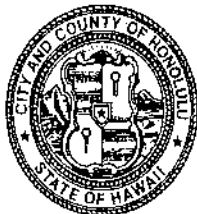

CITY RESIDENTIAL PROPERTIES

OAHU, HAWAII



CITY AND COUNTY OF HONOLULU

CITY PROPERTIES

| Property Name | Address | Studio | 1 Bdrm | 2 Bdrm | 3 Bdrm | 4 Bdrm | Pkg. | Comm. | Min. Upset Price |
|--|--|--------|------------|------------|-----------|-----------|--------------|---------------|----------------------|
| PROPERTIES FOR DISPOSITION | | | | | | | | | |
| CHINATOWN GATEWAY PLAZA TMK: 2-1-002:38 | 1031 Nuuanu Ave. Downtown | | 199 | | | | 275 | 21,339 | \$27,273,750 |
| HARBOR VILLAGE TMK: 1-7-002:27 | 901 River St. Chinatown | | 60 | 30 | | | 134 | 9,676 | \$13,954,500 |
| MARIN TOWER TMK: 1-7-002:04 | 60 No. Nimitz Highway Chinatown | | 108 | 109 | | | 414 | 13,681 | \$44,947,650 |
| MANOA GARDENS TMK: 2-9-36:24 | 2790 Kahaia Drive Manoa | | 17 | | | | 55 | | \$4,974,000 |
| WEST LOCH ELDERLY TMK: 9-1-122:003 | 91-1450 Renton Rd. to 91-1480 Renton Rd. Ewa | | 60 | | | | 49 | | \$19,498,500 |
| KULANA NANI APARTMENTS TMK: 4-6-31:15 | 46-229 Kahuhipa St. Kaneohe | | | 40 | 80 | | 192 | | \$10,400,000 |
| WESTLAKE APARTMENTS TMK: 1-1-060:08 | 3139 Ala Ilima St. Moanalua | | | 96 | | | 125 | | \$8,300,000 |
| FOSTER GARDENS COMH TMK: 1-7-006:012 | 1333 - 1347 River St. Chinatown 20 commercial spaces | | | | | | | 9,868 | \$2,352,500 |
| TOTAL | | | 446 | 291 | 83 | 43 | 1,271 | 64,182 | \$131,700,900 |

FUTURE SUBSEQUENT PROPERTY DISPOSITION

| | | | | | | | | | |
|--|------------------------------------|--|------------|------------|-----------|-----------|--------------|---------------|--|
| BACHELOR'S QUARTERS TMK: 9-1-101:73 | 91-1216 Renton Rd. Ewa Villages | | 2 | 8 | | | 10 | | |
| CHINATOWN MANOR TMK: 1-7-003:32 | 175 No. Hotel St. Chinatown | | 90 | | | | | 4,831 | |
| KANOA APARTMENTS TMK: 1-6-001:122 | 846 Kanoa St. Palama | | | 3 | 3 | | 17 | | |
| PAUAHI HALE TMK: 1-7-004:29 | 126 North Pauahi St. Chinatown | | 77 | | | | | | |
| WINSTON HALE TMK: 1-7-003:44 | 1055 River St. Chinatown | | 94 | | | | | 4,787 | |
| TOTAL | | | 395 | 291 | 83 | 43 | 1,271 | 64,182 | |
| 13 projects | | | | | | | | | |

Sale of City Housing Properties

March 10, 2004

Sale Objectives

- Provide home ownership opportunities for renters in the City's housing projects
- Reduce the City's outstanding housing debt and debt service
- Establish a Rent-to-Own Conversion Fund
- Increase the City's Special Reserve Fund

80% & below

General Sale Conditions

- Sold by Sealed Bid (HRS 37-1.6)
- Projects sold on an "As is" Basis
- \$85.8 million in Private Activity Bond allocation available to fund the sales
- Due Diligence – 90 days from award
- Closing – 120 days from date of award
- Closing – Bulk Condominium Property Regime Approval – 180 days from date of award

