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IN REPLY REFER TO:

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December 3, 2007

DEC 23 2007

Subject: Final Environmental Assessment and Finding of No Significant Impact
Acquisition of Land at Kukui Gardens, Honolulu, Hawaii
TMK: (1) 1-7-26:07

Enclosed is a copy of the Final Environmental Assessment evaluating impacts of the State acquiring a portion of land and improvements at Kukui Gardens. The proposed action is acquisition of approximately 10 acres of land and 389 units of affordable rental housing by the Hawaii Housing Finance and Development Corporation (HHFDC).

The State Office of Environmental Quality Control is publishing a notice of this Environmental Assessment and Finding of No Significant Impact in the December 7th issue of the *Environmental Notice*.

Thank you very much for your interest.

Sincerely,

Orlando "Dan" Davidson
Executive Director

Enclosure

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**Final Environmental Assessment and
Finding of No Significant Impact**

**Acquisition of Land at Kukui Gardens
Honolulu, Hawaii
TMK (1) 1-7-26:07**

Proposing and Approving Agency:

**State of Hawaii
Hawaii Housing Finance and Development Corporation
677 Queen Street, Suite 300
Honolulu, Hawaii 96813**

**Prepared by:
Belt Collins Hawaii
2153 North King Street, Suite 200
Honolulu, Hawaii 96819**

November 28, 2007

**Final Environmental Assessment and
Finding of No Significant Impact**

**Acquisition of Land at Kukui Gardens
Honolulu, Hawaii
TMK (1) 1-7-26:07**

Proposing and Approving Agency:

**State of Hawaii
Hawaii Housing Finance and Development Corporation
677 Queen Street, Suite 300
Honolulu, Hawaii 96813**

Responsible Official:


Orlando Davidson, Executive Director

11/27/07
Date

**Prepared by:
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November 28, 2007

This document is prepared pursuant to Chapter 343, HRS, and
Administrative Rules, Title 11, Chapter 200 of the Hawaii Department of Health

Table of Contents

Chapter 1. Purpose and Need	1
1.1 Introduction and Background	1
1.2 Proposed Action.....	2
Chapter 2. Description of the Property.....	5
2.1 Location and Setting	5
2.2 History and Land Ownership	5
2.3 Existing Uses and Facilities	7
Chapter 3. Proposed Action and Alternatives.....	9
3.1 Proposed Action.....	9
3.2 No Action Alternative.....	11
3.3 Alternatives Considered but Not Evaluated.....	11
3.4 Required Permits and Approvals	11
3.5 Summary of Potential Impacts.....	12
Chapter 4. Affected Environment, Potential Environmental Impacts, and Mitigation Measures.....	13
4.1 Introduction.....	13
4.2 Socioeconomics	14
4.3 Cultural Impact Assessment	16
4.4 Secondary and Cumulative Impacts.....	17
4.5 Other Considerations	18
4.5.1 Consistency with Government Plans and Policies.....	18
4.5.2 Irretrievable and Irreversible Commitment of Resources.....	18
Chapter 5. Determination and Findings	19
Chapter 6. Consulted Parties.....	23
6.1 Pre-Assessment Consultation.....	23
6.2 Draft EA Distribution and Review	25
Chapter 7. References.....	27

Table of Contents (continued)

List of Figures

Figure 1	Tax map for 1-7-026:0007	3
Figure 2	Regional Map.....	6
Figure 3	Photo Views	8

List of Appendices

Appendix A.	Cultural Impact Assessment
Appendix B.	Draft EA Distribution List
Appendix C.	Comment Letters

Chapter 1

Purpose and Need

1.1 Introduction and Background

Kukui Gardens is an 857-unit affordable rental housing complex located on approximately 22 acres of land in downtown Honolulu. The project was completed in 1971 by Kukui Gardens Corporation (KGC) under the U.S. Department of Housing and Urban Development's (HUD) Section 221(d)(3) program. In return for a 3 per cent HUD-insured loan, the property is subject to a HUD Use Agreement which dictates affordability levels for the duration of the HUD mortgage (maturity date of May 1, 2011, unless HUD approves an early pay-off).

In January 2006, KGC announced its intent to sell the Kukui Gardens property. Concerned with the possible loss of 857 affordable rental housing units, the State Legislature passed H.B. 2239, which was enacted as Act 288, Session Laws of Hawaii (SLH) 2006. Act 288 authorized the Hawaii Housing Finance and Development Administration (now known as the Hawaii Housing Finance and Development Corporation or HHFDC) or any appropriate entity of the State to immediately initiate negotiations with KGC, or its successor in interest, to either:

- Make available, without competitive award, public financing resources to extend affordable rents at Kukui Gardens through at least 2016, provided that at least 50 per cent of the rental units at Kukui Gardens are retained at affordable rents to households whose incomes do not exceed 80 per cent of the median family income, of which five per cent of the units are set aside for households whose incomes do not exceed 30 per cent of the median family income;¹ or
- Acquire the property itself or partner with a private for-profit or nonprofit housing developer for acquisition of the property, provided that 80 per cent of the housing units on the property shall be retained in perpetuity as affordable housing for households at or below 140 per cent of the median family income as determined by HUD.

The following year, Act 231, SLH 2007, authorized the issuance of \$25 million in general obligation bonds for fiscal year 2007-2008 for the acquisition and financing of a portion of Kukui Gardens. In addition, the HHFDC Board of Directors approved the advance of \$3.0 million from the HHFDC Dwelling Unit Revolving Fund to be used as a deposit toward acquisition of a portion of Kukui Gardens. This advance will be reimbursed to the Revolving Fund upon issuance of the \$25 million in general obligation bonds.

¹ Rents and housing prices aimed at serving low- and moderate-income households are calculated on the basis of what families at different income levels can pay. Local income levels are typically expressed as percentages of Area Median Income (AMI) as estimated from surveys conducted for HUD. For current affordable rental rates by different AMI levels and household sizes, see <http://www.hawaii.gov/dbedt/hhfdc/developers/07rents.pdf>

HHFDC is the State's primary agency charged with overseeing affordable housing financing and development in Hawaii. Its working mission is to increase the supply of workforce and affordable housing by providing tools and resources to facilitate housing development. The agency's strategies are to (1) provide tools and resources to developers and property owners to develop or preserve housing, and (2) establish partnerships and linkages with stakeholders to promote housing initiatives.

The proposed action is the acquisition of a portion of Kukui Gardens by the State. The purpose is the long-term preservation of a substantial amount of affordable housing stock for the useful life of the property, which is consistent with HHFDC's stated mission and strategies. The need for the proposed action is evident in the critical shortage of affordable rental housing in Honolulu and statewide. Some 40 percent of Hawaii households rent. This figure has changed little over recent years, while rents have increased and little new rental housing has been produced. Moreover, condominium conversions and redevelopment projects have reduced Hawaii's rental housing stock. From 2002 through 2006, more than 6,000 existing units were converted to condominium units.²

1.2 Proposed Action

The State, through HHFDC, has negotiated with KGC and Carmel Partners LLC to purchase a portion of Kukui Gardens, thereby assuring the long-term preservation of the complex as an affordable housing project in a cost effective manner. Under the transaction, the 22-acre property would be split into two parcels, with HHFDC acquiring approximately 10 acres of land and the improvements thereon (389 units) from KGC (Parcel A), and Carmel Partners acquiring approximately 12 acres of land and improvements thereon (468 units) from KGC (Parcel B). Figure 1 shows the location of the two parcels, which are referred to as Block A and Block B on the tax map.

The proposed action is the acquisition of Parcel A using State funds, including \$25 million in general obligation bond funds. HHFDC would enter into agreements with KGC, Carmel Partners, and EAH Housing (a national nonprofit housing developer and owner/manager of affordable housing), resulting in (a) the acquisition of Parcel A by the State; (b) HHFDC entering into a ground lease for Parcel A to a limited partnership controlled by EAH Housing; (c) management and maintenance of the Parcel A units by EAH Housing so they can be rented at rates affordable to families at or below 60 percent of the area median family income for the County to December 2062; and (d) agreement by Carmel Partners to (i) restrict the Parcel B units at the current affordable rental rates through April 2011, at which time rents on the Parcel B units may be increased to new tenants and (ii) from May 2013 to December 2062, keep rents on the Parcel B units at levels affordable to families earning 140 percent or below of the area median income.

² Hawaii State Department of Business, Economic Development and Tourism, *Hawaii Data Book 2006*, (Honolulu, HI: 2007) Table 21.13. Not all of the properties converted to condominium use may have been rentals.

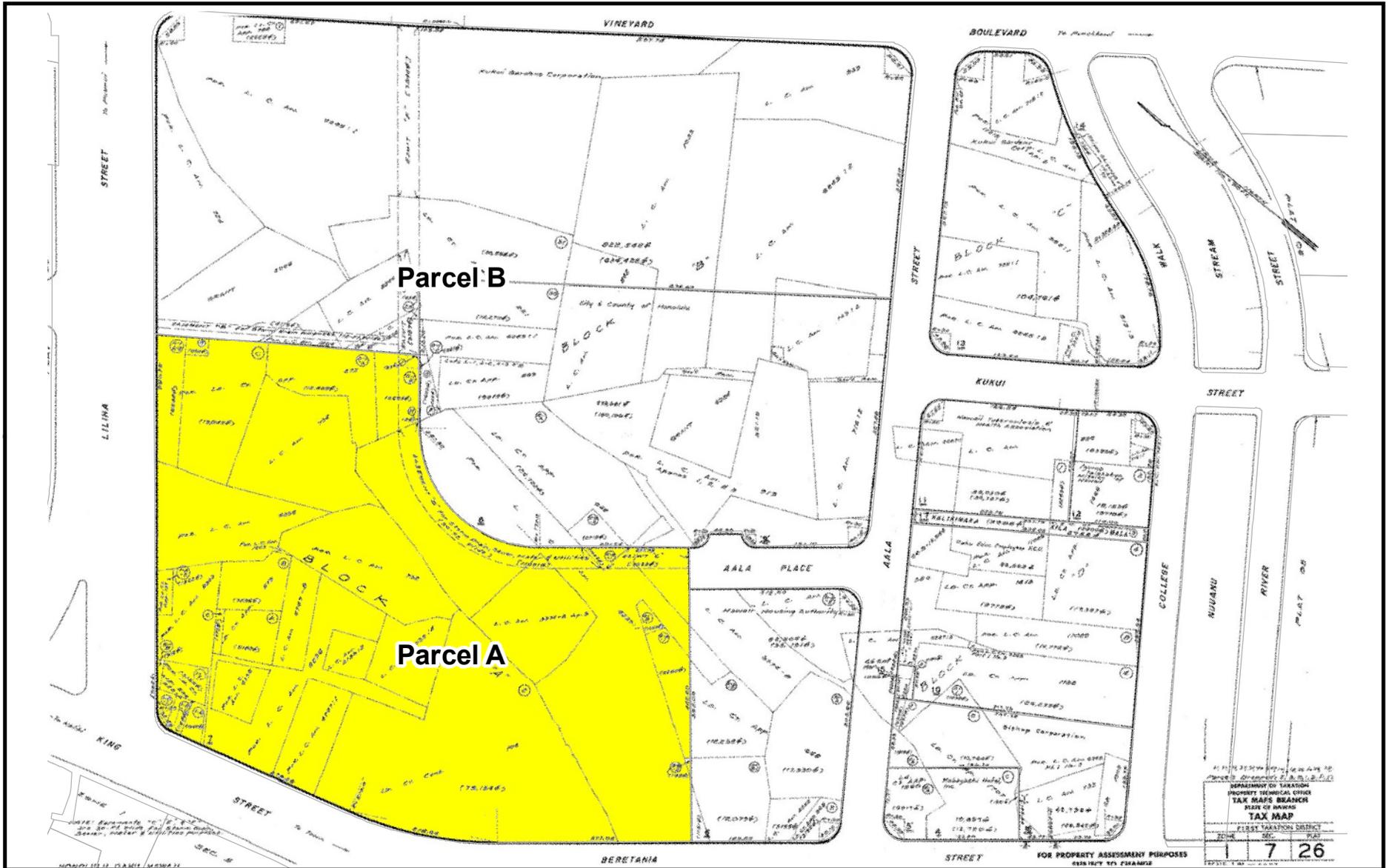
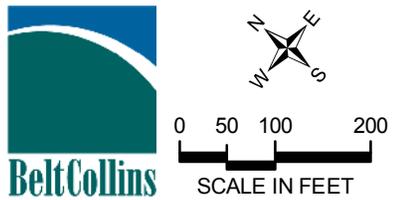


Figure 1: Tax Map for 1-7-026:0007
KUKUI GARDENS PARCEL A



Tax Map for 1-7-026
Honolulu, Hawaii
October 2007

Chapter 2

Description of the Property

2.1 Location and Setting

Kukui Gardens is located adjacent to downtown Honolulu and the Chinatown Special District. Parcel A [TMK: (1) 1-7-026: 007], the subject of this Environmental Assessment, comprises approximately 10 acres and is fronted by North Beretania Street and Liliha Street. It is located at 350 to 440 North Beretania Street and 1001 to 1207 Liliha Street. There is access to/from A‘ala Street via A‘ala Place. See Figure 2.

