



HONOLULU CITY COUNCIL
KE KANIHELA O KE KALANA O HONOLULU
CITY AND COUNTY OF HONOLULU

ORDINANCE _____
BILL **10 (2026)**

A BILL FOR AN ORDINANCE

RELATING TO LEASE AND RENTAL OF CITY REAL PROPERTY.

BE IT ORDAINED by the People of the City and County of Honolulu:

SECTION 1. Purpose. The purpose of this ordinance is to address the lease and rental of City and County of Honolulu real property.

SECTION 2. Section 38-1.3, Revised Ordinances of Honolulu 2021 ("Definitions"), is amended to read as follows:

1. By adding new definitions of "Affiliated Organization," "Child Care Operator," "Chinatown Special District," "Community Development," and "Economic Development" to be appropriately inserted and to read as follows:

"Affiliated Organization. Any individual, organization, or agency that operates to support any program performed or sponsored by the federal, State, or city government, as certified by the affiliated federal, State, or city government agency in a written determination."

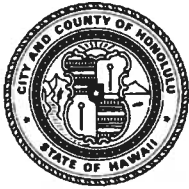
"Child Care Operator. Any individual, organization, or agency that operates a "child care facility," as that term is defined in HRS § 346-151."

"Chinatown Special District. The special district as described in § 21-9.60-2."

"Community Development. The process of improving social, physical, and environmental conditions of a community through coordinated efforts that enhance the well-being, stability, and sustainability of its residents, including initiatives that promote equitable access to essential services, infrastructure, and affordable and workforce housing."

"Economic Development. The creation of conditions for economic growth and improved quality of life by expanding the capacity of individuals, organizations, and communities to maximize the use of their talents and skills to support innovation, encourage the development and expressive display of the arts, lower transaction costs, and responsibly produce and trade valuable goods and services."

2. By amending the definition of "Nonprofit Organization" to read as follows:



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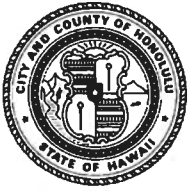
"Nonprofit Organization. An association, corporation, or other entity, organized and operated exclusively for religious, charitable, scientific, literary, cultural, educational, recreational, or other nonprofit purposes, no part of the assets, income, or earnings of which inures to the benefit of any individual or member thereof, and whose charter, articles, or other ~~[enabling act contains]~~ organizational documents contain a provision that, in the event of dissolution, the assets owned by such association, corporation, or other entity ~~[shall]~~ must be distributed to another association, corporation, or other entity organized and operated exclusively for nonprofit purposes, and which further qualifies for an exemption from the general excise tax provisions of HRS Chapter 237, ~~[as amended,]~~ and under § 501 of the Internal Revenue Code of 1954, as amended. ~~[Such]~~ The nonprofit organization ~~[must]~~ may not merely be a sponsor of the event, production, attraction, or activity being given, but must actively promote, produce, stage, or conduct ~~[such]~~ the event, production, attraction, or activity."

SECTION 3. Section 38-3.1, Revised Ordinances of Honolulu 2021, is amended to read as follows:

"§ 38-3.1 Bidding not required—Leased or rental property—Conditions.

The director of housing and land management may award contracts to lease or rent property on terms, conditions, and rentals approved by the corporation counsel as to form and legality without calling for public bids, when:

- (1) *Eminent domain.* Real property or improvements thereon, or both, have been acquired by the city by eminent domain proceedings, or by negotiated purchase or exchange in lieu thereof, and where immediate use of the property acquired is not necessary. In that case, the property shall be rented on a month-to-month tenancy for up to one year. Upon recommendation of the director~~[-]~~ of housing and land management, the council may, by resolution, annually approve successive continuations of a month-to-month tenancy, each for up to one year. If the director of housing and land management determines there to be extraordinary circumstances, the director of housing and land management may recommend, and the council may, by adoption of a single resolution, approve a continuation of a month-to-month tenancy for up to four years. Each month-to-month tenancy approved pursuant to this paragraph shall be revocable at the option of the city upon 30 days' written notice to vacate. In lieu of obtaining council approval under the previous terms of this subdivision (1), the director of housing and land management may



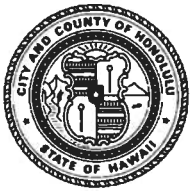
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lease or rent such property by public bidding for a period in excess of one year, pursuant to this chapter;

- (2) *Employee of the City and County of Honolulu or the State of Hawaii.* Real property and improvements thereon are leased or rented to employees of the city or the State. The property shall be leased or rented only under the following conditions:
 - (A) The party or parties to whom the property is leased or rented must be and continue to be an employee of the city or the State during the term of the demise; and
 - (B) The leasing or renting of the property to the employee must be related to the employee's employment;
- (3) *Thirty-day period or less.* Real property or improvements thereon, or both, are leased for a period not to exceed 30 days. No extension of such lease shall be permitted without calling for public bids;
- (4) *Tourist activities without charge.* Enterprises, shows, or activities presented without charge primarily for the promotion of the tourist industry in and for the city, regardless of which person, association, or company sponsors such enterprise, show, or activity; provided that such lessee or tenant does not sell merchandise on the premises, directly or indirectly, or engage in any business promotions or advertising, whether oral, by printed matter, signs, displays, or electronic devices;
- (5) *Neal S. Blaisdell Center or the Tom Moffatt Waikiki Shell.* The rental is for the use of facilities for the purpose of holding any event or attraction at the Neal S. Blaisdell Center or the Tom Moffatt Waikiki Shell in accordance with Articles 6 through 9;
- (6) *City employee organizations.* Real property or office spaces, or both, that are leased or rented to any federal credit union of city employees or employees of city affiliate groups or organizations;
- (7) *Eleemosynary corporations.* Real property or improvements thereon, or both, are leased or rented to any eleemosynary corporation, society, or organization formed for the prevention of cruelty to animals, and which is



