SUMMARY OF PROPOSED FLOOR DRAFT:

Resolution 24-278
AUTHORIZING THE LEASE OF CITY PROPERTY TO CATHOLIC CHARITIES HAWAIʻI FOR SPECIAL NEEDS HOUSING UNDER SECTION 38-3.4, REVISED ORDINANCES OF HONOLULU.

The PROPOSED FD1 makes the following amendments:

A. Replaces Attachment B, "Certification for the Record," with a signed copy of the same document. Transmitted via Departmental Communication 807 (2024).

B. Makes miscellaneous technical and nonsubstantive amendments.

HONOLULU CITY COUNCIL

KE KANIHELA O KE KALANA O HONOLULU

CITY AND COUNTY OF HONOLULU

No. **24-278, FD1**
PROPOSED

RESOLUTION

AUTHORIZING THE LEASE OF CITY PROPERTY TO CATHOLIC CHARITIES HAWAIʻI FOR SPECIAL NEEDS HOUSING UNDER SECTION 38-3.4, REVISED ORDINANCES OF HONOLULU 2021.

WHEREAS, on June 7, 2024 and June 14, 2024, the City and County of Honolulu ("City") published notice of the issuance of a request for proposals for the lease of City-owned property to provide housing or human services for persons with special needs; and

WHEREAS, proposals were received for the properties by the July 12, 2024 deadline; and

WHEREAS, an evaluation of the proposals was conducted by staff of the Department of Community Services ("DCS"), which made recommendations for selection; and

WHEREAS, in accordance with Section 38-3.4, Revised Ordinances of Honolulu 2021 ("ROH"), a public hearing was held on October 7, 2024, regarding the lease of the subject property for nominal rent; and

WHEREAS, in accordance with ROH Section 38-3.4(d), a written report was submitted to the City Clerk on October 11, 2024, identifying the proposals and selection of the nonprofit agencies for the public record; and

WHEREAS, the DCS has made the certification as required by ROH Section 38-3.4(g) to support a lease for nominal rent; and

WHEREAS, as a result of the request for proposals process, the City selected Catholic Charities Hawaiʻi to be the lessee of the City property located at 1531 D&E Kewalo Street, Honolulu, Hawaiʻi 96822, identified as TMK: (1) 2-4-021:043-0001 and -0002, to be used as permanent supportive housing for youth aged 18 to 24 years old; and

WHEREAS, the City desires to lease the property to Catholic Charities Hawaiʻi in accordance with ROH Section 38-3.4; and

WHEREAS, the City Council finds that it is in the public interest to lease the property to Catholic Charities Hawaiʻi; now, therefore,

HONOLULU CITY COUNCIL

KE KANIHELA O KE KALANA O HONOLULU

CITY AND COUNTY OF HONOLULU

No. **24-278, FD1**

RESOLUTION

BE IT RESOLVED by the Council of the City and County of Honolulu that:

1) The Director of Budget and Fiscal Services is authorized to execute the lease attached hereto as Attachment A, in substantially final form, with Catholic Charities Hawai‘i for the property located at 1531 D&E Kewalo Street, Honolulu, Hawai‘i 96822, identified as TMK: (1) 2-4-021:043-0001 and -0002, for a rent of $100 per month, or $1,200 per year, for a period of four and a half years;

2) The lease attached as Attachment A to this resolution is approved in substantially final form, subject to any additions, deletions, or amendments to any terms or conditions of the lease by the City Council;

3) The Certification for the Record is attached as Attachment B; and

4) The Mayor, the Director of Budget and Fiscal Services, or the Director of Community Services is hereby authorized to execute any incidental or related documents to carry out the transactions described above, as long as they do not increase, either directly or indirectly, the financial obligation of the City; and

HONOLULU CITY COUNCIL

KE KANIHELA O KE KALANA O HONOLULU

CITY AND COUNTY OF HONOLULU

No. **24-278, FD1**

RESOLUTION

BE IT FINALLY RESOLVED that copies of this resolution be transmitted to the Mayor, the Managing Director, the Director of Budget and Fiscal Services, the Director of Community Services, and to the Youth Enrichment Services Division Administrator, Catholic Charities Hawai‘i, 1822 Ke‘eaumoku Street, Honolulu, Hawai‘i 96822.

INTRODUCED BY:

Tommy Waters (br)

DATE OF INTRODUCTION:

November 22, 2024
Honolulu, Hawai‘i

Councilmembers

Attachment A

LAND COURT SYSTEM **REGULAR SYSTEM**

Return by Mail ( ) Pickup ( ) To:

City and County of Honolulu
Department of Community Services
925 Dillingham, Suite 200
Honolulu, Hawai'i 96817

NO. OF PAGES:

PROPERTY DESCRIPTION

1531 D&E Kewalo Street
Honolulu, Hawai'i 96822

DOCUMENT NO.
TRANSFER CERTIFICATE OF TITLE NO: _____
Land Court ( ) Regular ( ) Double ( )

Tax Map Key No. (1) 2-4-021:043-0001 & -0002

LEASE

THIS LEASE (this "Lease") is between the CITY AND COUNTY OF HONOLULU, a municipal corporation of the State of Hawai'i, the principal place of business and mailing address of which is Honolulu Hale, 530 South King Street, Honolulu, Hawai'i 96813, (the "City"), and CATHOLIC CHARITIES HAWAI'I, a Hawai'i nonprofit corporation, the principal place of business and mailing address of which is 1822 Ke'eaumoku Street, Honolulu, Hawai'i 96822 ("Lessee").

In consideration of the respective rights and obligations stated below, the City and Lessee agree as follows:

1. DEMISE AND DESCRIPTION OF PROPERTY. The City, in consideration of the rent to be paid by Lessee and of the terms stated below to be performed by Lessee, leases to Lessee, and Lessee accepts, all of the real property described in Exhibit A and Exhibit D attached hereto and made a part hereof, and improvements thereon (the "Property"). Lessee has inspected the Property and finds the Property in good condition and accepts the Property in its present condition, AS IS, WHERE IS AND WITH

ALL FAULTS, without warranty, guaranty, liability, or representation whatsoever, express or implied, oral or written, on the part of the City, or any person on behalf of the City, regarding the Property or matters affecting the Property, including but not limited to the following:

A. Physical Condition. The physical condition of the Property, including the quality, nature, adequacy and physical condition of (a) the Property, including any systems, facilities, access, and/or landscaping; (b) the air, soils, geology, topography, drainage, and groundwater, (c) the suitability of the Property for construction of any future Improvements or any activities or uses that Lessee may elect to conduct on the Property; or (d) the compaction, stability or composition, erosion or other condition of the soil or any fill or embankment on the Land for building any other purpose;

B. Improvements. The quality, nature, adequacy and physical condition of the existing improvements, including, without limitation, the structural elements, seismic safety, engineering characteristics, foundation, roof, systems, infrastructure, facilities, appliances, appurtenances, access, landscaping, and/or parking facilities;

C. Title. The nature and extent of any recorded right of way, lease, possession, lien, encumbrance, license, reservation or other title condition of record as of the Commencement Date (defined below) of this Lease affecting the Property including, without limitation, the existence of any easements, rights of ways or other rights across, to or in other properties that might burden and/or benefit the Property; provided however, that the City represents and warrants to Lessee that it owns fee simple title to the Property;

D. Compliance. The development potential of the Property and /or the zoning, land use, or other legal status of the Property, or compliance with any public or private restrictions on the use of the Property, as the same are in effect as of the Commencement Date or may be hereafter modified, amended, adopted, published, promulgated or supplemented, or the compliance of the Property with any applicable laws;

E. Hazardous Substances. The presence or removal of hazardous substances or materials described in the Hazardous Materials Laws (defined below) on, in, under or about the Property or any adjoining or neighboring property;

F. Economic Feasibility. Economic conditions or projections, development potential, market data, or other aspects of the economic feasibility of the Property and/or the business Lessee intends to conduct on the Property;

G. Utilities. The availability, existence, quality, nature, adequacy and physical condition of utilities serving the Property;

H. Suitability. The use, habitability, merchantability, fitness, suitability, value or adequacy of the Property for any particular purpose;

I. Boundaries. The boundaries of the Property, the location of any improvements on the Property and/or the existence of any encroachment onto or from any adjacent lands;

J. Access. Access to the Property, including from or through any particular route; and

K. Other matters. Any matter whatsoever not referenced above that pertains to the Property.

2. TERM AND RENTAL. The term of this Lease shall be four and a half (4.5) years, commencing on February 4, 2025 (the "Commencement Date") and expiring on August 3, 2029, unless terminated earlier as stated below (the "Term"). Lessee shall pay the City a monthly rent of ONE HUNDRED AND NO/100 DOLLARS ($100.00) for the Property, without any prior demand or notice in advance, to be paid on the first day of each month during the Term, without any offset or deduction whatsoever. If the Term commences on a day other than the first day of a calendar month or ends on a day other than the last day of a calendar month, the rent shall be prorated on a per diem basis. All payments due under this Lease shall be made in cash or by check to the following address:

City and County of Honolulu
Division of Treasury
Miscellaneous Receivables Section
P.O. Box 135028
Honolulu, HI 96801-5028

3. QUIET ENJOYMENT. Upon payment of the rent and upon performance of the terms of this Lease by Lessee, Lessee shall peaceably hold and enjoy the Property for the Term without hindrance or interruption by the City or any other person or persons lawfully claiming by, through, or under the City, except as may be stated below.

4. AMENDMENTS TO FACILITATE FINANCING. This Lease and any other documents relating to the Property may be amended to comply with reasonable changes requested by a permanent lender financing the Property, if approved by the City, in advance. It is expressly understood and agreed that the City reserves the right to reject any request for an amendment of this Lease if the proposed amendment will adversely affect the City's rights in the Property.

5. USE AND TRANSFER OF PROPERTY. The Property shall be used exclusively as a rental housing project that serves youth aged 18 to 24 (the "Project") in accordance with the Request for Proposals (Solicitation No. RFP-DCS-1816304) as published on June 7, 2024, and Lessee's proposal received July 11, 2024, all of which are incorporated herein by reference. Lessee covenants that except as stated in this Lease, it will not, sell, assign, convey, sublease, mortgage, encumber or transfer Lessee's interest in this Lease or relinquish possession of any portion of the Property, without the prior written consent of the City.

