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September 13, 1994

Mr. Bruce S. Anderson, Interim Director
State of Hawaii
Office of Environmental Control
220 South King Street, 4th Floor
Honolulu, Hawaii 96813

Subject: Notice of Determination, Negative Declaration
General Plan Amendment GPA-94-1
Grove Farm Properties, Inc., Kauai Housing
Development Corporation, Western National Properties-
Hawaii, Co-Petitioners
Tax Map Key 3-3-02:Por. 1 and 3-3-03:Por. 1

Enclosed herewith are four (4) copies of the Final Environmental Assessment relating to the subject matter for publishing in the OEQC bulletin. Please be advised that other than the normal comments solicited by the department from other government review agencies, there were no comments received from the general public or individuals during the 30-day review period of the Draft Environmental Assessment.

The Planning Department has reviewed the Environmental Assessment and the effects of the proposed amendment to the Kauai General Plan. We have determined that an Environmental Impact Statement is not required for the proposed amendment and that this determination is a Negative Declaration.

If you have any questions, please contact Bryan Mamaclay of my staff at 241-6677.

DEE M. CROWELL
Planning Director

Enclosures

1994-10-08-KA-FEA-Grove Farm General Plan Amendment OCT - 8 1994

BEFORE THE COUNTY OF KAUAI
STATE OF HAWAII

In the matter of the Petition
of

DOCKET NO. _____

Petitioner:

Grove Farm Properties, Inc.

Co-Petitioners:

Kauai Housing Development Corporation
Western National Properties - Hawaii

To reclassify and/or amend 15.0 acres of land
currently situated within Agricultural District,
General Planned Agricultural and Zoned Agricultural
into State Urban Land Use District, Urban
Mixed Use General Plan Designation and Residential
District R-20 located at Puhi, Kauai,
Hawaii, further identified as TMK: 3-3-02:1 (POR)
and 3-3-03:1 (POR)

FINAL ENVIRONMENTAL ASSESSMENT

SECTION I: PETITIONER'S/APPLICANT'S ADDRESS AND TELEPHONE

All communications relative to the petition are to be sent to this
address:

Petitioner:

Grove Farm Properties, Inc.
P. O. Box 2069, Puhi Rural Branch
Lihue, HI 96766-7069
(808) 245-3678 FAX: (808) 246-9470
Greg Kamm, Vice President

Co-Petitioners:

Kauai Housing Development Corporation
a Hawaii Nonprofit Corporation
3501 Rice Street, Suite 108
Lihue, HI 96766
(808) 245-5937 FAX: (808) 245-5954
Paul Kyno, Executive Director

Co-Petitioners (cont'd.)

Western National Properties - Hawaii
1001 Bishop Street, Pacific Tower
Suite 976
Honolulu, HI 96813
(808) 537-1299 FAX: (808) 537-1142
Ralph W. Spargo, Managing Director

SECTION II: IDENTIFICATION OF LEGAL AND EQUITABLE LANDOWNER

Legal and Equitable Landowner is:
Grove Farm Company, Incorporated
P. O. Box 2069, Puhi Rural Branch
Lihue, HI 96766-7069

Grove Farm Company, Incorporated, a Hawaii corporation, is the legal and equitable landowner of the subject property as stated from County Tax assessor records. Grove Farm Company, Incorporated, has given authorization to the petitioner and co-petitioners (Kauai Housing Development Corporation and Western National Properties - Hawaii) to submit and process this petition. (Letter of authorization is attached as Exhibit A.)

SECTION III: PROPERTY DESCRIPTION AND SIZE FOR RECLASSIFICATION

The subject property is located in Puhi, Kauai, bordered on the north side by Puali Stream gully and on the west side by Puhi Road. The petition area is 15.0 acres, which encompasses a portion of TMK's 3-3-02:1 and 3-3-03:1.

(Exhibit B attached - general location map)

SECTION IV: EXISTING COUNTY GENERAL PLAN AND ZONING DESIGNATION AND STATE LAND USE DISTRICT AND SHORELINE MANAGEMENT DESIGNATION

Existing State Land Use District is Agricultural.

The present County General Plan designation of the site is Agricultural.

The present County Zoning of the site is Agricultural.

The Coastal Management Act, Hawaii Rev. Stat. Ch. 205A, as amended, does not apply to the proposed site and/or action requested by this petition.

SECTION V: DESCRIPTION OF PROPERTY

1. Location

The proposed site is a 15-acre area which is a portion of TMK 3-3-02:1 and a portion of TMK 3-3-03:1, located in Puhi, Kauai, Hawaii.

