

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



DEAN MINAKAMI
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:
26:PECB/03

January 27, 2026

Ms. Mary Alice Evans, Director
Office of Planning and Sustainable Development
P.O. Box 2359
Honolulu, Hawaii 96804-2359

Dear Ms. Evans:

Subject: Environmental Assessment Exemption Notice
Hualalai Court Affordable Housing Project (Project)
364 Hualalai Street, Hilo, Hawaii Island
Tax Map Key: (3) 2-4-028:009

Pursuant to administrative rules promulgated under the authority of Section 343-6(5), Hawaii Revised Statutes; and under sections 11-200.1-15, 11-200.1-16, and 11-200.1-17, Hawaii Administrative Rules, this letter serves as notification and a request for publication that the Hawaii Housing Finance and Development Corporation (HHFDC) has declared this Project exempt from the preparation of an environmental assessment.

Hualalai Court LLC (Applicant) proposes to build an affordable rental project at 364 Hualalai Street, Hilo (Project Site). The Project will include four three-story residential structures, offering a total of 104 multifamily rental units. Additionally, the Project will provide 147 parking stalls (including one for loading/unloading) and a designated area for bicycle storage. Amenities for residents will feature a community room, a playground, and picnic areas.

After careful analysis outlined in the attachment, HHFDC has evaluated the Project's primary, secondary, and cumulative impacts, and concluded that it is not anticipated to have significant environmental effects.

Sincerely,

Dean Minakami
Executive Director

Attachment

HUALALAI COURT AFFORDABLE HOUSING PROJECT ENVIRONMENTAL ASSESSMENT EXEMPTION NOTICE

Pursuant to Chapter 343, Hawaii Revised Statutes (HRS 343) and
Section 11-200.1, Hawaii Administrative Rules (HAR 11-200.1)

AGENCY OR APPLICANT ACTION

- This exempted action is an agency action as defined by HRS 343-5(b) and HAR 11-200.1-8.
- This exempted action is an applicant action as defined by HRS 343-5(e) and HAR 11-200.1-9.

EXEMPTION TYPE

The Exemption Notice for the action described below is based on HHFDC's comprehensive exemption list,¹ which mirrors and exceeds the exemption criteria for the demolition of structures and construction of new affordable housing projects under HAR 11-200.1-15(c).

3. Construction and location of single, new, small facilities or structures and the alteration and modification of the facilities or structures and installation of new, small equipment or facilities and the alteration and modification of the equipment or facilities, including, but not limited to:
 - D. Water, sewage, electrical, gas, telephone, and other essential public utility services extensions to serve such structures or facilities; accessory or appurtenant structures including garages, carports, patios, swimming pools, and fences; and acquisition of utility easements.
6. Demolition of structures, except those structures that are listed on the national register or Hawaii Register of Historic Places.

Part 2 Actions – Includes structures that require further consideration because of their potential impacts to the surrounding community. For example, demolition of structures that contains high levels of hazardous materials; demolition of structures that creates significant noise, fugitive dust or other adverse impacts; or demolition of structures that leads to a loss of amenities for the public.

10. New construction of affordable housing, where affordable housing is defined by the controlling law applicable for the state or county proposing agency or approving agency, that meets the following:
 - A. The Project has the use of state or county lands or funds or is within Waikiki as the sole triggers for compliance with HRS 343;
 - B. The Project conforms with the existing state urban land classification;

¹ As concurred in by the Environmental Advisory Council on November 1, 2022, see:
https://files.hawaii.gov/dbedt/erp/Agency_Exemption_Lists/State-Hawaii-Housing-and-Finance-Development-Corporation-2022-11-01-Exemption-List.pdf

- C. The Project is consistent with the existing county zoning classification that allows housing; and
- D. The Project does not require variances for shoreline setbacks or siting in an environmentally sensitive area, as stated in HAR 11-200.1-13(b)(11).

Part 2 Actions – Development of affordable housing provided pre-assessment consultations were conducted to determine the appropriateness of preparing an exemption notice or requiring an environmental assessment.

- 2. Construct multi-family residential units including, but not limited to, grading; roadway and traffic systems; utility systems; dwelling units; landscaping; and ancillary facilities; provided all applicable approvals and administrative permits are obtained.
- 3. Construct requisite offsite infrastructure including, but not limited to, utility systems and ancillary improvements that are related to Part 2, item 1 or 2 above.

DESCRIPTION OF ACTION

Proposing Agency or Applicant: Hualalai Court LLC (Applicant) is located at PO Box 2532; Kealahou, Hawaii 96750. The Hawaii Housing Finance and Development Corporation (HHFDC) is the approving agency of this exemption notice.

Project Name & Address/Location: Hualalai Court Affordable Housing Project (Project) is located at 364 Hualalai Street, Hilo, Hawaii Island 96720 (Project Site).

Estimated Construction Schedule: Construction start: September 2026 / Construction completion: March 2028

Tax Map Key (TMK) and latitude/longitude coordinates (in decimal degrees): TMK: (3) 2-4-028:009; Coordinates: 19°42'47"N, 155°05'15"W

Anticipated Permits, Approvals, and Notifications:

Permitting Agency	Permit Type
Hawaii County	Grading, trenching, and building permits (DPW) Wastewater and stormwater connection permits (DPW) Certificate of Occupancy (DPW) ROW permit (DPS) Board of Water Supply review Hawaii County Fire Department plan review
State of Hawaii	NPDES (DOH) ADA Coordination (DCAB) Chapter 6E, HRS (SHPD)

NARRATIVE

The Project Site is approximately 3.292 acres and has an existing, abandoned single-family structure that is 79 years old. After the structure is demolished and debris is removed from the

Project Site, construction of the Project will start. The Project will include four three-story residential structures, offering a total of 104 multifamily rental units. The tallest building will reach a maximum height of 38 feet above ground level. Additionally, the Project will provide 147 parking stalls (including one for loading/unloading) and a designated area for bicycle storage. Amenities for residents will feature a community room, a playground, and picnic areas. The Project will connect to the Hawaii County sewer main via a transmission line routed through the Hawaii County right-of-way located about 25 feet away.

