

Honolulu Authority for Rapid Transportation

RESOLUTION NO. 2015-7

APPROVING NOTIFICATION TO THE CITY COUNCIL OF INTENTION TO ACQUIRE EASEMENT OVER, ON, AND ACROSS THE REAL PROPERTY IDENTIFIED AS TAX MAP KEY 9-9-003-026 (PORTION) BY EMINENT DOMAIN AND PUBLICATION OF A RESOLUTION AUTHORIZING ACQUISITION OF SAID EASEMENT BY EMINENT DOMAIN

WHEREAS, the Honolulu Authority for Rapid Transportation (HART) has been established pursuant to Article XVII of the Revised Charter of the City and County of Honolulu 1973, as amended (Charter); and

WHEREAS, Section 17-103.2(b) of the Charter empowers HART "to acquire by eminent domain ... all real property or any interest therein necessary for the construction, maintenance, repair, extension or operation of the fixed guideway system;" and

WHEREAS, prior to such acquisition the Charter directs HART to submit a list of real property and easements to be acquired by eminent domain to the City Council; and

WHEREAS, the City Council may approve the acquisition by eminent domain or may object by adoption of a resolution within 45 days of the notification to acquire the real property and easements; and

WHEREAS, the acquisition by eminent domain of an electrical easement over, on, and across the real property identified as Tax Map Key (TMK) 9-9-003-026 (por.) and more particularly described in the attached legal description marked as Exhibit A, is necessary for the Honolulu Rail Transit Project fixed guideway system, a valid public use and purpose;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of HART as follows:

1. That written notification to the City Council is approved, for the acquisition by eminent domain of an electrical easement over, on, and across the real property identified as TMK 9-9-003-026 (por.); and
2. That in the event the City Council approves or does not object to the acquisition within 45 days of notification, then HART is authorized to publish in a daily newspaper at least three days prior to Board action, the attached resolution marked as Exhibit B, authorizing acquisition by eminent domain of said easement.

ADOPTED by the Board of the Honolulu Authority for Rapid Transportation on
MAY 21 2015

Exhibit A – Legal description of TMK 9-9-003-026 (por.)
Exhibit B – Resolution No. 2015-____, Authorizing the Acquisition of Easement
Over, On, and Across the Real Property Identified as Tax Map Key 9-
9-003-026 (Portion) by Eminent Domain.



Board Chair

ATTEST:



Board Administrator

EASEMENT A
For Electrical Purposes
Affecting Lot A
Being a Portion of R. P. 6717, L. C. Aws. 7712 and 8516-B to M. Kekuaaoa and Kamaikui
Being also a portion of R. P. 457, L. C. Aw. 2131, Apana 1 to Kanihoalii for Kaukiwaa
In favor of Hawaiian Electric Company

Situate at Halawa, Ewa, Island of Oahu, Hawaii

Beginning at the North corner of this easement, along the Southeast side of Kamehameha Highway, the coordinates of said point of beginning referred to Government Survey Triangulation Station "SALT LAKE" being 864.40 feet North and 9,725.82 feet West, thence running by azimuths measured clockwise from true South:

1. 293° 32' 5.55 feet;
2. 23° 32' 40.00 feet;
3. 113° 32' 5.55 feet;
4. 203° 32' 40.00 feet along the Southeast side of Kamehameha Highway to the point of beginning and containing an area of 222 Square Feet, more or less.

This description does not purport a legally subdivided easement and is for exhibit purposes only.





R. M. TOWILL CORPORATION

Description prepared by:

A handwritten signature in black ink that reads "Ryan M. Suzuki".

Ryan M. Suzuki Exp: 4/30/16
Licensed Professional Land Surveyor
Certificate Number 10059

2024 North King Street, Suite 200
Honolulu, Hawaii 96819
March 5, 2015



Honolulu Authority for Rapid Transportation

RESOLUTION NO. 2015-__

AUTHORIZING THE ACQUISITION OF EASEMENT OVER, ON, AND ACROSS
THE REAL PROPERTY IDENTIFIED AS
TAX MAP KEY 9-9-003-026 (PORTION) BY EMINENT DOMAIN

WHEREAS, the Honolulu Authority for Rapid Transportation (HART) has been established pursuant to Article XVII of the Revised Charter of the City and County of Honolulu 1973, as amended (Charter); and

WHEREAS, Section 17-103.2(b) of the Charter empowers HART “to acquire by eminent domain . . . all real property or any interest therein necessary for the construction, maintenance, repair, extension or operation of the fixed guideway system;” and

WHEREAS, the City Council approved or did not object to the acquisition of an electrical easement over, on, and across the real property identified as Tax Map Key (TMK) 9-9-003-026 (por.) by eminent domain after written notification by HART; and

WHEREAS, the acquisition by eminent domain of said easement over, on, and across the above-identified real property, which is more particularly described in the attached legal description marked as Exhibit A, is necessary for the Honolulu Rail Transit Project fixed guideway system, a valid public use and purpose;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of HART as follows:

1. That acquisition by eminent domain of an electrical easement over, on, and across the real property identified as TMK 9-9-003-026 (por.) is hereby authorized and the Corporation Counsel of the City and County of Honolulu is empowered to institute eminent domain proceedings as provided by law for the acquisition thereof; and
2. That the acquisition of said easement by eminent domain is determined and declared to be for a valid public use and purpose as aforesaid; and
3. That the acquisition of said easement by eminent domain is determined and declared to be necessary for the aforesaid public use and purpose; and

- 4. That in the process of said proceedings in eminent domain, the Corporation Counsel is authorized and empowered to negotiate terms of settlement, subject to the approval of HART and/or the Court before which such proceedings are commenced; and
- 5. That the Board Administrator be directed to transmit copies of this resolution to HART and the Department of the Corporation Counsel.

