

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

July 13, 2012

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

PSF No.: GLS-5151

HAWAII

Reconsideration of Rent for General Lease No. S-5151, Louis Paulo Sr., Lessee, Phase II, Milolii-Hoopuloa Residential Lease, for Residential Purposes at Milolii and Hoopuloa, South Kona, Hawaii, Tax Map Key: (3) 8-9-014: 012.

APPLICANT:

Louis Paulo Sr., married, sole proprietor, husband of Mona K. Paulo, Tenant in Severalty.

LEGAL REFERENCE:

Act 62, Session Laws of Hawaii 1982, as amended by Act 83, Session Laws of Hawaii 1984, and Chapter 171, Hawaii Revised Statutes.

LOCATION:

Portion of Government lands of Milolii-Hoopuloa Houselots, Lot 12, Phase II, situated at Milolii and Hoopuloa, South Kona, Hawaii, identified by Tax Map Key: (3) 8-9-014: 012, as shown on the attached map labeled Exhibit A.

AREA:

0.4287 acres, or 18,674 square feet, more or less.

ZONING:

State Land Use District: Conservation (Milolii Village Special Subzone)
County of Hawaii CZO: Open

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution:

YES ____ NO x

CURRENT USE STATUS:

Encumbered under General Lease No. S-5151, Louis Paulo Sr., for residential purposes.

CHARACTER OF USE:

Residential purposes as the lessee's principal domicile purposes.

LEASE TERM:

Sixty-five (65) years, commencing on December 31, 1986 and expiring on December 30, 2051. Last rental reopening was on December 31, 2011. Next rental reopening is scheduled for December 31, 2021.

ANNUAL RENTAL:

Current:

\$132.00 per annum, payable in advance, in semi annual installments of \$66.00, due on the 1st of January and July of each and every year.

Proposed:

Increase rent to \$480.00 per annum (Minimum Rent Policy for New Dispositions, May 13, 2005), payable in advance, in semi annual installments of \$240.00, due on the 1st of January and July of each and every year.

METHOD OF PAYMENT:

Semi-annual payments, in advance.

RENTAL REOPENINGS:

At the 25th and 45th years of the lease term, by staff or independent appraisal.

PERFORMANCE BOND:

Not applicable.

DCCA VERIFICATION:

Not applicable. Applicant as individual is not required to register with DCCA.

REMARKS:

At its meeting of January 13, 2012, under agenda D-12, the Land Board approved the reconsideration of rent for its eleven (11) Phase I State residential leases, using its current minimum rent policy of \$480 per year.

At its meeting of March 23, 2012, agenda item D-3, the Land Board approved the reconsideration of rent for the twenty-two (22) State residential leases of Phase II to be \$480 per annum.

Although the Land Board could establish a higher rent for its Milolii State residential leases, the Land Board decided to exercise its current minimum rent policy, which was established to cover the administrative cost in managing a lease on an annual basis at \$480 per year or \$40 per month.

In processing the rental reopening for the Phase II leases, it was brought to staff's attention that the prior Board action of March 23, 2012, Item D-3, inadvertently omitted a lease from its list of Phase II leases for rental reconsideration. The lease that was unintentionally omitted was General Lease No. S-5151, Louis Paulo Sr., Lessee, which is further identified as Tax Map Key: (3) 8-9-014:012.

As a result, staff would like to now recommend that the Land Board approve the reconsideration of rent for General Lease No. S-5151 to be \$480 per annum, which is a rental rate consistent with the other twenty-two Phase II residential leases.

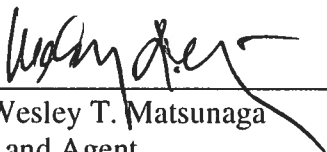
No government agencies or community interest groups were solicited for comments, as there will be no new dispositions or change in land use.

RECOMMENDATION:

- A. That the Board approve the rental-reopening rate for General Lease No. S-5151, Louis Paulo Sr., Lessee, identified as Tax Map Key: (3) 8-9-014:012 to be:
 1. \$480 per year, in advance, in semi-annual installments of \$240, due on the First of January and July of each and every year;

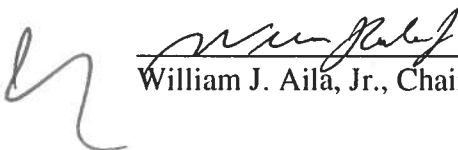
2. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interest of the State.