If the prior approval of the City is required by provisions of this Lease, the City will promptly review the request, will give Lessee specific reasons why a request may be denied and will work with Lessee to attempt to remedy the reasons for a denial.

A. Compliance with Federal HOME Investment Partnerships Program (HOME) Requirements. Lessee shall comply with all HOME program requirements applicable to Lessee's use of and the activities on the Property, including the regulations set forth in 24 Code of Federal Regulations ("CFR") Part 92 and related administrative requirements and authoritative guidance, as the same may from time to time hereafter be amended. It is understood that citations herein to the CFR shall include any amendments thereto, and any recodified or successor regulations.

1. HOME Use and Affordability Restrictions. Lessee shall comply with HOME use and affordability restrictions applicable to Lessee's use of and the activities on the Property. The use of, and activities upon the Property shall at all times meet the criteria for an eligible activity and comply with a national objective pursuant to HOME requirements.

2. Prohibited Activities. The Property shall not be used for the general conduct of government or for political activities except as authorized by 24 CFR §92.214.

3. Inspections and Monitoring. During normal business hours, all of Lessee's records relating to the Property shall be made available for examination by the City, the United States Department of Housing and Urban Development ("HUD"), and the Comptroller General of the United States and/or their representatives.

4. Program Income. Lessee shall comply with HOME program income requirements applicable to the Property and the Project, including, but not limited to, those set forth in 24 CFR §92.503. Lessee shall report all program income applicable to the Property and the Project to the City, and shall pay all program income that it receives from the Property or the Project to the City within thirty (30) days following the calendar quarter in which the program income is received.

5. Use Restriction Period. The obligations set forth in this Section 5.A.1 shall remain in effect for the term of this Lease thereafter (the "Use Restriction Period"). The Use Restriction Period shall be extended for any period of time that the City, with the concurrence of HUD, or HUD determines that the Lessee has not complied with the terms of this Lease. The length of the extension shall correspond to the time period during which the Lessee was found to be noncompliant with the terms of this Lease.

6. Recordkeeping. Lessee shall maintain all records applicable to Lessee's use of and the activities on the Property and required to be maintained pursuant to HOME program requirements, including, to the extent applicable, 24 CFR §92.508 and the following:

   a. Records demonstrating the activities undertaken on the Property meet HOME program requirements;

   b. Records required to determine the eligibility of activities, including, but not limited to, documentation of household income eligibility;

   c. Records required to document the improvement and use of the Property;

   d. Records documenting compliance with the fair housing and equal opportunity components of the HOME program;

   e. Financial records required under 24 CFR § 200, 24 CFR §92.508 (5)(i) and other applicable law; and

   f. Other records necessary to document compliance with Subpart K of 24 CFR Part 92 and this Lease.

7. Record Retention. Lessee shall maintain all records applicable to Lessee's use of and the activities on the Property required to be maintained pursuant to HOME program requirements under 24 CFR §92.508, for the time periods prescribed by such requirements.

8. Reporting Requirements. Lessee shall comply with all HOME program reporting requirements applicable to Lessee's use of activities on the

Property, and shall provide any such reports reasonably required by the City in furtherance of the City's compliance with HOME program requirements. Lessee shall provide additional information as requested by the City.

9. Environmental Requirements. Lessee shall comply with all environmental laws and regulations, and review requirements, as may be applicable to Lessee's use of and activities on the Property pursuant to HOME program requirements.

10. Indemnity. Lessee agrees to defend, indemnify, and hold harmless the City, its employees, officers, directors, agents, contractors, subcontractors or representatives from any demands, claims, fines, penalties, lawsuits, orders, or other enforcement or administrative actions alleging noncompliance with HOME requirements, including any demands for repayment of HOME funds used to acquire the Property, arising from the acts or omissions of Lessee, its employees, officers, directors, agents, contractors, subcontractors or representatives, or from the use of or activities upon the Property during the Term.

11. Lead-Based paint (24 CFR § 92.355). Lessee agrees that the Project shall be subject to HUD Lead-Based Paint Regulations at 24 CFR §92.355, and 24 CFR Part 35, Subpart B. Such regulations pertain to all HOME-assisted housing and require that all owners, prospective owners, and tenants of properties constructed prior to 1978 be properly notified that such properties may include lead-based paint. Such notification shall point out the hazards of lead-based paint and explain the symptoms, treatment and precautions that should be taken when dealing with lead-based paint poisoning and the advisability and availability of blood lead level screening for children under seven. The notice should also point out that if lead-based paint is found on the Property, abatement measures may be undertaken. The regulations further require that, depending on the amount of Federal funds applied to the property, paint testing, risk assessment, treatment and/or abatement may be conducted. Lessee further agrees that any repair, renovation or painting that disturbs lead-based paint in "target housing", as that term is defined in the Toxic Substances Control Act (TSCA), section 401 or in a "child–occupied facility", as that term is defined in EPA regulations implementing said Act, shall be carried out in strict compliance with those implementing regulations, which are set forth in 40 CFR Part 745, beginning 40 CFR §745.80. These regulations require, among other things, the use of certified renovators, dust sampling technicians, and renovation firms.

12. Nondiscrimination. Lessee shall not discriminate against any Project beneficiary or prospective Project beneficiary on the basis of race, color, creed, religion, ancestry, national origin, sex, sexual orientation, disability or handicap, age or marital/familial status with regard to public assistance. Lessee will take affirmative action to ensure that the Project is free from such discrimination, and shall comply with 24 CFR Part 8, relating to "Nondiscrimination Based on Handicap in Federal Assisted Programs and Activities of the Department of Housing and Urban Development".

B. Compliance with the Executed HOME-Assisted Single Room Occupancy Management Agreement. Lessee shall manage the Project and provide services under this Lease pursuant to the terms of that certain HOME-Assisted Single Room Occupancy Management Agreement dated _____, 202__, by and

between the City and Lessee, attached hereto as Exhibit B, which shall not be modified without the prior written consent of the City.

C. Lessee HOME Training Certification. Lessee shall submit, within thirty (30) days of executing this Lease, a completed Lessee HOME Training Certification (Exhibit C), signed in ink by Lessee's authorized representative.

6. PAYMENT OF TAXES AND ASSESSMENTS. Lessee shall pay, before the same become delinquent, all real property taxes and assessments levied on the Property during the Term, whether payable by the City or Lessee. Taxes and assessments shall be prorated between the City and Lessee as of the dates of commencement and expiration of the Term. If any assessment is made under any betterment or improvement law which is payable in installments, Lessee shall pay only such installments, together with interest, which are due and payable during the Term. Lessee may qualify for real property tax relief. https://realpropertyhonolulu.com/tax-relief-and-forms/tax-relief-and-forms/

7. PAYMENT OF RATES AND OTHER CHARGES. During the Term, Lessee shall pay all charges for electricity, gas, refuse collection, telephone, sewage disposal, water, and all other utilities or services pertaining to the Property, before the charges are delinquent.

8. OBSERVANCE OF LAWS AND COVENANTS. Lessee shall at all times keep the Property in a clean and sanitary condition, shall observe all laws, ordinances, rules and regulations now or hereafter made by any governmental authority which are applicable to the Property and will observe all covenants and restrictions affecting the Property.

9. REPAIR AND MAINTENANCE. Lessee shall at all times during the Term, at its own expense, substantially repair, maintain, and keep the Property in good order and condition. Lessee should expend approximately one percent (1%) of the assessed value of the property on repairs and maintenance of the Property annually. If the Lessee has more than $3 million combined in assessed valuation of real estate in the State of Hawai'i being used for affordable housing, homelessness and/or special needs housing, the Lessee must have a full-time facilities manager unless waived in writing by the Director of the Department of Community Services.

10. IMPROVEMENTS REQUIRED BY LAW. Subject to Section 11 below, Lessee shall build, maintain, and repair, at its sole expense, all improvements which may be required by law in connection with its use of the Property.

11. CONSTRUCTION OF IMPROVEMENTS. Lessee will not construct any structure or other improvements on the Property with an aggregate value greater than $1,000.00, alter the Property, or place any signs on the Property, without the prior written consent of the City.

12. WASTE AND UNLAWFUL USE. Lessee will not make or suffer any strip, waste, or unlawful, improper, or offensive use of the Property.

13. INSPECTION. The City and its agents may enter and inspect the Property at all reasonable times during the Term. Subject to the provisions of Sections 10 and 11 above, Lessee shall, at its own expense, repair all defects in the Property within thirty (30) days after the City gives written notice thereof to Lessee, or shall, if any repair cannot reasonably be completed within thirty (30) days, commence such repair within that time period and act with diligence until the repair is completed. If Lessee shall fail to commence or complete the repairs within the period provided above, the City may make such repairs without prejudice to any remedies available to the City under this Lease or at law for Lessee's default of its obligations under this Lease. If the City makes such repairs, Lessee shall pay to the City the cost thereof plus interest at the rate of twelve percent (12%) per annum on demand. The City shall not be responsible to Lessee for any loss or damage that may be caused to the Property or business of Lessee by reason thereof.

14. AUDITS. All of Lessee's records relating to the Property will be available for examination during normal business hours by the City, HUD, and/or representatives of the Comptroller General of the United States.

15. NEITHER PARTY AGENT, JOINT VENTURER NOR PARTNER OF THE OTHER. Neither party hereto shall be construed to be an agent of, nor a joint venture, nor partner with, the other party.

16. BOND. Before the commencement of construction of any improvement on the Property exceeding $5,000.00 in costs, Lessee will obtain and deposit with the City, a good and sufficient surety bond naming the City as an additional obligee, in a penal sum of not less than one hundred percent (100%) of the cost for all labor and materials to be furnished and used for such construction, with a corporate surety authorized to do business in Hawai'i guaranteeing (1) the full and faithful performance and completion of the construction contract and (2) completion of the construction free and clear of all mechanics' and materialmen's liens.

17. PROPERTY INSURANCE. During the Term, Lessee shall be responsible for any and all loss or damage to Lessee's personal property, including all goods, materials, supplies, tools, machinery, equipment, furnishings, improvements, or other property. Lessee waives any right of recovery against the City for any loss or damage to Lessee's property.