Puali Stream gully borders the property on the north and Puhi Road on the west sides. The parcel is directly contiguous to the south side of Puali Stream gully. Directly contiguous to the northern side of the stream gully are parcels that are classified as Urban and zoned R-20. For-sale condominiums are presently being constructed at that site under County affordable housing guidelines. Light industrial development is taking place on the opposite (west) side of Puhi Road in Urban, Urban Mixed Use, and Light Industrial zoning.

2. Existing Use

Current use of the property is sugarcane cultivation. The site is under a 21-year lease to Lihue Plantation Company, Ltd. starting from 1974.

3. Elevation

The proposed project site is approximately 280 feet above mean sea level measured to a point near Nawiliwili Harbor from the Puhi Road extension. (Attached Exhibit C - U.S. Department of Interior Geological Survey map.)

4. Slope

Topography can be characterized generally as flat with a 2-percent slope in a general direction of west to east/north.

5. Drainage

The site's natural drainage pattern slopes gently towards Puali Stream. Storm drainage for the proposed project site will be via surface drainage systems constructed to County standards.

6. Rainfall

The average rainfall at the project is approximately 50.0± inches as reflected by the nearest climatological station located at Puhi. Rainfall at the site is distributed fairly evenly throughout the year. However, May through September are drier than average months and October through April are wetter than average.

7. Soil Classification

The proposed site has a State of Hawaii Department of Agriculture soil classification of:

PnA - Puhi silty clay loam with 0 to 3 percent slopes, used for sugarcane, pineapple, pasture, truck crops and orchard, capability classification of IIs.

Puhi silty clays as indicated by the United States Department of Agriculture Soil Conservation Service in their soils

survey of August 1972, show moderately rapid permeability, slow runoff, and only slight erosion hazard. Engineering interpretations of this type of soil indicate no unusual conditions that would effect construction. However, as with many Hawaiian soils, shrink-swell potential is indicated as moderate. Similar and nearby soils have not presented a problem.

8. Traffic

Traffic impacts will be minimal as mitigation has occurred with the masterplanning of the Puhi/Lihue area. These mitigation steps were the signalization at the Kaunualii Highway intersections of Puhi Road and the Kaunualii Highway and Kukui Grove Nawiliwili Road intersection.

SECTION VI: DESCRIPTION OF PROPOSED DEVELOPMENT

A. Type - e.g., residential, commercial, industrial, etc.

A Residential, Multifamily, Garden type apartment project is planned for the site.

B. Projected number of lots/units; size, whether development considers housing for all economic and social groups

The projected number of units is currently estimated to be approximately 228 which would be built in phases, dependent upon absorption. The project is planned to be garden type apartments which will be 2- and 3-stories. Apartments will be a mix of one, two, and three bedrooms with square footage sizes ranging from 600 sq. ft. to 950 sq. ft.

The project will service low income families of 80% and below Kauai median income. The project will be complementary in nature to the adjoining residential projects. Between the already existing single-family and multi-family for sale projects and this proposed rental project, a wide range of economic and social groups will be accommodated.

C. Location of proposed development in relationship to adjacent urban districts and developments whether contiguous or part of a planned community project.

The location of the proposed development is contiguous to lands currently zoned for and being used for mixed use development which are already in the Urban District and are part of the Grove Farm master planned community project.

D. Development Timetable

Construction on Phase I is planned to start in December of 1995. (See attached Timeline Exhibit D.)

E. Preliminary development plans (site layout)

A preliminary site plan is attached as Exhibit E.

F. Availability of public services and facilities

Public service and facilities that will be available to service the site include:

1. Police.

Police service to the project area is from the Lihue Station, which is in close proximity (2 miles) to the proposed development.

2. Fire.

Fire service to the project area will also be from the Lihue Station on Rice Street which is in close proximity to the development. Adequate fire fighting water at the project site will be available from a hydrant system. The off-site system will be constructed by Grove Farm Properties and will be connected to the County water supply. On-site hydrants will be constructed as part of the development to County standards.

3. Medical.

The project will be served by Wilcox Hospital which is less than 2 miles from the site.

4. Recreational Facilities.

a. Neighborhood Parks.

A neighborhood park has been included as part of Grove Farm's development plan for the overall Lihue/Puhi district. The existing Puhi park located at the southeastern (makai) corner of the existing Puhi subdivision is well situated to serve both the existing community at Puhi together with the Schuler moderate income housing expansion south-southeast of the current Puhi subdivision and the proposed project. Schuler Homes includes a 2-acre park site within its project area. Another planned park site is a 5-acre parcel adjacent to the school site being dedicated to the DOE as part of Grove Farm's master plan. The park's placement will allow it to serve and be available to the community at large.

b. Regional Beach Parks.

