


**STATE OF HAWAII  
DEPARTMENT OF HAWAIIAN HOME LANDS**

February 21-22, 2023

To: Chairman and Members, Hawaiian Homes Commission

From: Peter “Kahana” Albinio, Jr., Acting Administrator   
Land Management Division

Subject: Approval to Issuance of a Right-of-Entry Permit to Pacific Transfer, LLC, Shafter Flats, Island of Oahu, portion of TMK No. (1) 1-1-064:010 (the “Premises”)

APPLICANT:

Pacific Transfer, LLC, a Hawaii limited liability company (“PERMITEE”)

RECOMMENDED MOTION/ACTION:

That the Hawaiian Homes Commission (“HHC”) approve the issuance by the Department of Hawaiian Home Lands (“PERMITTOR”) of a Right-of-Entry Permit to PERMITEE for the purposes of: (i) demolishing a dilapidated and vandalized two-story Makai office building (the “Office Building”) on the front portion of the Premises at 650 Kakoi Street, and (ii) using the Premises with remaining improvements, including a steel warehouse located near its Makai boundary (the “Warehouse Building”) – all as delineated more specifically on the map attached as Exhibit “A” – for warehouse, storage and parking purposes related to the business currently operated by PERMITEE next door at 664 Kakoi Street, subject to the following conditions:

1. The ROE will be on a month-to-month basis for a period not to exceed one (1) year, renewable annually on July 1<sup>st</sup>. This month-to-month ROE may be cancelled at PERMITOR’s sole discretion for any reason upon thirty (30) days’ advance written notice to PERMITEE. PERMITEE agrees to diligently pursue and obtain all necessary permits from the City & County of Honolulu, and to complete the demolition project within a six (6) month period from the issuance of such permits. In the event of delay caused by unforeseen circumstances, PERMITEE will be given one (1) extension for an additional three (3) month period in which to complete the demolition project.
2. The ROE will authorize PERMITEE and its contractors and their subcontractors to enter the Premises to perform all necessary activities, including hazmat abatement, erecting fencing, or constructing dust-barriers, to complete the demolition of the Office Building. Additionally, during the term of the ROE, PERMITEE shall be permitted to use the Premises for warehousing, storage and vehicle parking purposes related to its business operations next door at 664 Kakoi Street. No other uses are authorized, and residential use is strictly prohibited.
3. All costs associated with the demolition and hauling of materials, including permitting and any hazmat studies or remediation, shall be borne by PERMITEE. The selection of a licensed

contractor to demolish and clear the site of the Office Building and the costs directly associated with the demolition shall be subject to PERMITOR's prior written approval.

4. PERMITEE will receive a credit in the full amount of the actual costs directly associated with the demolition of the Office Building, as approved in advance by PERMITOR, up to a cap of ONE HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$150,000.00). This credit may be estimated at the commencement of the ROE and, subject to being adjusted once actual costs of demolition are determined, shall be applied against the PERMITEE's rent obligation under the ROE. If, despite good faith best efforts on the part of PERMITEE, the necessary permits for the demolition project are not obtained within the six (6) month period from the date that the ROE is fully executed, then either PERMITOR or PERMITEE may cancel the ROE upon 30 days' advance notice in writing.
5. Subject to the application of the demolition cost credit described above, monthly rent of SEVENTEEN THOUSAND SEVENTY -SEVEN AND NO/100 DOLLARS (\$17,077.00) shall due and payable on the 1<sup>st</sup> day of every month, with or without notice or demand, at the Fiscal Office of the DEPARTMENT OF HAWAIIAN HOME LANDS, 91-5420 Kapolei Parkway, Kapolei, Hawaii, whose mailing address is P. O. Box 1721, Honolulu, Hawaii 96806-1721.
6. PERMITEE, its contractors and their subcontractors shall comply with all federal, state and county statutes, regulations, codes, and ordinances applicable to the demolition activities and any hazmat abatement work, and to the use of Premises under the ROE.
7. PERMITEE agrees to pay for all the costs of establishing any utility and disposal services required for the Premises. Security of the Premises during the ROE period shall solely be PERMITEE's responsibility.
8. The ROE document shall be subject to other standard terms and conditions of similar documents issued by PERMITOR and will be subject to the review and approval by the Office of the Attorney General, State of Hawaii.
9. The ROE document shall also be subject to other terms and conditions deemed prudent and necessary by the Hawaiian Homes Commission.

LOCATION:

The Premises, a portion of the commercial/industrial parcels owned and leased by PERMITOR in the Shafter Flats area of Honolulu, has a street address of 650 Kakoi Street. The Premises is adjacent to PERMITEE's leased property, under General Lease No. 282, at 664 Kakoi Street, as shown in Exhibit "A" attached hereto.