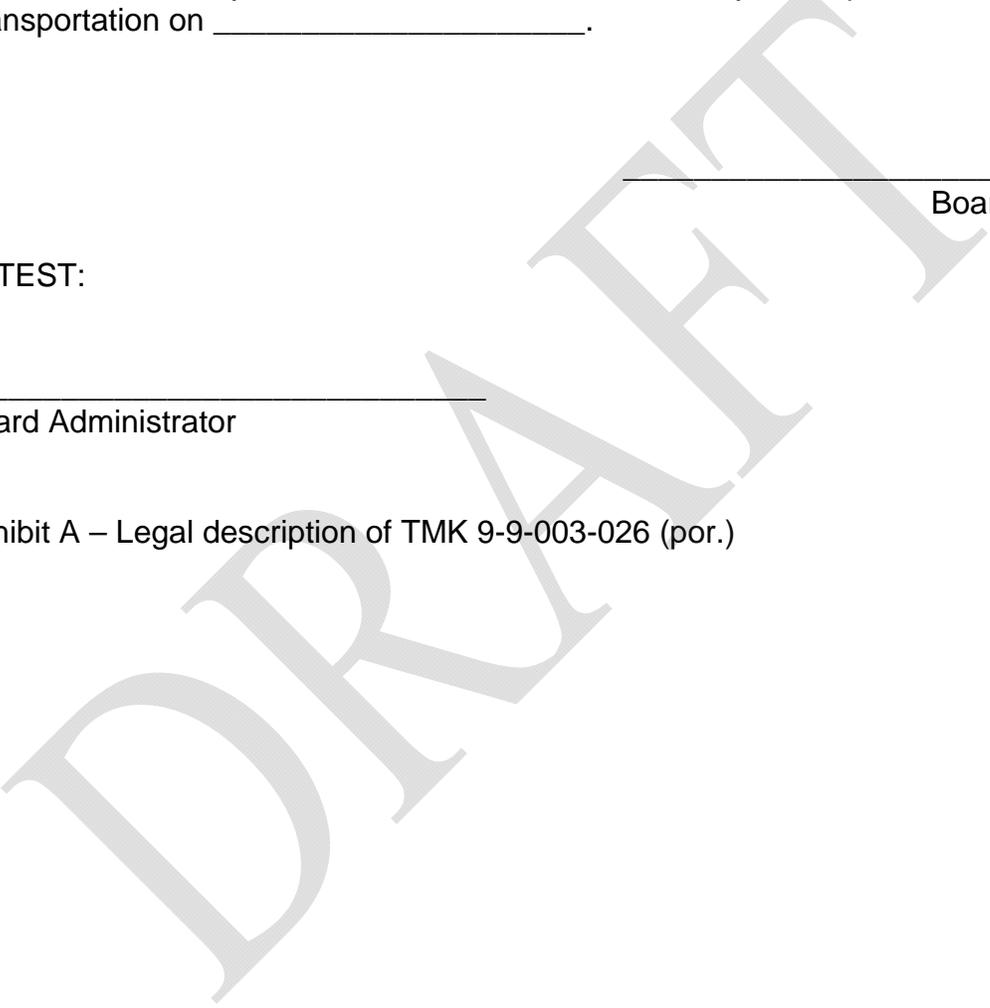
ADOPTED by the Board of the Honolulu Authority for Rapid Transportation on _____.

Board Chair

ATTEST:

Board Administrator

Exhibit A – Legal description of TMK 9-9-003-026 (por.)



EASEMENT A
For Electrical Purposes
Affecting Lot A
Being a Portion of R. P. 6717, L. C. Aws. 7712 and 8516-B to M. Kekuaaoa and Kamaikui
Being also a portion of R. P. 457, L. C. Aw. 2131, Apana 1 to Kanihoalii for Kaukiwaa
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Situate at Halawa, Ewa, Island of Oahu, Hawaii

Beginning at the North corner of this easement, along the Southeast side of Kamehameha Highway, the coordinates of said point of beginning referred to Government Survey Triangulation Station "SALT LAKE" being 864.40 feet North and 9,725.82 feet West, thence running by azimuths measured clockwise from true South:

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This description does not purport a legally subdivided easement and is for exhibit purposes only.





R. M. TOWILL CORPORATION

Description prepared by:

A handwritten signature in black ink that reads "Ryan M. Suzuki".