Niumalu Beach Park is within a short distance from the project area. Hanamaulu Beach Park is also quite close geographically to the project area. Both parks provide excellent facilities for passive and beach-oriented recreation. Both are available for use by the project population. In addition to these beaches, the beach at Kalapaki Bay remains available for use by local residents.

c. Private Recreational Facilities.

Certain private recreational facilities in close proximity to the project site are planned or are already completed by Grove Farm Properties. They include a private 6 acre multi-purpose park and a 21 acre commercial recreational facility. The multi-purpose park is designed for farmers' fairs, circuses, 4-H shows, Kamehameha Day parades and the like. The 21 acre recreational facility is proposed for use as a bowling alley and has a driving range, miniature golf, and more. These facilities are intended to be used by the public for the purposes indicated. The park and recreational facility will be located west-northwest of the Ulu Ko Subdivision and south of Kukui Grove Center. Beyond those facilities, the golf course under construction in the Nawiliwili Road area will be open for limited public use. In addition to maintaining an open space perspective in the area, the course will be designed to provide enjoyable commercial recreation for Lihue and Puhi residents.

5. Educational Facilities.

The Department of Education estimates that among the occupants of new residences constructed in the Lihue area there will be a certain number of school aged children. The Department has established projection factors for the area which estimate that there will be 0.45 kindergarten to 6th grade children and 0.35 7th to 12th grade children per residential unit residing in the project area. Assuming that no discount factor is appropriate for families relocating from existing residences within the Lihue and Puhi areas, the Department's factors indicate that there will be an increase of approximately 101 grade school aged students occupying the project area once it is completed.

This amount of school aged children would not be attained all at once because the proposed project is planned as a two

to three phase development with estimated completion of the first phase at late 1996 and phase two estimated to be complete in 1998.

Wilcox Elementary School is currently approaching its saturation level. Kauai High School has adequate room for expansion due to the recent addition of the former Kauai Community College campus and appears capable of accommodating the planned projects. The saturation in the local elementary school is expected to be relieved, in part, by the proposed school to be constructed in Kapaa. This would create a shift of Kapaa children now going to school in Hanamaulu back to Kapaa, leaving additional capacity available. Moreover, Grove Farm Properties has committed for school use a 10-acre parcel within a short distance to the project area close to the proposed private multi-purpose park. The school site is well suited for a middle school which is the current use being planned by DOE. This school, when constructed, together with the Hanamaulu school should adequately accommodate the new developments.

6. Infrastructure

a. Water Supply and Storage.

The water source demand projected for the project is expected to be provided by Grove Farm from improvements it is undertaking for its other Puhi developments. The new 510 tank should be sufficient for storage needs.

b. Sewage.

Sewage disposal will be handled by the Grove Farm sewage treatment plant.

c. Storm Drainage.

Storm drainage for the site will be effected through the utilization of surface drainage systems meeting County standards. The contemplated system envisions maintenance of the site's existing drainage pattern, which will cause discharge of waters via Puali (Niimalu) Stream.

d. Power and Communication.

Power and communication distribution lines will service the project via a primarily underground system. Power from the existing substation will be supplied by Kauai Electric's transmission system to the project area. The power feeding the transmission system originates from the generating plant at Port Allen and from the Lihue, McBryde, and Kekaha sugar mills as well as certain

hydro-electric installations. No significant impact is foreseen by bringing service to the project.

7. Physical Hazards

a. Flooding.

The project is well above the Puali (Niumalu) Stream, Huleia Stream, and Nawiliwili Harbor. The project is not in the path of any major flood ways. No portion of the property is within the 100 year flood plain. None of the project site lies within the tsunami inundation zone as shown on the Flood Insurance Rate Map for the Island of Kauai prepared by the U.S. Army Corps of Engineers as part of the National Flood Insurance Program. Further, none of the proposed project area is subject to flooding from stream overflow or heavy localized rainfall. Therefore, flooding is not expected to be a problem.

b. Tsunami.

The lowest elevation of the project site is approximately 280 feet above sea level, well above the Tsunami inundation line.

c. Earthquake.

Kauai is the most stable of the major Hawaiian islands with a seismic zone of one, indicating minimal risk.

8. Socio-Economic Consideration

The effect that the withdrawal of 15 acres of cane land will have on jobs will be minimal. This concern is both social and economic in nature. A net increase in temporary jobs for the local community will be created by this project. This project will also not lose agricultural jobs as the 15-acre site is of negligible size to effect any impact.

a. Population.