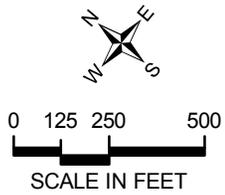
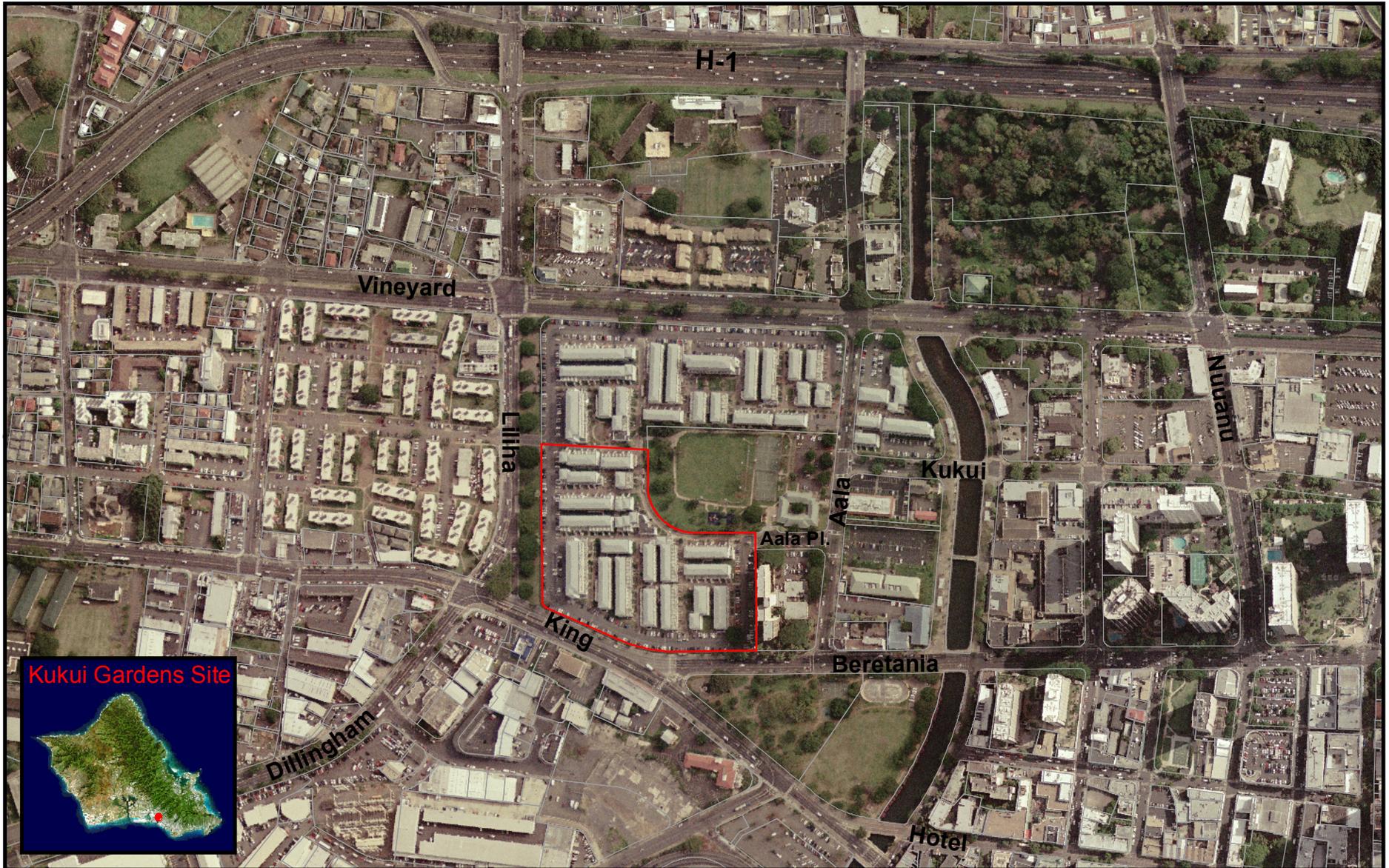
The subject property is situated in a mostly developed mixed-use commercial and multi-family residential neighborhood. Buildings include low-rise commercial structures and low-density walk-up apartments. Over the past 20 years, many of the larger parcels in the vicinity have been redeveloped with high-rise condominium projects and strip commercial centers along Beretania and Hotel Streets. A public playground adjoins Parcel A on the east side, and A‘ala Park is situated on the makai side of Beretania Street. Public bus transportation is readily available in the area.

Parcel A is in the State Urban District. It is zoned A-2, Medium Density Apartment District, by the City and County of Honolulu. The intent of A-2 zoning is to provide areas for medium-density, multifamily dwellings, primarily in concentrated urban areas where public services are centrally located and infrastructure capacities are adequate. Kukui Gardens is in the City’s Primary Urban Center Development Plan.

The site is level at street grade. It is located on Flood Insurance Rate Map Community Panel Number 15003C0354 F, revised September 30, 2004, in an area designated Zone X, i.e., an area determined to be outside the 500-year floodplain.

2.2 History and Land Ownership

The fee simple interest in Kukui Gardens (both Parcels A and B) is currently held by Kukui Gardens Corporation (KGC), a Hawaii nonprofit corporation. KGC was established by the trustees of the Clarence T. C. Ching Foundation. In January 1967, the Foundation was selected by the Honolulu Redevelopment Agency, in conjunction with HUD, to redevelop the area now occupied by Kukui Gardens. Under its Charter of Incorporation, KGC was the owner and developer of the Kukui Gardens project, with all income earned by the Corporation paid to the Foundation to be used for charitable purposes authorized under Foundation’s Trust Agreement. Upon termination of the Foundation, or if it no longer qualifies as an exempt organization under Section 501 (c) (3) of the Internal Revenue Code, all income and assets from KGC shall be distributed to Chaminade University and St. Francis Hospital.



**Figure 2: Regional Map
KUKUI GARDENS PARCEL A**

Tax Map for 1-7-026
Honolulu, Hawaii
October 2007

2.3 Existing Uses and Facilities

Kukui Gardens was originally constructed in 1971 as a below-market affordable apartment rental project. The complex has 857 residential units within 44 three- to six-story masonry buildings situated on 22 acres of land. Parcel A, the subject of this EA, contains a total of 389 units within 20 three- and six-story masonry buildings on approximately 10 acres. See Figure 3.

The Parcel A unit mix consists of the following:

- 115 one-bedroom/one-bath units of approximately 548 square feet;
- 106 two-bedroom/one-bath units of approximately 744 square feet;
- 14 three-bedroom/one-bath units of approximately 823 square feet;
- 108 three-bedroom/one-and-one-half bath units of approximately 906 square feet; and
- 46 four-bedroom/two-bath units of approximately 1,037 square feet.

Tenants have on-site parking stalls. The remainder of the site is either landscaped or paved in asphalt or concrete and used as open driveway and walkway areas. Landscaping (trees and ground cover) is limited primarily to the perimeters of the property and between apartment buildings.

Utilities available to the complex include water, sanitary sewer, gas, electricity, telephone, and cable services.



View of the subject property from the end of A'ala Place.



View of Building Number 1 from the south corner of the site.

Chapter 3

Proposed Action and Alternatives

3.1 Proposed Action

The proposed action is the acquisition of a portion of Kukui Gardens (Parcel A) by the State of Hawaii through the Hawaii Housing Finance and Development Corporation (HHFDC), which would result in the long-term preservation of the complex as an affordable housing project in a cost effective manner. The general structure of the proposed transaction is summarized as follows:

The 22-acre property would be split into two parcels (see Figure 1). HHFDC would acquire the fee ownership of Parcel A from Kukui Gardens Corporation (KGC). Parcel A is approximately 10 acres in size and contains approximately 389 units in 20 buildings.

To take advantage of private activity tax-exempt revenue bonds and non-competitive (4%) tax credits, the HHFDC would partner with EAH Housing, a private nonprofit housing organization (EAH). EAH would be the general partner of a to-be-formed for-profit limited partnership that would be granted a long-term ground lease demising Parcel A. The limited partnership formed by EAH would acquire all buildings and improvements on Parcel A. Under the proposed transaction, rents for the existing 389 units on Parcel A would be kept affordable to households earning 60 percent or less of the HUD area median income (AMI) for the County to December 2062.

Carmel Partners would acquire fee ownership from KGC of the land and improvements comprising Parcel B. As a further and important part of the proposed, structured transaction, Carmel Partners would agree to operate and maintain the existing 468 units on Parcel B at the affordable rents charged in accordance with the existing HUD Use Agreement through April 2011. From May 2011 through April 2013, Carmel Partners would be able to gradually increase the rents on these units for new tenants. From May 2013 to December 2062, all 468 units would continue to be rented at rents affordable to households earning 140 percent and below the HUD AMI for the County.

Under the financing plan for the structured transaction, HHFDC would use State general obligation bond funds appropriated by the State Legislature—Act 231, SLH 2007 appropriated \$25 million in general obligation bonds for fiscal year 2007-08 for the acquisition and financing of Parcel A. The Conference Committee Report No. 90 stated that HHFDC intends to submit a request during the Regular Session of 2008 for the authorization of an additional \$26 million in general obligation bonds for FY 2008-09 to fund HHFDC's remaining obligations under this structured transaction.

Act 231, SLH 2007 authorized HHFDC to implement a structured transaction to preserve affordability at Kukui Gardens. The measure also allowed HHFDC to enter into a long-term ground lease of the land; if preferable, to deed the

improvements to a private profit or nonprofit housing organization for the purpose of operating, managing, and maintaining the existing rental units on Parcel A; and to potentially develop additional affordable rental unit or affordable for-sale units on the site. HHFDC proposes to partner with EAH Housing, a nonprofit corporation, which will form a for-profit limited partnership to operate, manage, and maintain the housing units on Parcel A.

The limited partnership would be responsible for overseeing and managing the rental of the housing units and for routine maintenance, upkeep, and repairs. Potential redevelopment of Parcel A is not part of the proposed action covered by this EA. The subject funding is limited to purchase and rehabilitation of the improvements on Parcel A; no redevelopment or construction of new housing units on Parcel A is proposed. If State funds become available for future improvements beyond day-to-day maintenance, repair, and rehabilitation of the existing improvements, that project would be subject to environmental review.

In April 2006, an announcement was made that KGC had negotiated a purchase and sale agreement for the entire property with Carmel Partners LLC. Prior to this announcement, EAH was involved in community efforts to preserve rental affordability at Kukui Gardens. A Memorandum of Understanding was drafted in January 2007 between Carmel Partners and Faith Action for Community Equity (FACE)/Kukui Gardens Residents Association (KGRA), a nonprofit entity/organization that would own and control portions of Kukui Gardens. FACE/KGRA had designated EAH as that nonprofit entity/organization. Under the proposed structured for this transaction, EAH would serve as the general partner of the limited partnership to own the Kukui Gardens improvements on Parcel A and to operate, manage, and maintain the existing rental units.

EAH (formerly Ecumenical Association for Housing) was established in 1968 to “create community by developing, managing and preserving quality affordable housing.” It has become one of the largest nonprofit housing organizations in the western U.S. with offices in San Rafael, San Jose, Fresno, and Honolulu. With a staff of over 350 people and annual cash management of over \$60 million, EAH manages over 67 properties and currently manages 936 rental housing units on Kauai and Oahu.

EAH is also a developer of rental housing. In April 2007, HHFDC awarded EAH/Hui Kauhale up to \$37.6 million in federal and state low- income housing tax credits and approved a \$6.768 million rental housing trust fund loan for the development of 140 rental units in Ewa Villages Phases I and II. A 52-unit Phase III will follow next year. This property will serve those at 60 percent of AMI and below.

As HHFDC’s partner under the proposed Kukui Gardens transaction, EAH would be able to apply for approximately \$45 million in Hula Mae multifamily bond financing, which coupled with the non-competitive (4%) low- income housing tax

credits, would be used to help finance the purchase and rehabilitation of the Parcel A housing units.

3.2 No Action Alternative

If the State does not act, it is likely that KGC would retain ownership of the entire property and maintain the affordable rental rates on the housing units only until expiration of the HUD affordability restrictions in at the end of April 2011. Afterwards, there are no assurances that any of the 857 units would be retained as affordable rental housing. There is a high likelihood that would be the case as evidenced by the purchase and sale agreement with Carmel Partners.

3.3 Alternatives Considered but Not Evaluated

In the course of study and negotiations, the State has considered other possible interventions at Kukui Gardens. Act 288, SLH 2006 identified two extreme cases that have proven not to be feasible:

First, Act 288 authorized intervention to maintain rents on at least half of the units in Kukui Gardens at levels affordable at 80 percent of AMI or less through 2016. This alternative would provide short-term relief and could extend the period in which Kukui Gardens could seek other housing options. It would not, however, serve to keep the Kukui Garden units affordable for rent over the long term. Consequently, it does not meet the purpose and need of the action proposed here.

Second, the Act authorized the State to acquire all of Kukui Gardens, either at a negotiated price or through eminent domain. In either case, the State would need to pay a fair market value. Carmel Partners had offered approximately \$132 million for the property. This alternative was not chosen in part because it would demand a much greater commitment of State funds than the proposed action.

Going beyond the options made available under Act 288, the State could have acquired the property by eminent domain and then sought to redevelop it. That alternative has several drawbacks, including displacement of tenants for an extended period, substantial development costs, and the need for a lengthy environmental review and land use permitting process.

3.4 Required Permits and Approvals

The proposed action—a real estate transaction for land and existing improvements using State funds—requires no land use permits or approvals.