Property Disposition Schedule

- Sealed Bid Process:
 - Pre-Proposal Conference with prospective bidders
 - Inspection of the initial Properties
 - Notice of Intention to Bid and Application to Bid
 - Sealed Bid Deadline
 - Award to Successful Bidder(s)
- Execution of Real Estate Purchase and Sale Agreement(s) and Joint Escrow Instructions – within 30 days from the date of award
- Close of sale 120/180 days from date of award

Requested City Council Action

- Resolution No. 04-68 – To approve the sale of the initial projects for disposition
- Resolution No. 04-69 – To approve the sale of leasehold interests of the initial projects for disposition
- Bill 17- To establish the Rent-to-Own Conversion Fund
- Bill 18 – To abolish the Housing Development Special Fund

Initial Properties for Disposition

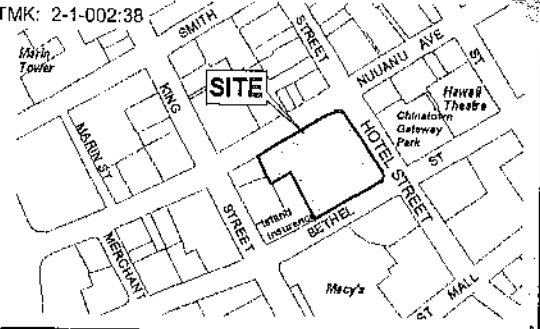
- Eight projects with 973 residential units
- Primarily City Housing Debt Financed
- Mixed Income Residential Units (Low/Moderate Gap and Market)
- High-rise Mixed Use Projects
- Sold on an individual Property Basis

Initial Properties for Disposition

| Property Name | Residential Units | Assessed Value | MIN. UPSET PRICE |
|-------------------------|-------------------|-------------------|----------------------|
| CHINATOWN GATEWAY PLAZA | 200 | 27,835,300 | \$27,273,750 |
| HARBOR VILLAGE | 90 | 18,620,200 | \$13,954,500 |
| MARIN TOWER | 236 | 10,288,500 | \$44,947,650 |
| MANOA GARDENS | 41 | 7,080,300 | \$4,974,000 |
| WEST LOCH ELDERLY | 150 | 1,439,000 | \$19,498,500 |
| KULANA NANI APARTMENTS | 160 | 20,925,700 | \$10,400,000 |
| WESTLAKE APARTMENTS | 95 | 7,074,900 | \$8,300,000 |
| FOSTER GARDENS | 0 | 2,352,500 | \$2,352,500 |
| TOTAL | 973 | 96,516,400 | \$131,700,900 |

Chinatown Gateway Plaza 1031 Nuuanu Avenue, Chinatown

TMK: 2-1-002:38



Chinatown Gateway Plaza

Land Area: 38,902 Square Feet
 Bldg: 27 Stories
 Residential: 199 one-bedroom units
 1 studio unit
 200 Total Units
 Commercial: 21,339 Square Feet
 Parking: 275 Stalls



Chinatown Gateway Plaza – Residential Rents

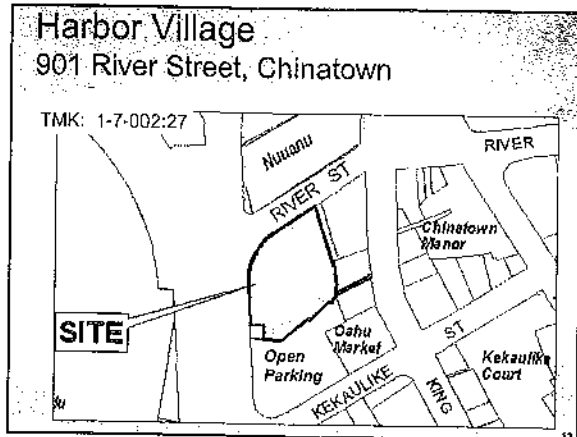
| Project Name | Unit Type | No. Units | Target Group (% of median income) | Actual Rent |
|-------------------------|-----------|-----------|-----------------------------------|-------------|
| Chinatown Gateway tower | 0-br | 1 | 60% | \$560 |
| Total: 200 res. units | 1-br | 39 | 60% | \$600 |
| | 1-br | 80 | 42% | \$725 |
| | 1-br | 80 | Market | \$775-\$850 |