The population of the County of Kauai was 51,177 residents as of 1990. It is ethnically mixed and diverse. In 1990 the largest ethnic groups were Asian/Pacific Islanders (62.7%), followed by Caucasians (32.1%). Overall, Kauai's population constitutes about 5% of the State's total residential population as indicated by the 1990 U.S. Census.

The 1990 resident population in the Lihue district was 5,536 or 11% of the island's total population.

Population characteristics, as reported in 1990 U.S. Census, show the median age of Lihue's resident population to be 38.3 years, as compared to 33.9 years for Kauai in general.

G. Projected Cost of Development

Projected cost of the proposed development is approximately \$23,200,000. (See attached cost estimate Exhibit F.)

H. Financial Ability

Financial Statement of the applicant is attached as Exhibit G.

SECTION VII - EFFECTS UPON RESOURCES OF THE AREA

A. Environmental and Ecological

1. Flora.

The existing vegetation on the site consists entirely of cultivated sugarcane. The cane will be removed and replaced by residential and park landscaping, such as grass, coconut trees, ground covers, shrubs, and several varieties of shade trees.

2. Fauna.

The Environmental Impact Statement prepared for the Hanamaulu-Ahukini Cutoff Road (FHP Route 51) Kauai, Hawaii, by the U.S. Department of Transportation and the State of Hawaii Department of Transportation, indicates that a field survey identified five mammalian species consisting of black rat, Hawaiian rat, Norway rat, house mouse and feral cat within the predominant sugarcane habitat of the proposed highway corridor. The project site also consists primarily of cultivated sugarcane. As a result, it is presumed that the same fauna are present at the proposed project area.

3. Coastal Waters.

The expected impact that the proposed project will have on the marine ecosystem and coastal areas would be as a result of storm drainage from the site. It is expected that during construction, the site will drain through existing swale systems and after construction over roadways and by on-site drainage retention creating no additional impact to coastal waters.

B. Agricultural

The Land Study Bureau (LSB) Detailed Land Classification for the Island of Kauai identified the Overall Productivity Rating, land type, and selected crop productivity rating for the project site as:

Selected Crop Productivity Ratings

	<u>pineapple</u>	<u>vegetable</u>	<u>sugarcane</u>	<u>forage</u>	<u>grazing</u>	<u>orchard</u>
B78i	b	b	b	b	a	b

The predominant soil rating on the project site according to the LSB is B78i. By this method of classification, "B"-rated soils have good productivity potential for most agricultural uses.

The project site is classified "Prime" according to the Agricultural Lands of Importance to the State of Hawaii (ALISH) system.

Historically, settlement areas were placed on or adjacent to the best agricultural lands. Moreover, the characteristics that make an area good agricultural land also make it prime urban land. Although this is considered prime agricultural land, all infrastructure is in place to the property line, making it cost effective to utilize this site for affordable housing.

As pressures grow for urban expansion and the need for affordable housing, the social and economic commitment represented by the existing urban areas in terms of both land ownership and in the investment in existing infrastructure dictate that the majority of future growth take place as expansions of existing centers rather than the development of new centers away from lands of agricultural importance. In view of the foregoing, the petitioners believe that the proposed project is a reasonable expansion of the Puhi area and the magnitude of the proposed 15 acres of agricultural land withdrawal will not be of critical significance.

C. Recreational

Tentative plans of the proposed project include recreational areas for various age groups. These tentative plans include tot lots, barbecue areas, meeting and gathering areas and teen recreation sites along with open green space. Also scheduled for inclusion is a community building that can have multiple uses for not only residents of the project, but for the community in general. On-site child care is one possibility being explored for this building area.

These on-site recreational areas are in addition to off-site areas created by Grove Farms master planned community. Puhi has an already existing park located at the southeastern (makai) corner of the existing Puhi subdivision. Also, a Schuler Homes development next to the proposed project site includes a 2-acre park site.

Regionally, there are beach parks such as Niunalu, Hanamaulu and Kalapaki available for use by local residents that provide excellent facilities for passive and beach-oriented recreation.

There are also other recreational facilities in close proximity to the proposed project. These include a 6-acre multipurpose park and a 21-acre commercial recreational facility. These are designed for farm fairs, 4-H shows, a golf driving range and more. Also, a new golf course along Nawiliwili Road is now under construction and will be open for limited public use. In addition to maintaining an open space perspective in the area, the course will be designed to provide enjoyable recreation for Lihue and Puhi residents.

D. Historical Agricultural Impact

Historical and agricultural information are intrinsically woven together as this land has been under sugarcane cultivation for over 100 years.