3.5 Summary of Potential Impacts

The only impacts of the proposed land acquisition identified in the analysis are those relating to the socioeconomic environment. These impacts would be positive or beneficial, enhancing the economic and social welfare of the community and state by assuring the long-term preservation of a large number of affordable rental housing units.

The cultural impact assessment disclosed no traditional practices being conducted on the property. Therefore, the proposed acquisition would have no effect on traditional practices.

Chapter 4

Affected Environment, Potential Environmental Impacts, and Mitigation Measures

4.1 Introduction

To streamline this environmental assessment (EA) as well as provide focus to the analysis, issues were screened for applicability or relevance to determine the need for further evaluation. This approach is useful for sites such as Kukui Gardens located in built-up urban areas, particularly since the proposed action would result in continuation of the existing housing and no changes to existing activities or facilities. The objective is to prepare a concise, analytic EA that discusses impacts in proportion to their significance.

The following table was prepared as a checklist to review resources/issues, determine which ones will be evaluated in detail in this document, and provide the rationale for the screening process.

Resource	Discussion and Determination
Topography	Site is level at street grade. No change in terrain is proposed. Determination: no further evaluation required.
Soils and geology	No construction or development is proposed, and hence, no change in soils/geology will occur. Determination: no further evaluation required.
Hydrology	The site drainage patterns will remain unchanged. Determination: no further evaluation required.
Environmentally sensitive areas	The site is not in a flood plain, tsunami zone, or erosion-prone area. It is not in a beach/coastal area or in the vicinity of an estuary. It is not on geologically hazardous land. Determination: no further evaluation required.
Air quality	Land acquisition will not affect traffic or other activities associated with air quality impacts. Determination: no further evaluation required.
Noise	Land acquisition will not cause changes in the noise environment. Determination: no further evaluation required.
Water quality	Land acquisition will not affect surface or groundwater quality. Existing physical conditions will remain unchanged. Determination: no further evaluation required.
Historic and archaeological resources	The site is completely developed; no development or ground disturbance is proposed. None of the structures on the site, built in 1971, qualifies for listing on the National Register of Historic Places. Determination: no further evaluation required.

Resource	Discussion and Determination
Terrestrial biota and habitat	The site is completely developed; the existing housing will remain. Flora and fauna found onsite are typical of dense urban areas, which provide no suitable habitat for rare, threatened, or endangered species. There are no wetlands or streams on the property. Determination: no further evaluation required.
Infrastructure	Land acquisition will not result in any changes to existing roads, traffic circulation or volume, potable water use, wastewater demand, electrical demand, solid waste disposal, or drainage. Determination: no further evaluation required.
Public services	Land acquisition will not affect the capacity of public services and facilities such as police and fire protection, emergency services, health care, schools, and parks. The number of residential units and tenants will remain unchanged. Determination: no further evaluation required.
Energy use	The existing residential use will continue, with no changes in energy use expected. Determination: no further evaluation required.
Views	The existing buildings and landscaping will remain, with no changes in views. Determination: no further evaluation required.
Land use compatibility	There will be no land use changes. Existing uses comply with City zoning and are compatible with the surrounding neighborhood. Determination: no further evaluation required.
Socioeconomics	Acquiring Parcel A and continuing to provide affordable rental units have the potential to substantially affect the economic or social welfare of the community in a positive way. Determination: further evaluation required to document these impacts.
Cultural practices	Determination: Chapter 343, HRS, requires preparation of a cultural impact assessment.

4.2 Socioeconomics

Topics considered under the heading of socioeconomics include employment and wages, population impacts, housing impacts, fiscal impacts, impacts on community cohesion in the immediate community, and impacts on the wider society.

Employment and wages: Neither the proposed action nor the no action alternative would generate new employment and wages.

Housing and population: Neither the proposed action nor the no action alternative would generate new population in Hawaii or new housing.

For the residents of Parcel A, the proposed action offers continued opportunity to stay in their units at affordable rents appropriate for their income levels.

The two alternatives differ in their impacts on the island housing supply. Under no action, the stock of units at below-market rents would decline by 857. The proposed action would retain some 389 units at below-market rents. The importance of this for the island economy is due to a very limited inventory and to the importance of rental housing at such rates for the economy and for the workforce.

According to the recent update of the *Hawaii Housing Policy Study*, O'ahu had approximately 127,000 rental housing units as of mid-2006.³ Nearly 53 percent of those reporting rents and income paid 30 percent or more of their income for shelter—an estimated 60,000 households. That study included a model of existing and future demand for housing, which indicated that:

- Approximately 20.6 percent of Oahu households earn from 50 to 80 percent of AMI;
- This segment of the population is expected to grow by more than 600 households annually in the coming years; and
- The total number of renting households is expected to grow by 1,500 households annually in the next few years and then grow by smaller figures.

Production of rental units is expected to occur within master planned communities to the extent mandated by Unilateral Agreements. Those agreements provide for as much as 30 percent of new housing within a development to be “affordable,” but two-thirds of that is aimed at the 80 to 120 percent of AMI segment, which may rent or purchase. Developers commonly prefer to sell these homes and, hence, to end their involvement in meeting and maintaining affordability. Consequently, new production for the 50 to 80 percent of AMI segment is likely to amount to 300 to 400 units annually—far less than the new demand generated by this segment.⁴ Also, affordable rental units mandated by Unilateral Agreements and the like may not be income-limited for the length of time—55 years after the end of the HUD mortgage period—specified in the proposed action.

The most immediate impact of the proposed action on the housing market is to safeguard part of the housing stock that is already in high demand yet unlikely to expand in response to that demand. Over time, many renters in the 50 to 80 percent segment hope to become homeowners. This transition is possible so long as they can amass savings and increase their incomes over the years. With market rents rising roughly in line with mortgages and Hawaii for-sale prices far higher than the national average, it is very difficult for young families to save enough for a large housing down payment. Controlled rents make it much easier for young families to save and to move on to homeownership in Hawaii. The

³ SMS Research & Marketing Services, Inc. *Housing Policy Study, 2006*. Honolulu, HI: 2007. Posted at <http://www.hawaii.gov/dbedt/hhfdc/resources/Reports>. Numbers discussed here are from the Technical Report and include market rentals, rentals at controlled prices (“affordable rentals”), public housing, and units occupied without payment by non-owners.

⁴ The 2006 version of the demand model is a spreadsheet in which the user can change key variables, notably future interest rates. This discussion covers results with interest rates continuing at current levels (6.5%) or shifting to higher levels. The discussion assumes average annual new production of some 3,000 to 4,000 units. The model is posted at <http://www.hawaii.gov/dbedt/hhfdc/resources/Reports>.

alternative, as many have attested in surveys and newspaper accounts, is to move to a place with lower housing costs.

The proposed action would require State financing of the purchase of Parcel A and, hence, draw on State revenues. That expenditure has been warranted by the State Legislature and Governor as a matter of State policy.

Social impacts of the proposed action would arise at Kukui Gardens and statewide. Within the project, residents of Parcel A would not be displaced and need to seek homes elsewhere. Also, with rents kept below market on Parcel A, rents on Parcel B are likely to rise less than they would if Carmel controlled the entire property as well as branding and redevelopment. Consequently, Parcel B residents, while not protected against rent increases to the extent that residents of Parcel A would be, are more likely to be able to afford to stay on-site than they would under no action.

4.3 Cultural Impact Assessment

Pacific Legacy Incorporated prepared a cultural impact assessment for this project. The purpose of the report, presented in Appendix A of this document, was to determine if any traditional practices and/or beliefs would be displaced or disrupted by the proposed acquisition of the property.

Parcel A is fully urbanized and has been an affordable development for more than 30 years. With a low likelihood of individuals being present that would know about traditional practices, no informant interviews were conducted. Archival research was used to identify traditional activities in the area.

Archival background research suggests that traditional use of the area was extensive. Twelve Land Commission Awards (LCAs) were awarded for the subject property. Testimony from Native Hawaiian claimants shows that there was a significant population residing here, and the number of *lo'i* and house lots revealed in archaeological investigations supports this conclusion.

Traditional activities included habitation, farming (both irrigated taro cultivation and dryland *kula* cultivation), aquaculture in two nearby fishponds, nearshore and offshore fishing, and probably gathering in the inland areas. One Hawaiian individual indicated that the burial of family members occurred near habitation areas.

No archaeological investigations have been performed within the Kukui Gardens property. Archaeological research completed closest to the property appears to uphold the presence of the now extinct Kuwili and Kawa Fishponds, as well as the occurrence of pre- and post-Contact burials and cultural deposits. *Heiau* and other ceremonial sites were located in the general vicinity, and petroglyph sites were present nearby.

Sanborn Fire Insurance Maps indicate that the area was extensively used in the early part of the 20th century. It is unlikely that development disturbed much of the subsurface deposits which existed prior to 1900. While extensive development occurred during the 20th century, there is the likelihood that subsurface cultural deposits exist. The proposed action would have no effect on extant cultural deposits. However, at such time that redevelopment is proposed, which would necessitate ground disturbance, an archaeological inventory survey would be required. A program of archaeological excavations is recommended to determine if any subsurface deposits, including human burials, exist on the property.

While this area has a long and rich history, it does not appear that traditional practices are being conducted here. Hence, the proposed State acquisition of the Kukui Gardens Parcel A is not expected to have any effect on traditional practices. No mitigation is required.

4.4 Secondary and Cumulative Impacts

Secondary impacts are those impacts caused by the action that are later in time or further removed in distance but still reasonably foreseeable (HAR 11-200-2). Subsequent to the State acquiring Parcel A of Kukui Gardens in partnership with EAH, future redevelopment of the site is a possibility. This may be the case as the useful life of the buildings approaches the point where renovation/rehabilitation would no longer be feasible and cost-effective, and as the cost of maintenance increases substantially in response to aging building systems. However, the likelihood of future redevelopment would occur regardless of ownership. Consideration and evaluation of future redevelopment would be premature and speculative at this time.

Rehabilitation of the existing buildings is a possibility in the foreseeable future, regardless of ownership. Depending on the scope of renovations, secondary impacts may include short-term impacts during the construction period, including inconvenience to tenants and construction employment, and long-term benefits to tenants in terms of quality of life.

Statewide, the proposed acquisition sets a precedent for State action to support the inventory of rental units for low- to moderate-income households, and for collaboration between the State and a for-profit or nonprofit housing manager committed to long-term affordability. The proposed action may not lead to a series of similar investments but could well lead to further collaboration between the State and for-profit or nonprofit housing agencies to protect and expand rental housing.

Cumulative impacts are environmental impacts resulting from the incremental impact of the action when added to other past, present, and reasonably foreseeable future actions, regardless of what agency or person undertakes such other actions. Cumulative impacts can result from individually minor but collectively significant actions taking place over a period of time. (HAR 11-200-2).

For Kukui Gardens, there is the cumulative impact of the State (HHFDC) and Carmel Partners acquiring Parcels A and B, respectively, although this could be considered a single action under the proposed structured transaction.

4.5 Other Considerations

4.5.1 Consistency with Government Plans and Policies

With acquisition of Parcel A by the State, there would be no change in State or City and County land use designations. The parcel would remain in residential use, consistent with existing State land use classification and City and County zoning and Development Plan policies. The proposed action is consistent with various policies at all governmental levels regarding the need to preserve and provide affordable and workforce housing.

4.5.2 Irretrievable and Irreversible Commitment of Resources

The proposed action would involve no irretrievable or irreversible commitment or loss or destruction of any natural or cultural resources.

Chapter 5

Determination and Findings

Based on the analysis documented herein, the determination is a Finding of No Significant Impact (FONSI). This determination has taken into consideration primary and secondary consequences of the proposed action, as well as cumulative, short-term, and long-term effects. In summary, the only impacts of the proposed land acquisition identified in the analysis are those relating to the socioeconomic environment. These impacts would be positive or beneficial, enhancing the economic and social welfare of the community and state by assuring the long-term preservation of a large number of affordable rental housing units.

Following is a discussion of the FONSI determination, using the significance criteria established in HAR Section 11-200-12 to evaluate project impacts. Pursuant to subparagraph 12, ...*an action shall be determined to have a significant effect on the environment if it:*

- (1) *Involves an irrevocable commitment to loss or destruction of any natural or cultural resource.*

Natural or cultural resources would not be affected by the proposed land acquisition. No sensitive natural or cultural resources have been identified on the site, which is a built environment consisting of apartment buildings, paved areas for parking and circulation, and landscaping. No traditional practices are known to occur on the property.

- (2) *Curtails the range of beneficial uses of the environment.*

Kukui Gardens is in a built-up urban environment. A change in ownership of the land and improvements would have no effect on uses of the environment, which would continue as they have since 1971.

- (3) *Conflicts with the state's long-term environmental policies or goals and guidelines as expressed in Chapter 344, HRS, and any revision thereof and amendments thereto, court decisions, or executive orders.*

No adverse impacts on the environment would occur due to the proposed land transaction, which would permit existing uses to continue.

- (4) *Substantially affects the economic and social welfare of the community or state.*

The proposed land acquisition would substantially affect the economic and social welfare of the community and state in a positive way by preserving 369 units of affordable rental housing.