During the Term, subject to the provisions of Sections 10 and 11 above, should any of the buildings now or hereafter erected on the Property, sustain loss or damage, the City shall have the sole discretion to determine whether to repair, rebuild or replace such buildings. The City shall provide written notice to Lessee of such election, at which time Lessee shall, after payment to the City of all accrued rent and unpaid taxes and all other required payments, be relieved of any further obligation hereunder.

Lessee shall report the occurrence of any loss or damage to the Property to the City as soon as practicable within forty eight (48) hours after such occurrence.

18. LIABILITY INSURANCE. Lessee shall procure and maintain at all times during the term of this Lease any and all insurance required under any federal, state or local law, statute, ordinance, or rules and regulations as may be applicable to Lessee's operations and activities hereunder, including but not limited to workers compensation insurance. In addition, Lessee shall procure and maintain (1) Commercial General Liability ("CGL") insurance covering claims arising out of Lessee's premises, operations, or independent contractors from bodily injury and property damage, products and completed operations, and personal and advertising injury liability, (2) Excess/Umbrella Liability insurance providing excess limits over the CGL insurance policy, and (3) Professional Liability Errors & Omissions insurance covering claims arising out of errors and omissions in the performance of or failure to perform professional services, with minimum limits of:

General Liability

$1,000,000	General Aggregate
$1,000,000	Products & Completed Operations Aggregate
$1,000,000	Personal & Advertising Injury
$1,000,000	Each Occurrence

Medical Expenses

$5,000	Any One Person

Damage to the Property

$250,000	Each Occurrence

Excess/Umbrella Liability

$3,000,000	Each Occurrence
$3,000,000	Aggregate

Professional Liability Errors & Omission

$2,000,000	Each Common Cause
$2,000,000	Aggregate

All polices of insurance shall contain a waiver of subrogation in favor of the City; shall provide that Lessee's insurance is primary coverage with respect to all insureds/additional insureds; and shall not be cançelled or terminated without sixty (60) days prior written notice to the City. Lessee's CGL and Excess/Umbrella policies of insurance shall name the City, its elected and appointed officials, employees and agents (collectively, the "City's Representatives") as additional insureds, and shall contain a severability of interest clause providing that the insurance applies separately to each insured and that the policies cover claims or suits by one insured against another. Lessee also acknowledges that the limits outlined above are provided as a matter of convenience and the City does not warrant that these limits are adequate to protect Lessee's or the City's interest or liabilities under the terms of this Lease, and Lessee's liability shall not be limited to these minimum limits.

Lessee shall provide the City with current certificates of insurance for all policies and/or coverages required herein. The City reserves the right to review these requirements from time to time and require additional amounts or types of insurance.

19. CITY'S COSTS AND EXPENSES. Lessee shall pay to the City on demand all costs, including reasonable attorneys' fees, incurred by the City in enforcing any of the terms of this Lease, in remedying any breach of the terms of this Lease by Lessee, in recovering possession of the Property, in collecting any delinquent rent, taxes or other charges hereunder payable by Lessee, or in connection with any litigation commenced by or against Lessee to which the City shall be made a party without any fault on the City's part.

20. INDEMNITY. Lessee shall indemnify, defend, and hold harmless the City and the City's Representatives from and against all claims whatsoever for: (a) failure of Lessee or its agents and employees to make any required disclosures in connection with the Property to users or any other person as required by law; (b) any misrepresentations made by Lessee or its agents and employees in connection with the Property to any person; (c) the failure of Lessee or its occupants, its clients, agents, employees, tenants, contractors, or subcontractors to observe all applicable laws and covenants as stated herein, (d) the failure of Lessee to observe and perform its obligations stated in this Lease; and (e) loss or damage, including property damage, bodily injury, and wrongful death, arising out of or in connection with the use or occupancy of the Property by Lessee or any client, tenant, occupant, or other person claiming by, through or under Lessee, or any accident or fire on the Property, or any nuisance made or suffered thereon, or any failure by Lessee to keep the Property in a safe condition, or any other liability whatsoever on account of the Property, or on account of the acts or omissions of Lessee, its employees, agents, contractors, subcontractors, tenants, occupants, clients, or any other persons present upon the Property in connection with Lessee's use or occupancy thereof. In connection with the foregoing, Lessee shall reimburse the City for all its costs and expenses including but not limited to reasonable attorneys' fees incurred in connection with the defense of any such claims, and will hold all goods, materials, furniture, fixtures, equipment, machinery and other property whatsoever within the Property at the sole risk of Lessee and hold the City and the City's Representatives harmless for any loss or damage thereto by any cause whatsoever.

21. LIENS. Lessee shall keep the Property free of all liens and encumbrances arising out of its activities. Should any such lien or encumbrance attach to the Property, Lessee shall then: (a) immediately notify the City of such attachment, and (b) pay the claim and cause the same to be satisfied and discharged of record, and if Lessee shall not pay the same and cause it to be satisfied and discharged of record promptly, the City may, at its option, pay the same and any amount paid by the City shall become immediately due and payable by Lessee to the City as additional rent. Lessee shall indemnify and hold the City harmless against such lien or encumbrance and all expenses incurred by the City including but not limited to reasonable attorneys' fees.

22. CONDEMNATION. At any time or times during the Term, if the Property or any part thereof shall be required, taken, or condemned by any authority having the power of eminent domain, then and in

every such case the estate and interest of Lessee in the Property so required, taken or condemned shall at once cease and terminate, and Lessee shall not by reason thereof be entitled to any claim against the City or others for compensation or indemnity for the leasehold interest, and all compensation and damages payable for or on account of the Property or portion thereof shall be payable to and be the sole property of the City.

23. TRANSFER BY CITY. The City may transfer, assign, or sell this Lease, or any interest in this Lease or the Property, at any time, with prior notice to Lessee, upon which transfer, assignment or sale, City shall be released of all liability hereunder. Lessee shall attorn to the transferee, assignee, or purchaser, and shall perform all obligations required to be performed by Lessee under this Lease after the date Lessee is notified of the transfer, assignment, or sale, as though the transferee, assignee or purchaser was the original Lessor named in this Lease.

24. PROTECTION OF MORTGAGEE. During the existence of any mortgage of this Lease, to which the City has consented in writing, the City will not terminate this Lease because of any default by Lessee if, within a period of thirty (30) days after the City has mailed written notice to the mortgagee of intention to terminate this Lease at the last known address thereof, such mortgagee shall either cure such default or, if the same cannot be cured by the payment of money, shall undertake in writing to perform all the terms of this Lease until this Lease is sold upon foreclosure. Upon such undertaking, the City will not terminate this Lease within such further time as may be required by the mortgagee to complete the foreclosure process provided that such process is pursued and completed diligently. Ownership by the same person of both the fee and leasehold estates in the Property shall not affect the merger thereof without the prior written consent of any mortgagee to such merger.

25. DEFAULT. Lessee shall be in default of its obligations under this Lease upon occurrence of any of the following events (hereinafter called "Events of Default"):

A. Failure to Pay Rent. Lessee's failure to pay rent or other charges required to be paid by Lessee under this Lease within ten (10) days of its due date; or

B. Failure to Comply. Lessee's failure to comply with any other provision of this Lease which Lessee is obligated to comply with within thirty (30) days of written notice from City to Lessee of such non-compliance, provided that if the cure cannot be completed within thirty days, then so long as Lessee has commenced the action to comply and diligently prosecutes the same, Lessee shall not be in default; or

C. Abandonment. Lessee's abandonment of the Property, for a period of thirty (30) consecutive days or more; or

D. Assignment to Creditors. Lessee's assignment of this Lease for the benefit of creditors; or

E. Writ of Execution. Lessee's interest in this Lease, or any interest in it, being taken under a writ of execution; or

F. Bankruptcy. Lessee's seeking voluntarily or the filing of an involuntary bankruptcy against Lessee, seeking the protection of the bankruptcy laws of the United States or any similar law for the relief of debtors; or

G. Breach of Covenant. Lessee's breach of any covenant, warranty, promise or representation herein contained and the continuance of such breach for a period of thirty (30) days after written notice to Lessee; or

H. Misrepresentation. Any material representation or warranty of Lessee contained herein or any material representation to the City concerning the financial condition or credit standing of Lessee or any party ("Guarantor") obligated to City under any

agreement guaranteeing performance of any of the obligations of Lessee referred to herein proves to be false or misleading, or the City reasonably determines that its position as the lessor hereunder is threatened by reason of a material adverse change in the financial condition or credit standing of either Lessee or of any Guarantor.

26. REMEDIES.

A. Interest and Late Payment Charge. If Lessee shall be delinquent in payment of the rent or the payment of any other charge required to be paid by Lessee under this Lease, Lessee shall pay, with each overdue payment, interest on the overdue payment at the rate of twelve percent (12%) per year. In addition to interest, Lessee shall also pay to the City a late fee equal to five percent (5%) of the overdue payment to cover the City's administration costs of processing such overdue payment.

B. Remedies Upon Default. Upon occurrence of any Event of Default, the City may exercise any of the following remedies:

1. Re-entry; Termination. The City may elect to terminate this Lease by providing a written notice to Lessee, and may terminate the rights of Lessee to this Lease and the Property, and may reenter the Property to take possession of it.

2. Re-entry; No Termination. Without terminating this Lease, the City may reenter the Property and take possession and may, but is not obligated to, relet any portion or all of the Property for the account of Lessee; provided that the City may terminate this Lease at any time after Lessee's default, even if the City has relet any portion of the Property for the account of Lessee.

3. Cure. The City may but shall not be obligated to cure any Event of Default and charge Lessee for the cost of effecting such cure.

C. Exercising the City's Remedies. Upon the City exercising any of its above-listed remedies, Lessee agrees to the following:

1. Removal of Persons and Personal Property. If the City re-enters the Property and takes possession, unless otherwise directed by the City, Lessee shall, at its sole expense, remove all persons and its personal properties from the Property by any lawful means available and repair any damage to the Property caused thereby. The City may, at its sole discretion and at the expense of Lessee, remove all persons and Lessee's personal properties from the Property and enforce its rights under the law, or store Lessee's personal properties in a City-designated location, which the City may dispose of if Lessee does not reclaim them within thirty (30) days after the City has re-entered the Property.