Grove Farm Properties, Inc. Environmental Impact Statement for the General Plan change of their Lihue-Puhi master plan states that Grove Farm was in the sugar production business between the years 1865 and 1974 and had 10,000 acres of land in sugar cultivation, of which 7,800 acres were owned in fee and 2,200 acres were leased from the Knudsen Trusts. Upon termination of its sugar production, the petitioner leased 5,000 acres of its land to McBryde Sugar Company, Limited, and 2,800 acres of its lands to The Lihue Plantation Co., Ltd. Both of these leases are for a term of 21 years from 1974. The lease from the Knudsen Trusts for the 2,200 acres with 21 years remaining was assigned in 1974 to McBryde Sugar Company, Limited. The leasing and assignment by Grove Farm of its former sugar lands have strengthened the operations of both The Lihue Plantation Co., Ltd. and McBryde Sugar Company, Limited.

The lease to The Lihue Plantation Co., Ltd. provides for optional, yearly withdrawal of any 25 acres of the lease land by Grove Farm on a cumulative basis. Grove Farm intends to exercise its rights of withdrawal in an orderly manner so that The Lihue Plantation Co., Ltd. can continue the sugar production on surrounding lands, which will remain unaffected.

In 1974 when the 2,800 acres were leased to The Lihue Plantation Co., Ltd., Grove Farm offered to lease several hundred acres of additional land for sugar production. The offer to lease the

additional acreage was declined due to the lessee's contention that its factory was unable to handle the additional cane production.

Any decrease in sugar production which may result from the withdrawal of the 15 acres for the proposed project, can be restored by improved farming methods of cane cultivation on the remaining lands which will and are now able to increase sugar yields per acre. For example, two methods are drip irrigation and solid replant on unirrigated land. Under the latter method, the entire field is replanted after each harvest, which produces a better stand of cane and greater yield. As a result of the foregoing and the other factors herein addressed, the petitioners believe that the proposed classification of the property will not have a significant effect on the existing cane operations.

E. Archaeological

The Lihue Development Plan schedules no historic sites in the area of the proposed project. None are listed on the State's Register of Historic Places. Practically speaking, the entire area has been under cane cultivation for over 100 years. Sites of a historic nature that may have existed previously in the area have been destroyed by the intensive cultivation by heavy equipment.

F. Scenic

The planned affordable rental complex will be visible from the Halelani Village condominiums on the opposite (north) side of Puali Stream and from a portion of the new Industrial subdivision on the west side of Puhi Road.

Through project design, any visual impact of the proposed project will be minimized by uses of landscaping techniques and building placement.

SECTION VIII - REASONS AND JUSTIFICATIONS FOR THE PROPOSED RECLASSIFICATION

A. Need and Demand

The proposed project is meant to complement the existing master plan for the Lihue/Puhi areas. With Grove Farm's master planned community, it is intended that a wide range of socio-economic levels of Kauai citizens be included. The first phase of Schuler Homes Halelani Village Condominiums and Hokulei Estates single-family homes have been completed and will be credited to Grove Farm's affordable housing requirements. These projects are addressing the

needs for families that can afford to purchase homes and are of income levels that start at 80% of Kauai median income and go up to 140% of median income. Also as part of Grove Farm's master plan, they intend to create both single and multifamily projects which will address the needs of families that are over 140% of median income, and would be classified as market level for-sale homes.

This petition is for a project that will be addressing the needs of Kauai families that are 80% and below median income, which also will be credited to Grove Farm affordable housing requirements.

Therefore, this project would round out Grove Farm's master plan by satisfying the needs of all Kauai income groups. Not all families can afford or want to own their own homes. This project will give families a place to live with affordable rents so that the ones that do look to buy entry-level homes sometime in the future, will be able to start saving for the required downpayments.

Scheduled rent levels are projected at \$590 a month for 1-bedroom, \$708 for 2-bedroom and \$819 for 3-bedroom units with utilities included.

The State of Hawaii's Comprehensive Housing Affordability Strategy (CHAS) for Fiscal Year 1993-1994 states that,

"Due to the devastation inflicted by Hurricane Iniki on September 11, 1992, housing affordability is a problem. In the aftermath of Iniki, more than one-third of the 18,600 residential units were destroyed or sustained major damage. An estimated 2,870 rental units were either destroyed or sustained major damage, exacerbating the existing shortage of rental housing for very low income persons."

Many of these homes and rentals were insured and either have been or are in the process of being repaired. These units will eventually come back on line, but because of upgrades and higher costs for home insurance rents will become less affordable and more unattainable for lower income families.