Pursuant to Act 288, SLH 2006, the State Legislature found that:

“(1) Kukui Gardens is a unique affordable housing resource on twenty-two acres in central Honolulu that provides housing for two thousand five hundred working residents and senior citizens in eight hundred fifty-seven low-income housing units, of which over fifty per cent of the units are rented to families with incomes under fifty per cent of the median family income, and over twenty per cent of the units are rented to families with incomes over one hundred ten per cent of the median family income;

(2) Kukui Gardens supports the character of the neighborhood by being the primary source of workforce housing for all of historic Chinatown;

(3) The eight hundred fifty-seven affordable rental units in Kukui Gardens are irreplaceable in the current Honolulu housing market;

(4) Kukui Gardens is currently for sale, and therefore at risk of becoming a market rate rental project or condominium after 2011, when the project's affordable housing commitment period with the United States Department of Housing and Urban Development expires; and

(5) The residents, surrounding community, and the island of Oahu would benefit from the active intervention of the State in this transaction to ensure that there is no negative impact on current and future residents.”

(5) *Substantially affects public health.*

No public health impacts would be associated with the proposed land transaction.

(6) *Involves substantial secondary impacts such as population changes or effects on public facilities.*

As documented herein, Parcel A of Kukui Gardens would continue as affordable rental housing under the proposed action, with no population changes or effects on public facilities.

(7) *Involves a substantial degradation of environmental quality.*

No degradation of environmental quality would be associated with the proposed land transaction.

(8) *Is individually limited but cumulatively has considerable effect upon the environment or involves a commitment for larger actions.*

The proposed acquisition of Parcel A of Kukui Gardens by the State would take place as part of a structured transaction whereby Carmel Partners would acquire the remainder of the property (Parcel B). This structured transaction would not have considerable effect upon the environment. Both parcels would remain in their existing residential use.

Consideration of future larger actions, such as a major redevelopment of the site, is premature at this time since no plans have been made and no funds have been committed.

(9) *Substantially affects a rare, threatened, or endangered species, or its habitat.*

As stated in item (1) above, the site is totally developed. No rare or listed species or their habitat occur on Parcel A.

(10) *Detrimentially affects air or water quality or ambient noise levels.*

Land acquisition would not affect traffic or other activities associated with air quality impacts. It would not cause changes in the noise environment, nor would it affect surface or groundwater quality. Existing physical conditions would remain unchanged.

(11) *Affects or is likely to suffer damage by being located in an environmentally sensitive area such as a flood plain, tsunami zone, beach, erosion-prone area, geologically hazardous land, estuary, fresh water, or coastal waters.*

The Kukui Gardens site is not located in or near any of these sensitive areas.

(12) *Substantially affects scenic vistas and viewplanes identified in county or state plans or studies.*

Under the proposed action, the existing buildings and landscaping would remain, with no changes in vistas or viewplanes.

(13) *Requires substantial energy consumption.*

The proposed land transaction would not require substantial energy consumption.

Chapter 6 Consulted Parties

6.1 Pre-Assessment Consultation

Various avenues have been available for stakeholder input on the preservation of Kukui Gardens as an affordable rental housing project, including extensive discussion on proposed solutions. These are summarized below.

During the 2006 and 2007 sessions, the Hawaii State Legislature conducted hearings on measures to acquire Kukui Gardens. H.B. 2239, introduced and passed in the 2006 legislative session and enacted as Act 288, directed HHFDC to initiate negotiations with the landowner to extend the period of affordable rents to at least 2016, to acquire Kukui Gardens, or to commence the condemnation process. The bill passed following a series of public hearings:

- House Committee on Housing, January 30, 2006. Partners in Care and the Hawaii Realtors Association testified in support of H.B. 2239. The Housing and Community Development Corporation of Hawaii (HCDCH) supported the intent of the measure.
- House Committee on Finance, February 13, 2006. EAH Housing, Faith Action for Community Equity (FACE), and a concerned individual testified in support of the bill. HCDCH and the Hawaii Association of Realtors also spoke in favor.
- Senate Committee on Commerce, Consumer Protection and Housing, March 16, 2006. City Councilmembers Romy Cachola and Rod Tam, the Affordable Housing and Homeless Alliance, Empower Oahu, Solidarity with the Homeless, HCDCH, the Hawaii Association of Realtors, and 32 individuals testified in support of the bill.

H.B. 667, introduced and passed in the 2007 legislative session and enacted as Act 231, authorized the issuance of \$25 million in general obligation bonds to finance the acquisition of a portion of the Kukui Gardens land and improvements. The bill also authorized HHFDC to enter into a long-term, below-market ground lease of the land and to deed the improvements to a private nonprofit housing organization for the purpose of operating, managing, and maintaining the existing rental units. Public hearing testimony was received as follows:

- House Committee on Human Services and Housing, February 5, 2007. The Hawaii Family Forum, Roman Catholic Church/State of Hawaii, and FACE testified in support of H.B. 667.
- House Committee on Finance, February 9, 2007. The Hawaii Family Forum and Roman Catholic Church/State of Hawaii provided testimony in support of the bill.

- Senate Committee on Commerce, Consumer Protection, and Housing, March 20, 2007. The following testified in favor of the bill: EAH Housing, Housing Hawaii, FACE, Kukui Gardens Association, and three individuals.
- Senate Committee on Ways and Means, March 27, 2007. The committee received written testimony in support of this measure from the Hawaii Family Forum, Kukui Gardens Association, FACE, a member of the Honolulu City Council, and one individual.

The Honolulu City Council adopted resolutions in 2006 and 2007 relating to Kukui Gardens:

- Resolution No. 06-068 urged the Kukui Gardens Corporation (KGC) to ensure the affordability of units in the complex, as well as seek out and seriously consider offers from the State, nonprofit organizations, and other potential buyers that would commit to maintaining and preserving Kukui Gardens as affordable rental housing in perpetuity.
- Resolution No. 07-046 urged the State Legislature and the Governor to assist in preventing Kukui Gardens residents from being displaced and to intervene in the settlement agreement to ensure that the rental units remain affordable in perpetuity.
- Resolution No. 07-236, CD1, urged the Hawaii congressional delegation to resolve issues relating to the sale of Kukui Gardens.

Governor Lingle and several members of her cabinet visited with Kukui Gardens residents and management on August 2, 2006.

The HHFDC Board of Directors held meetings, open to the public, to discuss the Kukui Gardens acquisition and preservation as an affordable housing rental project.

- On May 10, 2007, the HHFDC Board approved the selection of EAH Housing as HHFDC's partner in the structured acquisition of Parcel A. Representatives from EAH and FACE spoke in favor of the action.
- On June 14, 2007, the HHFDC Board authorized the Executive Director to negotiate, approve, and execute all necessary instruments and documents relating to the partial acquisition of Kukui Gardens and preservation of affordable rental units in the project. Representatives of the Kukui Gardens Association and FACE, as well as Councilmember Rod Tam, attended the Board meeting in support of the action.

6.2 Draft EA Distribution and Review

The Draft EA was published in the Office of Environmental Quality Control *Environmental Notice* on October 23, 2007. Publication initiated a 30-day public review period ending on November 23, 2007. Copies of the Draft EA were mailed to the parties listed in Appendix B. An asterisk (*) identifies stakeholders who submitted letters during the review period. These letters are presented in Appendix C. With two exceptions, the letters did not provide any comments on the draft document. Response letters were sent to the stakeholders who provided comments; the response letters are also presented in Appendix C.

Chapter 7

References

Hastings, Conboy, Braig & Associates, Ltd. (June 2007) *Appraisal of the Fee Simple Interest in a Portion of Kukui Gardens Identified as Parcel A, Located at 350 to 440 N. Beretania Street and 1001 to 1207 Liliha Street, Honolulu, Oahu, Hawaii.*

Kukui Gardens Corporation (February 6, 1969) *The Kukui Gardens Story.*

Office of Environmental Quality Control (June 2004). *The Environmental Guidebook: A Guidebook for the State Environmental Review Process.*

Personal communication with Janice Takahashi, Chief Planner, Hawaii Housing Finance and Development Corporation, October 3-10, 2007.

Request for Action: Approval to Advance Funds from the Dwelling Unit Revolving Fund to Make a Deposit for the Acquisition of Parcel A of Kukui Gardens, TMK No. (1)1-7-26:07. Approved by the HHFDC Board of Directors, September 13, 2007.

Request for Action: Approval to Partner with EAH Housing for the Preservation of the Kukui Gardens Affordable Rental Housing Project, TMK: (1)1-7-26:07. Approved by the HHFDC Board of Directors, May 10, 2007.

APPENDIX A

Cultural Impact Assessment

**CULTURAL IMPACT ASSESSMENT
FOR THE
KUKUI GARDENS HOUSING COMPLEX
PARCEL A,
HONOLULU, O`AHU ISLAND**

TMK: 1-7-26:07

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ABSTRACT

Pacific Legacy, Inc. at the request of Belt Collins Hawaii, Ltd. conducted a Cultural Impact Assessment for the Kukui Gardens Housing Complex "Parcel A" (TMK: 1-7-26:07) located in Honolulu, Hawai'i. The State of Hawaii is currently negotiating to purchase the subject parcel. This document will be incorporated into an Environmental Assessment addressing the proposed purchase.

The purpose of this assessment is to determine if any traditional practices and/or beliefs will be displaced or disrupted by the proposed acquisition of this property.

The subject parcel is fully urbanized and has functioned as a low income housing development for over 30 years. As there is a low likelihood of individuals being present that would know about traditional practices in this area, no informant interviews were conducted. Archival research was used to determine what traditional activities took place here.

The archival background research suggests that traditional use of the area was extensive. Twelve LCA's were awarded for the subject property. Traditional activities taking place included habitation, farming (both irrigated taro cultivation and dryland *kula* cultivation; aquaculture in two nearby fishponds, near-shore and off-shore fishing, and probably gathering in the inland areas. One Hawaiian individual indicated that the burial of family members was taking place near habitation areas.

Archaeological research completed closest to the project area appears to uphold the presence of the now extinct Kuwili and Kawa Fishponds as well as the occurrence of pre- and post-Contact burials and cultural deposits. *Heiau* and other ceremonial sites were located in the general vicinity of the project area, and petroglyph sites were present nearby.

While this area has a long and rich history, it does not appear that traditional practices are being conducted here. Hence it does not appear that the proposed State acquisition of the Kukui Gardens Parcel A will have any effect on traditional practices.

TABLE OF CONTENTS

1.0 INTRODUCTION	1
1.1 Purpose	1
1.2 Project Location	1
2.0 METHODS	7
3.0 ARCHIVAL RESEARCH.....	8
3.1 Land Commission Awards.....	8
4.0 DISCUSSION AND RECOMMENDATIONS	18
5.0 REFERENCES CITED	20

LIST OF FIGURES

Figure 1. Project location shown on aerial photograph (courtesy Google).....	3
Figure 2. Overview of project area.	4
Figure 3. Main driveway entrance at Liliha Street.	4
Figure 4. Overview three structures on the subject property.	5
Figure 5. Overview of a typical structure at Kukui Gardens.....	5
Figure 6. Overview of project area parking lot, view to north.	6
Figure 7. Project Location highlighted on the Tax Map Key	10
Figure 8. Approximate project location highlighted on the Sanborn Fire Insurance Map in 1914. (After Tulchin et al. 2006).	11
Figure 9. Approximate location of project area on the Sanborn Fire Insurance Map 1927- 1951. (After Tulchin et al. 2006).....	12
Figure 10. W.A. Wall 1887 Map with approximate project area in McGerty et al. (1997).17	
Figure 11. Monsarrat Survey Map of 1897 in McGerty et al. (1997).....	17

LIST OF TABLES

Table 1. Land Commission Awards within the subject parcel.	8
Table 2. Land Commission Awards in the adjoining parcel.....	9

Frontispiece: Project Location highlighted on the Tax Map Key.

1.0 INTRODUCTION

Pacific Legacy, Inc. at the request of Belt Collins Hawaii, Ltd. conducted a Cultural Impact Assessment for the Kukui Gardens Housing Complex "Parcel A" (TMK: 1-7-26:07) located in Honolulu, Hawai'i (Figure 1). The proposed action is the acquisition of a portion of Kukui Gardens (Parcel A) by the State of Hawaii, which would result in the long-term preservation of the complex as an affordable housing project in a cost effective manner. The general structure of the proposed transaction is summarized as follows:

The 22-acre property would be split into two parcels (see Figure 1). The Hawaii Housing Finance and Development Corporation (HHFDC) would acquire the fee ownership of Parcel A from Kukui Gardens Corporation (KGC). Parcel A is approximately 10 acres in size and contains approximately 389 units in 20 buildings.

1.1 PURPOSE

The CIA is a requirement under Act 50, which was signed into law by former Governor Ben Cayantano on 26 April 2000. Under Act 50, the Hawai'i State Department of Health "Guidelines for Cultural Impact Assessments" mandate that the subject property be studied as well as surrounding areas where construction or development have impact potential. The guidelines also recommend personal interviews with traditional cultural practitioners and knowledgeable informants on cultural practices. Act 50 has the stated purpose to:

Require that environmental impact statements include the disclosure of the effects of a proposed action on the cultural practices of the community and State; and amend the definition of "significant effect" to include adverse effects on cultural practices.