On February 5, 2025, the Hawaii County Council granted the Project a 201H exemption per Resolution 51 25. Exemptions include zoning and exemption from building permit fees.

The Applicant commits to setting aside 104 units for 51 years of affordability.

Restricted at the Area Median Income (AMI)	Two Bedroom	Three Bedroom	Subtotal
80% of the AMI	10	11	21
100% of the AMI	33	49	82
Manager's Unit	1	0	1
Total Number of Units	44	60	104

The applicant is seeking financing from various state programs, including the Rental Housing Revolving Fund and/or other State financing programs. Consequently, HHFDC will act as the approving agency for HRS 343 compliance due to the involvement of state financing.

ENVIRONMENTAL ANALYSIS

HHFDC has considered the potential effects of the Project and all related activities against the criteria checked below:

- | | |
|-------------------------------------------------------------------------------------|-------------------------------------|
| | Not Applicable |
| <input checked="" type="checkbox"/> Land Use and Zoning Conformance | <input type="checkbox"/> |
| <input checked="" type="checkbox"/> Traffic (Vehicles, Bicycles, Pedestrian) | <input type="checkbox"/> |
| <input checked="" type="checkbox"/> Infrastructure (Roads, Building, Utilities) | <input type="checkbox"/> |
| <input checked="" type="checkbox"/> Social-Economic | <input type="checkbox"/> |
| <input checked="" type="checkbox"/> Public Health and Safety | <input type="checkbox"/> |
| <input type="checkbox"/> Recreational Resources | <input checked="" type="checkbox"/> |
| <input checked="" type="checkbox"/> Cultural, Historic, and Archeological Resources | <input type="checkbox"/> |
| <input checked="" type="checkbox"/> Visual and Aesthetic Resources | <input type="checkbox"/> |
| <input type="checkbox"/> Terrestrial and Avian Resources | <input checked="" type="checkbox"/> |
| <input type="checkbox"/> Surface and Ground Water Resources | <input checked="" type="checkbox"/> |
| <input type="checkbox"/> Wetlands, Floodplains, and Riparian/Coastal Resources | <input checked="" type="checkbox"/> |
| <input checked="" type="checkbox"/> Air Quality Pollutant Emissions | <input type="checkbox"/> |
| <input checked="" type="checkbox"/> Noise Emissions | <input type="checkbox"/> |
| <input type="checkbox"/> Solid, Hazardous, and Liquid Waste Emissions | <input checked="" type="checkbox"/> |
| <input type="checkbox"/> Other | <input type="checkbox"/> |

Relevant environmental analysis of the Project is provided below:

1. *Land Use and Zoning.* The Project Site is zoned Multiple-Family Residential, minimum 1,000 square feet (RM-1). Housing and multifamily dwellings are permitted in the RM-1

zone. The construction of 104 multifamily dwelling units within the Project area is consistent with this designation.

2. *Traffic.* Vehicular access to the Project will be provided at Hualalai Street, which is a two-way roadway.

The Applicant's traffic engineer conducted a Traffic Impact Assessment Report (TIAR) for the Project. The TIAR's Conclusions and Mitigation Measures noted that all intersections assessed were shown to operate with acceptable LOS C or better conditions at full buildout. TIAR recommends adding a stop control to the west leg of the proposed access intersection (i.e., Hualalai Street and Hale Nani Street). Curb, gutter, sidewalk, and striping should be constructed at and around the access point to meet County standards and to improve safety.

3. *Infrastructure.* The status of individual infrastructure systems is as follows:

Water: Hawaii County, Department of Water Supply (DWS) manages the waterlines surrounding the Project Site. A will-serve letter was provided by DWS to confirm that water is available.

Sewer: Hawaii County, Department of Environmental Management, Wastewater Division, confirms there is sufficient sewer capacity to support the Project.

Electricity: The Project will be served by Hawaiian Electric Light Company (HELCO). The existing Hawaii Island off-site distribution system is sufficient to support the estimated total electrical load for the Project. HELCO provided a will-serve letter for the Project.

Drainage: The Project has already obtained a National Pollutant Discharge Elimination System (NPDES) permit from the Hawaii Department of Health (DOH) because construction would involve work on more than one (1) acre of land. The Project will comply with the Hawaii County Storm Drainage Standards.

For grading, the Project Site will be cleared, grubbed, and graded to the subgrade. Diversion ditches will be built to direct surface runoff to multiple sediment traps located throughout the Project Site. It is expected that surface runoff will infiltrate into the soil at these locations. Sediment traps were sized with an estimate of 2 cubic feet per second for an 8-foot diameter sump, with a volume of 400 cubic feet. Small areas outside these catchment facilities will sheet flow toward silt fences on the downstream side of the Project Site perimeter.

For final development, a series of 8-foot diameter sumps is planned to maximize infiltration of surface water. These infiltration sumps are distributed across the Project Site to collect and infiltrate stormwater runoff. They will be 8 feet in diameter and 7 feet 10 inches deep. Blue Rock Geotechnical conducted infiltration testing to support the final design of the infiltration sumps.

4. *Visual.* The visual character of the community surrounding the Project site is residential in nature with a mixture of single-family dwellings, commercial, and open spaces.

The Project Site is within the RM-1 Multiple-Family Residential District, which allows for building heights of up to 45 feet. The residential structures will be three stories and reach a maximum height of 38 feet, which will be visible from the surrounding community but is within the permitted building height.

The residential structures will be arranged in a cluster formation with parking in the middle. While the current Project Site does not serve as a visual resource and does not significantly affect any view corridor, the Project will alter both street-level and skyline views.