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authorized and empowered by law to seize and impound stray dogs running at large;

- (8) *Government employment training programs.* Real property or improvements thereon, or both, are leased or rented to any nonprofit organization primarily engaged in employment training programs sponsored by the federal, State, or city government;
- (9) *Accessory uses.* Real property is leased or rented to contractors who are awarded city construction contracts for use as a field office and storage of equipment and supplies. Rental shall be at the fair market rental and shall be limited to the duration of the construction contract only;
- (10) *Governmental subdivisions.* Real property and improvements thereon are leased or rented for the use of any political or governmental subdivision of the federal, State, or ~~county~~ city governments;
- (11) *Private developer.* Real property and improvements thereon are leased or rented to a private developer as described in § 38-3.3;
- (12) *Housing and human services providers.* Real property or improvements thereon, or both, are leased to a provider of housing and human services as prescribed in § 38-3.4; ~~or~~
- (13) *Telecommunications facilities.* City property is leased for use as telecommunications facilities under Article 12~~[-];~~ or
- (14) *Nonprofit organizations and certain other organizations in the Chinatown special district.* Real property or improvements thereon, or both, leased to a nonprofit organization, affiliated organization, child care operator, or organization involved in community development or economic development in the Chinatown special district."

SECTION 4. Section 38-4.1, Revised Ordinances of Honolulu 2021, is amended to read as follows:



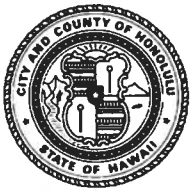
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"§ 38-4.1 Duration.

- (a) ~~[The term of any contract to lease or rent property of the city shall not exceed five years; provided that the]~~ Approval required. Except as otherwise provided in subsection (b), any contract to lease or rent property of the city must be submitted by the director of housing and land management to the council for approval by resolution. The council, by resolution, may authorize the leasing or renting of property within the Chinatown special district for a period longer than 10 years, and outside the Chinatown special district for a [longer] period [when deemed necessary in] longer than five years; provided the lease or rental serves the public interest and:
- (1) ~~[When the]~~ The lessee or tenant is required by the terms of the proposed contract to expend the sum of \$25,000 or more for capital assets, or to provide for the renovation or maintenance of any capital asset, or the lessee's or tenant's expenditure is equal to or in excess of the sum of \$25,000, as determined by the council. The term "capital asset" as used herein shall include not only the construction of improvements, but the installation of furniture and fixtures, the cost of which would be depreciable over the period of the concession or lease in excess of five years;
 - (2) ~~[When the]~~ The property is devoted to the training and education of handicapped or blind persons and by the terms of the proposed contract, the lessee or tenant is required to construct on such property any improvement, the estimated cost of which, including cost of labor and materials, is equal to, or in excess of, the sum of \$10,000, as determined by the council;
 - (3) ~~[When the]~~ The real property is leased or rented for the use of the State or federal government or any agency thereof or the board of water supply;
 - (4) ~~[When the]~~ The city enters into a development contract with a person for the development of the property and the construction of housing units of all kinds and types as permitted in the area where the property is situated, or any other type of structural development which may be beneficial to the city; ~~[or]~~
 - (5) ~~[When the]~~ The real property is leased to a housing or human services provider in accordance with § 38-3.4 and the city agency proposing the lease certifies that the longer term is necessary to secure noncity



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financing or to enable the transfer of the real property to a different housing or human services provider[-]; or

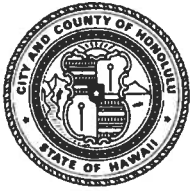
(6) The real property is located within the Chinatown special district, and is leased to a nonprofit organization, an affiliated organization, a child care operator, or an organization involved in community development or economic development.

(b) Approval not required. Council approval by resolution is not required for lease awards under the following circumstances:

(1) Real property in the Chinatown special district—nonprofit or activity-based and length of lease term exception. The tenant is a nonprofit organization, an affiliated organization, a child care operator, or an organization engaged in community development or economic development in the Chinatown special district; provided that the term of the lease does not exceed 10 years; or

(2) Government exception. The tenant is a political or governmental subdivision of the federal, State, or city governments; provided that this exception only applies to lease awards for real property located in the Chinatown special district."

SECTION 5. Ordinance material to be repealed is bracketed and stricken. New material is underscored. When revising, compiling, or printing this ordinance for inclusion in the Revised Ordinances of Honolulu, the Revisor of Ordinances need not include the brackets, the material that has been bracketed and stricken, or the underscoring.



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SECTION 6. This ordinance takes effect on July 1, 2026.

INTRODUCED BY:



DATE OF INTRODUCTION:

JAN 21 2026

Honolulu, Hawai'i

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel

APPROVED this _____ day of _____, 20 ____.

RICK BLANGIARDI, Mayor
City and County of Honolulu

Report Title:

Lease and Rental of City Real Property; Chapter 38 ("Lease and Rental of City Real Property, Including Fees"); Department of Housing and Land Management ("HLM"); Chinatown Special District

Description:

Amends ROH Chapter 38 to address the lease and rental of City real property within the Chinatown Special District. Takes effect on July 1, 2026.

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