The CHAS goes on to report that,

"The State Department of Business, Economic Development & Tourism (DBEDT) estimates that Kauai has lost about \$890 million in business sales in 1993, and about \$600 million of that will be in lost visitor income. Another \$17

million will be from lost agricultural sales, and the balance from the reduced economic activity caused by the loss of visitor and agriculture spending. Total job loss, concentrated heavily in the visitor industry, was as high as 7,200 during the first quarter of the year and was estimated to decline to about 2,800 by the end of 1993. As a result, unemployment rates have soared. In August 1992, the unemployment rate was 6%. In July 1993, the unemployment rate reached 12.8%, nearly three times the state average."

Because of this loss of jobs, income levels for a large segment of the population on Kauai have dropped, creating needs for more lower income affordable housing.

A Housing/Demand Model was formulated as part of the Hawaii Housing Policy Study. The results of this model show that the largest category of housing demand is for rental units affordable to households earning below 80% of the median income. Statewide, approximately 1,388 units were needed by very low income households, and an additional 1,335 units were needed by low income households in 1992.

According to the CHAS Databook, in 1990 there were 80,860 very low income households (representing 22.7% of all households) in the State of Hawaii. Roughly 71.5% of these very low income households were renters.

The CHAS also reported that there were 48,556 low income households (representing 13.6% of all households) in the State of Hawaii. Approximately 60.5% of these low income households were renters.

From all the latest figures available from the State and County, we have concluded that there is a pressing need and high demand for the proposed project.

B. Appropriateness of Location and Time of Reclassification

The location is appropriate for many reasons. The project site is centrally located to the Lihue central business district. This area is where a majority of the future residents will most likely be working.

The project site is flat with utilities available to the property line. This will make construction cost effective, allowing rent levels to be kept low for the target households.

The project site is located contiguous to other residential areas which will allow for easy community interaction.

All amenities such as parks, transportation, shopping, medical services, government agencies, and more are all within two miles of the proposed project site.

Water availability is a key issue for new development in the Lihue area. In most areas around Lihue, no new construction is being allowed as there is no water source or storage availability. Because of improvements being done by Grove Farm to the Puhi water system, water will be available to this site.

The timing of this reclassification is crucial because a portion of the funding of the project is being requested from the HUD/emergency disaster moneys being administered by the Kauai County Housing Agency under the Paku'i program.

Under the goals and objectives of this program, the County will make these funds available for projects that will increase Kauai's inventory of low to moderate income rental housing.

These funds must be allocated within two years, otherwise Kauai could possibly lose them.

Therefore, following the guidelines of the Paku'i program, submittals are being made now for funding awards later in 1994.

This application to get the proper land use, General Plan designations, and zoning changes, is running concurrently with the Paku'i program funding applications.

The proposed project area is now designated within the State Agriculture Land Use district. The request for change to Urban district is compatible with the Hawaii State Plan as set forth in Hawaii Rev. Stat. Ch. 226, as amended, and the State Functional Plans in regards to housing. Section 19 of the Hawaii State Plan, Objectives and Policies for Socio-Cultural Advancement - Housing, deals most directly with the issues raised by the proposed project. Objective 1 states as a goal, the creation of "greater opportunities for Hawaii's people to secure reasonably priced, safe, sanitary, livable homes located in suitable environments that satisfactorily accommodate the needs and desires of families and individuals." It is the intent of this project to expand housing opportunities to lower income families and individuals in the Puhi area.

The State Functional Plans are used to provide detail to the State Plan by addressing specific topics such as education, tourism, and energy. The Functional Plans are used to define and implement the goals, objectives, policies and priority directions of the State Plan.

The topic which is most relevant to the proposed project is the Housing Functional Plan which in part reads:

"Create housing to accommodate the needs of a diversity of Kauai residents. It is the intent to provide housing at a reasonable price for the majority of Kauai residents including those at low, and moderate income levels."

The proposed project in combination with the other housing presently being supplied in the Puhii area will address both State and County plans by addressing all the different income groups.

Some conflict may exist between State Agriculture and Housing Functional Plans because the qualities that make the site amenable for agricultural use also make it desirable for housing.

Although the site is not within the County Special Management Area, consideration has been given and the project planning is consistent with the goals and policies of the State Coastal Zone Management Program.

All criteria for amendment of the District Boundary is being complied with.

SECTION X - COMPLIANCE WITH STATE AND COUNTY LAWS

The Kauai General Plan is the primary policy governing comprehensive, long-range development, use, and allocation of land and water resources within the County. The proposed project is specifically relevant to six out of the sixteen goals established by the General Plan through a community desire for physical, social, and economic growth and well-being on Kauai. The six most relevant goals are listed below.