Chinatown Gateway Plaza – Sales Terms and Conditions

- Minimum upset price: \$27,273,750
- Buyer to condominiumize entire property into 3 components:
 - Residential
 - Commercial
 - Parking
- City to retain commercial and parking areas
 - Operate the public parking facility at municipal rates
 - Maintain 1 parking stall per residential unit
- City to sell fee interest in residential units
- For a one year period, existing tenants may rent their units at current rents

Chinatown Gateway Plaza – Rent-to-Own Tenants

- 40 designated Low/Moderate income units
- 88 Low/Moderate income tenants renting units



Harbor Village

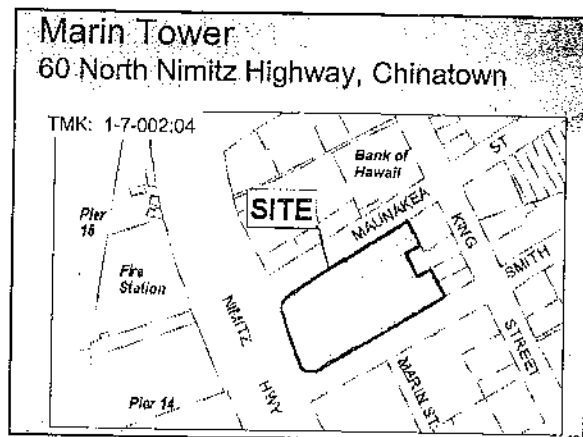
Land Area: 28,388 Square Feet
 Bldg: 8 Stories
 Residential: 60 one-bedroom units
 30 two-bedroom units
 90 Total Units
 Commercial: 9,676 Square Feet
 Parking: 134 Stalls

Harbor Village – Residential Rents

| Project Name | Unit Type | Unit No. | Target Group (% of median income) | Actual Rent |
|----------------------|-----------|----------|-----------------------------------|-------------|
| Harbor Village tower | 1-br | 30 | 50% | \$625 |
| Total: 90 res. units | 1-br | 12 | 120% | \$700 |
| | 1-br | 18 | Market | \$750 |
| | 2-br | 12 | 120% | \$850 |
| | 2-br | 18 | Market | \$950 |

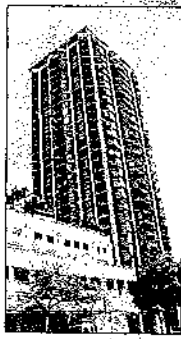
- ### Harbor Village – Sales Terms and Conditions
- Minimum upset price: \$13,954,500
- Condominiumize entire property into 3 components:
 - Residential
 - Commercial
 - Parking
 - City to retain parking and commercial areas
 - Operate the public parking facility at municipal rates
 - Maintain 1 parking stall per residential unit
 - City to sell fee interest in residential units
 - For a one year period, existing tenants may rent their units at the current rents

- ### Harbor Village – Rent-to-Own Tenants
- 30 designated Low/Moderate income units
 - 44 Low/Moderate income tenants renting units



Marin Tower

Land Area: 44,677 Square Feet
 Bldg: 28 Stories
 Residential: 19 studio
 108 one-bedroom units
 109 two-bedroom units
 236 Total Units
 Commercial: 13,681 Square Feet
 Parking: 414 Stalls