1.2 PROJECT LOCATION

The Kukui Gardens Housing Complex is located on the southern leeward side of the island of O`ahu. It is situated near the coastal Honolulu Plain on the east side of the Ko`olau Mountain Range and to the west (Ewa) of Nu`uanu Stream and River Street. Positioned at the convergence of Liliha Street, North Beretania Street, South King Street and Dillingham Blvd., the setting is entirely urban in nature, this area serves as a major artery for commuters and workers passing through downtown Honolulu. Located to the immediate north of the subject parcel is Kukui Gardens Housing Complex "Parcel B" and Beretania Park, to the east is commercial property and apartment buildings, to the south A`ala Park and commercial property, and to the west is Mayor Wright Housing.

The Kukui Gardens Housing Complex was constructed in 1971 with the purpose of providing below-market affordable apartment rentals. Situated on approximately 10 acres of land, Parcel A is comprised of approximately 20 three to six-story masonry apartment buildings and adjoining parking areas (Figures 2 - 6). Landscaping consists of trees and common ground cover with asphalt or concrete driveways and walking paths. The property is zoned as an Urban District.

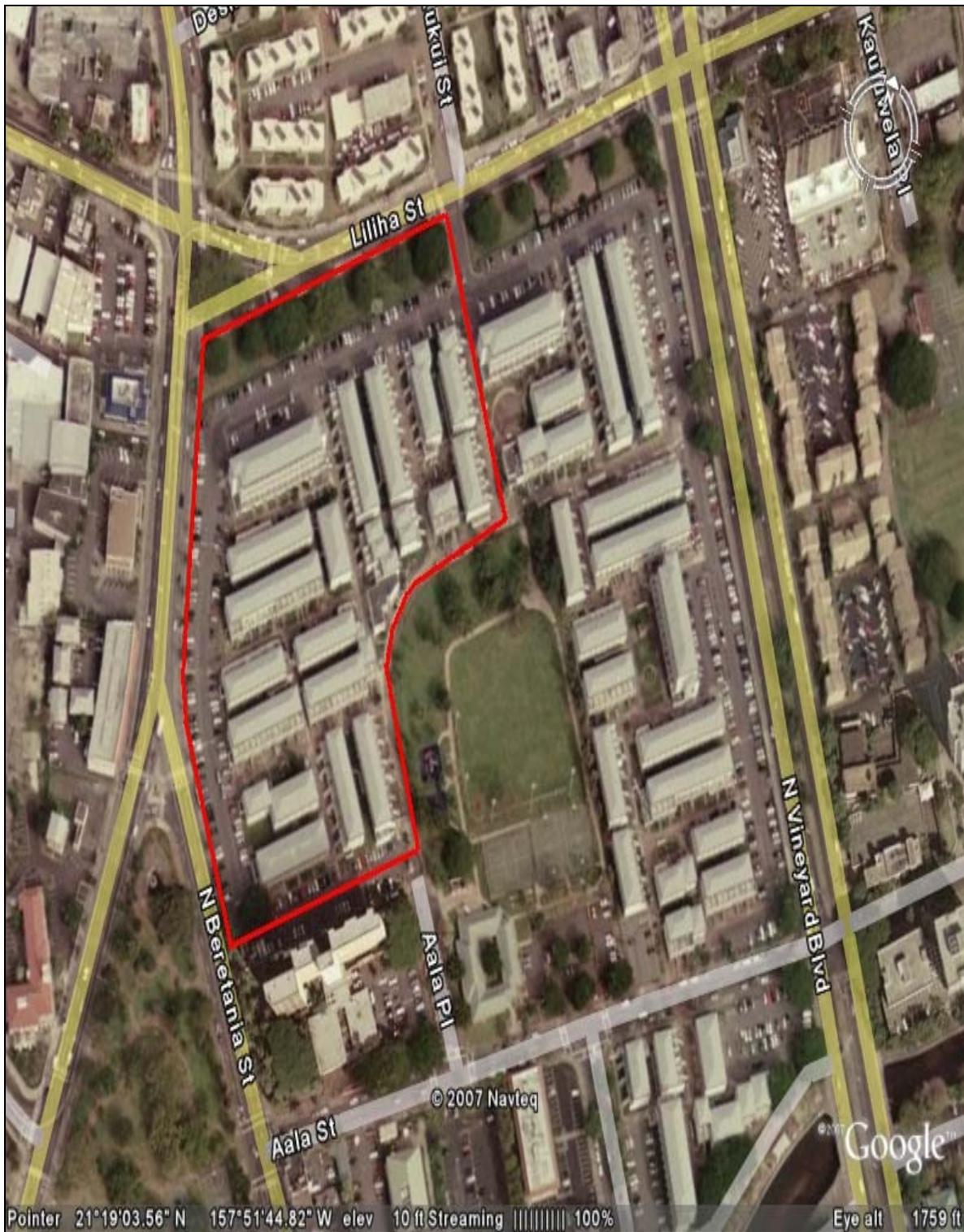


Figure 1. Project location shown on aerial photograph (courtesy Google).



Figure 2. Overview of project area.



Figure 3. Main driveway entrance at Liliha Street.



Figure 4. Overview three structures on the subject property.



Figure 5. Overview of a typical structure at Kukui Gardens.



Figure 6. Overview of project area parking lot, view to north.

2.0 METHODS

The purpose of the cultural impact assessment was to determine if traditional practices and/or beliefs will be impacted by the proposed development. While the guidelines also recommend personal interviews with traditional cultural practitioners and knowledgeable informants on the practices, for this study no knowledgeable leads were obtained. It was determined that the subject parcel is entirely urbanized and traditional activities (fishing, gathering, etc.) cannot take place here. As a result, no interviews were undertaken for this Cultural Impact Assessment; information on traditional practices was obtained through archival research.

Archival and recent research papers were consulted to collect pertinent data for the CIA. Archival research was performed at the following repositories:

- State of Hawai`i Historic Preservation Division Library
- State of Hawai`i Surveyors Office
- State of Hawai`i Archives
- State of Hawai`i Bureau of Conveyances
- State of Hawai`i Public Library

The archival research focused on the pertinent resources that may be present on the subject parcel and may have survived the development of Kukui Gardens.

3.0 ARCHIVAL RESEARCH

3.1 LAND COMMISSION AWARDS

Private land ownership was introduced into Hawaii during the Great Māhele (the division of Hawaiian lands) of 1848. Crown and *ali`i* lands were awarded in 1848 and *Kuleana* titles were awarded to the general populace in 1850 (Chinen 1958). The awarded lands were called Land Commission Awards (LCAs). Over time, government lands were sold off to pay government expenses. The purchasers of these lands were awarded Grants or Royal Patent Grants (Chinen 1958).

A check of the LCA awards at the State Archives indicates that 12 LCA's were awarded for the subject parcel (Table 1 and Figure 7). The importance of these LCA's is that as part of the claming process native and foreign testimony was recorded and these testimonies can shed light on what the land use of the area was in the early historic period. This information can be used to predict the types of resources that may still be present within the area.

It is crucial to note that the LCA testimony from the native claimants, highlights the number *lo`i* (pondfields) and house lots that were at onetime present in the project area. The large number of house lots (n=6) combined with a significant number of *lo`i* (n=22) and its location just outside of Honolulu.

One significant testimony comes from Kuinui (LCA 732) who sheds light on what may be present within the project area. He sates:

“My interest in this place is from Kamehameha I. My interest is from my wahine, whose own kupunas and makuas lived here and are buried here.” Native Register, Volume 2, page 393.

This testimonial highlights the likelihood that human remains are probably present within the project area.

Also investigated for the current project were the LCA's from the adjoining Parcel B at the Kukui Gardens Housing Complex (Table 2). Although outside of the property, examining these LCA's can also indicate what type of resources could be present under the current structures.

Table 1. Land Commission Awards within the subject parcel.

LCA NO.	Awardee	Comments	Royal Patent No.
732	Kuinui	house lot, `auwai (n=2), pig enclosure, lo'i (n=4)	2465 and 6726
743:2	Hailama for Kiniwahine	adobe house, lo'i (n=6)	1981
796	Batimea	lo'i (n=1), `auwai	141
933:4	Kamae	houseslot, lo'i (n=3), kula	1226
1403	Nawahinelua	houseslot	1992
1404	Nahuina	lo'i (n=3), `auwai	4508
2133	Kaluahi	houseslot, lo'i (n=3), `auwai	2258
3374:B	Haiakauai	potato patch	1903
4747:B	Malaekoa	-	2461
4747:1	Kama	houseslot	5610
6236	Kaaiawaawa	The `ili of Koiuiu	7339, 8160, 8296, 8338, 8339, 8342
8323	Kalaikuilino	house lot, lo`i (n=2)	5618

Table 2. Land Commission Awards in the adjoining parcel.

LCA NO.	Awardee	Comments	Royal Patent No.
724	Keliokaloa	lo`i (n=3)	311
939	Naimaneo	lo`i (n=2), kula land	1759
1033	Halualani	house lot, lo`i (n=1), kula land	5677
6245	Kalaeokekai for Kapokina Ukalimoa	house lot	
8344	Kamaikahulipu	`ili of Aala (7 lo`i, hala tree)	7696

A review of two Sanborn Fire Insurance Map from 1914 (Figure 8) and between 1927 and 1951 (Figure 9), indicate that the area was extensively utilized in the early part of the 20th century. This is probably the result of the increase population from trade and whaling that brought people to Hawaii. The expansion west of Nu`uanu Stream highlights the need for more housing adjacent to the business hub of Honolulu which at the time existed to the east of the stream. The need for housing was filled with wooden one and two story structures on the current project area. Some of these structures were later updated to concrete and parking stalls added for vehicles later in the century. Although this area was greatly developed it is unlikely that these structures disturbed much of the subsurface deposits which existed prior to 1900.

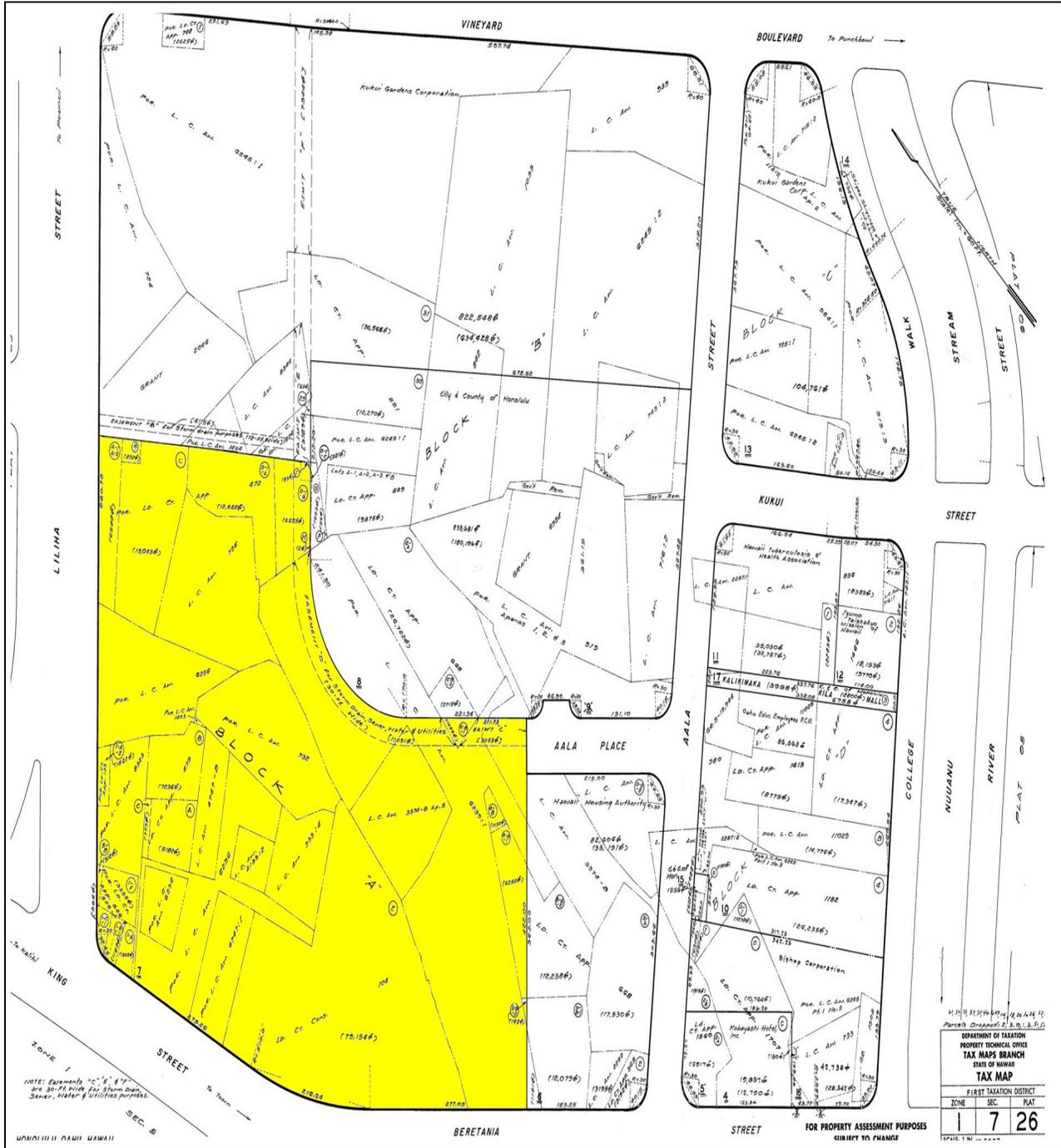


Figure 7. Project Location highlighted on the Tax Map Key



Figure 8. Approximate project location highlighted on the Sanborn Fire Insurance Map in 1914. (After Tulchin et al. 2006).