2. No Termination. Unless the City provides written notice to Lessee of its intent to terminate this Lease, the City's re-entry into the Property or its action to obtain possession of the Property shall not be deemed to constitute a termination of this Lease, or a termination of Lessee's obligation to pay rent or any other charge required to be paid by Lessee under this Lease, or a termination of any other liability of Lessee under this Lease including but not limited to Lessee's liability for damages.

3. Reletting. If the City elects to relet the Property to a replacement lessee, with or without terminating this Lease, the City may enter into an agreement with the replacement lessee for such rent and on such terms as the City in its sole discretion deems appropriate. Once the City takes possession of the Property, it may repair or alter the Property to suit the purposes of the replacement Lessee or to enable the City to relet the Property or any portion thereof.

4. Application of Rent. The City shall apply the rent and other payments received from the replacement lessee, in the following order and priority: (1) to the costs incurred by the City to recover possession of the Property, including but not limited to reasonable attorney's fees and costs; (2) to the costs incurred by the City to relet the Property, including but not limited to the costs of repairs and alterations; (3) to the unpaid rent and other payments required to be paid by Lessee under this Lease. If there shall be a surplus, the City may retain such surplus to pay subsequent amounts which become due and payable by Lessee under this Lease, and if there shall be any surplus at the expiration of this Lease, the City shall pay such surplus to Lessee at the expiration of this Lease. If there shall be any deficiency between the rent and payments received from the replacement lessee and the amount required to pay the items described in subparagraphs (1), (2), and (3) of this paragraph, Lessee shall be liable to the City for such deficiency.

5. Legal Action. The City may initiate legal action against Lessee at any time to recover amounts owed to the City under this Lease, even if such action is initiated prior to termination of this Lease or prior to a final determination of amounts owed to the City by Lessee. Initiating an action pursuant to this provision shall not be deemed a termination of this Lease and shall not preclude the City from initiating subsequent actions against Lessee to recover any amounts due from Lessee.

6. Additional Remedies. If the City terminates this Lease, then in addition to any other remedy available to the City, the City may recover from Lessee either (1) all damage sustained by the City as a result of Lessee's default, and (2) the amount by which the total rent and other amounts payable for the remainder of the term of this Lease exceed the rent that the City can be expected to receive for the Property for such period, together with the costs of recovering possession of the Property, the anticipated costs of reletting the Property, and reasonable attorney's fees and costs incurred by the City.

7. Remedies Cumulative. The remedies available to the the City are cumulative and not exclusive, and the exercise of any remedy by City shall not preclude its exercise of any other available remedies.

8. Costs and Attorney's Fees. The City shall be entitled to recover from Lessee all costs incurred by the City in enforcing any provision of this Lease which Lessee is required to comply with, including but not limited to reasonable attorney's fees and costs.

27. SURRENDER: HOLDING OVER.

A. Surrender. Upon expiration or earlier termination of this Lease, Lessee shall immediately vacate and surrender the Property to the City, together with all improvements, additions and fixtures then on the Property, whether installed by

the City or by Lessee, including any air conditioning units or systems, all in good condition, ordinary wear and tear excepted; and free and clear of all encumbrances (including, but not limited to, all claims, liens, charges or liabilities); provided that the City, at its option, may require Lessee to remove any or all improvements, additions and fixtures installed by Lessee in the Property, in which event Lessee shall do so and shall restore the Property to its original condition at the commencement of this Lease within seven days following the expiration or earlier termination of this Lease. Lessee shall remove all of its personal properties before surrendering the Property and shall repair any damage to the Property caused thereby. Lessee's obligation to observe or perform this covenant shall survive the expiration or other termination of the term of this Lease. A personal property is defined as inventory, operating equipment or other property not affixed to the Property.

B. Failure to Restore. If Lessee fails to complete the removal and the restoration in the manner and within the time specified by the City, the City may complete such removal and restoration in which event Lessee shall be liable to the City for all costs incurred by the City which amount shall be immediately due and payable after notice to Lessee by the City of the amount due.

C. Holding Over. If Lessee remains in possession of the Property after the expiration or earlier termination of this Lease without the consent of City, Lessee shall be liable (1) for two times the fair market rent for the Property, determined by the City as of the expiration or earlier termination of this Lease, (2) for all other charges payable by Lessee pursuant to other provisions of this Lease, and (3) for all other damages the City may sustain as a result of such wrongful holdover. Acceptance of rent or other payments by the City from Lessee during any holdover period shall not be deemed to create a new tenancy in favor of Lessee, but to the contrary, the City may initiate action against Lessee at any time to recover possession of the Property, and to recover all damages sustained by the City as a result of Lessee's wrongful holdover.

28. DISSOLUTION OF LESSEE. In the event of the corporate dissolution of Lessee, the City may terminate this Lease.

29. HAZARDOUS SUBSTANCES. Lessee shall not cause, permit, or allow the storage, use, escape, disposal or release of any hazardous substances or materials in or about the Property by Lessee, Lessee's agents, employees, contractors, invitees or licensees, except in full compliance with all hazardous materials laws. Hazardous substances and materials shall include those described in the Hazardous Materials Laws. "Hazardous Materials Laws" shall include, but not be limited to, the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601 et seq., the Resource Conservation and Recovery Act, as amended, 42 U.S.C. Section 6901 et seq., the Hazardous Materials Transportation Act, the Clean Water Act, the Clean Air Act, the Toxic Substances Control Act and the Safe Drinking Water Act, the Hawai'i Environmental Response Law, Hawai'i Revised Statutes Chapter 128D, as well as any similar state and local laws and ordinances and regulations now or hereafter adopted, published and/or promulgated pursuant thereto as the same may be amended from time to time. If any lender or governmental agency shall ever require testing to ascertain whether or not there has been any storage, presence or release of hazardous substances or materials, then the reasonable costs thereof shall be reimbursed by Lessee to the City upon demand as additional charges if such requirement applies to the Property. In addition, Lessee shall execute affidavits, representations and the like from time to time at the City's request concerning Lessee's best knowledge and belief regarding the presence of hazardous substances or materials on the Property. In all events, Lessee shall defend, indemnify and hold harmless the City and the City's Representatives from and against any claims, demands, actions, lawsuits, proceedings, losses, damages, liabilities, fines, penalties, judgments, awards, costs and expenses directly or indirectly arising out of or attributable to the use, generation, manufacture, treatment, handling, refining, production, processing, storage, release, threatened release, discharge,

disposal, removal or presence of hazardous substances or materials on or under or about the Property by Lessee or attributable to Lessee or Lessee's agents, employees, contractors, invitees or licensees, including, but not limited to any damages, the cost of clean-up or detoxification of the Property and the preparation and implementation of any closure or remedial or other required plans and all reasonable costs and expenses incurred by the City in connection with such items including, but not limited to, attorneys' fees and costs. The foregoing covenants shall survive the expiration or earlier termination of this Lease.

30. ADA COMPLIANCE. As between the City and Lessee, Lessee shall be responsible for ensuring that the Property, all alterations and improvements in the Property, and Lessee's use and occupancy of the Property complies with the requirements of the Americans with Disabilities Act of 1990 (42 U.S.C. 12181, *et seq.*), and all regulations promulgated thereunder, and all amendments, revisions or modifications thereto now or hereafter adopted or in effect therewith. However, Lessee shall not make any such alterations or improvements except in accordance with the provisions of Sections 11 and 16.

31. SEXUAL HARASSMENT POLICY FOR EMPLOYER HAVING A CONTRACT WITH THE CITY. All entities having a contract with the City (referred to in this Section as a "Contractor") must comply with ROH Chapter 1, Article 18 ("Article 18") on sexual harassment. All Contractors shall have and enforce a policy prohibiting sexual harassment. The Contractor's sexual harassment policy must set forth the same or greater protection than those contained or required by the ordinance. The ordinance is applicable to the Contractor's business and includes the following:

A. Prohibitions against an officer's or employee's sexual harassment of the following:

(1) Another officer or employee of the employer;
(2) An individual under consideration for employment with the employer; or
(3) An individual doing business with the employer;

B. A provision prohibiting a management or supervisory officer or employee from knowingly permitting a subordinate officer or employee to engage in the sexual harassment prohibited under Subdivision a of the ordinance;

C. A prohibition against retaliation towards an officer, employee, or individual who has complained of sexual harassment, conducted an investigation of a complaint, or acted as a witness during an investigation of a complaint;

D. A prohibition against a malicious false complaint of sexual harassment by an officer, employee, or individual;

E. Provisions allowing an officer, employee, or individual to make a sexual harassment complaint to an appropriate management, supervisory, or personnel officer or employee;

F. Procedures for investigating a sexual harassment complaint in an unbiased, fair, and discreet manner with appropriate safeguards to maintain confidentiality and protection from embarrassment;

G. A provision requiring the use of the "reasonable person of the same gender standard," to determine if sexual harassment has occurred. Under the standard, sexual harassment shall be deemed to have occurred if the alleged offender's conduct would be considered sexual harassment from the perspective of a reasonable person of the same gender as the alleged victim. If the alleged victim is a woman, the "reasonable person of the same gender standard" shall be equivalent to and may be called the "reasonable woman standard";

H. Disciplinary action which may be imposed on an officer or employee who committed a prohibited act; and

I. For a Contractor with at least five (5) employees, a provision requiring the annual viewing of a video on the sexual harassment policy by each management or supervisory officer or employee.

The policy required under this section shall be in effect for at least the duration of the Contractor's contract with the City. The action of the bidder or proposer in submitting its bid, proposal or signing of the contract shall constitute its pledge and acceptance of the provisions for the sexual harassment policy as required by Article 18. Article 18 is on file and available for viewing in the Purchasing Division. Contractors needing a copy must pick up the copy from the Office of the City Clerk, Room 203, City Hall, 530 South King Street, Honolulu, Hawai'i, 96813.

All entities must also have a Language Access Plan and comply with Title VI of the Civil Rights Act of 1964, which includes taking reasonable steps to provide equal access to persons who are Limited English Proficient. All entitles must also comply with the Violence Against Women Act and any subsequent reauthorizations.