Ryan M. Suzuki Exp: 4/30/16
Licensed Professional Land Surveyor
Certificate Number 10059

2024 North King Street, Suite 200
Honolulu, Hawaii 96819
March 5, 2015



Honolulu Authority for Rapid Transportation

STAFF SUMMARY

TITLE: RESOLUTION NO. 2015-7 APPROVING NOTIFICATION TO THE CITY COUNCIL OF INTENTION TO ACQUIRE EASEMENT OVER, ON, AND ACROSS THE REAL PROPERTY IDENTIFIED AS TAX MAP KEY 9-9-003-026 (PORTION) BY EMINENT DOMAIN AND PUBLICATION OF A RESOLUTION AUTHORIZING ACQUISITION OF SAID EASEMENT BY EMINENT DOMAIN	STAFF CONTACT: Elizabeth Scanlon Morris Atta	DATE: May 21, 2015
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Type:	Goal	Focus Area	Reference Notes
<input checked="" type="checkbox"/> Action/Approval	<input checked="" type="checkbox"/> Project Delivery	<input checked="" type="checkbox"/> Livability/Land Use	
<input type="checkbox"/> Information	<input type="checkbox"/> Service Delivery	<input type="checkbox"/> Partnerships	
<input type="checkbox"/> Follow-up	<input checked="" type="checkbox"/> Resource Stewardship	<input type="checkbox"/> Agency Admin.	

1. Purpose:

Review of Notification to City Council for condemnation of land for public use, identified as Tax Map Key 9-9-003-026, and situated at 99-9 Kalaloa Street, Aiea, Hawaii, 96701, which is required for guideway construction of the Honolulu Rail Transit Project (H RTP). This property, for which a 222 square feet electrical easement is required, is on the critical path for successful completion of the Airport Section of the H RTP. The property is owned by Halawa View Housing Partners, L.P.

HART recommends use of eminent domain to acquire the property.

2. Background/Justification

This property (TMK 9-9-003-026) was designated as a partial take in the Final Environmental Impact Statement (FEIS). As required under the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) and FTA C5010.1D, the owners were notified of HART's intent to acquire the property. An appraisal was conducted following URA guidelines, which took into consideration all site conditions and potential impacts the partial take would have on the remainder of the property.

- An offer for the electrical easement dated January 8, 2015 and a consent to enter was sent to owner
- The offer was accepted and the consent to enter was signed by owner on April 22, 2015
- There is a significant possibility that negotiations and/or closing of this transaction will not conclude prior to the date that access to the property is needed to meet HART's project construction schedule and could result in construction delay damage claims.

This parcel is being referred to eminent domain in order to adhere to the project construction timeline. Access to this parcel is needed as soon as possible in order to avoid costly delays to the project schedule and timing. Negotiations with the owner will continue during the eminent domain process.

3. Procurement Background

N/A

4. Financial/Budget Impact

The project budget includes an estimated cost for legal action associated with the eminent domain of the property.

5. Policy Impact

There is no policy impact since this action conforms to the requirement of the URA, FTA 1050.1D and Article SVII of the Charter of the City and County of Honolulu.

6. Public Involvement

N/A

7. Alternatives

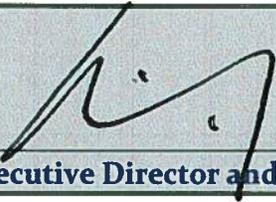
There is no feasible alternative to avoid the above described impacts to the property.

8. Exhibits

Exhibit 1 – Offer letter dated January 8, 2015

Exhibit 2 – Appraisal by John Child & Company

Certified and Recommended by:



Executive Director and CEO

5/15/15

Date

JAN 15 2015

IN REPLY REFER TO:
CMS-APOOROW-00747

RL 1/15
B K
COR
JA



HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

CERTIFIED MAIL/RETURN RECEIPT REQUESTED
7014 0150 0000 5879 1840

BOARD OF DIRECTORS

Ivan M. Lui-Kwan, Esq.
CHAIR

January 8, 2015

HART-ROW

2015 APR 27 PM 2:58

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VICE CHAIR

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Mr. Michael Joseph
Halawa View Housing Partners, L.P.
2100 Pacific Avenue
Stockton, California 95204

George I. Atta
Robert Bunda
Michael D. Formby
Ford N. Fuchigami
William "Buzz" Hong
Keslie W.K. Hui
Damien T.K. Kim
Carrie K.S. Okinaga, Esq.

Dear Gentlemen:

Subject: Honolulu Rail Transit Project (H RTP)
99-9 Kalaloa Street
Parcel 317: Tax Map Key (TMK) 9-9-003-026 (Portion)
Letter of Offer

This is a follow-up to previous correspondence regarding the appraisal and acquisition of the subject property. An appraisal of your property has been completed. Based on our findings as contained in the enclosed Statement of Just Compensation, Honolulu Authority for Rapid Transportation (HART) offers to purchase a 222 square foot portion of your property, identified as TMK 9-9-003-026 (shown colored in red on the enclosed map), as a utility easement for electrical purposes, for the total consideration of **\$7,300** (Seven Thousand Three Hundred Dollars).

If this offer is acceptable, please sign the duplicate of this letter and the Consent to Enter and return them in the enclosed envelope by **February 9, 2015**. The remaining copies are for your files. Also enclosed for your information are the Appraisal Summary Statement and the General Acquisition & Relocation Information Brochure.

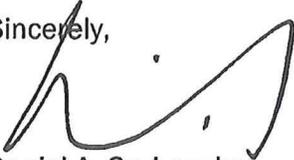
If we do not hear from you by **February 9, 2015**, this offer shall be considered rejected and HART will proceed to review options to acquire the subject property.