Figure 9. Approximate location of project area on the Sanborn Fire Insurance Map 1927-1951. (After Tulchin et al. 2006).

3.2 Archaeological Investigations

Sterling and Summers (1978) describe the project area as being traditionally in the Nu`uanu *ahupua`a* just adjacent to the Kapalama *ahupua`a*. However, the 1987 Hawaiian Studies Institute map of Oahu's pre-Mahele *ahupua`a* indicates that the area between Kapalama and Waikiki *ahupua`a* was designated as the Honolulu *ahupua`a*. Regardless, much of the archaeological and ethnographical research performed in Kapalama and Nu`uanu *ahupua`a* have been focused primarily on *mauka* areas and the historic downtown and Chinatown districts that are positioned on the Diamond Head side of Nu`uanu Stream (McAllister 1933; Rosendahl 1971; Luscomb & Reeve 1976; Sterling & Summers 1978; Ota 1980; Hammatt 1988; Pantaleo 1988; Chiogioji et al. 1991; Simons et al. 1991; Hurst 1990; Hurst & Pantaleo 1992; Denham & Kennedy 1993; Carpenter & Yent 1995; Elmore & Kennedy 2001; Winieski & Hammatt 2001; Dye 2002; Mann & Hammatt 2002; Dockhall 2003; Carney et al. 2005). However, several studies have been conducted within 0.5km of the project area (Kawachi 1989; Dunn et al. 1991; Landrum & Dixon 1992; Erkelens et al. 1994; Athens & Ward 1995; McGerty et al. 1997; McDermott & Mann 2001; Putzi et al. 2001; West et al. 2002; McIntosh & Cleghorn 2005; Tulchin et al. 2006).

McAllister, as part of his island-wide survey of O`ahu in the early 1930s found two *heiau* in Nu`uanu *ahupua`a*, just *mauka* (inland) of the project location as did a number of sacred stones. McAllister (1933) notes a series of petroglyphs (Sites 67-69) in the west bank of Nu`uanu Stream just over a mile northeast of the project area. Additionally, he discovered the presence of numerous caves on either side of Nu`uanu valley containing post-Contact artifacts, four of which contained burials. Further uphill, McAllister (1933) mentions the ancient Pali trail that lead up to two thirty feet by twelve feet deep notches carved in the cliff that purportedly functioned as fighting stations where boulders and rocks were thrown onto enemies below; these notches may have also been used by Kamehameha during his conquest of O`ahu as canon emplacements (McAllister 1933:88). He also stated that Kapalama was named after the enclosure, or *pa*, made of sacred *lama* wood, where the *ali`i* youth were held before their ritual coupling. In addition, McAllister (1933) referred to two *heiau*, the shrine Puela at Palama, and the Kawili fishpond as once existing in the *ahupua`a* of Kapalama.

Two *heiau*, one possibly mentioned in McAllister (1933), were purported to be relatively close to the project area according to Sterling and Summers (1978). One of which was located at 2290 Liliha St. 1.4 km *mauka* of the project location and the other, described by McAllister (1933) as well, at 2712 Nu`uanu Ave 1.7 km northeast of the project location. Kapalama was also reported to have fertile agricultural lands from Iwilei Street to the foothills above School Street, where 34 taro *lo`i* were registered to a farmer named Kaule. Sterling and Summers (1978) also describe the creation story and spiritual significance of the Puehuehu pool, at the convergence of Waolani and Nu`uanu streams only 0.6 km *mauka* of the project area. Additionally, just 0.8 km *mauka* of the project area is a spring named Kunawai, where according to ancient myth, foster children of the rainbow goddess bathed and water spirits dwelled (Sterling and Summers 1978). These sacred springs are likely areas with pre-Contact archaeological deposits and/or features.

In 1989, when renovations were being performed on the Cannery Square Building that lies ca. 0.4 km west of the project area, two human burials were inadvertently discovered under the concrete foundation (Kawachi 1989). After recovering the remains, the post-Contact burials were decided to be of secondary context and the reburial of the remains occurred sometime between 1890 and the construction of the Dole Cannery building in 1930.

Dunn et al. (1991) performed archaeological monitoring and trench testing for the Palama Chevron Station at the corner of North King Street and Robello Lane, just two blocks (0.2 km) north of the project location, after the inadvertent discovery of human remains were found during initial phases of construction. Human remains from three separate individuals were removed from their secondary burial context. Subsequently, nine test trenches were excavated, although no additional features were discovered. Dunn et al. (2001) noted that the area, Keone`ula, was used in the 1800's as a burial ground for small pox victims and that these individuals were likely associated with it.

Landrum and Dixon (1992) released a report that focused on the prehistoric skeletal remains (Site: 50-Oa-A5-16) inadvertently discovered in June of 1989 at the River-Nimitz Redevelopment project during a backhoe excavation located just 0.4 km south of the project area. The skeletal and soft tissue remains of the individual, dated to the later period of pre-Contact Polynesian adaptation to Oahu, were found in supine or face up and in a flexed or fetal position. The partially disturbed context in which the remains were found, which was described as an interface of gleyed, sandy, clay sediment superimposed with a layer of river and marine sand matrix, indicated that the individual was intentionally placed in a shallow estuarine environment rather than being buried in an excavated pit. One pre-Contact artifact was found in association with the remains, which was described as braided cordage of Pandanus fiber. Additionally, Landrum and Dixon (1992) collected contemporaneous entomological, botanical, and faunal remains from the deposits in which the burial was found for further study. During the burial recovery, four disturbed historic (1840's-1920's) trash pit features were located in the vicinity of the burial (Landrum and Dixon 1992).

Skeletal remains of four individuals were found in 1994 during construction related excavations in the Kekaulike-Diamond Head Project, which is located across the river on Diamond Head side in the Chinatown area of Honolulu, 0.3 km south of the project area (Erkelens et al. 1994). The first three individuals were discovered in the backfill of an older water line trench and were described as one 24-30 year old male, one 15-18 year old female, and one 3-4 year old child of post-Contact Hawaiian-Asian decent, while the fourth remains belonged to a fetus found in a separate area (Erkelens et al. 1994).

Athens and Ward (1995) performed a Paleoenvironmental Study of the property located across Iwilei Road (0.1 km southwest) from the subject area on the grounds of the old Oahu Railroad & Land terminal. Deposits of the Kuwili fishpond were found under late historic and modern fill. Sediment cores taken from the deposit yielded evidence that the Kuwili fishpond was constructed sometime between A.D. 1461-1643. In addition, the pollen retrieved during this study indicated that the fishpond may have been used for a

short time in the early historic period then abruptly abandoned (Athens & Ward 1995).

McGerty et al. (1997) identified the soils immediately southwest of Aala Park as being associated with Kuwili Fishpond (Site 50-80-14-5368). In this study, six trench excavations were performed with a backhoe to find evidence of the fishpond and any associated architectural features. Soil cores were obtained which indicated that the fishpond may have been originally constructed in as early as A.D. 1100 and that use was intermittent until the 20th century (McGerty et al. 1997).

Further testing performed in 2001 by McDermott and Mann for the Nimitz Highway water system improvements focused on the Kawa Fishpond that once existed just 0.15 km south of the project area and immediately south of Kuwili Fishpond's former location. McDermott and Mann (2001) performed backhoe testing, sediment coring, radiocarbon dating, micro-charcoal quantification, and palynomorph identification to discover that the Kawa Fishpond's sediments began to accumulate at around A.D. 1150-1350. However, radiocarbon dating of a coconut shell from the fishpond sediment had the outcome of A.D. 1450-1650 and the charcoal from lagoonal sediments below the fishpond yielded radiocarbon dates of A.D. 1670-1960, which sheds some doubt over the dates given by McDermott and Mann (2001).

In 2001, Putzi et al. performed test excavations on the corner of Smith and Beretania Streets in Downtown Honolulu, just 0.5 km southeast of the project location, consisting of six backhoe trenches that totaled 193.6 m. These backhoe trenches revealed interesting and complex stratigraphic profiles, revealing that the project area contained abundant historic age structural material and artifacts. A total of 68 structural features were exposed including trash pits, cooking features, and building foundations dating from ca. 1850 - 1900. Also present are deposits possibly associated with early 19th century Hawaiian settlement of the area. In addition, a pre-Contact (pre AD 1778) deposit was discovered containing *poi* pounder fragments, an *ulumaika*, cowrie shell lures, one complete stone adze, and a complete conch shell trumpet.

West et al. (2002) performed archaeological monitoring for the 24 inch water line in King Street between Liliha and River Streets. During the monitoring, only the remnants of the Honolulu Rapid Transit Trolley (Site: 50-80-14-5942) were encountered. Although the project location was located in the vicinity of the old Kawa and Kuwili Fishponds, no pond sediments were discovered (West et al. 2002).

While the results of the archaeological monitoring for the rehabilitation of Beretania Street between North King and Alapa'i Streets have not been written-up, the archaeological monitoring plan for the project verifies the abundance of registered historic sites and archaeological investigations in the Hawai'i Capital Historic District (Site 50-80-14-1321) and Chinatown Historic District (Site 50-80-14-9986) as well as the lack of registered sites or archaeological investigations in the areas `Ewa of the Nu`uanu Stream, which is the project's general location (Tulchin et al. 2006).

By examining historic maps (Figures 7, 8, 10, and 11), it is clear that prior to the turn of

the century, there was little to indicate that urban sprawl had made its way `Ewa of the Nu`uanu Stream. During this late historic period, Honolulu's peripheral lands in which the subject area is located, were likely limited to rural habitation, post-Contact forms of agriculture, and some traditional exploitation. In time, these lands would become transitional areas with a combination of industrial and urban sprawl, with dwindling rural and traditional land use. It is very plausible that areas just *mauka* of the fishponds would have a relatively high chance of encapsulated historic and pre-Contact cultural layers under the fill sediments used to reclaim fishpond lands. Hence, further investigations in the project area and periphery could better our understanding of Honolulu's pre- and post-Contact lifeways and environment as well as the cultural evolution of traditional Hawaiian practices to adapt to the changes of post-Contact times.

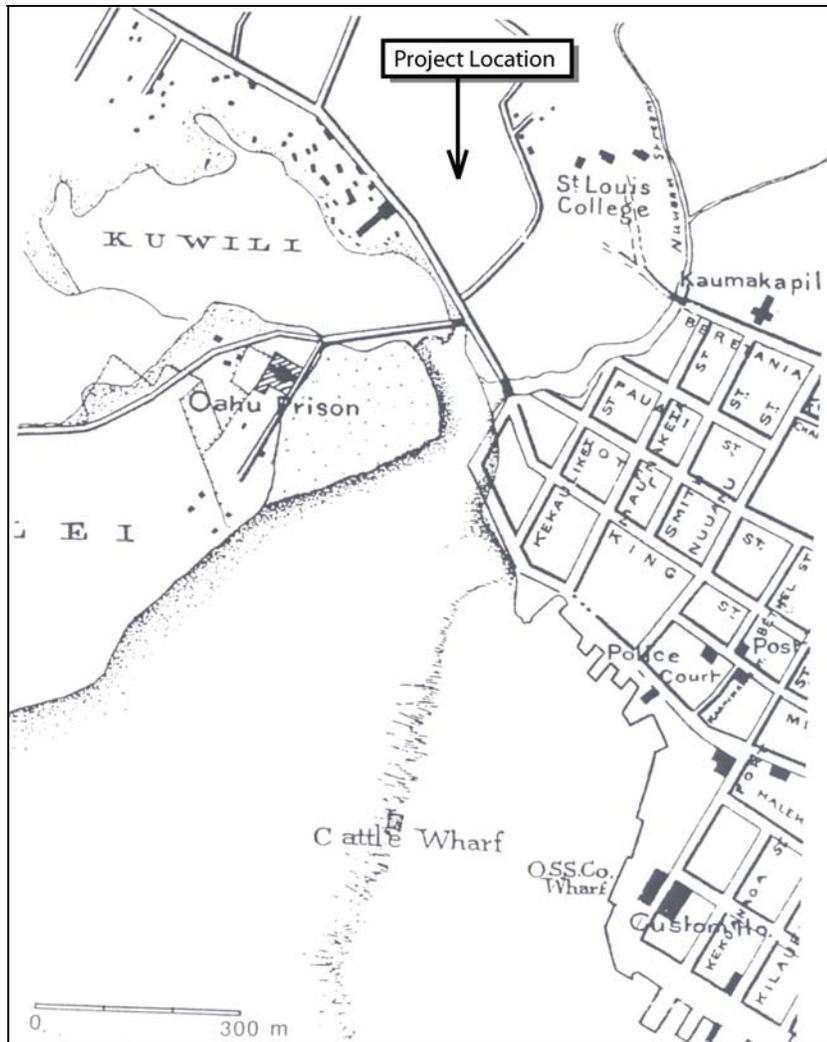


Figure 10. W.A. Wall 1887 Map with approximate project area in McGerty et al. (1997).