32. MISCELLANEOUS PROVISIONS.

A. Amendment. The provisions of this Lease may be amended only by each party executing a subsequent written agreement which states each amended provision.

B. Applicable Law. The provisions of this Lease shall be interpreted in accordance with the law of the State of Hawai'i as that law is construed and amended from time to time.

C. Authorization. Each party warrants to each other party that the individuals executing this Lease are authorized to do so. Lessee further represents and warrants that there are no restrictions, agreements, or limitations on its right or ability to enter into and perform the terms of this Lease.

D. Binding Effect. Upon its execution by each party, this Lease shall become binding and enforceable according to its provisions. If more than one party is obligated to perform an act by any provisions stated in this Lease, those parties shall be jointly and severally liable and obligated for the performance of those acts. The rights and obligations of each party named in this Lease shall bind and inure to the benefit of each party, respectively, and the respective heirs, personal representatives, successors, and assigns of each party.

E. City's Right to Amend. Any provision herein to the contrary notwithstanding, during the term of this Lease, the City reserves the right, at any time, to amend this Lease in order to assure compliance with all HUD, City, State of Hawai'i, federal, and other statutes, laws and regulations. All such amendments shall be within the general scope of this Lease. The City shall provide all such amendments in writing to the Lessee. Lessee agrees that it shall immediately take any and all reasonable steps to comply with such amendments.

F. Consent; Subsequent Agreement. If a subsequent consent required of any party by the provisions of this Lease is requested by a party, it shall not be unreasonably withheld by the party to whom the request is made.

G. Construction. Each party named in this Lease acknowledges and agrees that (i) each party is of equal bargaining strength; (ii) each party has actively participated in the negotiation and preparation of this Lease; (iii) each party has consulted with their respective legal counsel and other professional advisors as each party has deemed appropriate; (iv) each party and the party's legal counsel and advisors

have reviewed this Lease; and (v) each party has agreed to be bound by the terms stated in this Lease following its review and obtaining advice.

H. Counterparts. This Lease may be executed by the parties in counterparts. The counterparts executed by the parties named in this Lease and properly acknowledged, if necessary, taken together, shall constitute a single Lease.

I. Dates. If any dates stated in this Lease fall on a Saturday, Sunday, or legal holiday, such date shall be the next following business day.

J. Defined Terms. Certain terms where they initially are used in this Lease are set off by quotation marks enclosed in parentheses and are subsequently capitalized. Those designated terms shall have the same meaning throughout this Lease, unless otherwise specifically stated or clearly inappropriate in the context.

K. Force Majeure. If any party is prevented from performing its obligations stated in this Lease by any event not within the reasonable control of that party, including, but not limited to an act of God, public enemy, or war, fire, an act or failure to act of a government entity (except on the part of the City), unavailability of materials, or actions by or against labor unions, it shall not be in default in the performance of its obligations stated in this Lease. PROVIDED, HOWEVER, any party delayed by such an event shall request an extension of time to perform its obligations stated in this Lease by notifying the party to which it is obligated within ten days following the event. If the notified party agrees that the event was the cause of the delay, the time to perform the obligations stated in this Lease shall be extended by the number of days of delay caused by the event. If the required notice is not given by the delayed party, no time extension shall be granted.

L. Gender; Number. In this Lease, the use of any gender shall include all genders and the use of any number in reference to nouns and pronouns shall include the singular or plural, as the context dictates.

M. Independent Contractor/Non-Agency. The parties acknowledge that Lessee is an independent contractor, and neither party hereto is a partner, agent and/or employee of the other.

N. Integration. This Lease contains all of the provisions of the agreement between the parties pertaining to the subject matter stated in this Lease. Each party acknowledges that no person or entity made any oral or written representations on which a party has relied as a basis to enter into the agreement stated in this Lease which is not included as a provision in it.

O. Legal Action and Fees. In the event of any controversy, claim or dispute between the parties hereto arising out of or relating to this Lease, the prevailing party shall be entitled to recover from the non-prevailing party its reasonable expenses, including attorneys' fees and costs.

P. No Drafter. No party shall be deemed to have drafted this Lease. No provision stated in this Lease shall be construed against any party as its drafter.

Q. No Offer. The provisions stated in this Lease shall not bind any party until each party has executed it. The mere delivery of this Lease is not an offer.

R. No Obligations to Third Parties. Unless there is a provision stated in this Lease to the contrary, the execution and delivery of this Lease shall not confer rights on any

person or entity except the parties or obligate the party to any person or entity except another party.

S. No Waiver. No consent or waiver, expressed or implied, by either party to or of any breach or default by the other party in the performance of its obligations hereunder, shall be valid unless in writing. No such consent or waiver shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other party of any other obligations of such party hereunder. The failure of any party to declare the other party in default shall not constitute a waiver by such party of its rights hereunder, irrespective of how long such failure continues.

T. Notice. Any notice required or permitted by the provisions of this Lease to be given by a party to any other party, shall be written and either shall be delivered personally or mailed postage prepaid by certified mail, return receipt requested, to each other party at the address and to the person designated below. No other method of notice shall be effective.

(1) CITY AND COUNTY OF HONOLULU:
Department of Community Services
Community-Based Development Division
925 Dillingham Boulevard, Room 200
Honolulu, Hawai'i 96817
Attention: Director Anton C. Krucky

(2) CATHOLIC CHARITIES HAWAI'I:
CCH Youth Enrichment Services
1822 Ke'eaumoku Street
Honolulu, Hawai'i 96822
Attention: Sarah Antone

U. Use of Public Buildings by Blind or Visually Handicapped Persons. Lessee shall ensure that any vending facilities on the Property, including but not limited to vending machines, shall be placed in compliance with Hawai'i Revised Statutes Section 102-14 and the rules adopted by the State of Hawai'i Department of Human Services to implement such statute.

V. Paragraph Titles. The titles of provisions stated in this Lease are included only for the convenience of the parties. They shall not be considered in the construction of the provisions stated in this Lease.

W. Required Actions by the Parties. Each party named in this Lease agrees to execute the Leases and to diligently undertake the acts necessary to consummate the transaction contemplated by this Lease. Each party shall use its best efforts to consummate the transaction contemplated by this Lease.

X. Severability. If any provision stated in this Lease subsequently is determined to be invalid, illegal, or unenforceable, that determination shall not affect the validity, legality, or enforceability of the remaining provisions stated in this Lease unless that effect is made impossible by the absence of the omitted provision.

Y. Survival. Any representation and warranty stated in this Lease made by a party shall survive the termination of the agreement stated in this Lease, unless otherwise specifically stated.

Z. Time is of the Essence. Time is of the essence with respect to Lessee's obligations under this Lease.

[SIGNATURES ON NEXT PAGE]

THE PARTIES have executed this Lease on _____.

APPROVED AS TO FORM AND LEGALITY:

By _____
Deputy Corporation Counsel
City and County of Honolulu

CITY AND COUNTY OF HONOLULU

By _____
Director, Department of Budget and
Fiscal Services

APPROVAL RECOMMENDED:

By _____
Director, Department of Community Services

CATHOLIC CHARITIES HAWAI'I

By _____
Its

Print Title: _____

Print Name: _____

ACKNOWLEDGMENT

STATE OF HAWAI'I)
) SS.
CITY AND COUNTY OF HONOLULU)

On this _____ day of _____, 20___, before me appeared _____ to me personally known, who, being by me duly sworn, did say that _____ is the _____ of the Department of Budget and Fiscal Services of the CITY AND COUNTY OF HONOLULU, a municipal corporation of the State of Hawai'i, and that the seal affixed to the foregoing instrument is the corporate seal of said municipal corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its City Council, and said _____ acknowledged the instrument to be the free act and deed of said municipal corporation.

_____
Notary Public, State of Hawai'i
Printed Name _____

My commission expires: _____

(Official Stamp or Seal)

NOTARY CERTIFICATION STATEMENT
Document Identification or Description: Lease (1531 D&E Kewalo Street)
☐ Doc. Date: _____ or ☐ Undated at time of notarization.
No. of Pages: _____ Jurisdiction: First Circuit
(in which notarial act is performed)

_____
Signature of Notary Date of Notarization and
Certification Statement
_____ (Official Stamp or Seal)
Printed Name of Notary

ACKNOWLEDGMENT

STATE OF HAWAI'I)
) SS.
CITY AND COUNTY OF HONOLULU)

On this _____ day of _____, 20___, before me appeared _____ to me personally known, who, being by me duly sworn, did say that _____ is the _____ of _____ and that the seal affixed to said instrument is the corporate seal of said corporation, and that the instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and the said _____ acknowledged said instrument to be the free act and deed of said corporation.

_____
Notary Public, State of Hawai'i
Printed Name _____

My commission expires: _____

(Official Stamp or Seal)

NOTARY CERTIFICATION STATEMENT
Document Identification or Description: Lease (1531 D&E Kewalo Street)
☐ Doc. Date: _____ or ☐ Undated at time of notarization.
No. of Pages: _____ Jurisdiction: First Circuit
(in which notarial act is performed)

_____
Signature of Notary Date of Notarization and
Certification Statement
_____ (Official Stamp or Seal)
Printed Name of Notary

EXHIBIT A

PARCEL FIRST:

ALL OF THAT CERTAIN PARCEL OF LAND (PORTION OF THE LAND DESCRIBED IN AND COVERED BY ROYAL PATENT GRANT NUMBER 3421 TO C. P. IALIKEA, TRUSTEE FOR KALAKAUA) SITUATE ON THE SOUTHEAST SIDE OF KEWALO STREET, HONOLULU, CITY AND COUNTY OF HONOLULU, STATE OF HAWAII, BEING PORTION OF LOT NUMBER 376, AND THUS BOUNDED AND DESCRIBED:

BEGINNING AT THE WEST CORNER OF THIS PIECE OF LAND, THE TRUE AZIMUTH AND DISTANCE OF THE SAID POINT TO A PIPE DRIVEN AT THE WEST CORNER OF LOT 376 AND THE NORTH CORNER OF LOT 374 BEING 133° 35' 227.0 FEET, AND THE TRUE AZIMUTH AND DISTANCE OF THE SAID PIPE TO THE SOUTH CORNER OF KEWALO STREET AND WILDER AVENUE BEING 223° 35' 357.2 FEET, AND RUNNING BY TRUE AZIMUTHS FROM THE ABOVE DESCRIBED INITIAL POINT:

1. 233° 35' 100.0 FEET ALONG THE REMAINING PORTIONS OF LOT 376;

2. 313° 35' 43.0 FEET ALONG THE SAME;

3. 43° 35' 100.0 FEET ALONG LOT 385;

4. 133° 35' 43.0 FEET ALONG LOT 374 TO THE POINT OF BEGINNING AND CONTAINING AN AREA OF 4,300 SQUARE FEET, MORE OR LESS.