In accordance with federal regulations affecting real property transactions, we request your cooperation in providing us with your Taxpayer Identification Number. Please execute and return the enclosed IRS Form W-9 at the same time. The W-9 is required by our Department of Budget and Fiscal Services to release the check.

Mr. David Joseph
Mr. Michael Joseph
Page 2
January 8, 2015

Please contact Mr. Ryan Ng at 768-6199 if you have any questions regarding this matter.

Sincerely,



Daniel A. Grabauskas
Executive Director and CEO

Enclosures

ACCEPTED:

Halawa View Housing Partners, L.P.

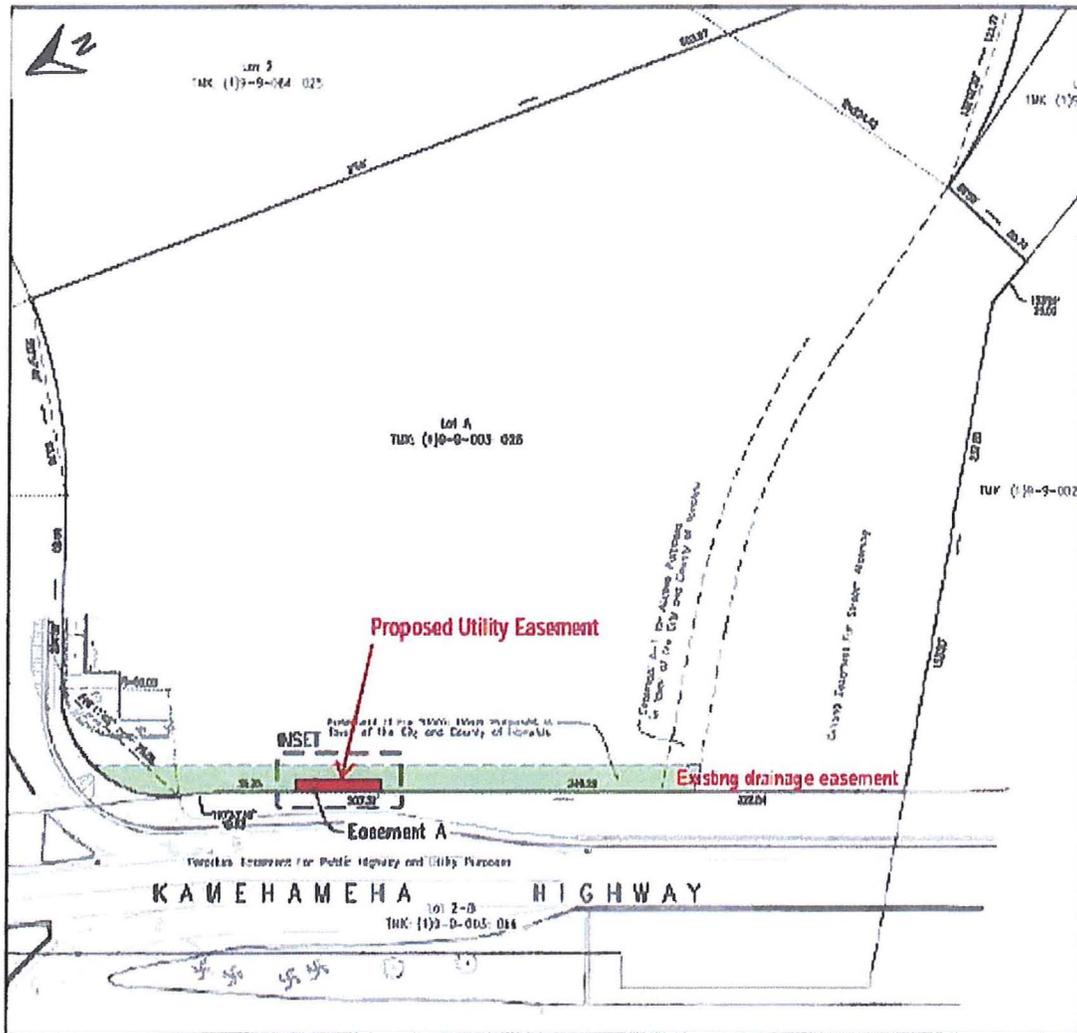
By Joe Michael *Hawaii Pacific LLC*
Its General Partner

Print Name: Joseph Michael

Dated: 1/22/15

PARCEL MAP EXHIBIT TMK 9-9-003-026 (Portion)

Identification of the Proposed Utility Easement



STATEMENT OF JUST COMPENSATION

PROJECT: HONOLULU RAIL TRANSIT PROJECT (H RTP)

LOCATION: 99-9 Kalaloa Street, Aiea, Oahu, Hawaii

TAX MAP KEY: 9-9-003-026 (Portion)

OWNER(S): Halawa View Housing Partners, L.P.

INTEREST TO BE ACQUIRED: Perpetual Easement

PARCEL TO BE ACQUIRED: Electric Utility Easement of +/- 222 square feet

ZONING: A-2 Apartment / R-5 Residential

IMPROVEMENTS: None

PURPOSE: Under the United States and Hawaii Constitutions, private property cannot be taken for public use without payment of just compensation. In accordance with the Code of Federal Regulations, Honolulu Authority of Rapid Transportation submits a written statement of and summary of the basis for the amount it has established as just compensation for the above identified property.

