperson

EXHIBIT A



DAVID Y. IGE
GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

November 9, 2018

EXHIBIT B

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

ROBERT K. MASUDA
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:	Issuance of a 5-Year Direct Lease to Hawaii Pacific Baptist Convention for Collegiate Ministry Center and Allied Purposes.
Project / Reference No.:	PSF: 18HD-123
Project Location:	Waiakea Cane Lots, Waiakea, South Hilo, Hawaii, Tax Map Key: (3) 2-4-057:023.
Project Description:	Current lessee is requesting a 5-year direct lease to allow it to continue its tenancy until a new long-term lease is offered either by direct negotiation or through the public auction process.
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 concurred with by the Environmental Council and dated June 5, 2015, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1, which includes: "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 its Item No. 47, which states "Leases of state land involving negligible or no expansion or change of use beyond that previously existing".
Cumulative Impact of Planned Successive Actions in Same Place Significant?	No. The planned successive actions are the same as have been occurring for the previous 56 years, which have not proved to have a significant impact.

Action may have
Significant Impact on
Particularly Sensitive
Environment?:

No. The proposed disposition does not pose a significant impact
either on or near a particularly sensitive environment.

Consulted Parties:

State of Hawaii:	Dept. of Hawaiian Homelands
County of Hawaii:	Planning Department & Public Works
Other Agencies:	Office of Hawaiian Affairs, UH-Hilo & Hawaii Housing Finance & Development Corporation

These agencies were consulted on the propriety of the HRS
Chapter 343 exemption, and expressed no comments in opposition
to the exemption.

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 C

Photo Comparison of GL S-3722

2013:



Entrance to center

Large Trees



View from parking lot. Note tall trees between buildings.

EXHIBIT C



Rear of building. Note tall trees and bushes on right.



Parking lot. Building is to left. Tall invasives at rear.

EXHIBIT C



Southern end of property. Located to the right of previous photo.

2018:



Entrance area. Large trees between buildings removed.

EXHIBIT C



Large trees between buildings and at rear of building and parking lot have been removed.



Note large trees and overgrown bushes that were located on the right have been removed.

EXHIBIT C



Southern end of property that has been cleared of overgrowth and large trees that were damaging the parking lot have been removed. The grassy area is used for volleyball and other outside group activities.