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BEN HENDERSON  
DEPUTY TO THE CHAIRMAN  
KAILANA H. PARK  
EXECUTIVE ASSISTANT

STATE OF HAWAII  
DEPARTMENT OF HAWAIIAN HOME LANDS

P.O. BOX 1879  
HONOLULU, HAWAII 96805

February 23, 2006

To: Anthony J. H. Ching, Executive Officer  
Land Use Commission  
From: *Ben Henderson*  
Micah A. Kane, Chairman  
Hawaiian Homes Commission

Subject: Department of Hawaiian Home Lands, 2005 Annual Report  
LUC Docket No. A90-660, Villages of Laiopua, Hawaii

Pursuant to the Land Use Commission's (LUC) Order in Docket No. A90-660, transmitted is the Department of Hawaiian Home Lands' (DHHL) 2005 annual report on the status of the Villages of Laiopua development and our progress in complying with conditions imposed by the LUC.

Land Use Commission Action:

Reclassification of approximately 727 acres from Agricultural District and Conservation District into Urban District, situated at Kealakehe, North Kona, Island and County of Hawaii, State of Hawaii, identified as Hawaii Tax Map Key: 7-4-8; portion of 17, now known as Tax Map Keys: 7-4-20: 01 to 07; 7-4-21: 01 to 19, for the development of Villages of Laiopua was approved by LUC on December 18, 1990.

Project Status:

HCDCH is the master developer of the Villages of Laiopua (VOLA) project in Kealakehe, Hawaii. A copy of the VOLA site map is attached to this annual report for reference.

Pursuant to Act 95, Session Laws of Hawaii (SLH) 1996, DLNR transferred the 51-acre Village 3 property to the DHHL by Land Patent Grant No. S-15,900 dated May 12, 1997. DHHL commenced construction in 1998 and completed the development of 225 single-family homes for qualified native Hawaiians in the fall of year 2000.

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On September 18, 1998 and July 9, 1999, HCDCH consented to the transfer of Village 4 from DLNR to DHHL. Village 4 was transferred to DHHL by Land Patent Grant No. S-15,939 dated December 1, 2000 pursuant to Village 4 Transfer Agreement dated April 20, 2000.

On July 20, 2004, the Hawaiian Homes Commission approved the transfer of development rights to DHHL. On August 27, 2004, the Board of Land and Natural Resources (BLNR) approved the transfer of the undeveloped lands at the VOLA, except Villages 9 and 10, to DHHL. A transfer agreement identifying all terms and conditions of the sale was executed by DLNR, DHHL and HCDCH on December 30, 2004. In the transfer agreement, DHHL is required to comply with all conditions of the LUC Decision and Order in Docket No. A90-660 and continue with the annual reporting requirements to the LUC for the VOLA project.

#### Land Use Conditions

The following is a progress report on conditions for the VOLA development on DHHL land, Villages 4 and 5. The remaining villages that are in the process of being transferred to DHHL are undeveloped at this time.

Condition No. 1: Petitioner shall provide housing opportunities for low and moderate income Hawaii residents by offering for sale or rent on a preferential basis a number of residential units equal to sixty (60) percent of the residential units to be developed on the property to residents of the State of Hawaii with incomes up to 120 percent of the median family income for the County of Hawaii as determined by the U.S. Department of Housing and Urban Development (HUD), based on family size and a number of residential units equal to forty (40) percent of the residential units to be developed on the property to residents of the State of Hawaii with incomes greater than 120 percent of the median income for the County of Hawaii.

*Status: On August 21 2000, and prior to the transfer to DHHL, Act 100 8LH 2001 was enacted which waived, for undeveloped lands at VOLA, the affordable housing requirement of 60% of the units to families up to 120% of the HUD median income for the County imposed by Act*

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15 8LH 1988, to a requirement established by agreement between HCDCH and the County.

Two hundred twenty-five single-family homes were completed in Village 3 by DHHL in the fall of 2000. Approximately 83% of the homes in DHHL's Village 3 development were sold to families with incomes at 120% or below the HUD area median income.

Villages 4 and 5 are undivided interest lots for qualified native Hawaiian beneficiaries and subject to the Hawaiian Homes Commission Act (HHCA), as amended.