Marin Tower – Residential Rents

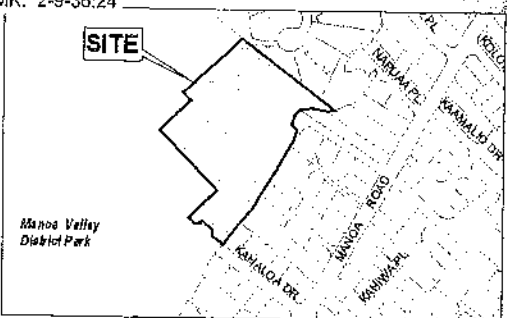
| Project Name | Unit Type | No. Units | Target Group (% of median income) | Actual Rent |
|-----------------------|-----------|-----------|-----------------------------------|--------------|
| Marin Tower | 0-br | 19 | 200% | \$550 |
| Total: 236 res. units | 1-br | 36 | 80% | \$650 |
| | 1-br | 36 | 120% | \$700 |
| | 1-br | 36 | Market | \$850-\$925 |
| | 2-br | 36 | 80% | \$750-\$800 |
| | 2-br | 36 | 120% | \$875 |
| | 2-br | 37 | Market | \$960-\$1085 |

- ### Marin Tower – Sales Terms and Conditions
- Minimum upset price: \$44,947,650
 - City to sell the entire property: residential, parking and commercial facilities, in fee.
 - Buyer to operate the public parking stalls at municipal rates for fifteen (15) years
 - For a one year period, existing tenants may rent their units at the existing rents

- ### Marin Tower – Rent-to-Own Tenants
- 91 designated Low/Moderate income units
 - 126 Low/Moderate income tenants renting units


Manoa Gardens Elderly

2790 Kahaioa Drive, Manoa
 TMK: 2-9-36:24



Manoa Gardens Elderly

Land Area: 4.168 Acres
 Bldg: 8 two-story buildings
 Total Residential Units: 80 units
 Leased to PHAC: 39 units
 City's Remaining Interests:
 24 studios
 17 one-bedroom units
 41 Total Units
 Commercial: None
 Parking: 55 Stalls



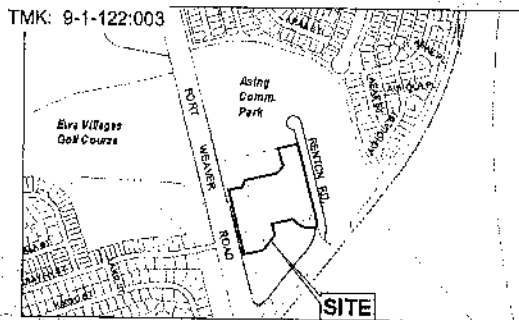
Manoa Gardens Elderly – Residential Rents

| Project Name | Unit Type | No. Units | Target Group (% of median income) | Actual Rent |
|----------------------|-----------|-----------|-----------------------------------|-------------|
| Manoa Gardens | 0-br | 6 | <20% | \$635 |
| Total: 41 res. units | 0-br | 19 | Market | \$675 |
| | 1-br | 3 | <120% | \$720 |
| | 1-br | 14 | Market | \$760 |

Manoa Gardens Elderly – Sales Terms and Conditions

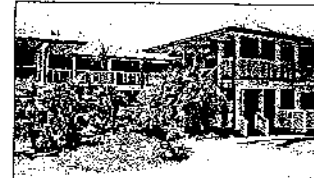
- Minimum upset price: \$4,974,000
- City to lease its interests in the remaining 41 residential units for a 65 year period
- Buyer required to rent the units to residents whose households include at least one person 62 years or older
- For a one year period, existing tenants may rent their units at current rents
- Thereafter, existing rents may not be increased at a rate greater than the rate of inflation the next 20 years

West Loch Elderly 91-1450 to 91-1480 Renton Road, Ewa



West Loch Elderly

Land Area: 6.607 Acres
 Bldg: 15 two-story buildings
 Residential: 90 studio units
 60 one-bedroom units
 150 Total Units
 Commercial: None
 Parking: 49 Stalls