5. *Cultural, Historic, and Archeological Resources.* The Applicant's archaeological consultant conducted an Archaeological Inventory Survey (AIS) for the Project Site. The AIS identified three historic properties within the Project Site or area of potential effect (APE). These include a complex of stone walls (Site 50-10-35-31407) and two stone mounds (Sites 50-10-35-31408 and 50-10-35-31409). A single test unit was excavated at the edge of Site 50-10-35-31409, and numerous historic artifacts were recovered. The AIS states that all three historic properties have integrity of location, design, materials, and workmanship, and have been evaluated under HRS Chapter 6E as significant according to criterion d. Additionally, the AIS indicates that these sites have been sufficiently documented through mapping, written descriptions, and photographs, so no further archaeological work is necessary.

The AIS further states that the three sites were evaluated for listing in the National Register of Historic Places (NRHP) using guidance from the U.S. Department of the Interior's (USDI) National Register Bulletins 15, *How to Apply the National Register Criteria for Evaluation* (1995), and 36, *Guidelines for Evaluating and Registering Archaeological Properties*. Based on these guidelines, the AIS concludes that the three sites do not meet the criteria for inclusion in the NRHP.

The AIS was submitted to the State Historic Preservation Division (SHPD) for review and determination as part of the HRS 6E process. SHPD concurs with the assessments of integrity and significance, the NRHP eligibility evaluations, and the proposed treatment for the historic properties within the Project Site/APE. Based on the AIS findings, SHPD's HRS 6E project effect determination is "No historic properties affected" pursuant to HAR 13-284-7(a)(1).

6. *Environmental Site Assessment.* The Applicant's environmental consultant conducted a Phase 1 Environmental Site Assessment (ESA) of the Project Site. The ESA found no evidence of recognized environmental conditions (RECs) or records of above- or below-ground storage tanks.
7. *Noise.* The Project will cause an incremental increase in construction-related noise, but it will be temporary and is not anticipated to be significant in the surrounding area where the predominant source of noise would be vehicular traffic. If the noise emissions are above standards stipulated in HAR 11-46 (Community Noise Control), a permit will be required to regulate the permissible noise levels.
8. *Air.* The Project may have some short-term impacts on air quality in the form of fugitive dust emissions because of construction activities. Fugitive dust emissions can be

controlled mostly by watering active work areas, using windscreens, keeping adjacent paved roads clean, and covering open-bodied trucks.

9. *Cumulative Impacts.* The Project, along with other proposed developments in the area, is not anticipated to result in significant secondary and cumulative impacts.

CONSULTATIONS

The following parties were consulted as part of the public outreach and exemption process.

Agency	Name	Consultation Date
201H Community Public Meeting	Hilo Hawaiian Conference Rm	06/15/2023
Hawaii Department of Transportation (DOT)	Ed Sniffen, Director	08/25/2025
Hawaii Department of Education (DOE)	Keith Hayashi, Superintendent	08/25/2025
Office of Planning and Sustainable Development (OPSD)	Mary Alice Evans, Director	08/25/2025
Hawaii County, Planning Department	Jeff Darrow, Director	08/25/2025
Hawaii County, Office of Housing and Community Development	Kehau Costa, Administrator	08/25/2025
Hawaii County, Department of Public Works	Neil Azevedo, Acting Director	08/25/2025
Hawaii County, Department of Parks and Recreation	Clayton Honma, Director	08/25/2025
Hawaii County, Mass Transit Agency	Victor Kandle, Administrator	08/25/2025

The following comments were received during the HRS 343 comment period. Copies of comment letters are available upon request.

Agency	Comment	Response
DOT	<p>DOT, in its letter dated January 13, 2026, offered the following comments:</p> <ol style="list-style-type: none"> 1. The Project is located 1.38 miles from Hilo Airport. All projects within 5 miles of state airports are advised to review the <i>Technical Assistance Memorandum (TAM)</i>. 2. The Applicant and future residents should be aware of potential single-event noise, fumes, smoke, vibrations, odors, etc., from flight operations. 3. The Project shall not provide landscape and vegetation that will create a wildlife attractant. 4. The Project appears not to adversely impact the state highway system. However, if there are any unexpected traffic issues attributed to the project, the applicant shall mitigate them to the satisfaction of the DOT at no cost to the state. 	<p>The Applicant has the following responses:</p> <ol style="list-style-type: none"> 1. The Applicant has reviewed the TAM and the Project will be undertaken in a manner to avoid airport operations. 2. Comment acknowledged. 3. Comment acknowledged. 4. Comment acknowledged.
Hawaii County Planning Department	<p>Hawaii County Planning Department, in its letter dated January 21, 2026, offered the following comments:</p> <ol style="list-style-type: none"> 1. It does not appear that exemption type 3 is applicable because the Project proposes more than four dwelling units in more than two multi-unit structures. 2. Hawaii County was supportive of the setback exemption provided that the Applicant agrees to implement the 20-foot side yard setback on the south and west side of the Project Site as proposed. 	<p>The Applicant has the following responses:</p> <ol style="list-style-type: none"> 1. Exemption Type 10 under Part 2 Actions, item 3, provides coverage on offsite infrastructure, including utility systems. 2. The Applicant has designed the aforementioned setback into the Project plans.

MITIGATION

The Applicant will comply with all permit conditions required to mitigate construction-related impacts. No other mitigation is necessary.