Condition No. 2: Petitioner shall design and construct all structures and buildings in compliance with County, State, and Federal codes and standards.

*Status:* DHHL will design and construct all structures and buildings in Villages 4 and 5 to comply with the County, State, and Federal codes and standards including the Planned Unit Development No. 05-000003 which was approved on August 11, 2005.

Condition No. 3: Petitioner shall submit to the County Department of Public Works (DPW), all master plans for roadways, water, wastewater, drainage, and utilities for review prior to submittal of the individual construction plans for the various villages and non-residential uses.

*Status:* All master plans for roadways, water, wastewater, drainage, and utilities will be submitted to the DPW for review and approval.

Condition No. 4: Petitioner shall coordinate with the DLNR, DHHL, and the Office of Hawaiian Affairs (OHA) to address the issue of ceded lands.

*Status:* OHA, DLNR, and HCDCH agreed that transferring the undeveloped parcels at VOLA to DHHL would address the issue of ceded lands concerns by each party.

Condition No. 5: There shall be no occupancy of any structures on the property until a permanent solution to the smoke, fumes,

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and other health hazards associated with the Kealakehe landfill is in place.

*Status: Prior to the transfer to DHHL, the Kealakehe landfill was closed, and a system of berms and gas exhaust measures have been installed pursuant to an approved closure plan.*

Condition No. 6: Petitioner shall disclose in its deeds to all initial purchasers of residential units on the property the possible odor, air, noise, and dust pollution resulting from the Kealakehe landfill, and from Queen Kaahumanu Highway, Kealakehe Parkway, Palani Road, and any other roadways which are within or adjacent to the site.

*Status: DHHL will disclose in its lease to its beneficiaries the possible odor, air, noise, and dust pollution resulting from the Kealakehe landfill, and from Queen Kaahumanu Highway, Kealakehe Parkway, Palani Road, and any other roadways which are within or adjacent to the site.*

Condition No. 7: In residential areas, Petitioner shall be responsible for implementing sound attenuation measures to reduce vehicular traffic noise levels in the petition area, including along Kealakehe Parkway, Palani Road, and other roadways, to levels acceptable to the State Department of Health (DOH) and DOT.

*Status: Noise attenuating improvements will be incorporated to levels acceptable to the DOH and DOT.*

Condition No. 8: Petitioner shall participate in an air quality monitoring program as specified by DOH.

*Status: DHHL supports participation in air quality monitoring program as specified by the DOH.*

Condition No. 9: Petitioner shall implement effective soil erosion and dust control measures during all phases of the development.

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*Status: Dust and erosion control measures will be employed as required by law during construction.*

Condition No.10: Petitioner shall coordinate with the County of Hawaii, DLNR, other appropriate landowners, and/or other Federal, State, or County agencies regarding measures designed to obtain the required water for the project. Petitioner shall provide the necessary water source, storage, and transmission facilities to service the proposed project.

*Status: DHHL is coordinating with DLNR and the DWS to provide necessary water for this project.*

Condition No. 11: Petitioner shall connect the wastewater system for the proposed development on the property to the Kealahou Wastewater Treatment Plant. Construction of the structures within the property shall not commence until the Petitioner has obtained assurances from the County of Hawaii that capacity at this plant and the effluent disposal system has been reserved for the property; provided that, if the capacity at the Kealahou Wastewater Treatment Plant and effluent disposal system is not sufficient for the proposed development on the property, Petitioner may utilize other alternatives acceptable to DOH.

*Status: A Wastewater Treatment Facilities Agreement with the County was executed on March 19, 1992, and HCDCH contributed \$5.1 million for assurance of sufficient sewer treatment capacity to service the project. These sewage credits were transferred to DHHL in the transfer agreement. Sewer lines to connect to the County plant were constructed as part of the Phase 2-A backbone infrastructure program. HCDCH advanced more than \$741,000 to construct sewer lines across the proposed golf course. DHHL will connect the proposed homes to the wastewater treatment facilities.*

Condition No. 12: Petitioner shall participate in the funding and construction of transportation improvements at project access points as identified and deemed necessary by DOT and in consultation with the County of Hawaii, DPW. Petitioner shall set aside land for a park and ride facility, transit stop facility and other regional traffic improvements as proposed by

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applicable transportation agencies. Petitioner shall also participate on a fair share basis in the funding and construction of other on-site and off-site transportation improvements necessitated by the proposed development of the property and in designs and schedules coordinated with and accepted by the DOT, and in consultation with the County of Hawaii DPW, provided that the extent of Petitioner's participation shall not exceed its fair share of the increased community impacts in the region, and provided further that in the event the County of Hawaii adopts an impact fee for transportation improvements, the foregoing funding requirement may be modified or deleted to the extent that the cost of any specific traffic improvement is also included in the County of Hawaii's impact fee computation.