West Loch Elderly – Residential Rents

| Project Name | Unit Type | No. Units | Target Group (% of median income) | Actual Rent |
|-----------------------|-----------|-----------|-----------------------------------|-------------|
| West Loch Elderly | 0-br | 30 | <60% | \$550 |
| Total: 150 res. units | 0-br | 60 | <60% | \$550 |
| | 1-br | 60 | <60% | \$675 |

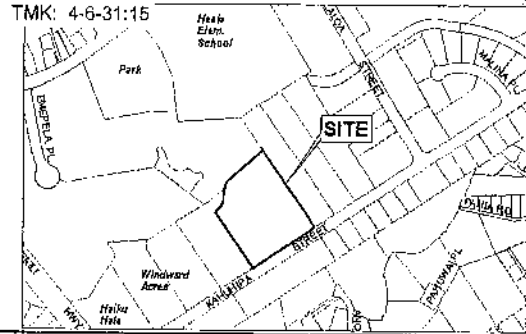
West Loch Elderly – Sales Terms and Conditions

- Minimum upset price: \$19,498,500
- City to sell the entire property in fee
- Buyer required to operate property under HOME rules to June 30, 2023
- Buyer required to rent the units to residents whose households include at least one person 62 years or older
- For a one year period, existing tenants may rent their units at current rents
- Thereafter, the existing rents may not be increased at a rate greater than the rate of inflation for the year until 2023.

West Loch Village – Rent-to-Own Tenants

- 150 designated Low/Moderate income units
- 147 Low/Moderate income tenants renting units

Kulana Nani Apartments 46-229 Kahuhipa Street, Kaneohe



Kulana Nani Apartments

Land Area: 185,966 Square Feet
 Bldg: 8 five-story buildings
 Residential: 40 two-bedroom units
 80 three-bedroom units
 40 four-bedroom units
160 Total Units
 Commercial: None
 Parking: 192 Stalls



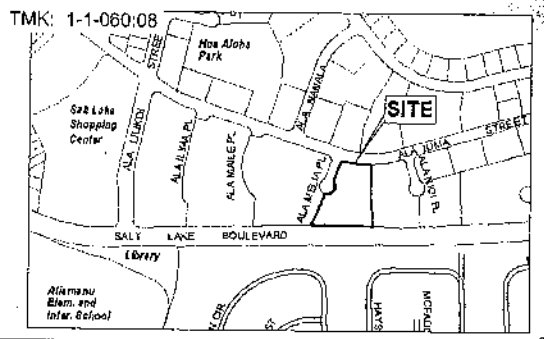
Kulana Nani Apartments – Residential Rents

| Project Name | Unit Type | Unit No. | Target Group (% of median income) | Actual Rent |
|---|-----------|----------|-----------------------------------|-------------|
| Kulana Nani Apartments Total: 160 res. units | 2-br | 8 | <50% | \$425 |
| | 3-br | 16 | <50% | \$460 |
| | 4-br | 8 | <50% | \$504 |
| | 2-br | 32 | <50% | \$540 |
| | 3-br | 64 | <50% | \$589 |
| | 4-br | 32 | <50% | \$621 |

Kulana Nani Apartments – Sales Terms and Conditions

- Minimum upset price: \$10,400,000
- City to sell and assign its leasehold interest in the property
- Buyer to assume the City's obligations under the FHA Section 236 Loan of \$2,032,045
- Buyer to honor tenant income and rent restrictions of the FHA loan
- Kamehameha Schools and HUD to consent to the sale
- City to complete current renovations
- Buyer to complete remaining renovations
- Buyer to operate Buildings D & H subject to HOME rules for 20 years
- Buyer to operate entire project subject to CDBG rules