PARCEL SECOND:

AN EASEMENT OF RIGHT OF WAY 15 FEET WIDE ALONG THE SOUTHWEST BOUNDARY OF LOT 376 FROM THE LAND HEREBY CONVEYED OUT TO KEWALO STREET, SAID RIGHT OF WAY TO BE FOR THE COMMON USE OF THE OWNERS AND OCCUPANTS OF THIS LAND AND THE REMAINING PORTIONS OF SAID LOT 376 FOR ROAD AND PUBLIC UTILITIES PURPOSES.

NOTE: THE LAND IS SUBJECT TO A CPR AS DISCLOSED BY REGULAR SYSTEM DOCUMENT NO. A70810850 OF OFFICIAL RECORDS. A SPECIMEN DEED MUST BE PROVIDED TO ACCURATELY REFLECT THE CURRENT LEGAL DESCRIPTION OF THE LAND.

BEING ALL OF THE PREMISES CONVEYED BY WARRANTY DEED RECORDED July 30, 2019 AS REGULAR SYSTEM DOCUMENT NO. A-71500093 OF OFFICIAL RECORDS.

GRANTOR: JENNY M. WONG, AN UNMARRIED WOMAN, AND CHRISTINE ANN WONG, AN UNMARRIED WOMAN
GRANTEE: CITY AND COUNTY OF HONOLULU

SUBJECT, HOWEVER, to the following:

1. Title to all mineral and metallic mines reserved to the State of Hawaii.

2. Regular System Condominium Map No. 5938.

3. The terms and provisions contained in or incorporated by reference in the Declaration of Condominium Property Regime, as may be amended. Said Declaration was recorded May 22, 2019 as Regular System Document No. A-70810850 of Official Records.

4. The terms and provisions contained in or incorporated by reference in the Condominium By-Laws, as may be amended. Said By-Laws were recorded May 22, 2019 as Regular System Document No. A-70810851 of Official Records.

EXHIBIT B

HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)
HOME-Assisted Single Room Occupancy Management Agreement Management and Monitoring Requirements

Lessee Name: Catholic Charities Hawai'i

Property Name: Kauhale Kewalo, 1531 D&E Kewalo Street, Honolulu, Hawai'i 96822

TMK: (1) 2-4-021:043-0001 and -0002

The Lessee agrees as follows:

A. 1531 D & E Kewalo Street (the "Property"), a duplex, shall be managed as a HOME-assisted single room occupancy (SRO) rental project that provides permanent supportive housing for up to ten (10) SRO apartments.

Each side of the duplex contains:

- Ground level with one (1) primary bedroom with bath, two (2) bedrooms, one (1) bath, one (1) wet bar;
- Second level with one (1) primary bedroom with bath, two (2) bedrooms, one (1) bath, one (1) kitchen, and one (1) family room.

Total living area on the PROPERTY, i.e., the entire duplex, contains:

- Four (4) primary bedrooms with bath;
- Eight (8) bedrooms;
- Four (4) baths;
- Two (2) wet bars;
- Two (2) kitchens; and
- Two (2) family rooms.

One (1) of the bedrooms on the ground floor of each side of the duplex style structure shall be set aside as an office for providing case management services or for general storage for the clients being served.

The remaining ten (10) bedrooms shall be rented to qualifying clients.

<u>At no instance shall more than five (5) unrelated persons reside in any side of the duplex style structure.</u>

The Property must comply with the following, non-exhaustive list of HOME regulations and other guidelines:

24 CFR § 92.203 Definition of income and how to determine income

24 CFR § 92.216 Income targeting: Tenant-based rental assistance and rental units

24 CFR § 92.251 Property standards

24 CFR § 92.252 Target groups and rent rates

24 CFR § 92.253(a) and (b) Tenant protections

HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)
HOME-Assisted Single Room Occupancy Management Agreement Management and Monitoring Requirements

U.S. Department of Housing and Urban Development (HUD) Community Planning and Development Notice No. CPD 94-01, January 4, 1994, "Using HOME Funds for Single Room Occupancy (SRO) and Group Housing"

HUD Community Planning and Development Notice No. CPD-01-05, April 24, 2021, "The Use of HOME Funds for Projects to be Occupied by Children in Foster Care"

"Compliance in HOME Rental Projects: A Guide for Property Owners", HUD, January 2009 (hereafter, "Guide"). The Later guidebook is on the web at:

https://www.hudexchange.info/resource/2395/compliance-in-home-rental-projects-a-guide-for-property-owners/

This Agreement summaries the above HUD regulations and guidelines that apply generally to HOME rental projects, generally to Single Room Occupancy projects, and specifically this Project. It is not a substitute for HUD regulations and guidelines, and it is not exhaustive. If there is any conflict between the regulations and pronouncements and this Agreement, the regulations and pronouncement will prevail.

B. Affordability Period.
The Lessees shall manage the Property in compliance with the HOME regulations for the term of the Lease.

C. Definition of Single Room Occupancy (SRO)
Single Room Occupancy (SRO) housing means housing consisting of single room dwelling units that is the primary residence of its occupant or occupants. The unit may contain food preparation or sanitary facilities if the project consists of new construction, conversion of non-residential structure, neither food preparation nor sanitary facilities are required to be in the unit. If the units do not contain sanitary facilities, the building must contain sanitary facilities that are shared by tenants. (Source: CPD 94-01 with minor edits)

D. Fixed or floating units (in multi-funded properties):

1. The Property's HOME-assisted units are (check one):

   __X___ Fixed

   _____ Floating

2. If the HOME units are fixed, then the designed HOME units are listed as follows: D101, D102, D201, D202, D203, E101, E102, E201, E202, E203 (list each unit individually, by apartment number).

   (Note: Units D103 and E103 are set aside for a case management office and group storage for residents, respectively.)

3. If the HOME units float, and if the HOME units become temporarily non-compliant with the HOME regulations because of the occupant's increase in income, the Lessee may redesignate non-HOME but potentially compliant units as HOME units to restore the correct balance of HOME to non-HOME units.

E. Property Standards.

1. The Lessee shall maintain the Property in accordance with the City's housing and building codes, which are published in the Revised Ordinances of Honolulu, available on the City's website, as follows:

Chapter 16	Building Code
Chapter 16A	Housing Code
Chapter 17	Electrical Code
Chapter 19	Plumbing Code
Chapter 20	Fire Code
Chapter 21	Land Use (permits)
Chapter 27	Light and Sanitation

2. The Lessee shall inspect dwelling units annually for compliance with the codes.

3. The Lessee shall file the inspection reports, signed by tenants and inspector, as evidence that the unit meets the codes.

F. Tenant Selection Procedures (24 CFR § 92.253(d))

1. The Lessee must adopt written tenant selection policies and criteria that:

   a. Are consistent with the purpose of providing housing for low- and moderate-income households;

   b. Are reasonably related to program eligibility and the applicants' ability to perform the obligations of the lease;

   c. Provide for the selection of applicants from a written waiting list in the chronological order of their application, insofar as is practicable;

   d. Provide for applications to be date- and time-stamped; and

   e. Give prompt written notification to any rejected applicant of the grounds for any rejection.

2. The Lessee shall comply with Federal regulations pertaining to affirmative marketing, fair housing, and equal opportunity (24 CFR § 1.4; 24 CFR §92.351; and 24 CFR § 570.602).

   a. In general, the Property must serve all persons without regards to race, color, national origin, religion, sex, handicap, or familial status.

   b. No person shall be denied the benefits of the Property because of familial status, age, or disability.

c. The HUD Fair Housing logo shall be placed on the Property's housing application forms, brochures, advertisements, and rental agreements. The HUD Fair Housing Poster shall be displayed in the Project's administrative office.

d. The Lessee shall provide the City with a completed and updated HUD Form 935.2A Affirmative Fair Housing Marketing Plan. The Lessee must actively market and reach out to all persons, especially those persons that, for various reasons, are least likely to apply. Special needs housing (*e.g.*, transitional housing for the homeless or disabled) is not exempt from these regulations.

e. The Lessee shall annually complete and provide to the City HUD Form 27061 Race and Ethnic Data Reporting Form.

f. The Lessee shall maintain and provide to the City records of the number of female single heads of households and the number of male single heads of households that the Project served over its program year.

G. Income

1. To be eligible to occupy a bedroom in the Property, a tenant's household income must not exceed sixty percent (60%) of the Honolulu median income. If the tenant is a minor, then the household income of the tenants' guardian or parents must not exceed sixty percent (60%) of the Honolulu median income.

   In SRO housing with five (5) or more HOME-assisted rental units at least twenty percent (20%) of the units must be occupied by very low-income tenants (at or below fifty percent (50%) of the Honolulu median income. (Source: Guide, page 64.)

2. Definition of Income

   The Lessee hereby elects to use the following definition of income (check one) when determining, certifying, and recertifying the household incomes of the tenants on the Property:

   _X__ Section 8

   ___ U.S. Census long form

   ___ IRS Form 1040

3. Frequency of full income certification
   The Lessee shall certify incomes of tenants in accordance with the following schedule (check one):

   __X___ Every year, the managing agent shall certify incomes fully using the method prescribed in 24 CFR § 92.203(a)(1)(i).