EXEMPTION DECLARATION

Potential impacts of the Project have been evaluated in accordance with the significance criteria of HAR 11-200.1-13 and a discussion of the Project's conformance to the criteria is presented below:

1. *Irrevocably commit a natural, cultural, or historic resource.* The Applicant's archaeological consultant prepared an AIS for the project site. The AIS was submitted to SHPD for review and determination as part of the HRS 6E process. SHPD concurs with the assessments of integrity and significance. Based on the AIS findings, SHPD's HRS 6E project effect determination is "No historic properties affected."
2. *Curtail the range of beneficial use of the environment.* The commitment of land resources required for the Project will not curtail the range of beneficial uses of the environment, such as natural habitats or areas of biological significance.
3. *Conflict with the State's environmental policies or long-term goals established by law.* The Project does not conflict with the policies and guidelines of HRS 343.
4. *Have a substantial adverse effect on the economic welfare, social welfare, or cultural practices of the community and State.* In the short term, construction expenditures will provide positive benefits to the local economy in the form of construction-related jobs. In the long term, the Project will provide affordable housing opportunities for Hawaii's residents.
5. *Have a substantial adverse effect on public health.* No identifiable adverse effects on public health or welfare are anticipated to result from the construction and operation of the Project.
6. *Involves adverse secondary impacts, such as population changes or effects on public facilities.* The Project is not anticipated to induce population growth in the State as the Project is primarily affordable housing that can only be rented or sold to Hawaii residents. Some redistribution of population may occur as the Project will include up to 104 more units than are currently on the Project Site. Thus, some Hawaii residents from outside the immediate Project area may choose to relocate to the Project. On a County-level and Statewide basis, substantial impacts on public facilities are not anticipated to result from the construction and operation of the Project as households that relocate to the Project from other parts of Hawaii County or the State would require similar public facilities. Thus, public facility funds from other areas could be allocated to public facilities serving the Project area.
7. *Involves a substantial degradation of environmental quality.* The Project is not anticipated to substantially degrade environmental quality. Best Management Practices (BMPs) and appropriate erosion control measures will be utilized during the construction period.

8. *Be individually limited but cumulatively have substantial adverse effect upon the environment or involves a commitment for larger actions.* The Project is limited to the development of an affordable housing project. There are no commitments for further action beyond the scope presented within this EA Exemption Notice.
9. *Have a substantial adverse effect on rare, threatened, or endangered species, or its habitat.* The Project site is not located near critical habitats and will be adjacent to existing residential and commercial developments of a similar nature once the area is fully developed. The Project is not anticipated to substantially affect rare, threatened, or endangered species, or their habitat.
10. *Have a substantial adverse effect on air or water quality or ambient noise levels.* Construction activities will result in short-term air quality and noise impacts from the operation of construction equipment. Dust control measures, such as regular watering and sprinkling, and installation of dust screens will be implemented to minimize wind-blown emissions. Construction noise impacts will be mitigated through compliance with HAR 11-46. No long-term significant impacts on air or water quality, or noise levels within the Project site are anticipated because of the Project.
11. *Have a substantial adverse effect on or likely to suffer damage by being located in an environmentally sensitive area such as a flood plain, tsunami zone, sea level rise exposure area, beach, erosion-prone area, geologically hazardous land, estuary, fresh water, or coastal waters.* No significant impacts are anticipated as the Project site is not located within an environmentally sensitive area.
12. *Have a substantial adverse effect on scenic vistas and view planes, during day or night, identified in county or state plans or studies.* The Project will not cause significant impacts to view planes. The Project Site is located within the RM-1 Multifamily Residential District, which allows building heights of up to 45 feet. The Project buildings will be no taller than 38 feet, making them visible from the surrounding community but still within the allowed height limit.
13. *Requires substantial energy consumption or emit substantial greenhouse gases.* The Project will not require more energy than used for comparable projects.

HHFDC has considered primary, secondary, and cumulative impacts of the Project and has determined the Project is not anticipated to have significant impacts on the environment. HHFDC as the approving agency for this Project has declared this Project is exempt from the preparation of an environmental assessment.



Signature of Director or Delegate

01/27/2026

Date

Attachment: Listed exhibits below:

- Exhibit 1 – Location Map
- Exhibit 2 – Site Plan
- Exhibit 3 – Renderings
- Exhibit 4 – State Urban District Map
- Exhibit 5 – Hawaii County Zoning Map
- Exhibit 6 – Special Management Area Map
- Exhibit 7 – Flood Zone Map
- Exhibit 8 – Tsunami Evacuation Zone
- Exhibit 9 – Wetlands Map
- Exhibit 10 – Critical Habitat Map