Goals:

- A. Create opportunities for a greater diversity and stability of employment for residents of Kauai.
- B. Provide opportunities for suitable living quarters for all residents in all income levels.
- C. Guide physical growth so that island and visitor communities will develop in social and economic concert with each other.
- D. Create, develop and sustain an economy and a population composition that will encourage the youth of Kauai to live in the County and contribute to society.

E. Guide and control development to take full advantage of the island's form, beauty, and climate and preserve the opportunity for an improved quality of life.

F. Manage implementation of the Plan through development of social and physical infrastructure based on growth targets, priorities, and efficient utilization of facilities and services.

By positioning this project contiguous to other Urban Mixed Use, which is being used primarily for housing and light industry, a greater number of Kauai's people will have the opportunity to be gainfully employed and reside on their home island. The proposed project would create greater diversity and add stability to the Kauai employment market, while also serving as an incentive for younger people to remain on the island and improve their quality of life.

The project's affordable rental housing in combination with other housing being developed in the area will be directed to meet the needs of a range of household types, while efficiently using infrastructure resources. Although the development will be located on agricultural land, which is now used for the cultivation of sugar, the removal of the 15-acre area will account for less than a fraction of one percent of the present total of agricultural land on Kauai. This land is adjacent to existing urban land uses and, consequently, compared to much of the agricultural land on the island that might be designated for urban uses in the future, this may be one of the most appropriate sites.

The location of the proposed development concentrates urbanized land use in the Puhi area instead of allowing such community growth to take place in too close a proximity to visitor communities. The orientation of the development is therefore resident oriented and not resort oriented.

As related to the County's Lihue Development Plan (LDP 1978) whose purpose was to guide and regulate future development by providing for a greater degree of detailed physical, social, and economic planning at the community level than is possible in the General Plan. Since the adoption of the 1984 County General Plan, many of the LDP concepts have been superseded by the new General Plan.

The goals and objectives of the Plan discussed below are those which are most relevant to the proposed project.

Goal: Develop Lihue as a more active and competitive commercial, business, and financial center.

Objective: (a) Encourage greater centralization of such activities.

Discussion: The location of the proposed site is adjacent to land now in urban and commercial use and is also close to the town of Lihue, encouraging the centralization of such development, versus allowing urban mixed land uses to be inappropriately scattered throughout the island.

Goal: Improve Housing Conditions.

Objective: (a) Encourage adequate housing which will meet the needs of all sectors of the population.

(b) Promote construction of attached-type dwelling units to conserve land and encourage affordable prices.

Discussion: The proposed project specifically seeks to establish multifamily housing which will be affordable to Kauai's lower income residents.

The Citizens' Advisory Committee of the LDP decided that the primary solution to the housing problem in Lihue is to have government encourage the production of low cost, multi-family housing in Lihue and towards Puhi. The proposed housing would be adjacent to Lihue and in Puhi on land adjacent to existing urban mixed land uses.

Land Use Commission rules Ch. 15-15-18 standards for determining "U" urban district boundaries states that urban district shall include lands characterized by "city-like" concentrations of people, structures, streets, urban level of services and other related land uses.

In choosing this site, all the specific factors under LUC rules Ch. 15-15-18 were taken into consideration. Some of these include:

1. The proposed site is close to centers of trading and employment (less than one mile to Lihue town core).

2. The project is economically feasible and will keep residents close to sources of employment.

3. Basic services such as sewers, transportation, water, sanitation, schools, parks, police and fire protection are all in close proximity to the proposed site (as discussed in preceding sections).

4. The project is being planned with reserve areas to meet urban growth by building in phases. As growth occurs, more units can be made available.

5. The land, as stated in preceding sections, has a level topography, no drainage problems and is reasonably free from the danger of floods, tsunami, unstable soil conditions, and other adverse environmental effects.

6. This parcel is contiguous to other urban mixed use designated lands.

7. As stated in preceding sections, the petition is in accordance with state and county general plans.

8. The proposed site will not contribute to scattered spot urban development, necessitating unreasonable investment in public infrastructure or support services.

The proposed project also fits within projections of component demands for Urban Land uses of the State Land Use District. The State Land Use District Boundary Review (1991) on Urban land requirements from the Office of State Planning, determined demand for residential land for housing by projecting population growth, declines in household size, and desirable vacancy rates.