   _____ Only during the years listed below, the managing agent shall certify incomes fully using the method prescribed in 24 CFR § 92.203(a)(1)(i).
   Year 1 Full certification is obligatory for a new tenant

Year 6
Year 12
Year 18

AND, during the other years, in lieu of full certification, the managing agent will

a. Obtain a tenant self-certification, described as follows:
   i. Obtain from the family a written statement of the amount of the family's annual income and family size, along with a certification that the information is complete and accurate. The certification must state that the family will provide source documents upon request. (24 CFR § 92.203(a)(1)(ii)); or
   ii. Obtain a written statement from the administrator of another government program under which the family receives benefits and which examines each year the annual income of the family; The statement must indicate the tenant's family size and state the amount of the family's annual income; or alternatively, the statement must indicate the current dollar limit for very low- or low-income families for the family size of the tenant and state that the tenant's annual income does not exceed this limit. (24 CFR § 92.203(a)(1)(iii));

H. Rents in an SRO. (Source: Guide, pp. 63-64)

1. If the units in the SRO contain neither food preparation nor sanitary facilities, or if the units contain only food preparation or only sanitary facilities but not both, the maximum rent for a bedroom in the SRO project is seventy five percent (75%) of the current HUD Fair Market Rent for a zero-bedroom unit.

2. If the units in the SRO contain both food preparation and sanitary facilities, the High HOME rent for a bedroom cannot exceed the HUD-published High HOME rent limit or Low HOME rent limit for a zero-bedroom (efficiency) unit. The Low HOME Rents for the units cannot exceed either:
   a. The HUD-published Low HOME rent limit for a zero-bedroom (efficiency) unit; or
   b. Thirty percent (30%) of the monthly adjusted family income of the very low-income tenant.

   In a Low HOME rent unit that receives state or Federal project-based rental assistance and that is occupied by a very low-income tenant (i.e. a tenant who earns no more than fifty percent (50%) of the median income), the rent can be the applicable state or Federal project-based rent, as long as it is occupied by a very low-income tenant who does not pay more than thirty percent (30%) of the family's monthly adjusted income for rent.

3. "In SRO housing with five or more HOME-assisted rental units at least twenty percent (20%) of the units must be occupied by very low-income tenants (at or below fifty percent (50%) of the area median income). This is true regardless of whether the units have food preparation and/or sanity facility." (Guide, page 64)

4. The HOME rents must include all utilities. If tenants pay any utilities, the Lessee shall adopt the current Section 8 utility allowance and credit it to the tenant.

5. "SRO unit rents may not include food costs or the costs of any supportive services. Costs for food and services must be billed as separate charges. For SRO units that are developed for persons with disabilities, disability-related services must be non-mandatory. Mandatory fees must be approved by the City. Each SRO tenant's lease must clearly state whether any fee-based services are optional or required. The lease must also identify the amount of the additional fees or surcharges separately from the basic HOME rent for each tenant. (Guide, page 64).

6. If a tenant's income rises to greater than eighty percent (80%) of median, then the tenant must pay as rent thirty percent (30%) of the household's adjusted income * (see below); provided, however, that:
   a. If the unit is a low-income housing tax credit (LIHTC) unit as well as a HOME unit, then the rent may not exceed the rent prescribed in the LIHTC program; and

   b. If the unit is in a Property with floating HOME units, then the rent may not exceed the market rent for comparable, unassisted units in the neighborhood.

   * To calculate adjusted income, please click on:
   https://www.hudexchange.info/incomecalculator/

   This website contains information such as:
   "Adjusted income" is defined as the household's "annual (gross) income" that you certify annually, minus up to five (5) additional deductions.

   Determine if the household qualifies as "elderly", "disabled," or "family." Then apply the following deductions to these households regardless of the definition of "annual (gross) income" that was initially used to determine their eligibility. The deductions are:

   Elderly or disabled household deduction,
   Dependent deductions,
   Child care expenses deductions,
   Medical expenses deductions, and
   Disability assistance expenses deductions.

   Use the website to learn how each deduction is applied when calculating adjusted income.

7. Any rent changes must be in accordance with the terms of the SRO's rental agreement.

I. Rental agreement

1. The rental agreement with the tenant may not contain any of the prohibited terms listed in 24 CFR § 92.253.

2. If the rental agreement is for a term of less than 365 days:

a. The lessee and tenant must execute a separate written agreement in which the lessee and tenant acknowledge that the tenant is entitle to a 365-day term, but agrees to the shorter term; and

b. The separate written agreement must be placed in the tenant's file (Guide, page 104); and

c. The City must give its written approval of rental periods of less than 365 days (guide, page 101).

3. Termination of tenancy. A lessee may not terminate the tenancy or refuse to renew the lease of a tenant of rental housing assisted with HOME funds except for serious or repeated violation of the terms and conditions of the lease; for violation of applicable Federal, State, or local law; for completion of the tenancy period for transitional housing; or for other good cause. To terminate or refuse to renew tenancy, the lessee must serve written notice upon the tenant specifying the grounds for the action at least thirty (30) days before the termination of tenancy. (24 CFR § 92.253(c)).

4. The rental agreement must contain the provisions specific in the "Compliance in HOME Rental Projects: A Guide for Property Owners," "Attachment 4-1: Checklist of HOME Lease Requirements," page 109, including, but not limited to the provision that the "Owner retains right to recertify the tenant's HOME income-eligibility on an annual basis ..." (Guide, page 109).

J. Reports

1. The Lessee shall maintain and annually transmit to the monitoring agent a HOME Rental Project Compliance Report using an Excel spreadsheet. This report is attached to this Agreement as Attachment A. It should show all the tenants that the Property served over the Property's program year, not just those tenants that are currently occupying the units.

2. The Lessee shall complete and annually transmit to the monitoring agent HUD Form 27061, Race and Ethnicity reporting. Should a fair housing complaint ever arise, this form will enable an investigator to determine if there is or has been a pattern of discrimination.

3. The Lessee shall annually transmit to the City the results of any third party audit of the Property. If the audit does not break out the Property separately, the Lessee shall also transmit the Property's unaudited financial statements in addition to the audited statements. The financial statements should enable the monitoring agent to determine the amounts in the Property's reserve accounts.

4. The Lessee shall annually transmit to the City an annual program report in a form specified by the City.

5. The Lessee shall annually transmit to the City any other documents that are required by the agreements between the Lessee and the City, *e.g.*, insurance certificates.

K. Files and records

1. The Property's tenant or unit files should contain:

   a. Evidence that the unit was inspected in accordance with the City's building codes.

   b. Evidence that the incomes of each unit's successive tenants were calculated, certified, and annually recertified in accordance with the HOME regulation at 24 CFR § 92.203.

   c. Documentation as to each unit's rent.

   d. Copy of each client's rental agreement.

   e. Documentation that each client was certified as belonging to the Property's target group, *e.g.*, elderly persons, homeless persons.

   f. In a multi-funded project, a note whether this is a HOME unit. Each file should enable the reviewer to identify if the unit is currently a HOME unit and its past history as a HOME or non-HOME unit.

2. The Lessee should keep on file:

   a. Copies of any agreements with the City pertaining to the HOME assistance that the City provided to the Property.

   b. Evidence that the Property filed **Form HUD-935.2A** Affirmative Fair Housing Marketing Plan; and evidence that the plan was reviewed every five (5) years.

   c. Evidence of marketing and outreach to the Property's target groups.

   d. Copies of Form HUD 27061 Race and Ethnicity Reporting for each year.

   e. Records of the number of single-headed households and female-headed households for each year.

   f. Copy of the tenant selection policy and procedures, including policy and procedures for administering waitlists. These policies and procedures should meet the specifications of 24 CFR § 92.253(d).

   g. Copies of any brochures and handouts that the managing agent distributes to applicants. These materials should:

      i. Disclose and explain the HOME rules that directly affect the tenants.

ii. Display the fair housing logo.

h. Copies of the HOME Rental Project Compliance Report for each year.

i. Copies of any insurance certificates required by agreements between the lessee and the City.

j. A note as to any utility allowances and how there were determined.

k. Copies of any agreements between the City and the lessee.

L. Inspection Schedules (24 CFR § 92.504(d))

During the period of affordability, the City will perform on-site inspections of the Property to determine compliance with the above requirements no less than:

1. Every three (3) years for projects containing 1 to 4 units;

2. Every two (2) years for projects containing 5 to 25 units; and

3. Every year for projects containing 26 or more units.

HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)
HOME-Assisted Single Room Occupancy Management Agreement Management and Monitoring Requirements

Attachment A – HOME Monitoring Form
HOME Rental Project Compliance Report: Single Room Occupancy Project
Project Name:
Lessee Name:

Reporting Period: From: To:

Unit No	Allowable Maximum HOME Rent	Tenant Name	No. Persons In Hsehold	Tenant's Annual Gross Income	% of Honolulu Median Income	Date of Last Income Cert.	Lease Date	Actual Monthly Unit Rent	Utilities paid by Tenant	Allowable HOME rent + Utilities

By: _____ Its _____
Signed Name

_____ Date: _____
Printed Name

City Reviewer: _____ Date: _____

Exhibit C
Lessee HOME Training Certification

The Lessee certifies that all staff working on and/or touching any part of the Project have completed or, within thirty (30) days of joining the Project, will complete the following trainings and review the following items. It is recommended that each staff member should register with HUD to receive training credit or the Lessee should maintain certificates of completion.

1. **Compliance in HOME Rental Projects: A Guide for Property Owners**

https://www.hudexchange.info/resource/2395/compliance-in-home-rental-projects-a-guide-for-property-owners/

2. **Determining Income for HOME Program (2 hours)**

https://www.hudexchange.info/trainings/courses/determining-income-for-the-home-program-session-1/2532/

3. **Using the Income Calculator to Determine Annual Income (1 ½ hours)**

https://www.hudexchange.info/trainings/courses/using-the-income-calculator-to-determine-annual-income-webinar1/

4. **Using the Income Calculator for Rental & TBRA Programs (1 ½ hours)**

https://www.hudexchange.info/trainings/courses/using-the-income-calculator-for-rental-and-tbra-programs-webinar1/

5. **HOME Rental Compliance – Part 1 (2 hours)**

https://www.hudexchange.info/trainings/courses/home-rental-compliance-part-1/2543/

6. **Technical Guide for Determining Income and Allowances for the HOME Program**

https://www.hudexchange.info/resource/786/technical-guide-for-determining-income-and-allowances-for-the-home-program/

7. **Maintenance Notice** – CPD-16-02

https://www.hudexchange.info/resource/3197/guidance-categorizing-activity-as-maintenance-environmental-regulations-24-cfr-parts-50-and-58/

8. **Hawai'i Statewide Fair Housing Conference**

https://www8.honolulu.gov/dcs/fair-housing-conference/

9. **24 CFR Part 92**

https://www.ecfr.gov/current/title-24/subtitle-A/part-92?toc=1

By signing below, I _____, as an authorized representative of Lessee, certify and affirm that all requirements described above have been satisfied.