In estimating just compensation, an appraisal was performed by a State of Hawaii licensed appraiser. The amount established as just compensation is not less than the approved appraisal of the fair market value of the property being acquired.

Unless otherwise stated in the attached letter of offer, the amount established as just compensation is for the real property being acquired, which includes land, buildings, structures, or improvements located on, or damaged as a result of the taking of the areas and interest described in the attached letter of offer.

The amount established as just compensation does not include items of personal property such as household furnishings, clothing and appliances.

JUST COMPENSATION: Based on the completed appraisal report and the appraisal review the just compensation amount for the property being acquired is:

Electric Utility Easement	<u>\$7,300</u>
TOTAL:	<u>\$7,300</u>

The original of this statement to be tendered to the above named owner has been signed in ink. If the signature is not in original ink, as opposed to duplicating, electrostatic or other media, this Statement of Just Compensation is not valid.



Morris M. Atta
Deputy Director of Right-of-Way

APPRAISAL SUMMARY STATEMENT

PROJECT: HONOLULU RAIL TRANSIT PROJECT (H RTP)

ADDRESS: 99-9 Kalaloe Street, Aiea, Oahu, Hawaii

TAX MAP KEY: 9-9-003-026 (Portion)

OWNER(S): Halawa View Housing Partners, L.P.

PARCEL AREA: +/- 222 square feet of Electric Utility Easement

PROPERTY ACQUIRED: ALL: PART: X

INTEREST TO BE ACQUIRED: Perpetual Easement

ZONING: A-2 Apartment / R-5 Residential

HIGHEST & BEST USE: Rental Apartment Project or Residential Condominiums

ASSESSED VALUE (2014):	Land Value	\$8,108,800
FOR TOTAL PARCEL	Building Value	<u>\$8,595,900</u>
	TOTAL	\$16,704,700

	Utility Easement	<u>\$7,300</u>
	TOTAL	\$7,300

The Appraisal Estimate is: **\$7,300**

The value of the property being acquired is based upon an appraisal prepared in accordance with accepted appraisal practices. Full and careful consideration has been given to the highest and best use for development of the property and to all features inherent in your property in order that the highest valuation possible can be made. The Appraisal Estimate and appraisal were developed and reported in conformity with Federal regulations, State statutes, and City ordinances.

CONSENT TO ENTER

The undersigned, being the owner of that certain property bearing the tax map key listed hereinbelow, hereby consents to the entry by the Honolulu Authority for Rapid Transportation ("HART"), a semi-autonomous agency of the City and County of Honolulu, and /or its representatives and consultants for the purpose stated:

PROJECT: **Honolulu Rail Transit Project (H RTP)**
TAX MAP KEY: **9-9-003-026 (Portion)**
LOCATION: **99-9 Kalaloa Street, Aiea, Oahu, Hawaii**
PURPOSE: **Construction Activities**

It is understood that this consent to enter is granted upon the following terms:

(1) That the area covered by this consent document is colored in red outlined on the attached map. That this consent includes the right of ingress to and egress from said consent to enter area over the land of the undersigned, adjacent thereto for all purposes in connection with this consent to enter.

(2) That this consent to enter is granted for a **nominal** consideration of \$1.00.

(3) That HART shall indemnify the undersigned against loss or damage to the property of the undersigned and from liability for injury to or death of persons in the manner provided by law when such loss, damage, injury or death is caused by the negligent use of said property by HART and/or its representatives and consultants, resulting from this consent to enter.

(4) That the entire cost of the work proposed to be done and all other expenses incidental thereto will be borne by HART.

(5) That HART will, in its discretion, determine the extent of the work to be done.

(6) That this consent to enter is granted for a period of thirty-six (36) months commencing from the date of actual entry and terminating at the end of the period or upon completion of work, whichever is sooner.

(7) That HART or its representative will provide the undersigned written notification at least two weeks prior to the entry into said property by HART's contractor.

(8) That this consent to enter shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, devisees, personal representatives, successors in trust, successors and assigns.

TAX MAP KEY: 9-9-003-026 (Portion)
Consent to Enter - Page 2

(9) That this consent to enter shall be null and void upon recordation of the deed or other document conveying said property to HART.

DATED: HONOLULU, HAWAII 4/22/15

Halawa View Housing Partners, L.P.