*Status: HCDCH constructed the Kealakehe Parkway through the project site with CIP funds. Under the Phase 2-A backbone infrastructure program, HCDCH funded and constructed segments of all County-standard roadways required to service six villages and the high school site. Kealakehe Parkway was dedicated to DOT and the balance of the existing roadways were dedicated to the County during 1997 and 1998. Installation of a traffic signal at the intersection of Kealakehe Parkway and Queen Kaahumanu Highway was completed by DOT in September 1997.*

Condition No. 13: Petitioner shall undertake periodic monitoring of traffic conditions within and adjacent to the property throughout the project's development period with the approval of DOT and in consultation with the DPW. Petitioner shall implement highway and other transportation improvements as required by DOT and in consultation with the DPW.

*Status: Prior to the transfer to DHHL, traffic studies were prepared in conjunction with the Phase 2-A backbone infrastructure program, and will be revised as conditions dictate. All planned transportation improvements were coordinated with DOT and the County.*

Condition No. 14: Petitioner shall appoint a transportation manager whose function is the formulation, use, and continuation of alternative transportation opportunities that would optimize

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the use of existing and proposed transportation systems. In the alternative, Petitioner may participate in a regional program for transportation management with other developers and/or landowners. This program shall address the formulation, use, and continuation of alternative transportation opportunities that would optimize the use of existing and proposed transportation systems.

*Status: DHHL is in general conformance with the County's regional development (Keahole to Kailua) plan.*

Condition No. 15: Petitioner shall dedicate sufficient frontage to allow for a 300-foot right-of-way along Queen Kaahumanu Highway. Petitioner shall also dedicate sufficient frontage as determined by the DOT to allow for a right-of-way at the Kealakehe Parkway interchange of Queen Kaahumanu Highway.

*Status: This condition was met by subdivision of the additional right-of-way in 1993. The property was transferred to DOT by Executive Order No. 3702 dated April 3, 1997.*

Condition No. 16: Petitioner shall ensure that a buffer area along the boundary of the property be constructed to maintain the visual integrity from Queen Kaahumanu Highway. Petitioner shall further ensure that the proposed community shopping center or any other proposed use abutting Queen Kaahumanu Highway be screened from passing motorists and the Kaloko-Honokohau National Historic Park by landscaping improvements.

*Status: Landscaping improvements will be installed to maintain visual integrity.*

Condition No. 17: Petitioner shall preserve 19 historic sites and archaeological data recovery from 60 historic sites, as agreed previously in writing with the DLNR State Historic Preservation Division (SHPD), in compliance with Chapter 6E, Hawaii Revised Statutes. The applicant shall submit to the SHPD a detailed historic preservation mitigation plan in two parts, a preservation plan portion and an archaeological data recovery plan option. This mitigation plan must be approved by the SHPD, prior to any field work and prior to any construction in the vicinity of historic sites. Also, Petitioner must obtain

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verification by the SHPD that successful execution of the mitigation plan has been completed prior to any construction in the vicinity of historic sites.

*Status:* An Archaeological Inventory Survey Report and subsequent Addendum addressing revisions to the main text was submitted to SHPD for their review and approval. The Mitigation Program Plan (Phase I): Mitigation Plan for Data Recovery and Interim Site Preservation was approved by SHPD in 1994. A Phased Archaeological Mitigation Program, Kealakehe Planned Community, Phase II: Archaeological Data Recovery, dated June 1994, was completed and submitted to SHPD on July 11, 1994. By letter dated May 15, 1996, SHPD indicated that fieldwork for the Phased Archaeological Mitigation Plan: Archaeological Data Recovery (1994) was adequate, however, revisions to the report were needed. Amendments to this report for Village 4 were submitted to SHPD for review on December 12, 2004. This report is still pending review.