Westlake Apartments 3139 Ala Ilima Street, Moanalua



*↓ Kulobalani -
HUD approval
necessary*

Westlake Apartments

Land Area: 77,620 Square Feet
 Bldg: 9 Stories
 Residential: 96 two-bedroom units
 Commercial: None
 Parking: 125 Stalls



Westlake Apartments - Residential Rents

| Project Name | Unit Type | No. Units | Target Group (% of median income) | Actual Rent |
|---------------------|-----------|-----------|-----------------------------------|-------------|
| Westlake Apartments | 2-br | 96 | <50% | \$685 |

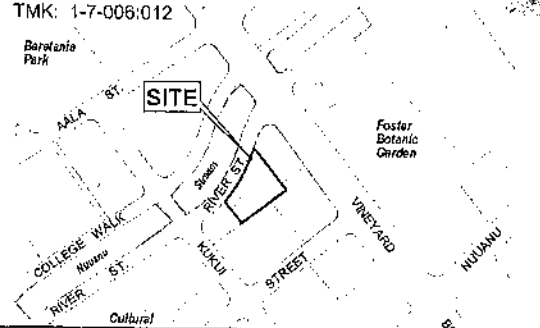
Westlake Apartments - Sales Terms and Conditions

- Minimum upset price: \$8,300,000
- City to sell the entire property in fee
- Buyer to assume City's obligations under FHA Section 221(d) loan of \$1,324,274
- Buyer to honor tenant income and rent restrictions for duration of FHA loan
- HUD approval required

Foster Gardens Commercial Property


1347 River Street, Chinatown

TMK: 1-7-006:012



Foster Gardens Commercial Property

Land Area: 26,925 Square Feet
 Bldg: 2 Stories
 First Floor: 5,168 Square Feet
 Second Floor: 5,066 Square Feet
 Parking: 30 Stalls



Foster Gardens Commercial Property - Commercial Rental Rates

| Project Name | Unit Type | No. Units | Target Group (% of median income) | Actual Rent |
|----------------------|----------------|-----------|-----------------------------------|-------------|
| Foster Gardens Comm. | 20 comm spaces | | | |

Foster Gardens Commercial – Sales Terms and Conditions

- Minimum upset price: \$2,352,500
- City to sell entire property in fee
- Sales proceeds considered to be CDBG program income

Subsequent Property Dispositions

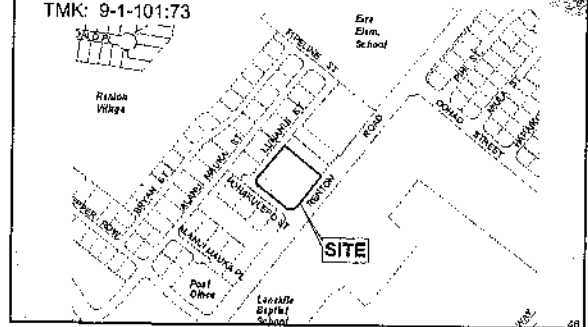
- Five projects with 285 residential units
- Federally Funded Projects
- Very Low-Income Housing
 - Single room occupancy
 - Studios

Subsequent Property Dispositions

| Property Name | Residential Units | Assessed Value | Estimated Upset Price |
|---------------------|-------------------|-------------------|-----------------------|
| BACHELOR'S QUARTERS | 10 | 344,200 | \$228,800 |
| CHINATOWN MANOR | 80 | 2,656,500 | \$8,200,000 |
| KANOA APARTMENTS | 14 | 2,111,800 | \$300,000 |
| PAUHI HALE | 77 | 1,575,100 | \$1,543,500 |
| WINSTON HALE | 94 | 4,407,100 | \$1,900,000 |
| TOTAL | 285 | 11,084,700 | \$10,170,400 |