PARCEL AREA OF PREMISES:

The parcel area is 41,187 sq. ft., which includes a drainage and utility easement area at the rear of the parcel of 5,255 sq. ft. The Premises under the ROE will be 35,932 sq. ft., with approximately

14,990 sq. ft. being the footprint of the Warehouse Building and the remaining 20,942 sq. ft. being open, paved, fenced yard space.

#### DISCUSSION:

The Premises has been vacant since several permittees were relocated in 2015 as part of the project to demolish a Mauka warehouse previously at the site which was leaning against PERMITEE's warehouse at 664 Kakoi Street. This leaning of a Mauka warehouse was due to the foundation being saturated at the northeast corner of the Premises where, over the years, during high tides, tidal water would overflow the open drainage ditch in the rear of the parcel. All buildings on site were built in the late 1960's.

Ever since the Premises became vacant, the Office Building and the Warehouse Building have been a magnet for vandalism and unauthorized occupancy by the homeless. Despite attempts to secure the buildings with heavy-duty locks and install security lighting, vandals have still found ways to enter the buildings and to steal copper wiring from the electrical circuits and copper piping. As a result of the vandalism to the electrical system and plumbing fixtures, the buildings have been rendered unusable for occupancy. Land Management Division shut the water supply off and authorized HECO to remove the electrical transformer on the Premises to avoid any liability from accidental death from vandals that may attempt to open the transformer. From time to time, trespassers have occupied the buildings and dumped bulky items on the Premises requiring Land Management Division to incur costs to haul away items, repair fences, install replacement locks, and to request DHHL enforcement staff to remove the trespassers and their belongings. Recent photos of the structures taken on Tuesday, February 14, 2023, are attached for reference on Exhibit "C."

Based on consultations with nearby DHHL lessees, there is consensus that removing the Office Building, which has been the primary draw for undesirable and unsafe elements to take up residence and otherwise vandalize the property, would be beneficial to their businesses as well to other neighboring businesses. By having PERMITEE oversee the demolition project for the Office Building and its scheduling, DHHL will have the demolition project completed much sooner than if it were to coordinate all the demolition activities itself.

Based on a February 14, 2023 site inspection, Land Management Division believes the Warehouse Building is salvageable and usable and could add value to the eventual long term lease of the Property. As such, Land Management Division is not recommending that the Warehouse Building be demolished at this time. While a general lease disposition of the Premises is pending, the proposed ROE provides 24/7 PERMITEE presence, which should help to discourage undesirable and unsafe elements from being in the area.

#### PLANNING AREA:

Moanalua

#### LAND USE DESIGNATION:

Industrial per the Oahu Island Plan (2014); Figure 6-5, Moanalua Ahupuaa Land Use Designations, pp. 6-13

CHARACTER OF USE:

Warehouse, storage and commercial vehicle parking use in connection with the trucking and logistics business at the neighboring parcel.

CHAPTER 343 – ENVIRONMENTAL ASSESSMENT:

Triggers:

Use of State Lands

Exemption Class No. & Description:

In accordance with the Exemption List for the State of Hawaii, Department of Hawaiian Home Lands, as reviewed and concurred upon by the Environmental Council on June 30, 2015, the subject request should be exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 8, “Demolition of Structures....”

The direct, cumulative, and potential impacts of the action described have been considered pursuant to Chapter 343, Hawaii Revised Statutes and Chapter 11-200, Hawaii Administrative Rules. Since the action as proposed is determined to have minimal or no significant impact on the environment it would therefore be exempt from the preparation of an environmental assessment. The Planning Office has documented the action as being eligible for exemption from the preparation of an Environmental Assessment under the Exemption Class as referenced above and specifically, the exemption item from the Agency Exemption List as follows:

“3. Demolition and removal of old, dilapidated, unsafe buildings or structures which pose a hazard in accordance with building, housing, or health codes and regulations, including but not limited to, the decommissioning and backfilling of cesspools.”

CONSISTENCY WITH DHHL PLANS, POLICIES, AND PROGRAMS

**DHHL General Plan (2002)**

The recommended action is consistent with the following General Plan goals and objectives:

***Land Use Planning***

Goals:

- Utilize Hawaiian Home Lands for uses most appropriate to meet the needs and desires of the beneficiary population.

Objectives:



- Provide space for and designate a mixture of appropriate land uses, economic opportunities and community services in a native Hawaiian-friendly environment.
- Direct urban growth to priority development areas based on infrastructure availability, feasible site conditions, beneficiary preferences and job opportunities.