Condition No. 18: Petitioner shall immediately stop work on the impacted area and contact the SHPD should any significant archaeological resources such as artifacts, shell, bones or charcoal deposits, human burial, or rock or coral alignments, paving or walls of historic or prehistoric significance be encountered during the development of the property.

*Status:* Noted.

Condition No. 19: Petitioner shall establish plant preserves for the uhiuhi plant (Caesalpinia kawaiensis) and aupaka (Isodendron pyriform). There shall be one five-acre preserve and one half-acre preserve around each remaining uhiuhi plant. In addition, Petitioner shall formulate a fire contingency plan prior to construction in the project area. The fire contingency plan shall be approved by DLNR, Division of Forestry and Wildlife (DOFAW).

*Status:* Preserve areas have been established in the mitigation plan for the endangered uhiuhi and aupaka plants adjacent to Villages 4 and 5. A fenced mini-preserve was established for uhiuhi in Village 3 as required in

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Condition No. 23: Petitioner shall comply with "The Eight (8) Conditions Applicable to This Golf Course Development," prepared by DOH dated April 1990 (Version), introduced as the Office of State Planning Exhibit No. 5.

*Status: The golf course property was set aside to the County by Executive Order No. 3665 dated July 18, 1995.*

Condition No. 24: Petitioner shall engage the services of a qualified golf course manager to oversee the irrigation of the golf course and application of fertilizers and pesticides to the golf course within the Property and who shall be qualified in the application of fertilizers and pesticides on those areas.

*Status: The golf course was set aside to the County in 1995.*

Condition No. 25: Petitioner shall make available adequate golf tee times at affordable rates for public play by residents of the State of Hawaii.

*Status: The golf course was set aside to the County in 1995.*

Condition No. 26: Petitioner shall fund and install, to the specifications and satisfaction of the State Office of Civil Defense, the necessary number of emergency siren units (including infrastructure within the project area and a siren paging encoder in the Kona Police Department substation).

*Status: Noted.*

Condition No. 27: Petitioner shall provide at no cost to the DOE, the school sites with infrastructure, and facilities as may be required by DOE.

*Status: Roadways and utilities to the Kealakehe High School were constructed as part of Phase 2-A backbone infrastructure. Construction of the high school's first phase was completed in July, 1997 and construction of the final phase was completed in December 2003.*

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Condition No. 28: Petitioner shall work with the County of Hawaii to ensure that police, fire, park, and solid waste disposal facilities are in place.

*Status: Noted.*

Condition No. 29: Petitioner shall complete the development on the property in substantial compliance with the representations made before the LUC. Failure to develop may result in the reversion of the property to its former land use classifications or a change to a more appropriate classification.

*Status: DHHL is in substantial compliance with the subject docket.*

Condition No. 30: Petitioner shall give notice to LUC of any intent to sell, lease, assign, place in trust, or otherwise voluntarily alter the ownership interest in the property.

*Status: The DHHL does not plan to sell, assign, or otherwise alter the ownership of the property. DHHL will, however, lease commercial and homestead parcels according to the HHCA, as amended.*

Condition No. 31: Petitioner shall provide annual reports to LUC, Office of State Planning, and the County Planning Department in connection with the status of the subject project and the Petitioner's progress in complying with the conditions imposed.

*Status: Noted.*

Condition No. 32: The Commission may fully or partially release these conditions as to all or any portion of the petition area upon timely motion and upon the provision of adequate assurance of satisfaction of these conditions by the Petitioner. Adequate assurance of satisfaction may be evidenced by execution of a certificate of satisfaction in recordable form stating that such condition has been satisfied, in whole or in part. The Office of State Planning will certify for itself and all State departments and agencies, and the Planning Department will certify for itself and all County departments and agencies.

