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LAND USE COMMISSION  
STATE OF HAWAII  
2003 JAN 22 A 11:12

Attorney for Petitioner

BEFORE THE LAND USE COMMISSION

STATE OF HAWAII

In the Matter of the	)	DOCKET NO. A81-525
Petition of	)	
Y-0 LIMITED PARTNERSHIP	)	PROGRESS REPORT;
	)	CERTIFICATE OF SERVICE
To Amend the District	)	
Boundary of Property	)	
Situated in the Land	)	
Divisions of Kaloko and	)	
Kohanaiki, North Kona,	)	
Island of Hawaii.	)	
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PROGRESS REPORT

Petitioner Y-0 LIMITED PARTNERSHIP ("Y-0"), by and through its undersigned attorney, submits this report to the Land Use Commission ("LUC") on the progress and status of its efforts toward satisfying the conditions imposed on the reclassification and incremental districting of the subject property. This report covers the period from January 2002 through December 2002.

I.

Project Status

The revised construction plans for the roadways and drainage system within Y-0's residential subdivision project have been approved by the County Planning Department and all other required agencies.

As noted in prior annual reports, Y-O has not yet commenced construction of the subdivision infrastructure for the reason that funding for construction has not been available to its general partner, Yanase & Co., Ltd., a Japan corporation, which has been financially impacted by the extended stagnation of the Japanese economy. In addition, the Big Island economy most likely could not presently absorb the large number of lots that will be available when the subdivision is completed. At present, there is no date by which construction is anticipated to commence.

In June 2002, Y-O made the annual water commitment deposit payment of \$225,000.00 for the 1,500 water commitments needed for the Y-O project. The County of Hawaii Department of Water Supply has extended the 1,500 water commitments through June 30, 2003.

In August 2002, Y-O met with Anthony Ching, Executive Officer, and Russell Kumabe, Staff Planner, Land Use Commission, to discuss the status of the Y-O project and the filing of a motion for extension of time to apply for redistricting of Phase II of the project.

In August 2002, Y-O also met with Edwin Taira, Director, County of Hawaii Office of Housing and Community Development, to continue discussions regarding satisfaction of the affordable housing conditions contained in the LUC Decision and Order and the County zoning ordinance. The possibility of

alternative methods to satisfy the affordable housing conditions was discussed.

II.

Extension to Apply for Redistricting of Phase II

On September 17, 2002, Y-0 filed a motion with the LUC for a fourth extension of time to apply for redistricting of Phase II of the Y-0 project. The LUC granted the motion by Order Granting Petitioner's Motion for Fourth Extension of Time to Apply for Redistricting of Phase II, filed December 5, 2002. The order allows Y-0 until January 20, 2013 to substantially complete the infrastructure for Phase I and to apply for redistricting of Phase II.

III.

Compliance with LUC Conditions

The LUC's Order Granting Motion for Second Extension of Time to Apply for Redistricting of Phase II and Amending Conditions of the Decision and Orders Dated January 20, 1983 and June 13, 1990, which was filed on November 17, 1992, requires Y-0 to comply with seven conditions, designated as conditions 1 through 7.

Condition 1.

Condition 1 states:

1. Petitioner shall provide housing opportunities for low and moderate income residents by offering for sale, on a preferential basis, on its own or in cooperation with both the Housing Finance and Development Corporation and the County of Hawaii, ten per cent (10%) of the lots or houses

and lots to be developed on the subject property, to residents of the State of Hawaii of low and moderate family income as determined by the Housing Finance and Development Corporation and County of Hawaii from time to time. The preferential lots or houses and lots shall be offered for sale at prices not exceeding prices that enable such purchasers to qualify for and obtain state-assisted financing (e.g., Hula Mae) or federally-insured or assisted financing (e.g., FHA Section 245 Program) intended to encourage home ownership by low and moderate income families.

Y-0 has had discussions with the County office of Housing and Community Development on satisfying the affordable housing condition, most recently in August 2002. Y-0 expects that discussions with the County OHCD will continue in the future. At the appropriate time, Y-0 will also discuss satisfaction of the affordable housing condition with the Housing Finance and Development Corporation.

Condition 2.