By Joe Michaud for
its HAWAII PACIFIC LLC
General Partner
Phone 209-473-9700

APPROVED AS TO FORM AND
LEGALITY

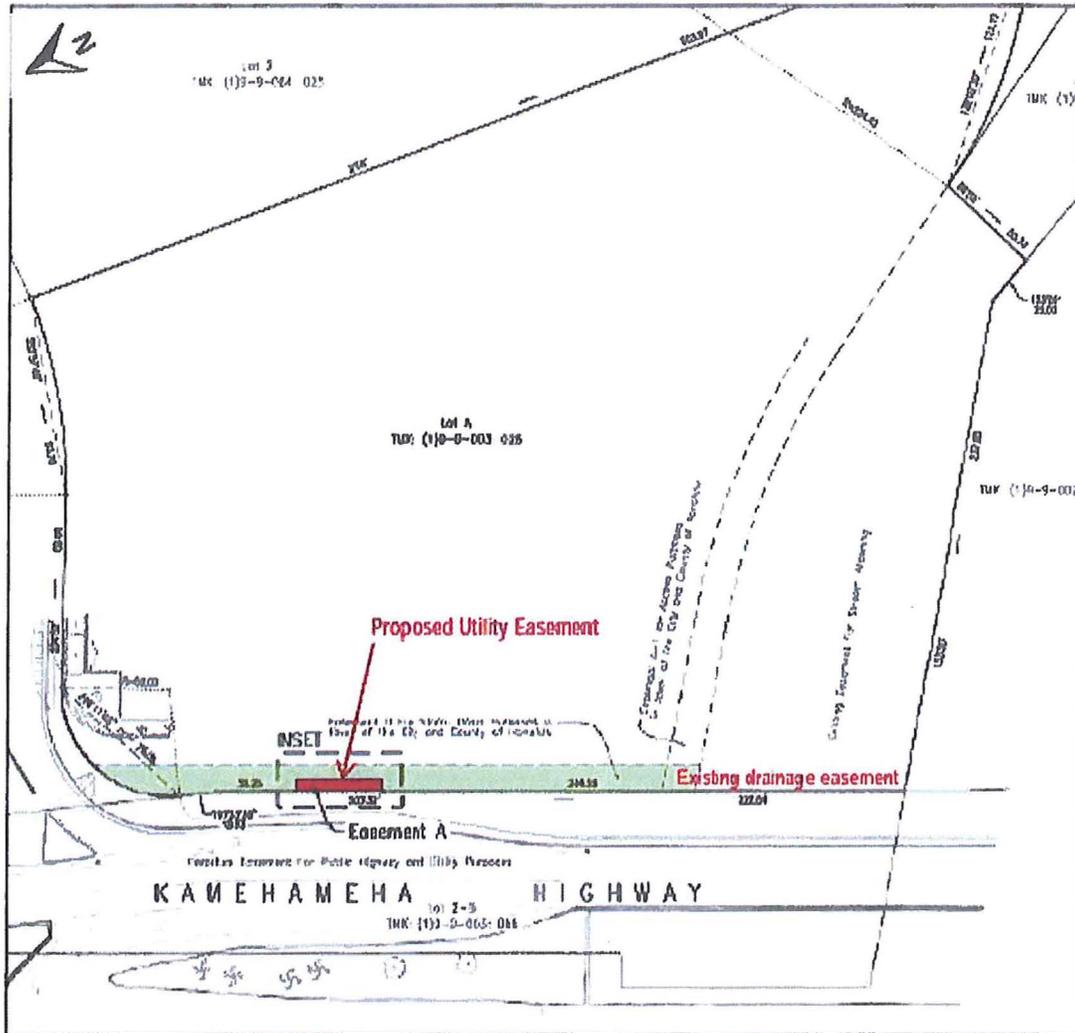
Deputy Corporation Counsel

APPROVED AS TO CONTENTS


Honolulu Authority for Rapid Transportation

PARCEL MAP EXHIBIT TMK 9-9-003-026 (Portion)

Identification of the Proposed Utility Easement



RL#1491
COR READ
L 15
JM



HONOLULU AUTHORITY for RAPID TRANSPORTATION

IN REPLY REFER TO:
CMS-AP00ROW-00704

CERTIFIED MAIL/RETURN RECEIPT REQUESTED
7014 0150 0000 5879 1673

November 21, 2014

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

BOARD OF DIRECTORS

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William "Buzz" Hong
Kestlie W.K. Hui
Damien T.K. Kim
Carrie K.S. Okinaga, Esq

Mr. David Joseph
Mr. Michael Joseph
Halawa View Housing Partners, LP
2100 Pacific Avenue
Stockton, California 95204

Dear Gentlemen:

Subject: Honolulu Rail Transit Project (H RTP)
99-9 Kalaloa Street
Parcel 317: Tax Map Key (TMK) 9-9-003-026 (Portion)
Letter of Intent to Acquire and Appraisal Site Inspection

The Honolulu Authority for Rapid Transportation (HART) has received approval to begin the process of acquiring properties for the transit project. We wish to inform you that HART will be acquiring a portion of your property, TMK 9-9-003-026, for a partial easement (shown colored in red) and a temporary construction easement (shown colored in yellow) on the enclosed map.

Enclosed for your information is the pamphlet, "General Acquisition and Relocation Information."

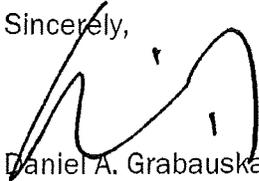
We have engaged an independent real estate appraiser to complete an appraisal report pertaining to the acquisition of your property. We wish to extend an invitation to you and/or your authorized representative(s) the opportunity to accompany HART's agent and the appraiser during the appraisal site inspection. You and/or your representative(s) may direct questions and concerns to us at that time.

In order to make an accurate determination of the fair market value, the appraiser will require a physical inspection of the exterior and, if applicable, the interior of the building. The appraisal report will be used to establish just compensation for your property.

Mr. David Joseph
Mr. Michael Joseph
Page 2
November 21, 2014

Please contact Mr. Alex Sutterer at 808-441-0546 or by email at asutterer@paragon-partners.com to coordinate this inspection appointment. Your assistance and cooperation in coordinating this inspection is very much appreciated.