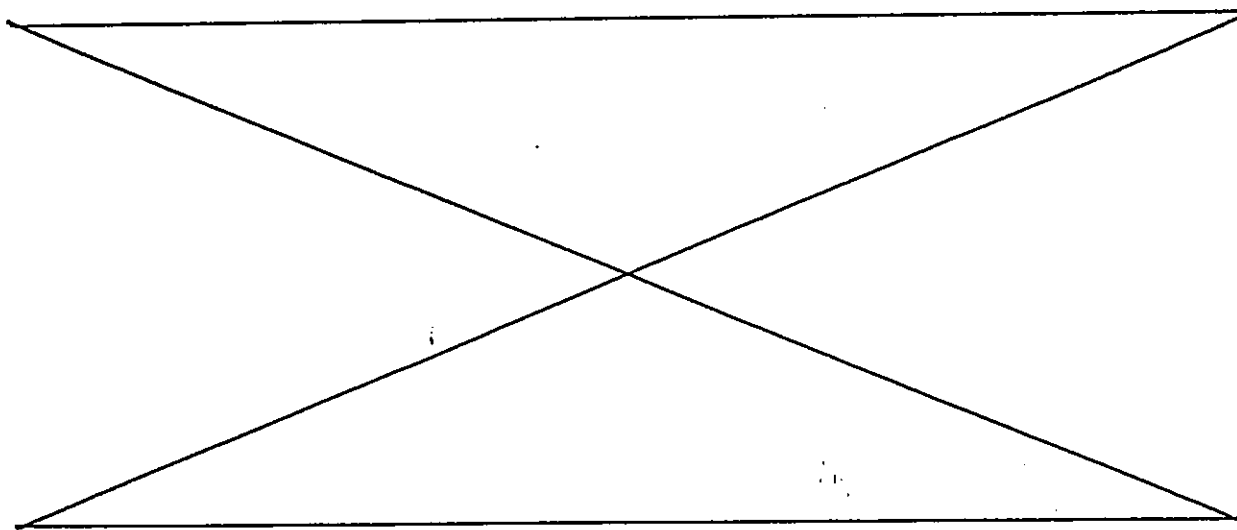
Population growth was based on the Series M-K projections of the State Department of Business and Economic Development (November 1988). These projections are made by the county in five-year intervals through the year 2010. The County projections were then distributed in the respective county planning areas with the assistance of the projections made as part of the long range transportation planning studies for the Department of Transportation. These projections were approved for use by the respective county planning departments. For some of the intermediate five-year intervals which were not provided (such as for the year 2005), the projections and distributions were obtained through interpolation of the data. Population was multiplied by the percent of population in households (1970 and 1980 Census figures) to determine the number of persons in households. The number of persons in households were divided by the household size to determine the number of households. Household size was projected based on historical data and trends in the State, coupled with national projections. A vacancy factor of five percent was then added to determine the total desired residential inventory.

Land area requirements generated by the residential demand were estimated based on density factors for single-family and multi-family units. For Kauai, densities were based on single and multi-family residential unit and acreage tabulations contained in the Kauai Housing Master Plan Study (1981).

The County of Kauai is expected to grow from its presently estimated population of 54,100 in 1990 (M-K estimate) to 84,600 by the year 2010, an increase of 56 percent. The recent Census figures for 1990 show the resident population for Kauai is 51,177, a difference of 2,923 or 5.4 percent less than the M-K estimate.

Residential demand and residential area requirements are shown in Tables 4 - 11 to 4 - 13 (attached as Exhibit H). A total of 33,684 units are needed to support the projected population by the year 2010. Much of the growth is expected to occur in the Lihue area, followed by Kapaa-Wailua and Koloa-Poipu. This level of demand involves the need to provide an additional 17,482 housing units by the year 2010, requiring lands totaling 3,372 acres.

Based upon the facts, data and information presented in this Petition, and such other evidence as may be submitted by Petitioners, the requested action is consistent with the County General Plan and Lihue Development Plan and the standards and criteria set out in the Kauai County Code to the extent that such standards and criteria may be applicable. The State Land Use District, General Plan and Zoning Request are appropriate.



CONCLUSION

The Petitioners respectfully request that the Planning Department find that Petitioners' proposed development will not have any significant environmental impacts and that the Petitioners need not prepare an Environmental Impact Statement for this project.

Dated: 8/5/94, Lihue, Kauai, Hawaii

GROVE FARM PROPERTIES, INC.
a Hawaii Corporation

By [Signature]
Its Vice President

KAUAI HOUSING DEVELOPMENT CORPORATION
a Hawaii Nonprofit Corporation

By [Signature]
Its Executive Director

WESTERN NATIONAL PROPERTIES - HAWAII
a Hawaii Corporation

By [Signature]
Its Managing Director