Condition 2 states:

2. Petitioner shall afford lot purchasers public access from the subject property to Queen Kaahumanu Highway and to Mamalahoa Highway by participating in the construction of a roadway connecting the two highways and running through the subject property, the location and standard of design and construction of such roadway to be approved and accepted by the County of Hawaii. The Petitioner shall be responsible for constructing such portions of the roadway within the subject property. The Petitioner's participation for the portions of the roadway outside the subject property may be by way of loans, loan guaranties, purchase of County obligations or otherwise.

Construction of the portion of the mauka-makai roadway, street lighting system and water transmission lines through the Y-0 property has been completed. Y-0 has subdivided the roadway

from the rest of its property and has dedicated the road, street lighting system and water transmission system to the County. Construction of the portion of the mauka-makai roadway outside the Y-0 property has also been completed and dedicated to the County. The entire length of the mauka-makai roadway, from Queen Kaahumanu Highway to Mamalahoa Highway, is open to public use. Construction of the channelized intersection at Mamalahoa Highway and Hina Lani Street has been completed and approved by the State Highways Division.

Condition 3.

Condition 3 states:

3. Petitioner shall dedicate to appropriate State and County agencies sufficient land for the provision of necessary public facilities.

A condition similar to Condition 3 is included in the County rezoning ordinance. In accordance with these conditions, Y-0's subdivision plans include sites for reservoir and park use. These sites will be dedicated to the appropriate agencies once subdivision approval has been obtained and the agencies request dedication. As noted above, Y-0 dedicated a water reservoir site to the County Department of Water Supply in 2001.

Condition 4.

Condition 4 states:

4. Petitioner shall submit annual progress reports to the Commission, Office of State Planning and Hawaii County Planning Department as to its progress in satisfying these conditions.

This report is being submitted to the LUC, the Office of State Planning and the Hawaii County Planning Department.

Condition 5.

Condition 5 states:

5. These conditions may be fully or partially released by the Commission as to all or any portion of the subject properties upon timely motion and provision of adequate assurance of satisfaction of these conditions by the Petitioner.

To date, Y-0 has not requested the release of any of the LUC conditions.

Condition 6.

Condition 6 states:

6. Petitioner shall develop the Property in substantial compliance with the representations made to the Commission. Failure to so develop the Property may result in reversion of the Property to its former classification, or change to a more appropriate classification.

Y-0 intends to develop the Property in substantial compliance with representations made to the LUC.

Condition 7.

Condition 7 states:

7. Petitioner shall give notice to the Commission of any intent to sell, lease, assign, place in trust, or otherwise voluntarily alter the ownership interests in the Property, prior to development of the Property.

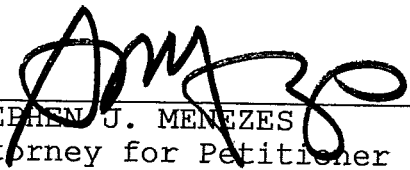
Y-0 intends to comply with this condition in the event of the voluntary alteration of the ownership interests in the property.

IV.

Conclusion

Y-0 has satisfied LUC condition #2 and will satisfy LUC conditions #1 and #3 as it develops its subdivision project. With respect to condition #3, in 2001 Y-0 dedicated a parcel to the County Department of Water Supply for use as a reservoir site. Y-0 intends to timely comply with the remaining LUC conditions.

Dated: Hilo, Hawaii, January 21, 2003.

  
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STEPHEN J. MENEZES  
Attorney for Petitioner  
Y-0 Limited Partnership

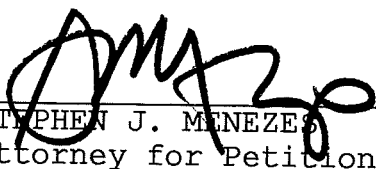
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing Progress Report was duly served upon the following parties at their respective addresses, by mailing the same at the United States Post Office, first class mail, postage prepaid, at Hilo, Hawaii, on January 21, 2003.

Office of Planning  
415 South Beretania Street  
Honolulu, HI 96813

Chris Yuen  
Planning Director  
Hawaii County Planning Department  
25 Aupuni Street  
Hilo, HI 96720

Dated: Hilo, Hawaii, January 21, 2003.

  
STEPHEN J. MENEZES  
Attorney for Petitioner  
Y-O Limited Partnership