Exhibit 1: Location Map

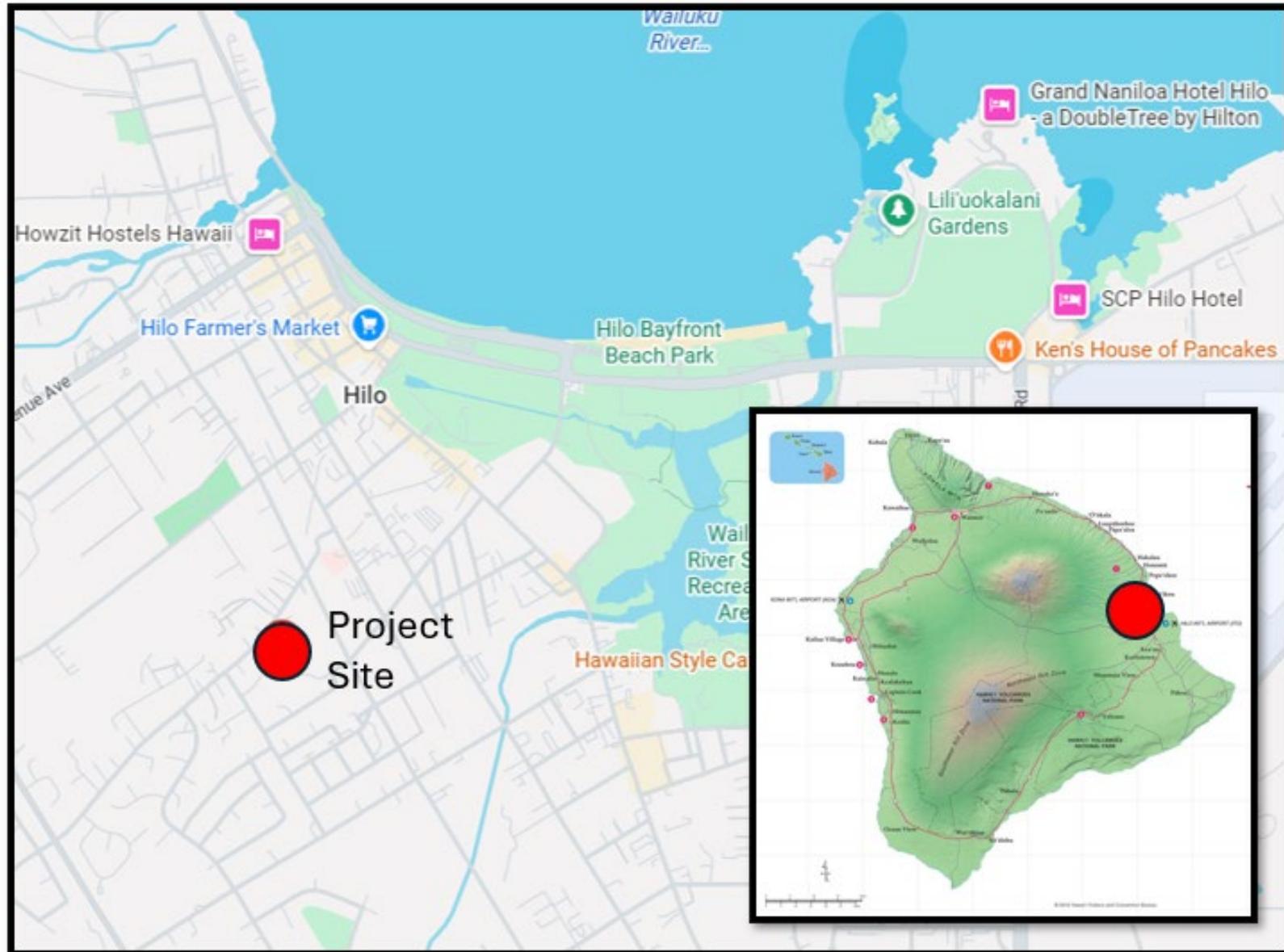


Exhibit 2: Site Plan

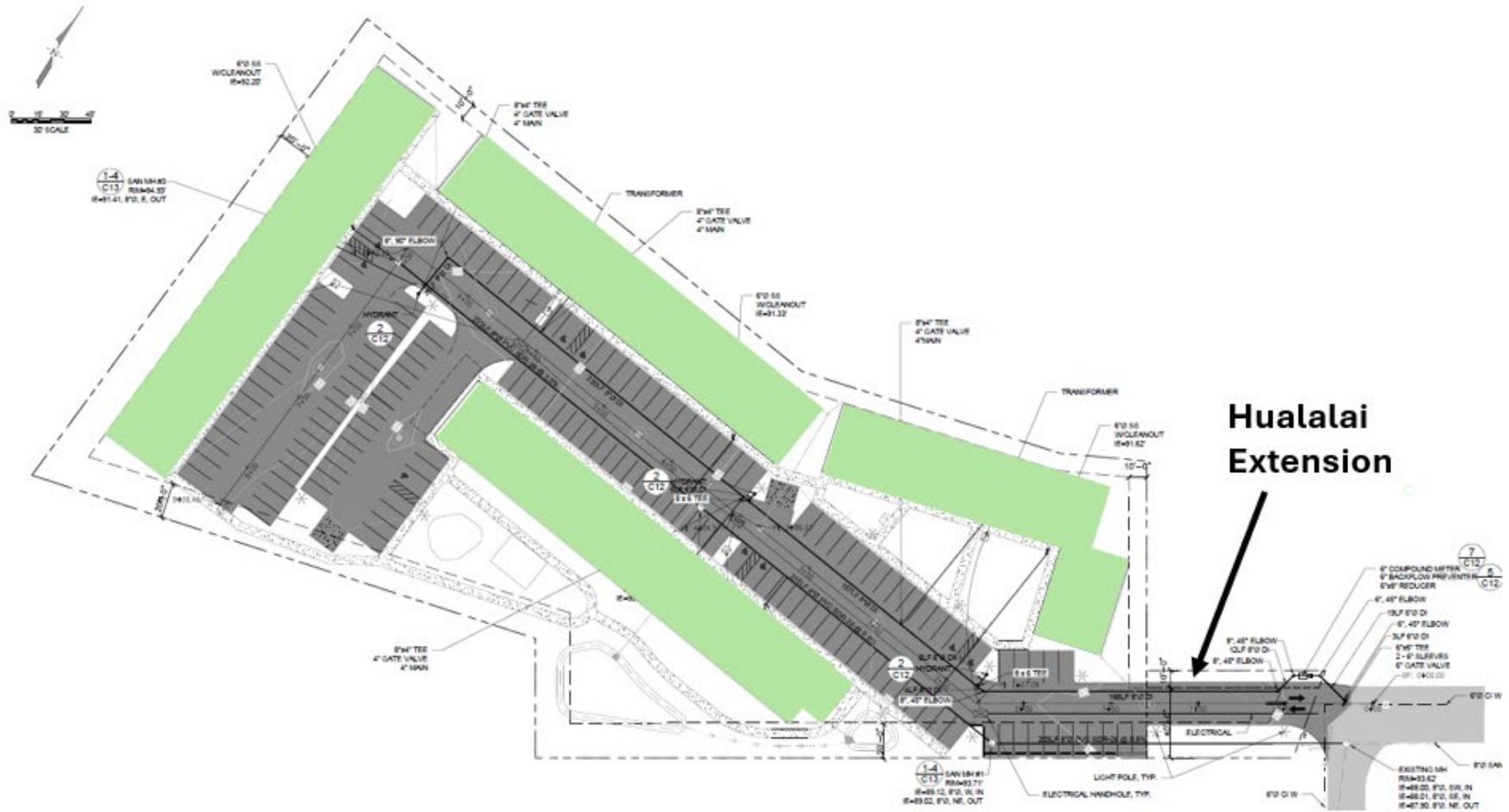


Exhibit 3: Renderings



Exhibit 4: State Land Use District Map

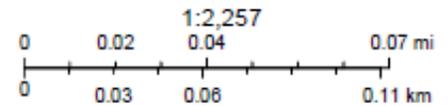


September 9, 2025

Your paragraph text

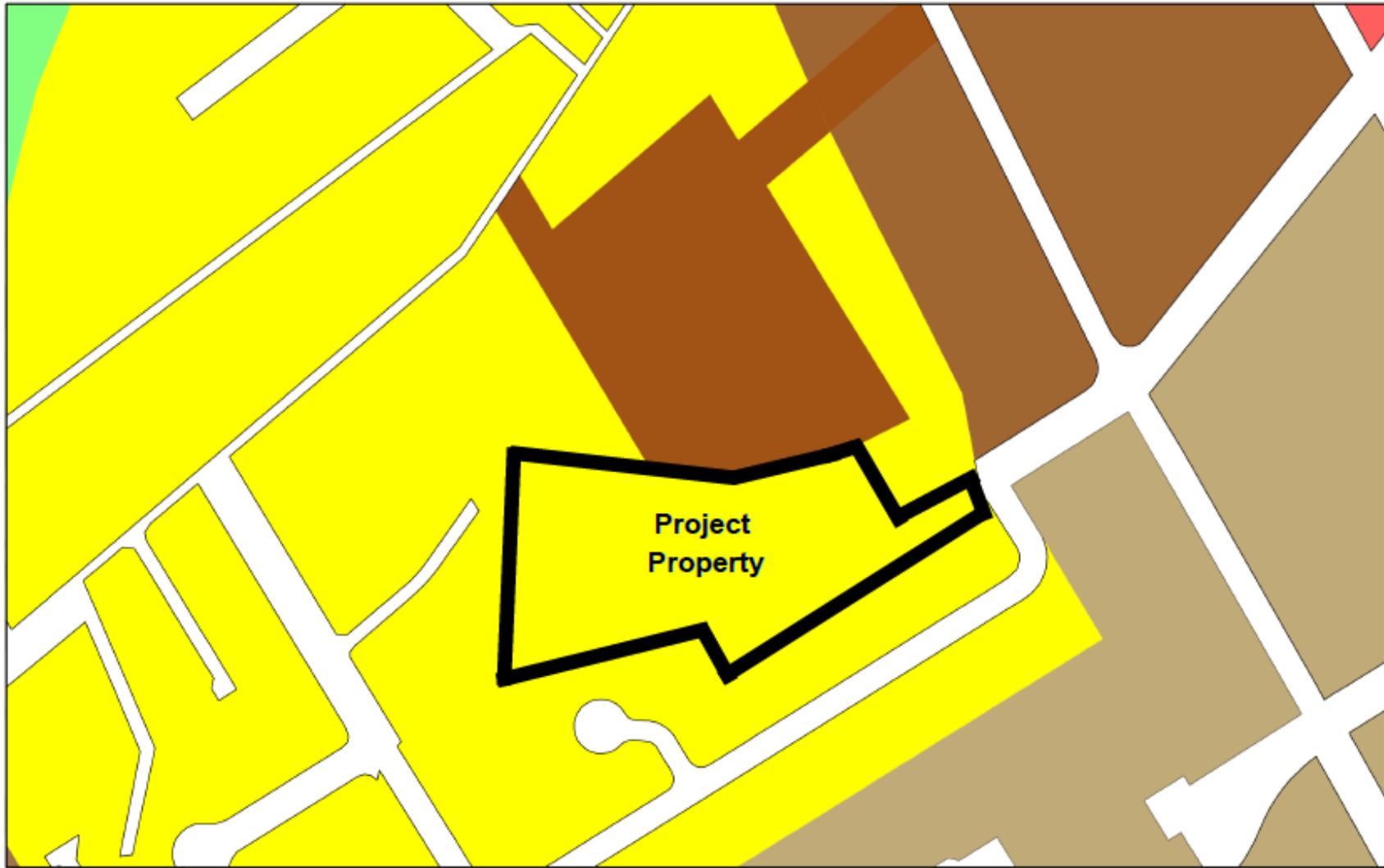
State Land Use Districts
Urban

TMK Parcels



Esri, HERE, Garmin, NGA, USGS

Exhibit 5: Hawaii County of Honolulu Zoning Map



9/9/2025

Zoning (Hawaii County) - County Zoning - County of Hawaii

(road)

A-1a

CG-7.5

RD-3.75

RM-1

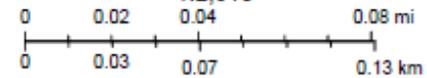
RM-1.5

RM-4

RS-7.5

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1:2,613



Sources: Esri, TomTom, Garmin, FAO, NOAA, USGS, (c) OpenStreetMap contributors, and the GIS User Community, Sources: Esri, Maxar, Airbus DS,

Exhibit 6: Special Management Area Map



May 21, 2025

-  TMK - Neighbor Islands
-  Special Management Area (SMA)