Bachelor's Quarters 91-1216 Renton Road, Ewa

TMK: 9-1-101:73



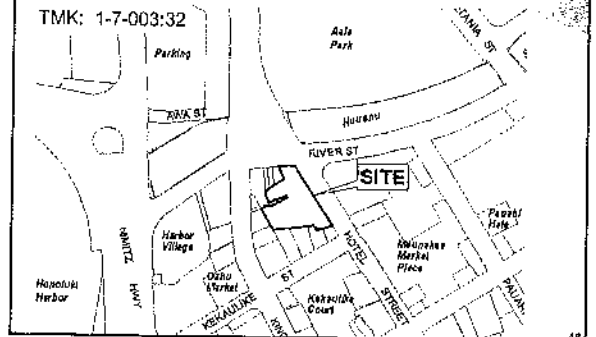
Bachelor's Quarters

Land Area: 45,027 Square Feet
 Residential: 2 one-bedroom units
 8 two-bedroom units
 10 Total Units
 Commercial: None
 Parking: 10 Stalls



Chinatown Manor 175 North Hotel Street, Chinatown

TMK: 1-7-003:32



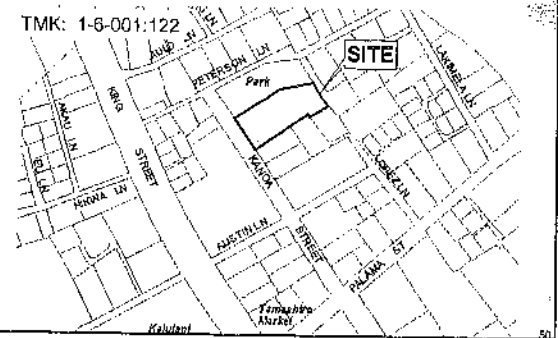
Chinatown Manor

Land Area: 19,946 Square Feet
 Bldg: 4 Stories
 Residential: 90 studio units
 Commercial: 4,831 Square Feet
 Parking: None



Kanoa Apartments 846 Kanoa Street, Palama

TMK: 1-6-001:122



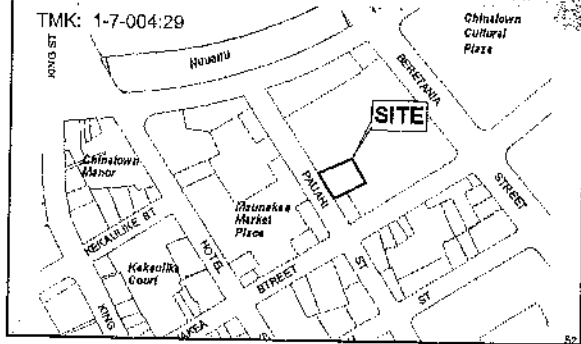
Kanoa Apartments

Land Area: 20,000 Square Feet
 Building #1: 2 Stories / 8 two-bedroom units
 Building #2: 4 Stories / 3 three-bedroom units
 3 four-bedroom units
 Commercial: None
 Parking: 17 Stalls



Pauahi Hale 126 North Pauahi Street, Chinatown

TMK: 1-7-004:29



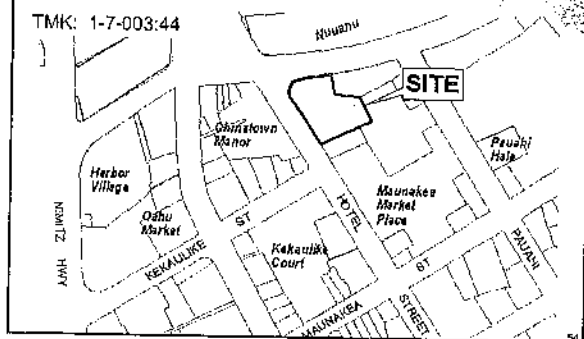
Pauahi Hale

Land Area: 6,467 Square Feet
 Bldg: 4 Stories
 Residential: 77 single room occupancy units
 Commercial: None
 Parking: None