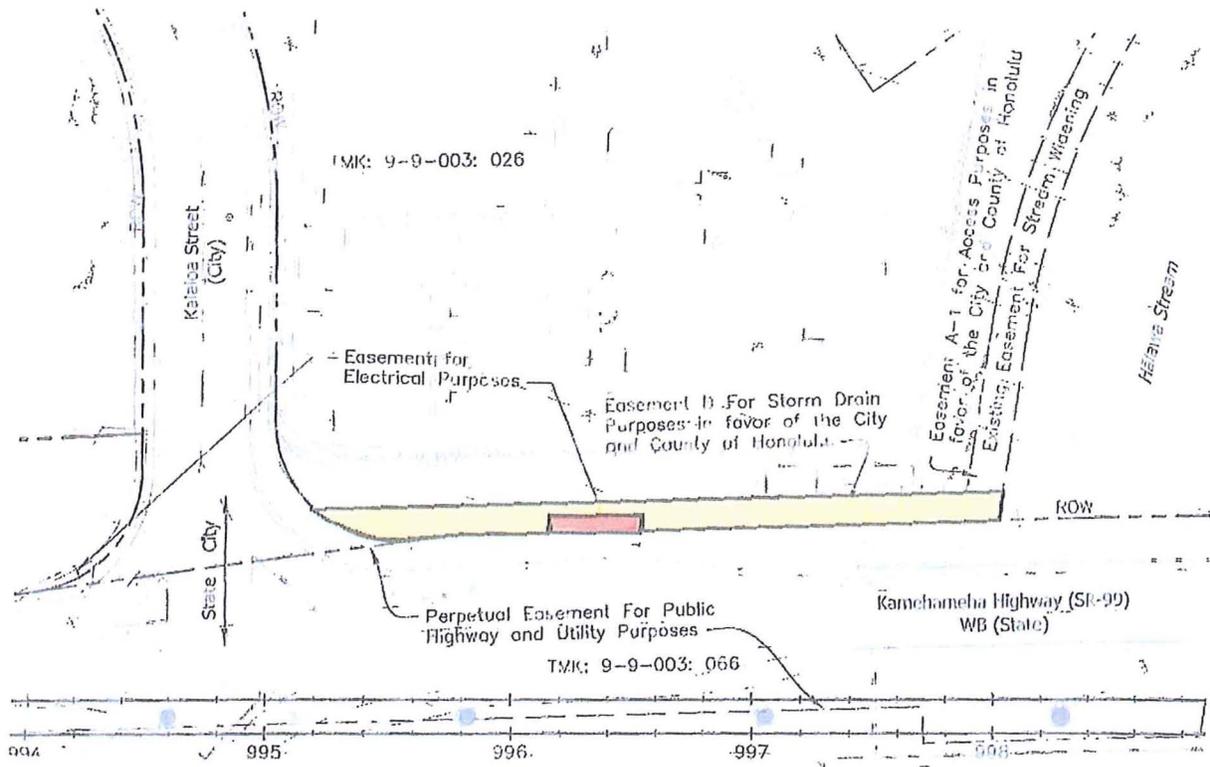
Sincerely,

A handwritten signature in black ink, appearing to read "Daniel A. Grabauskas". The signature is stylized with a large initial "D" and "G".

Daniel A. Grabauskas
Executive Director and CEO

Enclosures

Map Exhibit TMK 9-9-003-026 (Portion)



U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

Postage	\$ 1.19	Postmark Here
Certified Fee	2.95	
Return Receipt Fee (Endorsement Required)	2.35	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 6.49	

Sent To **Mr. David Joseph**
Mr. Michael Joseph
Hakawa View Housing Partners LP
2100 Pacific Avenue
Stockton, California 95204

PS Form 3811, August 2009 See Reverse for Instructions

7014 0150 0000 5879 1673

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature x <i>Carol Smith</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) C. Date of Delivery CAROL SMITH</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>1. Article Addressed to:</p> <p>Mr. David Joseph Mr. Michael Joseph Hakawa View Housing Partners LP 2100 Pacific Avenue Stockton, California 95204</p>	<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Priority Mail Express™</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> Collect on Delivery</p>
<p>2. Article Number (Transfer from service label)</p>	<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>7014 0150 0000 5879 1673</p>	

RL 1577



HART-ROW

2014 DEC 30 PM 2 57

December 18, 2014

Karen Char MAI CRE
Paul D. Cool MAI CRE
Shelly H. Tanaka MAI
Sammy Agsen

City and County of Honolulu
Honolulu Authority for Rapid Transportation
c/o Mr. Alex Sutterer
Paragon Partners Ltd.
1099 Alakea Street, Suite 2150
Honolulu, Hawaii 96813

Dear Mr. Sutterer:

**Re: Partial Acquisition of the Halawa View Apartments Property
Tax Map Key (1) 9-9-003:026, PDQ Parcel 317**

At your request, John Child & Company has estimated the fair market value of certain property rights in the Halawa View Apartments Property. This letter summarizes the background and estimated value presented in the attached report.