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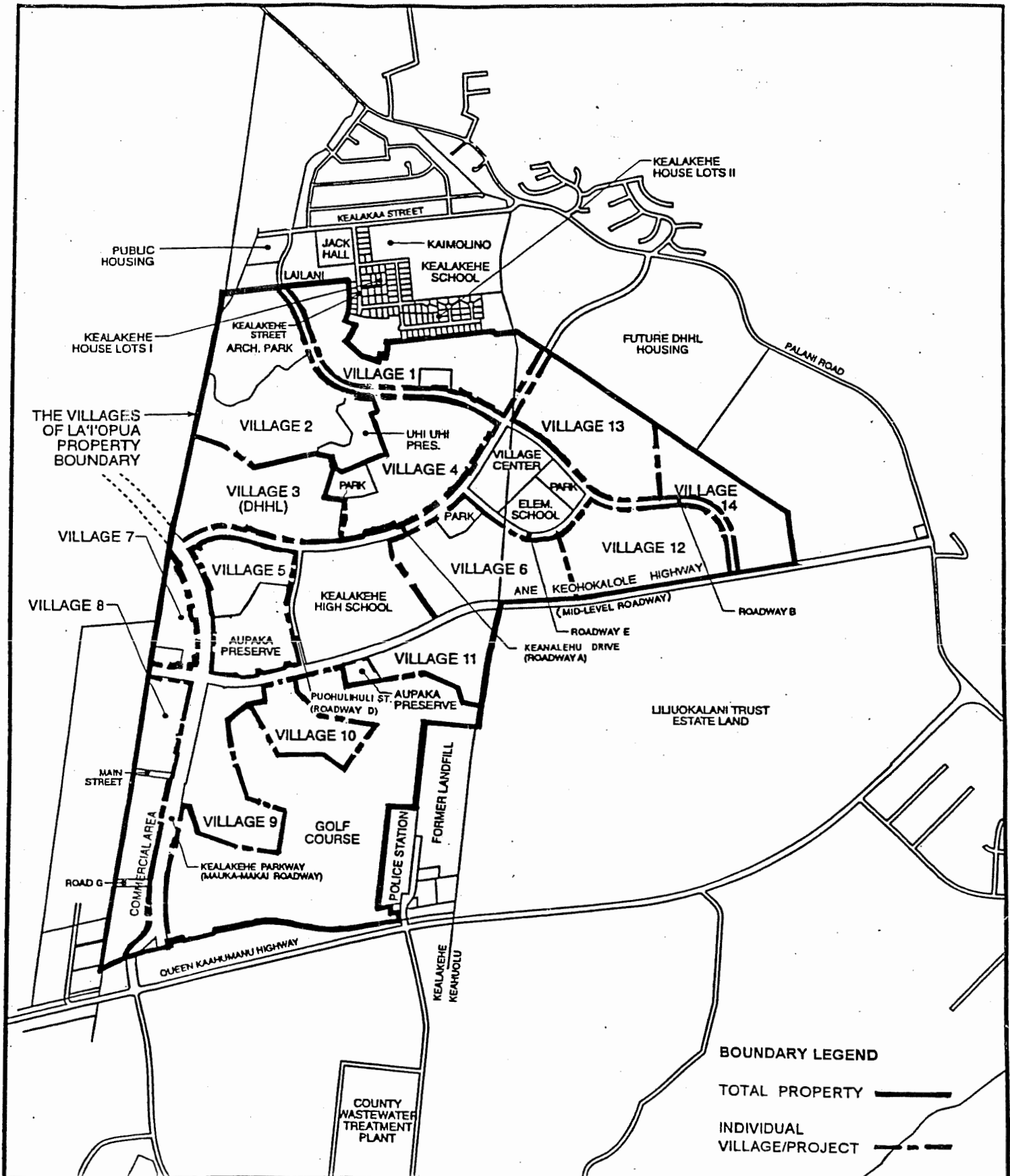
*Status: Noted.*

Condition No. 33: Conditions requiring County of Hawaii agency review, coordination or approval are subject to the powers of HCDCH as expressed in Act 15, Session Laws of Hawaii, 1988.

*Status: Act 15 was automatically repealed on April 19, 1993, five years from the effective date of the Act (April 20, 1988) and is no longer in effect.*

We hope the above satisfies your reporting requirements. If you have any questions, please call Rebecca Alakai at 587-3952.

c: Laura H. Thielen, Office of Planning  
Stephanie Aveiro, Housing and Community Dev. Corp. of Hi.  
Christopher Yuen, Hawaii County Planning Department



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