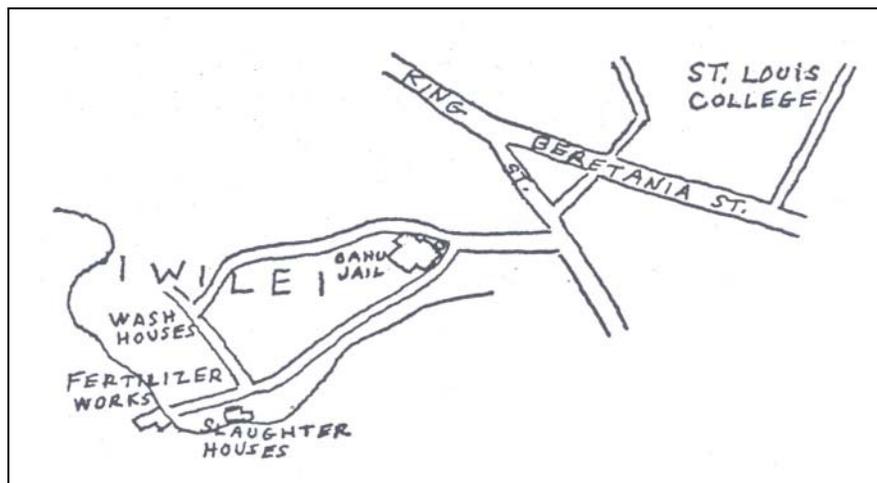


Figure 11. Monsarrat Survey Map of 1897 in McGerty et al. (1997).

4.0 DISCUSSION AND RECOMMENDATIONS

Pacific Legacy, Inc. at the request of Belt Collins Hawaii, Ltd. conducted a Cultural Impact Assessment for the Kukui Gardens Housing Complex "Parcel A" (TMK: 1-7-26:07) located in Honolulu, Hawai'i. The State of Hawaii is currently negotiating to purchase the subject parcel. This document will be incorporated into an Environmental Assessment addressing the proposed purchase.

Whereas a cultural impact assessment typically consists of personal interviews with traditional cultural practitioners and knowledgeable informants on the practices, no interviews were undertaken for this study. It was determined that the subject parcel is entirely urbanized. The parcels has been developed and used for low income housing for over 30 years. Traditional activities such as farming fishing, gathering, etc. are no longer taking place here, so that there is a low likelihood of individuals being knowledgeable about traditional practices. Hence, no interviews were conducted for this Cultural Impact Assessment. Information regarding traditional practices in this area was obtained through archival research.

The archival background research suggests that traditional use of the area was extensive. Twelve LCA's were awarded for the subject property. The testimony from the Native Hawaiian claimants shows that there was a significant population in the area, the number of *lo'i* and house lots support this conclusion. Traditional activities taking place included habitation, farming (both irrigated taro cultivation and dryland *kula* cultivation; aquaculture in two nearby fishponds, near-shore and off-shore fishing, and probably gathering in the inland areas. One Hawaiian individual indicated that the burial of family members was taking place near habitation areas.

The Sanborn Fire Insurance Maps indicate that the area was extensively utilized in the early part of the 20th century. Although this area was greatly developed it is unlikely that these structures disturbed much of the subsurface deposits which existed prior to 1900. While the area has undergone extensive development in the 20th century, the likelihood the subsurface cultural deposits are extant exists.

While past archaeological investigations have been performed close to the project area, none have been performed within the Kukui Gardens Housing Complex. Archaeological research completed closest to the project area appears to uphold the presence of the now extinct Kuwili and Kawa Fishponds as well as the occurrence of pre- and post-Contact burials and cultural deposits. *Heiau* and other ceremonial sites were located in the general vicinity of the project area, and petroglyph sites were present nearby.

Further archaeological investigations in the area would significantly help our understanding of the area's pre-Contact lifeways as well as the post-Contact cultural

evolutions, inter-ethnic interactions, alteration of environs, and demographic trends of Honolulu's peripheral populations. The acquisition plan as currently conceived would not include any new development in this area. However, at such time that the State contemplates developing this area into a higher density housing area that would necessitate ground disturbance, we strongly recommend that a program of archaeological excavations be conducted to determine if any subsurface deposits, including human burials exist on the property. These investigations would be carried out as an archaeological inventory survey and would need to be reviewed and approved by the State Historic Preservation Division as per chapter 6E of the Hawaii Revised Statutes as well as § 13-300 of Hawaii Administrative Rules.

While this area has a long and rich history, it does not appear that traditional practices are being conducted here. Hence it does not appear that the proposed State acquisition of the Kukui Gardens Parcel A will have any effect on traditional practices.

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Hawaii.

APPENDIX B

Draft EA Distribution List

Kukui Gardens EA Distribution List

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EAH, Inc.
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Solidarity with the Homeless
c/o KEY Project
47-200 Waihee Road
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APPENDIX C

Comment Letters

LINDA LINGLE
GOVERNOR



RECEIVED
HAWAII HOUSING FINANCE
DEVELOPMENT CORP

RUSS K. SAITO
COMPTROLLER
BARBARA A. ANNIS
DEPUTY COMPTROLLER

STATE OF HAWAII 2007 NOV -8 P 2: 38
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
P.O. BOX 119, HONOLULU, HAWAII 96810

(P)1264.7

NOV - 7 2007

MEMORANDUM

TO: Mr. Orlando Davidson, Executive Director
Hawaii Housing Finance and Development Corporation
Department of Business, Economic Development and Tourism

FROM: Ernest Y. W. Lau *EYWL*
Public Works Administrator

SUBJECT: Draft Environmental Assessment and Anticipated Finding of No Significant
Impact, Acquisition of Land at Kukui Gardens, Honolulu, Hawaii
TMK: [1] 1-7-26:07

Thank you for the opportunity to review this draft environmental assessment. This project does not directly impact any of the Department of Accounting and General Services' projects or existing facilities, and we have no comments to offer at this time.

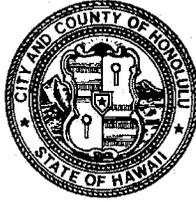
If you have any questions, please have your staff call Mr. Bruce Bennett of the Planning Branch at 586-0491.

BB:vca

DEPARTMENT OF COMMUNITY SERVICES
CITY AND COUNTY OF HONOLULU

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DEVELOPMENT CORP



2007 NOV -8 P 3:49

MUFI HANNEMANN
MAYOR

DEBORAH KIM MORIKAWA
DIRECTOR

MARK K. OTO
SENIOR ADVISOR

November 2, 2007

Mr. Orlando "Dan" Davidson
Executive Director
Department of Business, Economic
Development and Tourism
State of Hawaii
677 Queen Street, Suite 300
Honolulu, Hawaii 96813

Dear Mr. Davidson:

Subject: Request for Comments on Draft Environmental Assessment
Acquisition of Land at Kukui Gardens, Honolulu, Hawaii
TMK: (1) 1-7-26:07

Thank you for providing us with the opportunity to review and comment on the State's acquisition on a portion of land and improvements at Kukui Gardens. At this time, we have determined that the subject project will have no impact on the projects and programs of the Department of Community Services.

We congratulate you on the structuring of the proposed transaction and the resulting long-term preservation of rental units for our residents.

Sincerely,

A handwritten signature in black ink, appearing to read "Deborah Kim Morikawa".

h Deborah Kim Morikawa
Director

DKM:nj

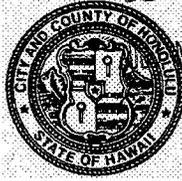
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CITY AND COUNTY OF HONOLULU**

650 SOUTH KING STREET, 11TH FLOOR

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NOV -7 P 2:21

MUFI HANNEMANN
MAYOR

EUGENE C. LEE, P.E.
DIRECTOR

CRAIG I. NISHIMURA, P.E.
DEPUTY DIRECTOR

November 7, 2007

Mr. Orlando Davidson
Executive Director
Hawaii Housing Finance and Development
Corporation
677 Queen Street, Suite 300
Honolulu, Hawaii 96813

Dear Mr. Davidson:

**Subject: Request for Comments on Draft Environmental Assessment
and Anticipated Finding of No Significant Impact
Acquisition of Land at Kukui Gardens, Honolulu, Hawaii
TMK: (1) 1-7-26:07**

Thank you for giving us the opportunity to comment of the above Draft
Environmental Assessment.

The Department of Design and Construction has no comments to offer at this
time.

Very truly yours,


Eugene C. Lee, P.E.
Director

ECL:lt (233150)



STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

OFFICE OF THE SUPERINTENDENT

November 7, 2007

MEMO TO: The Honorable Orlando "Dan" Davidson, Executive Director
Hawaii Housing Finance and Development Corporation
Department of Business, Economic Development and Tourism

F R O M: Patricia Hamamoto, Superintendent
Department of Education

SUBJECT: Request for Comments on Draft Environmental Assessment and Anticipated
Finding of No Significant Impact, Acquisition of Land at Kukui Gardens,
Honolulu, Hawaii

The Department of Education has reviewed the Draft Environmental Assessment and Anticipated Finding of No Significant Impact for the Acquisition of Kukui Gardens. The DOE has no comment or concern to offer.

Should you have any questions, please call George Casen of the Facilities Development Branch at 733-4862.

Very truly yours,

A handwritten signature in cursive script that reads "Patricia Hamamoto".

Patricia Hamamoto
Superintendent

PH:GC:jmb

cc: Randolph Moore, Assistant Superintendent, OSFSS
Duane Kashiwai, Public Works Administrator, FDB
Raelene Chock, Ed.D., CAS, McKinley/Roosevelt High Complex Areas

DEPARTMENT OF FACILITY MAINTENANCE

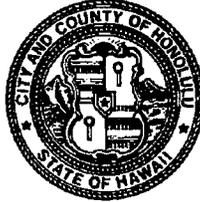
CITY AND COUNTY OF HONOLULU

1000 Uluohia Street, Suite 215, Kapolei, Hawaii 96707
Phone: (808) 768-3343 • Fax: (808) 768-3381
Website: www.honolulu.gov

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HAWAII HOUSING FINANCE
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2007 NOV -7 P 2:19

MUFI HANNEMANN
MAYOR



LAVERNE HIGA, P.E.
DIRECTOR AND CHIEF ENGINEER

GEORGE "KEOKI" MIYAMOTO
DEPUTY DIRECTOR

IN REPLY REFER TO:
DRM 07-943

November 1, 2007

Mr. Orlando Davidson, Executive Director
State of Hawaii
Hawaii Housing Finance and Development Corporation
Department of Business, Economic Development and Tourism
677 Queen Street, Suite 300
Honolulu, Hawaii 96813

Dear Mr. Davidson:

Subject: Draft Environmental Assessment and Anticipated
Finding of No Significant Impact Acquisition of Land
at Kukui Gardens, TMK: (1) 1-7-26:07

Thank you for the opportunity to review the subject Draft Environmental Assessment,
we have no comments to offer.

Should you have any questions, please contact Larry Leopardi, Chief of the Division
of Road Maintenance, at 768-3600.

Sincerely,

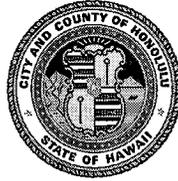
A handwritten signature in cursive script that reads "Laverne Higa".

Laverne, P.E.
Director and Chief Engineer

HONOLULU FIRE DEPARTMENT
CITY AND COUNTY OF HONOLULU

636 South Street
Honolulu, Hawaii 96813-5007
Phone: 808-723-7139 Fax: 808-723-7111 Internet: www.honolulu.gov/hfd

MUFI HANNEMANN
MAYOR



KENNETH G. SILVA
FIRE CHIEF

ALVIN K. TOMITA
DEPUTY FIRE CHIEF

November 19, 2007

Mr. Orlando "Dan" Davidson, Executive Director
Hawaii Housing Finance and Development Corporation
Department of Business, Economic Development and Tourism
State of Hawaii
677 Queen Street, Suite 300
Honolulu, Hawaii 96813

Dear Mr. Davidson:

Subject: Draft Environmental Assessment and
Anticipated Finding of No Significant Impact
Acquisition of Land at Kukui Gardens
File Number: 07:PEO/124
Tax Map Key: 1-7-026: 007

RECEIVED
HAWAII HOUSING FINANCE
DEVELOPMENT CORP
2007 NOV 21 P 3:09

In response to your letter of October 19, 2007, regarding the above-mentioned subject, the Honolulu Fire Department (HFD) reviewed the material provided and has no objections to the proposed action.

The proposed project will not adversely impact services provided by the HFD.

Should you have any questions, please call Battalion Chief Lloyd Rogers of our Fire Prevention Bureau at 723-7151.

Sincerely,

A handwritten signature in cursive script, appearing to read "Kenneth G. Silva".

KENNETH G. SILVA
Fire Chief

KGS/SK:bh



RECEIVED
HAWAII HOUSING FINANCE
DEVELOPMENT CORP

2007 NOV 1 10 30 AM
Honolulu, Hawaii 96802-2600
P.O. Box 3000

October 30, 2007

State of Hawaii
Department of Business, Economic Development and Tourism
Hawaii Housing Finance and Development Corporation
677 Queen Street, Suite 300
Honolulu, Hawaii 96813

Attention: Mr. Orlando "Dan" Davidson
Executive Director

Gentlemen:

Subject: Draft Environmental Assessment
Acquisition of Land at Kukui Gardens, Honolulu, Hawaii
TMK: (1) 1-7-26:07

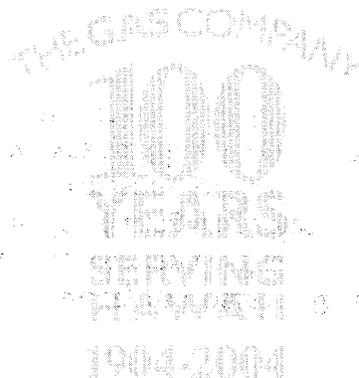
Please be advised that The Gas Company, LLC maintains underground utility gas mains within and around the project, which serves the Kukui Gardens housing units and commercial and residential customers in the area. We would appreciate your consideration during the project planning and design process to minimize any potential conflicts with the existing gas facilities in the project area. Also, please note that as the proposed action involves splitting the property into two parcels with different owners, easements will be required to maintain the existing gas service lines that cross over both parcels.