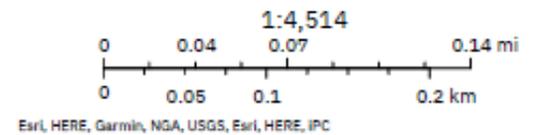
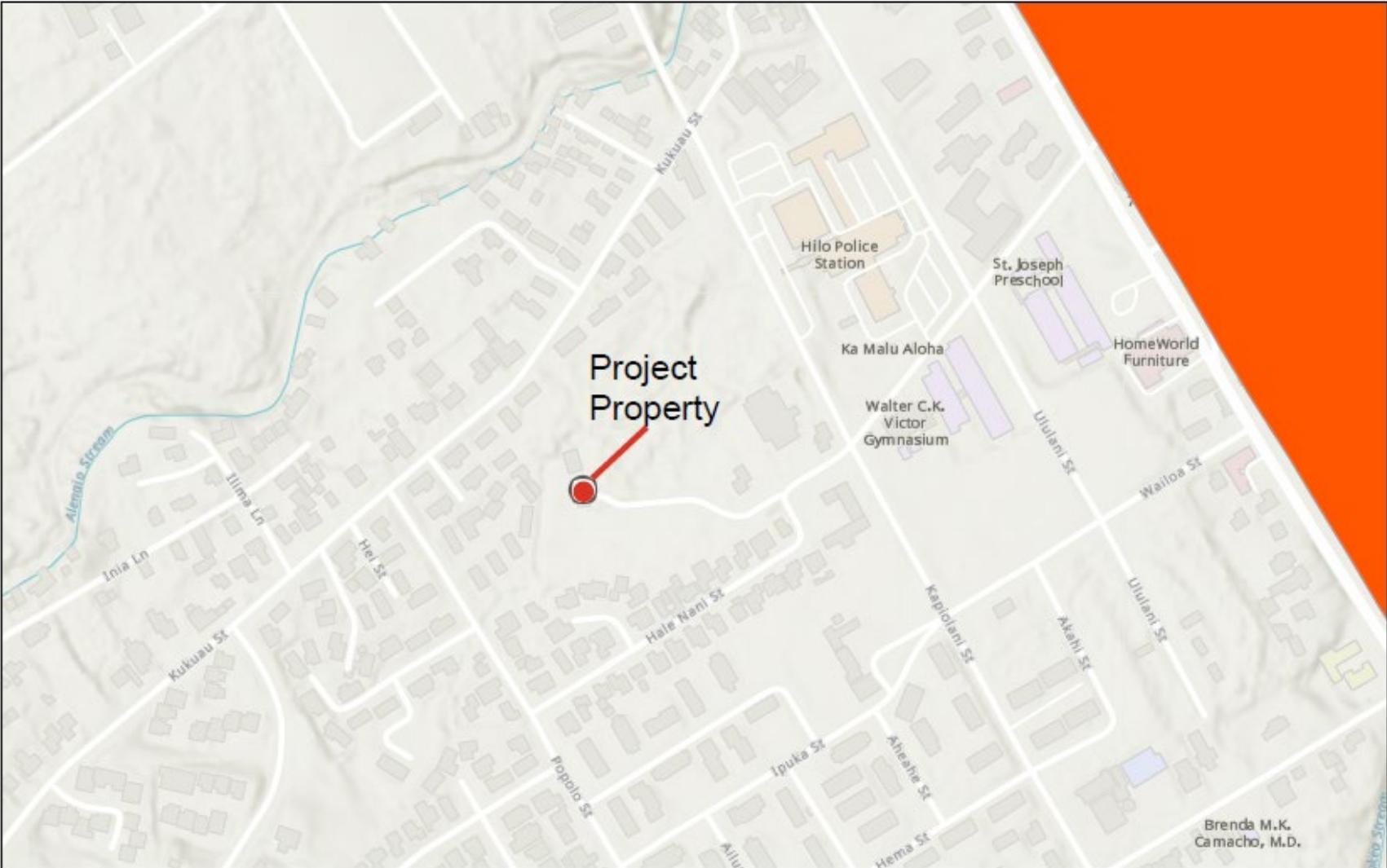


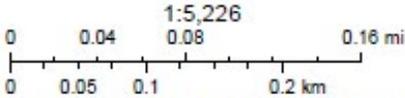
Exhibit 8: Tsunami Evacuation Zone



9/9/2025

 Tsunami Evacuation Zones

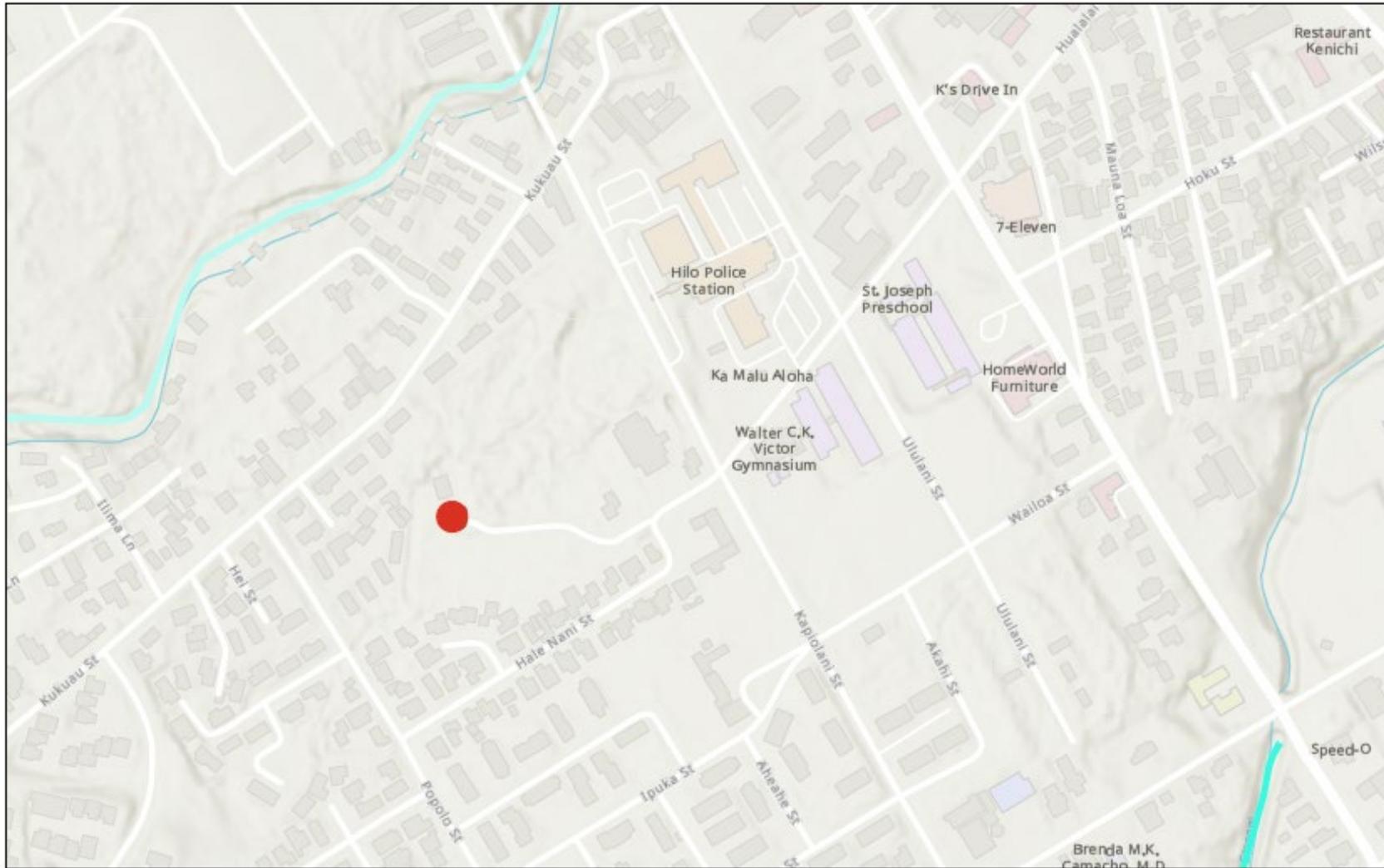
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Sources: Esri, TomTom, Garmin, FAO, NOAA, USGS, (c) OpenStreetMap contributors, and the GIS User Community, Sources: Esri, Maxar, Airbus DS,

