

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

August 12, 2022

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

Hawaii

**Consent to Assignment of Lease from HKI Kawili LLC to Hilo Na Koa LP on Lands under Governor's Executive Order No. 4539 Issued to County of Hawaii for Veterans Center and Affordable Senior Housing with Preference to Veterans and Spouses Purposes, Waiakea, South Hilo, Hawaii, Tax Map Key: (3) 2-4-057:030.**

CONTROLLING AGENCY:

County of Hawaii, a municipal corporation of the State of Hawaii.

APPLICANT:

County of Hawaii, a municipal corporation of the State of Hawaii;  
HKI Kawili LLC, a Hawaii limited liability company; and  
Hilo Na Koa LP, a Hawaii limited partnership.

LEGAL REFERENCE:

Section 171-11, Hawaii Revised Statutes, as amended.

ZONING:

State Land Use District:	Urban
County of Hawaii CZO:	RM-1 (Multiple-Family 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

CURRENT USE STATUS:

Governor's Executive Order No. 4539 to County of Hawaii for Veterans Center, and Affordable Senior Housing with Preference to Veterans and Spouses Purposes, leased to HKI Kawili LLC by the County of Hawaii.

COUNTY OF HAWAII LEASE TO HKI KAWILI LLC TERMS & CONDITIONS:

CHARACTER OF USE:

Affordable senior rental housing facility with preference to: (a) veterans and their spouses; and (b) spouses of deceased veterans, in accordance with federal, state or county laws; provided that this requirement shall not apply to those units designated as staff units for personnel employed to manage the Project.

LOCATION: Portion of Government lands situated at Waiakea, South Hilo, Hawaii, identified by Tax Map Key: (3) 2-4-057:030 as shown on the attached map labeled Exhibit A.

AREA: 5.615 acres, more or less.

TERM: 65 years.

RENT AMOUNT: \$10.00 per annum.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

The Final Environmental Assessment for the subject project was published in the OEQC's Environmental Notice on August 8, 2006 with a finding of no significant impact (FONSI).

DCCA VERIFICATION:

The County of Hawaii is governmental agency and as such is not required to register with the DCCA.

HKI Kawili LLC and Hilo Na Koa LP:

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

REMARKS:

At its meeting of April 13, 2017, agenda item D-3, the Board approved the set aside of two parcels of land totaling 6.55 acres to the County of Hawaii (COH) for “veterans center, and affordable senior housing with preference to veterans and spouses” purposes, which resulted in the issuance of Governor’s Executive Order No. 4539 (EO4539) to the COH on November 3, 2017.

Pursuant to Section 171-11, HRS, the COH is required to seek Land Board approval for dispositions by the COH.

Therefore, at its meeting of September 14, 2018, agenda item D-4, the Board consented to the subject lease of the 5.615-acre parcel under EO4539 between the COH, as lessor, and HKI Kawili LLC (HKI), as lessee.

In the time since the issuance of EO4539, HKI has secured the necessary building permits to allow for the vertical construction of the affordable senior housing project. The affordable housing component of the project will be located on the land under the subject lease. The remaining 0.935-acre parcel of land under EO4539 is the future location of the East Hawaii Veterans Center and is under the management and control of the County of Hawaii.

Now, the COH is seeking approval from the Land Board to allow the prior approved lease between the COH and HKI to be assigned from HKI to Hilo Na Koa LP. The assignment of lease to Hilo Na Koa LP is a required condition of the Low Income Housing Tax Credit (LIHTC) financing for the affordable senior housing project. The LIHTC program is traditionally utilized in a limited partnership (LP) ownership structure in which the tax credit investor participates as the limited partner and provides the capital contributions in exchange for the federal and state LIHTC which have been secured by the developer on behalf of the owner. In order to obtain the LIHTC, the owner must own the improvements to be financed with LIHTC. Currently, the lease is with HKI so the assignment to Hilo Na Koa LP is a final step in enabling the financing structure.”

Hilo Na Koa LP 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. Consent to the assignment of lease under Governor’s Executive Order No. 4539 from HKI Kawili LLC to Hilo Na Koa LP, subject to any applicable conditions cited above

which are by this reference incorporated herein and further subject to the following:

- a. Review and approval by the Department of the Attorney General; and
- b. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,

*Candace Martin*

*KCM*

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Candace Martin  
Land Agent

*JCH*

APPROVED FOR SUBMITTAL:

*Suzanne D. Case*

*RT*

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Suzanne D. Case, Chairperson

# EXHIBIT A