_____ _____

Signature Date

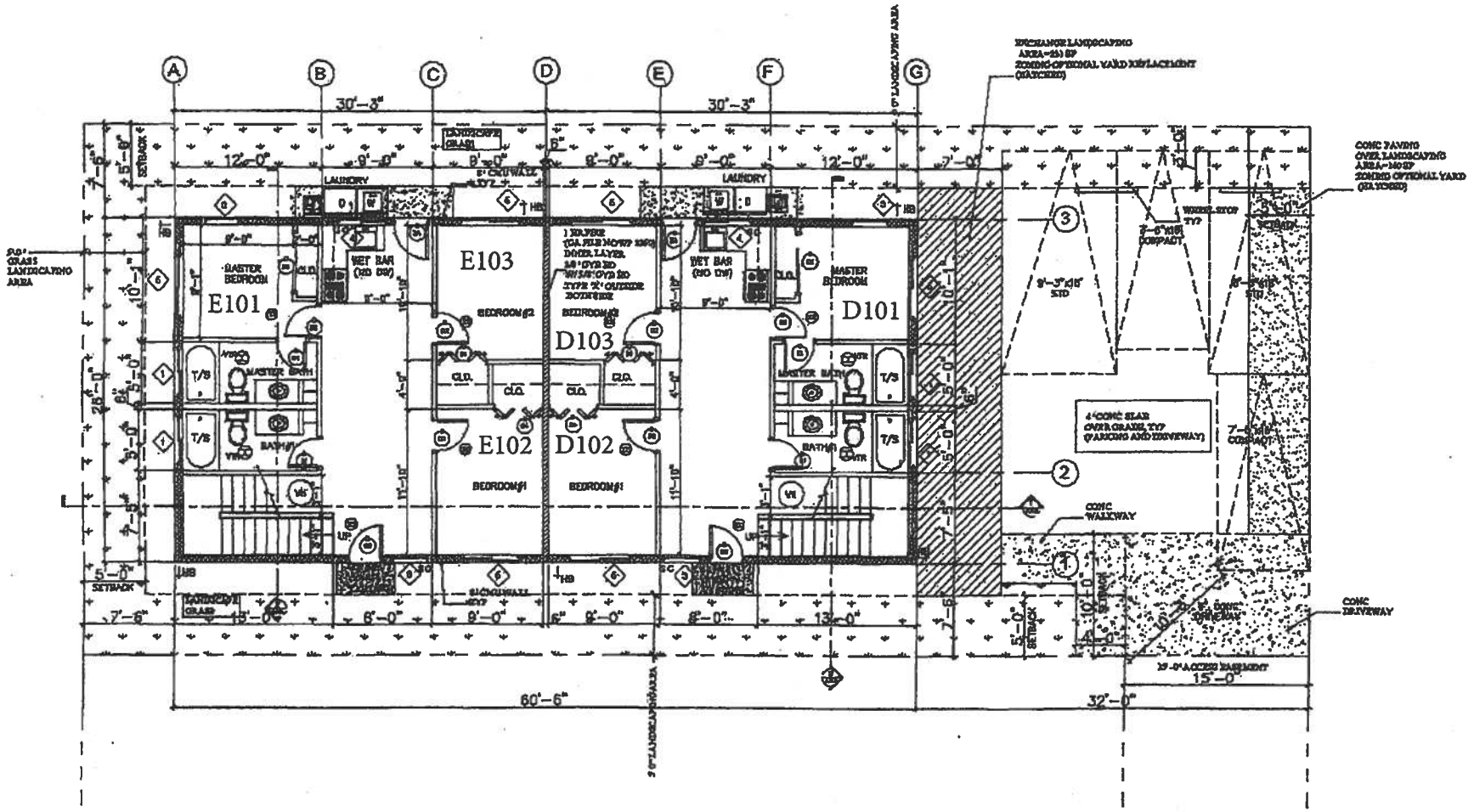
Name:

Title:

Organization:

Exhibit D

Floor Plans



1 FIRST FLOOR PLAN
A101
SCALE: 1/4" = 1'-0"

APPROVED

IMH ENGINEERING INC.

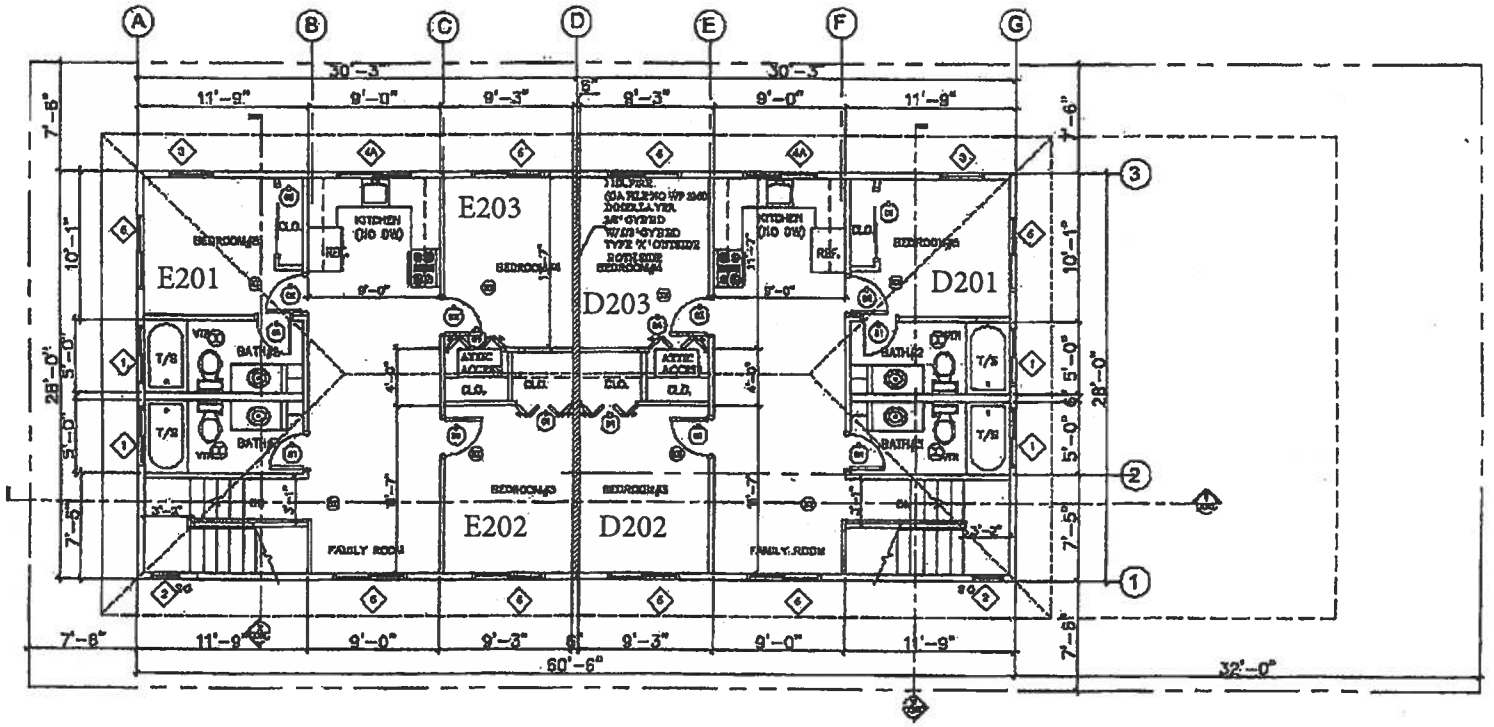
PROJECT: NEW TWO FAMILY DETACHED DWELLING for JENNY WONG
1531-D & 1531-E KEWALO STREET
HONOLULU, HAWAII
T.M.K.: 2-4-021:043

SHEET TITLE: FIRST FLOOR PLAN

SHEET No. A101

CITY AND COUNTY OF HONOLULU
DEPARTMENT OF PLANNING AND PERMITTING

APPROVED



1 SECOND FLOOR PLAN
A102
SCALE: 1/4" = 1'-0"

IMH ENGINEERING INC.
Consulting Structural Engineer Construction Management
1001 South King Street, Ste. 310 Honolulu, Hawaii 96814
Phone: (808) 591-8544 Fax: (808) 591-8550
E-Mail: imhengineering@hawaii.rr.com

NEW TWO FAMILY DETACHED DWELLING
for JENNY WONG
1631-D & 1631-E KEWALO STREET
HONOLULU, HAWAII
T.M.K.: 2-2-021:004

SECOND FLOOR PLAN

A102

Attachment B

CERTIFICATION FOR THE RECORD

The City and County of Honolulu's Department of Community Services, in accordance with Section 38-3.4 of the Revised Ordinances of Honolulu, as amended (ROH), certifies and attests to the following:

1) A public hearing was held on October 7, 2024, for the leasing of the following City-owned property for nominal rent:

   1531 D&E Kewalo Street, Honolulu, Hawai'i 96822
   Tax Map Key: (1) 2-4-021:043-0001 and -0002

2) There is a compelling public need for the housing to be provided;
3) A suitable and reasonably priced private facility is not available;
4) Catholic Charities Hawai'i has demonstrated financial need for the nominal lease rent; and
5) The proposed lease complies with the restrictions specified in ROH Section 38-4.2.

CERTIFIED:

Anton C. Krucky, Director
Department of Community Services

NOV 19 2024
Date

Report Title:
Special Needs Housing; Lease; City Property; Catholic Charities Hawai‘i; Catholic Charities Hawaii; Department of Community Services ("DCS"); Department of Budget and Fiscal Services ("BFS")

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.