STUDY BACKGROUND

Halawa View Housing Partners, L.P. (HVH Partners) owns the fee simple interest in a residential apartment property at 99-009 Kalaloa Street and Kamehameha Highway, in Halawa, Ewa, Oahu, Hawaii. The property, referred to as the Halawa View Apartments Property, is identified as Tax Map Key 9-9-003:026 of the First Taxation Division.

The 135,529^{sq} (3.111-acre) parcel is improved with one, 14-story and two, 3-story structures with 121 two-, three-, and four-bedroom apartments, with adjacent on-grade parking and driveway areas. According to public records, the improvements were constructed in 1974.

Halawa View Apartments is operated as an affordable rental housing project targeting very low income families earning less than 50% of the Area Median Income.

Honolulu Authority for Rapid Transportation (HART), a semi-autonomous public transit authority, has retained Paragon Partners Ltd. as its consultant for the Honolulu Rail Transit Project (H RTP). HART proposes to acquire a 222^{sq} utility easement on a portion of the Halawa View Apartments Property along its westerly boundary with Kamehameha Highway.

HART plans to acquire certain property rights associated with the H RTP utility easement involving this portion of the Halawa View Apartments Property. In this regard, you asked us to assist you.



Honolulu Authority for Rapid Transportation
Paragon Partners Ltd.
December 18, 2014
Page 2

STUDY OBJECTIVE

The objective of our assistance is to estimate the fair market value of the property rights over a 222[?] portion of the Halawa View Apartments Property associated with the H RTP utility easement to be acquired by HART.

INTENDED USE AND USERS

Our assistance is intended to be used by HART, Paragon Partners, Ltd. (Paragon Partners), and the U.S. Department of Transportation Federal Transit Administration (FTA) in connection with the H RTP.

As a result, our assistance is intended for the sole and exclusive use of HART (Client), Paragon Partners, and the FTA. The Client has agreed that our assistance is not intended for any other purpose or users and is not to be relied upon by any third parties for any purpose, whatsoever.

DATE OF PROPERTY VISIT

The property was visited on December 15, 2014. Ms. Tammy Lopez, representative of HVH Partners, accompanied the appraiser.

EFFECTIVE DATE OF APPRAISAL

The effective date of appraisal is December 15, 2014.

DATE OF REPORT

The date of this report is December 18, 2014.

DEFINITIONS OF TERMS

Terms used in this report are defined in the Appraisal Institute's, **The Dictionary of Real Estate Appraisal**, Fifth Edition, unless otherwise footnoted.



Honolulu Authority for Rapid Transportation
Paragon Partners Ltd.
December 18, 2014
Page 3

Fair Market Value

“Fair market value” has the same meaning as “market value.”

Market value means the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal. [1]

Fee Simple Interest

For the purpose of this report, fee simple interest is the same as fee simple estate. Fee simple estate is defined as absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Easement in Gross

An easement is the right to use another’s land for a stated purpose.

An easement in gross is an easement that benefits a legal person or entity (individual, corporation, partnership, LLC, government entity, etc.) and not a particular tract of land; an easement having a servient estate but no dominant estate.

The Halawa View Apartments Property is the servient estate.

Hypothetical Condition

That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of the data used in an analysis.

[1] Interagency Land Acquisition Conference, **Uniform Appraisal Standards for Federal Land Acquisitions**, 2000.



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ASSUMPTION OF A HYPOTHETICAL CONDITION

Section 24.103(b) of the Code of Federal Regulation (CFR) states:

“The appraiser shall disregard any decrease or increase in the market value of the real property caused by the project for which the property is to be acquired, or by the likelihood that the property would be acquired for the project, other than that due to physical deterioration within the reasonable control of the owner.”

Therefore, the estimated fair market value of the property rights over a portion of the Halawa View Apartments Property to be acquired by HART is based on the hypothetical condition that the property is not impacted by the rail project as of the date of valuation.

The assumption of this hypothetical condition could have an effect on the value of the property.

STUDY CONDITIONS

This report is subject to the study conditions included in Section I.

ESTIMATED FAIR MARKET VALUE

The fair market value of the property rights involving the 222~~sq~~ portion of the Halawa View Apartments Property to be encumbered by the proposed H RTP utility easement is estimated based on the *taking + damages* method whereby the value of the part acquired is its value as a part of the whole (i.e., the larger parcel). The “larger parcel” is the 135,529~~sq~~ site under the Halawa View Apartments Property.

Market Value of the Taking

Based on the analysis presented in Section III of the attached report, the fair market value of the property rights involving the 222~~sq~~ portion of the Halawa View Apartments Property to be encumbered by the proposed H RTP utility easement, as of December 15, 2014, is estimated to be:

SEVEN THOUSAND THREE HUNDRED DOLLARS
\$7,300.



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Determination of Damages

The property's accessibility along Kalaloa Street will not be affected by the taking. The proposed easement will not adversely impact the function of the current operations on the property. The positioning of the proposed easement along the property's perimeter, largely within the building setback, mitigates long-term impacts associated with future redevelopment.

As a result, the taking does not result in any severance damages to the remainder property.

* * * * *

We appreciate the opportunity to assist you on this interesting assignment. Please contact us if you have questions.

Sincerely,

JOHN CHILD & COMPANY, INC.

Paul D. Cool, MAI, CRE
Vice President
Certified General Appraiser License No. 71
State of Hawaii
Expires December 31, 2015