Source: https://geoportal.hawaii.gov/datasets/db829ab4b17a44649eadf0db0f7379ab_2/explore?location=21.259636%2C-157.446168%2C10.95

Exhibit 9: Wetlands Map



9/9/2025

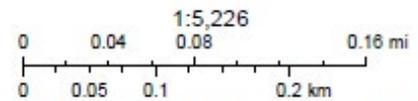
Wetlands

Freshwater Emergent Wetland

Project Property

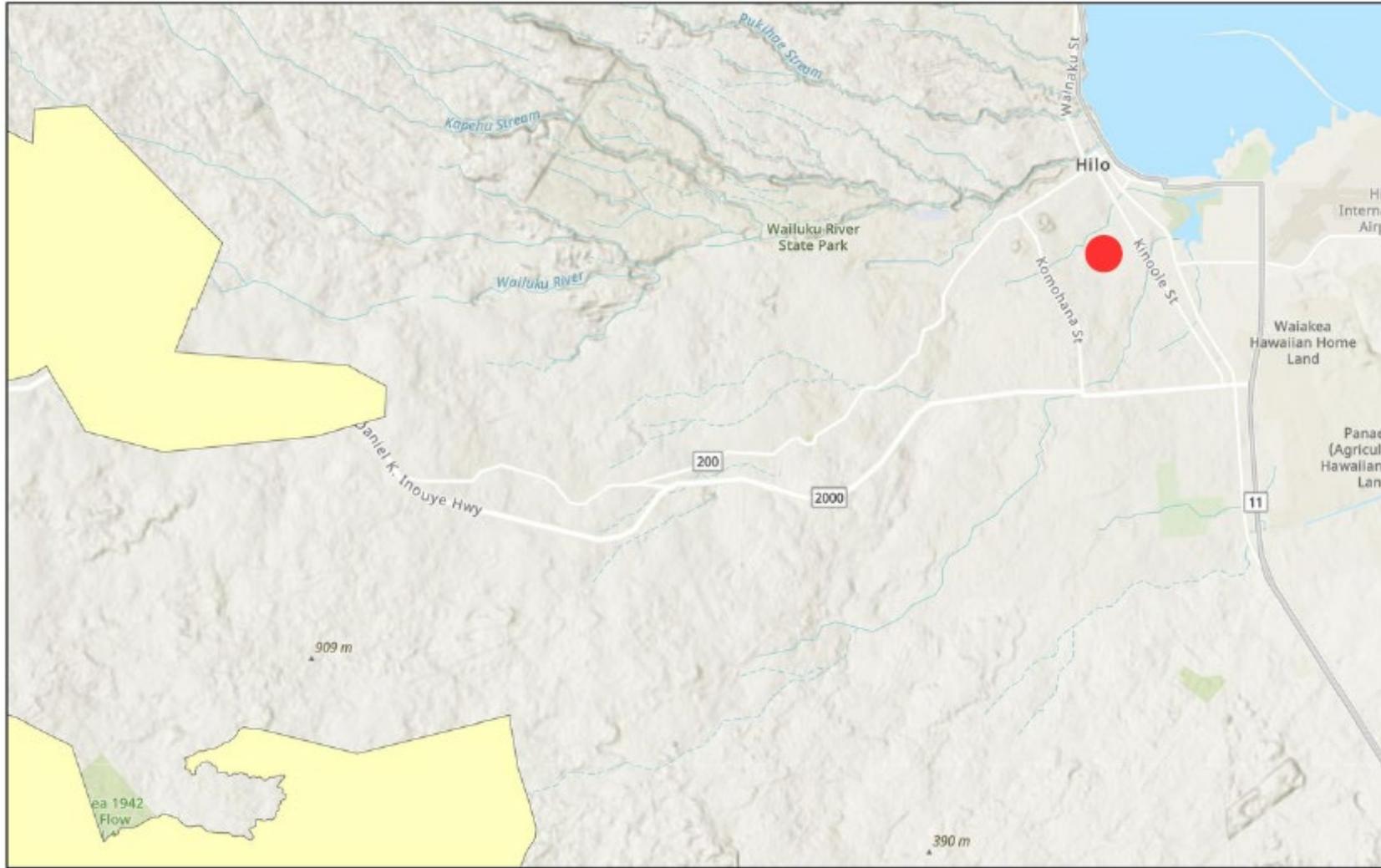
Riverine

World_Hillshade



Sources: Esri, TomTom, Garmin, FAO, NOAA, USGS, (c) OpenStreetMap contributors, and the GIS User Community, Sources: Esri, Maxar, Airbus DS,

Exhibit 10: Critical Habitat Map



6/9/2025

Areas of Critical Habitat (Consolidated) - Statewide Areas of Critical Habitat

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Project Property