### ***Land and Resource Management***

#### Goals:

- Be responsible, long-term stewards of the Trust's lands and the natural, historic and community resources located on these lands.

#### Objectives:

- Manage interim land dispositions in a manner that is environmentally sound and does not jeopardize their future uses.
- Enforce governmental health and safety standards and protect life and property from the effects of natural hazards and disaster on Hawaiian home lands.

### ***Economic Development***

#### Goals:

- Generate significant revenue to provide greater financial support towards fulfilling the Trust's mission.

#### Objectives:

- Create a professionally managed investment portfolio with a well-balanced mix of assets.

### **Oahu Island Plan (2014)**

The recommended action is consistent with the opportunity to redevelop the area and the Land Use Plan for continued industrial use in Section 6.2.3, on P. 6-12. The demolition of the Makai buildings will also facilitate the future redevelopment of the area by having unsafe and dilapidated buildings demolished sooner than later.

### **Program Plans**

#### ***Water Policy Plan (2014)***

While the demolition does not involve activities that would implement DHHL's Water Policy Plan, it is anticipated that the eventual redevelopment and use of the Premises will include water conservation measures to make whatever facility is developed on site use water more efficiently.

#### ***Ho'omaluo Energy Policy (2009)***

While the demolition does not involve activities that would implement DHHL's Energy Policy, it is anticipated that the eventual redevelopment and use of the Premises will include energy

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conservation measures to make whatever facility is developed on site use energy more efficiently.

Authority/Legal Reference

HRS §171-55 Permits.

RECOMMENDATION

Land Management Division respectfully requests approval as stated.

**Exhibit "A"**  
**Item No. F-2**

**Vacant Portion**  
20,492 sq ft

**Demolition Portion**

44th St

Koko St

11005096

11005095

11005094

11005093

11064011

11064010

11064009

11064016

11064017

11064018

132.4

189.3

29.02

51.45

2.946

200.2

44 ft





TMK: 1/1-1-064-010 (por) – City & County of Honolulu Real Property Assessment			
Assessment Information – 650 Kakoi Street, Honolulu, HI 96819			
Year	Property Class	Assessed Land Value	Land Area
2023	Industrial	\$5,213,100	41,187 sq ft
Land/sq ft/year		\$5,213,100 / 41,187 = \$126.57 sq ft	
Land/sq ft/year (rounded off)		\$127	
Per Sq. Ft. Value at 8% return		\$127 x .08 = \$10.00 (rounded off from \$10.16)	
Area of Premises under ROE		20,492 sq ft	
Calculation of annual rent		20,492 x \$10.00 = <b>\$204,920/yr</b>	
Monthly ROE Rent		\$204,920/12= <b>\$17,077 /mo</b>	

### Area of Premises Calculation

Total Land Area:	41,187 sq. ft.
Less Makai Building & Warehouse	-15,440 sq. ft.
Less Drainage/Utility Easement Area	-5,255 sq. ft.
Remaining Land for ROE	20,492 sq. ft

2/14/23, 4:33 PM

qPublic.net - City and County of Honolulu, HI - Report: 110640100000



**CITY AND COUNTY OF HONOLULU**  
Department of Budget and Fiscal Services  
Real Property Assessment Division

#### Parcel Information

Parcel Number 110640100000  
Location Address 650 KAKOI ST  
Project Name  
Legal Information LOT 6 POR SHAFTER FLATS INDUSTRIAL DEV UNIT I 41,187 SF  
Property Class INDUSTRIAL  
Land Area (approximate sq ft) 41,187  
Land Area (acres) 0.9455

[Plat Map PDF](#) [GIS Parcel Map](#)

Email us at [bfsrcpmailbox@honolulu.gov](mailto:bfsrcpmailbox@honolulu.gov) regarding Supplemental Plat Map PDFs.

Owner Names  
HAWAIIAN HOME LANDS Fee Owner

[Show Historical Assessments](#)

Assessment Year	Property Class	Assessed Land Value	Dedicated Use Value	Land Exemption	Net Taxable Land Value	Assessed Building Value	Building Exemption	Net Taxable Building Value	Total Property Assessed Value	Total Property Exemption	Total Net Taxable Value
2023	INDUSTRIAL	\$5,213,100	\$0	\$5,213,100	\$0	\$278,100	\$278,100	\$0	\$5,491,200	\$5,491,200	\$0

2023 amended values not to be posted until new tax rates are processed on or after July 20.

[How to calculate real property taxes](#)

Map



**Exhibit "B"**  
**Agenda Item No. F-2**

**EXHIBIT "C"**  
**Agenda Item F-2**  
**PHOTOS TAKEN 2/14/2023**