Winston Hale 1055 River Street, Chinatown

TMK: 1-7-003:44



Winston Hale

Land Area: 16,740 Square Feet
Bldg: 4 Stories
Residential: 94 studio units
Commercial: 4,787 Square Feet
Parking: None



Rent-to-Own Conversion Fund Loan Program

Rent-to-Own Loan Program – Eligible Tenants (ET)

- Eligible Tenants (ET) whose incomes are less than 80% of the median household income on Oahu
- Rent a unit in one of the designated Rent to Own projects
- Not own a residential property within the last 3 years

Rent-to-Own Program – Number of Eligible Tenants

- 405 ET's currently renting a unit in one of the City's four designated Rent-to-Own projects
- Designated Rent-to-Own Projects:
 - Chinatown Gateway
 - Harbor Village
 - Marin Tower
 - West Loch Village

Rent-to-Own Program - Requirements

- ET's have one year from the date of offer to purchase their occupied unit
- First priority of loan funds to ET's buying a unit they are currently occupying in the project
- Second priority of loan funds to ET's buying a unit they are not occupying in the project
- ET to occupy the purchased unit as principal residence for 5 years

Rent-to-Own Program – CDBG Loan Terms

- Based on the City's Downpayment Loan Program
- Mortgage payments not to exceed current rent amount, adjusted for inflation
- No down payment required
- Loan Terms
 - 30 years term
 - 0% interest rate
 - Amortization adjusted by rent amount

Rent-to-Own Program – Loan Conditions

- Loan may be prepaid without penalty
- Loan repayable in full upon sale or transfer of the unit
- If the unit sold within 5 years, all equity to be returned to the Loan Fund

Rent-to-Own Program – Illustrated Example

- One Bedroom Unit
- Sales Price - \$194,250
- Midterm Monthly Rent - \$735*
- Annual Income (Family of 2) - \$42,050
- Loan Amounts:
 - Conv. Loan \$77,700
 - CDBG Loan \$116,550
 - Total Loan \$194,250
- Monthly Payments:
 - Conv. Loan \$465
 - CDBG Loan \$140
 - Tax & Maint. \$130
 - Total Pmt. \$735

* Adjusted for inflation

Total Sale Proceeds

| Project Name | Proposed Unit Price | Outstanding Debt | Net City Funds | CDBG Program Income |
|--|----------------------|----------------------|---------------------|---------------------|
| PROPERTIES FOR DISPOSITION | | | | |
| Chinatown Gateway | \$27,273,750 | | | |
| Harbor Village | 13,954,500 | | | |
| Main Tower | 41,947,050 | | | |
| Museo Gardens | 4,374,000 | | | |
| West Loch Village | 19,468,500 | | | |
| Kuaoa Nord Apartments | 10,440,000 | | | 7,800,000 |
| Westside Apartments | 3,390,000 | | | 4,365,000 |
| Porter Gardens Comm | 2,352,000 | | | 2,302,900 |
| FUTURE SUBSEQUENT PROPERTY DISPOSITIONS | | | | |
| Bachelors Quarters | 226,000 | | | 238,000 |
| Chinatown Manor | 6,200,000 | | | 6,200,000 |
| Kaneo Apartments | 360,000 | | | 300,000 |
| Papaiki Hale | 1,640,000 | | | 1,245,000 |
| Winston Hale | 1,500,000 | | | 1,900,000 |
| Housing Development Fund Balance | 24,662,713 | | | |
| Priv: Area A Sales Proceeds - \$1,000,000 | | | | |
| Area H Sales Proceeds - \$1,000,000 | 7,300,000 | | | |
| Net Gain (Loss) | \$173,834,013 | \$119,690,003 | \$32,319,810 | \$24,887,900 |

Use of Sale Proceeds

- Lower the City's overall debt by \$116.6 million
- Reduce the City's debt service
- Increase the City's Special Reserve Fund by \$32.3 million
- Establish a Rent-to-Own Conversion Fund
- Enable home ownership through the Rent-to-Own Conversion Fund program