Respectfully Submitted,



Wesley T. Matsunaga
Land Agent

APPROVED FOR SUBMITTAL:



William J. Aila, Jr., Chairperson

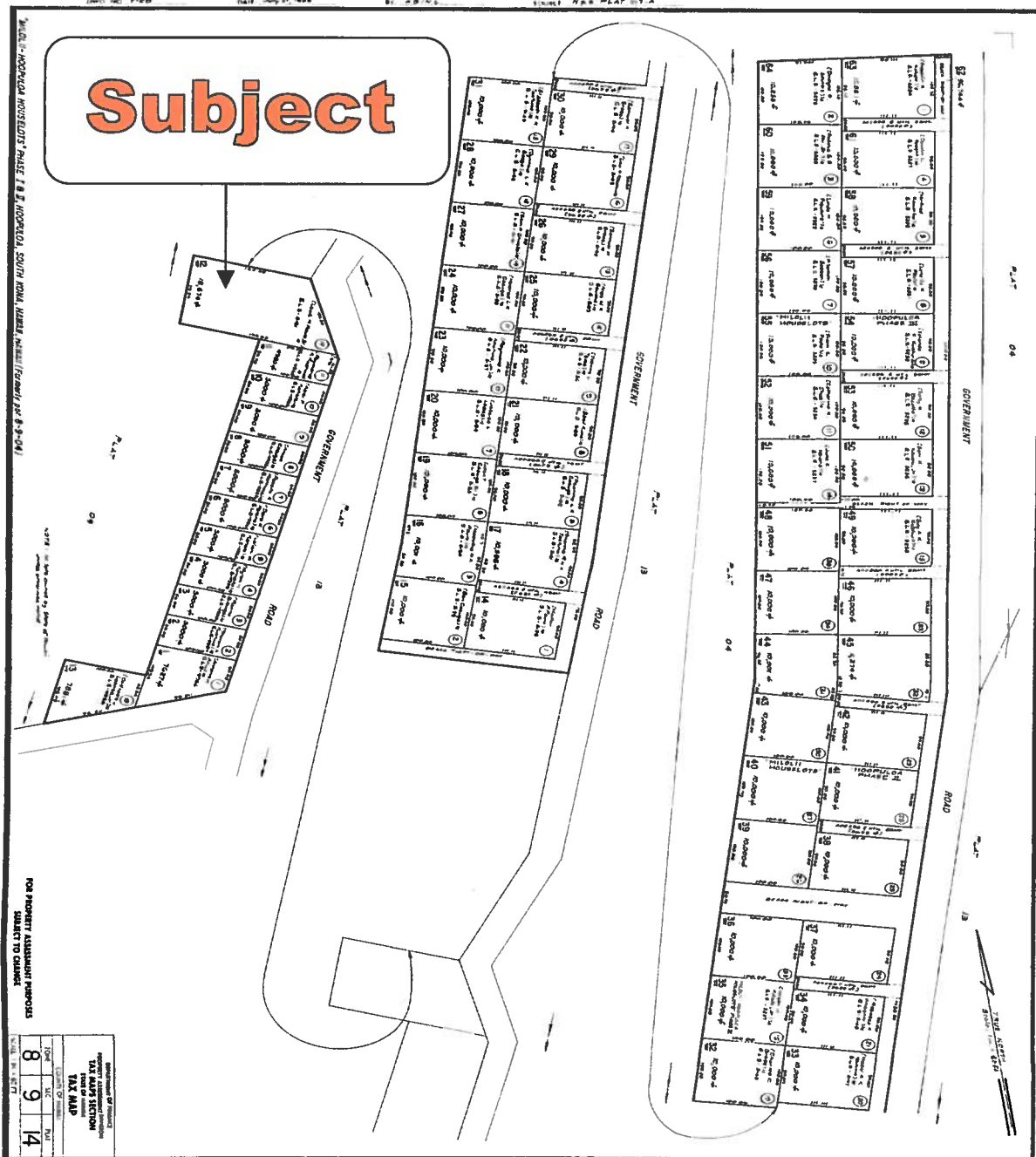


EXHIBIT A