Thank you for the opportunity to comment on the Draft Environmental Assessment. Should there be any questions, or if additional information is desired, please call me at 594-5570.

Very truly yours,

Charles E. Calvet
Manager, Engineering

CEC:krs
07-190



LINDA LINGLE
GOVERNOR



ORLANDO "DAN" DAVIDSON
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
Honolulu, Hawaii 96813
FAX: (808) 587-0600

IN REPLY REFER TO:

07:PEO/127

November 13, 2007

Mr. Charles E. Calvet
Manager, Engineering
The Gas Company
P.O. Box 3000
Honolulu, Hawaii 96802-3000

Dear Mr. Calvet:

Re: Draft Environmental Assessment for Acquisition of Land at Kukui
Gardens, Honolulu, Hawaii TMK: (1) 1-7-26:07

Thank you for your letter of October 30, 2007, commenting on the above
referenced document.

We acknowledge that the proposed action would involve splitting the property
into two parcels with different owners, and easements may be required to
maintain the existing gas service lines that cross both parcels. The new
owners/operators will coordinate with The Gas Company at the appropriate time.
Please be advised that the proposed action will not affect existing gas facilities.

We appreciate your interest.

Sincerely,

Orlando "Dan" Davidson
Executive Director

LINDA LINGLE
GOVERNOR OF HAWAII



LAURA H. THIELEN
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT



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2007 OCT 26 P 2:29

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
LAND DIVISION

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

October 25, 2007

Mr. Orlando Davidson, Executive Director
Hawaii Housing Finance & Development Corporation
677 Queen Street Suite 300
Honolulu, Hawaii 96813

Dear Mr. Davidson:

Subject: Draft Environmental Assessment for Acquisition of Land at Kukui Gardens, Honolulu, Oahu, Tax Map Key: (14) 1-7-26:7

Thank you for the opportunity to review and comment on the subject matter. The Department of Land and Natural Resources' (DLNR) has no other comments to offer on the subject matter. Should you have any questions, please feel free to call our office at 587-0433. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Russell Y. Tsuji".

Russell Y. Tsuji
Administrator

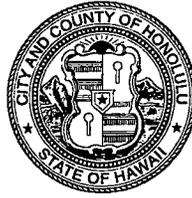
DEPARTMENT OF PARKS AND RECREATION
CITY AND COUNTY OF HONOLULU

KAPOLEI HALE • 1000 ULUOHIA STREET, SUITE 309 • KAPOLEI, HAWAII 96707
TELEPHONE: (808) 692-5561 • FAX: (808) 692-5131 • INTERNET: www.honolulu.gov

RECEIVED
HAWAII HOUSING FINANCE
DEVELOPMENT CORP

2007 OCT 31 P 2: 27 LESTER K.C. CHANG
DIRECTOR

MUFI HANNEMANN
MAYOR



DANA TAKAHARA-DIAS
DEPUTY DIRECTOR

October 29, 2007

Mr. Orlando "Dan" Davidson, Executive Director
State of Hawaii
Department of Business, Economic Development and Tourism
Hawaii Housing Finance and Development Corporation
677 Queen Street, Suite 300
Honolulu, Hawaii 969813

Dear Mr. Davidson:

Subject: Draft Environmental Assessment - Acquisition of Land at
Kukui Gardens, Honolulu, Hawaii

Thank you for the opportunity to review and comment on the subject Draft Environmental Assessment relating to the acquisition of land at Kukui Gardens.

The Department of Parks and Recreation has no comment and as the proposed action will not impact any program or facility of the department, you are invited to remove us as a consulted party to the balance of the EIS process.

Should you have any questions, please contact Mr. John Reid, Planner, at 768-3017.

Sincerely,

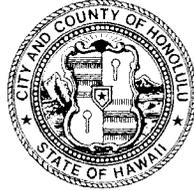

LESTER K. C. CHANG
Director

LKCC:mk
(233169)

POLICE DEPARTMENT
CITY AND COUNTY OF HONOLULU

801 SOUTH BERETANIA STREET · HONOLULU, HAWAII 96813
TELEPHONE: (808) 529-3111 · INTERNET: www.honolulu-pd.org

MUFI HANNEMANN
MAYOR



RECEIVED
HAWAII HOUSING FINANCE
DEVELOPMENT CORP
BOISSE P. CORREA
CHIEF

2007 OCT 29 P 2:30
D. PUTZULU
MICHAEL D. TUCKER
DEPUTY CHIEFS

OUR REFERENCE BS-DK

October 25, 2007

Mr. Orlando "Dan" Davidson, Executive Director
Hawaii Housing Finance Development
Corporation
Department of Business, Economic Development
and Tourism
677 Queen Street, Suite 300
Honolulu, Hawaii 96813

Dear Mr. Davidson:

This is in response to your letter of October 19, 2007, requesting comments on a Draft Environmental Assessment and Anticipated Finding of No Significant Impact for the Acquisition of Land at Kukui Gardens project.

This project should have no significant impact on the facilities or operations of the Honolulu Police Department.

If there are any questions, please call Major Clayton Saito of District 1 at 529-3386 or Mr. Brandon Stone of the Executive Office at 529-3644.

Sincerely,

BOISSE P. CORREA
Chief of Police

By 
JOHN P. KERR
Assistant Chief of Police
Support Services Bureau

UNIVERSITY OF HAWAII AT MANOA
Environmental Center

November 21, 2007
EA:0305

Ms. Janice Takahashi
Hawaii Housing Finance and Development Corporation
677 Queen Street, Suite 300
Honolulu, Hawaii 96813

Dear Ms. Takahashi:

Draft Environmental Assessment
Kukui Gardens Land Acquisition
Honolulu, Oahu

The Hawaii Housing Finance and Development Corporation (HHFDC) plans to use \$25 million in general obligation bonds to acquire a portion of Kukui Gardens to preserve long-term affordable rentals at Kukui Gardens. Under the proposed transaction agreement, HHFDC would acquire one part of the project known as Parcel A, approximately 10 acres and 389 units and Carmel Properties would acquire the remaining part known as Parcel B, approximately 12 acres and 468 units. Parcel A units would remain affordable until 2062 while Parcel B units would be rented at their current affordable rents until April 2011 at which rents may increase to new tenants. From May 2013 to December 2062, Parcel B unit rents would be affordable to households at or below 140 percent of the Annual Mean Income (AMI).

This review was conducted with the assistance Dolores Foley, Urban and Regional Planning, and Jon Matsuoka, School of Social Work.

General Comment

We agree with the determination and findings noted in the report prepared by Belt Collins of expected determination of a Finding of No Significant Impact. It appears that the proposal will have no adverse impact on uses of the environment and will affect the economic and social welfare of the community in a positive way by preserving 389 units of affordable rental housing. The bottom line is that it maintains sorely needed affordable housing for low-income families and given the housing and homeless crisis in Hawai'i, it is one means by which to address the problem on this island.

In addition to our general comment we have some specific comments.

November 21, 2007
Page 2 of 3

Proposed Action (p. 2)

The nonprofit group EAH Housing is introduced as one of the parties to the sale of Kukui Gardens. There is no explanation of who they are until page 10. We suggest that the section identifying EAH Housing be moved to a place right after the first mention of the nonprofit group.

Proposed Action (p. 9)

There is something missing in the third line of paragraph 3 of this page.

Alternatives Considered but Not Evaluated (p. 11)

In the third paragraph of this section, the DEA notes that Act 288 authorized the state to consider buying all of Kukui Gardens. However, the DEA goes on to state that the price of purchasing the whole property may be in excess of \$132 million, which was the price that Carmel Partners offered for the whole development. Why is it that the state was able to purchase essentially half of Kukui Gardens for an initial amount of \$25 million and an additional amount of \$26 million some time in the future?

Affected Environment, Potential Environmental Impacts, and Mitigation Measures (p. 13-14)

In general, we agree with the analysis presented in the checklist on pages 13 and 14 that review resources/issues covered in most DEAs. However, we have a slightly different view of the Infrastructure and Energy use. Since Kukui Gardens was developed in 1971, infrastructure and energy efficiency standards have changed. It would be to the advantage of the new owners to examine both these issues and to suggest upgrades where possible. Replacement of standard toilets with low flush one for example could save considerable amount of water.

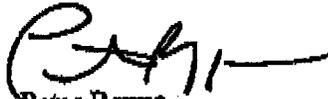
Socioeconomics (p. 14)

Employment and wages, discussed in paragraph 2 of this section, would be impacted if the proposed sale of Parcel A was approved because EAH Housing is planning to rehabilitate the buildings in its portion of the project. The portion of the \$45 million plus of financing that EAH Housing is applying for should have some impact on local employment depending on how much is spent on rehabilitation.

November 21, 2007
Page 3 of 3

Thank you for the opportunity to review this Draft EIS.

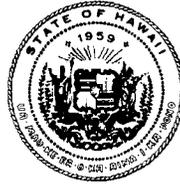
Sincerely,



Peter Rappa
Environmental Review Coordinator

cc: OEQC
Sue Sakai, Belt Collins Hawaii Ltd.
James Moncur, WRRC
Jon Matsuoka
Delores Foley

LINDA LINGLE
GOVERNOR



ORLANDO "DAN" DAVIDSON
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
Honolulu, Hawaii 96813
FAX: (808) 587-0600

IN REPLY REFER TO:

07:PEO/135

November 26, 2007

Mr. Peter Rappa
Environmental Review Coordinator
Environmental Center
University of Hawai'i at Manoa
2500 Dole Street, Krauss Annex 19
Honolulu, Hawaii 96822-2313

Dear Mr. Rappa:

Subject: Draft Environmental Assessment, Kukui Gardens Land Acquisition

Thank you for your letter of November 21, 2007, commenting on the Draft EA prepared for the Kukui Gardens land acquisition. Responses to your comments are presented below:

Proposed Action, page 2. To provide clarification as suggested, we are revising the second paragraph in section 1.2 as follows (deleted text in brackets, new text underlined): "HHFDC would enter into agreements with KGC, Carmel Partners, and [the nonprofit] EAH Housing (a national nonprofit housing developer and owner/manager of affordable housing), resulting in...."

Proposed Action, page 9. Nothing is missing in the third line of paragraph 3. To clarify the sentence, we are hyphenating "to-be-formed."

Alternatives Considered but Not Evaluated, page 11. Parcel A has 389 units, or 45 percent of the total 857 units. The State is paying 45 percent of the purchase price, or \$59,569,200, for parcel A.

Affected Environment, Potential Environmental Impacts, and Mitigation Measures, pages 13-14. The new owners will examine energy efficiency and water conservation standards in the future when they decide to proceed with rehabilitation or redevelopment. However, the proposed action is limited to land acquisition.

Mr. Peter Rappa
November 26, 2007
Page 2

Socioeconomics, page 14. The proposed action is limited to land acquisition by the State. Evaluating the impacts of future rehabilitation at this time would be premature in the absence of specific plans or cost estimates. The following text is being added as a new second paragraph in section 4.4, Secondary and Cumulative Impacts: "Rehabilitation of the existing buildings is a possibility in the foreseeable future, regardless of ownership. Depending on the scope of renovations, secondary impacts may include short-term impacts during the construction period, including inconvenience to tenants and construction employment, and long-term benefits to tenants in terms of quality of life."

We appreciate your interest in this project.

Sincerely,

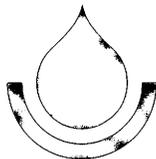


for Orlando "Dan" Davidson
Executive Director

c: Sue Sakai, Belt Collins Hawaii Ltd.

BOARD OF WATER SUPPLY

CITY AND COUNTY OF HONOLULU
630 SOUTH BERETANIA STREET
HONOLULU, HI 96843



RECEIVED
HAWAII HOUSING FINANCE
DEVELOPMENT CORP

October 30, 2007 01 NOV - 1 P 3: 27

MUFI HANNEMANN, Mayor

RANDALL Y. S. CHUNG, Chairman
SAMUEL T. HATA
ALLY J. PARK
ROBERT K. CUNDIFF
MARC C. TILKER

LAVERNE T. HIGA, Ex-Officio
BARRY FUKUNAGA, Ex-Officio

CLIFFORD P. LUM
Manager and Chief Engineer

DEAN A. NAKANO
Deputy Manager and Chief Engineer

Mr. Orlando "Dan" Davidson
Executive Director
State of Hawaii
Department of Business, Economic Development and Tourism
Hawaii Housing Finance and Development Corporation
677 Queen Street, Suite 300
Honolulu, Hawaii 96813

Dear Mr. Davidson:

Subject: Your Letter of October 19, 2007 on the Draft Environmental Assessment and Anticipated Finding of No Significant Impact for the Acquisition of Land at Kukui Gardens, TMK: 1-7-26:7

Thank you for the opportunity to comment on the proposed land acquisition.

We do not have any comments on the proposed land acquisition.

If you have any questions, please contact Robert Chun at 748-5443.

Very truly yours,

for **KEITH S. SHIDA**
Principal Executive
Customer Care Division