STATE OF HAWAII DEPARTMENT OF LAND AND NATURAL RESOURCESOFFICE OF CONSERVATION AND COASTAL LANDS Honolulu, Hawaii

March 28, 2014

ENF: KA-08-29

Board of Land and Natural Resources State of Hawaii Honolulu, Hawaii

REGARDING:

Unauthorized Land Uses within the State Land Use

Conservation District Protective Subzone

LANDOWNER:

Lance Laney

LOCATION:

"Taro Patch Hale", Hanalei District, Island of Kaua'i

TMK:

(4) 5-4-002:032

AREA OF PARCEL:

3.18 acres

AREA OF USE:

3.18 acres

SUBZONE:

PROTECTIVE

DESCRIPTION OF AREA:

The subject parcel is located in the District of Hanalei on the Island of Kaua'i (Exhibit 1) within a valley formed by the Hanalei River, which runs around, and through, the subject parcel. The Hanalei River is diverted immediately downstream of the parcel for taro production and a wildlife habitat; additional use of the area includes recreational activities such as kayaking, fishing, and boating along with hiking along the banks of the Hanalei River. The subject parcel lies within the large, broad floodplain created by the Hanalei River (Exhibit 2), and the area is generally very gently sloped with steep ridges on both sides of the valley.

The U.S. Fish and Wildlife Service (USFWS) has classified the vegetation/habitat around the subject parcel as palustrine (i.e., inland non-tidal wetlands) forested broad-leaved evergreen seasonal with areas of riverine upper perennial open water permanent wetland. The parcel, and immediate area, is located within the State Land Use (SLU) Conservation District Protective Subzone (Exhibit 3). The parcel is located at the landward (mauka) end of Ohiki Rd, which is accessed via Kuhio Highway in Princeville. Primary use of the valley is light farming and recreational uses; only minor residential development is present.

ALLEGED UNAUTHORIZED LAND USES:

The ongoing investigation that was initiated by an anonymous complaint in 2008 has recently been afforded new information and evidence that supports this alleged violation claim. A review of this new information required further investigation by OCCL staff into the alleged unauthorized land uses. At this time the Office of Conservation and Coastal Lands (OCCL) has determined that two (2) alleged unauthorized land uses have been conducted on the subject parcel:

- Unauthorized construction; and
- Vacation rentals

DISCUSSION:

Unauthorized Construction:

A review of OCCL files indicated that an approved site plan for the reconstruction of an existing structure after Hurricane Iniki included one (1) non-conforming Single Family Residence (SFR) structure; no other buildings were recorded on the approved plans for reconstruction (Exhibit 4). It appears that this non-conforming residence was permitted in the Conservation District Protective Subzone due to its existence prior to the parcels 1964 Conservation District designation. The OCCL investigation reveals that additional structures were built on the subject parcel after Hurricane Iniki and that the additional structures were not authorized by the Department or Board of Land and Natural Resources. Pursuant to Hawaii Administrative Rules (HAR) §13-5-6 (d) no land uses shall be conducted in the conservation district unless a permit or approval is first obtained from the department or board.

Evidence of the alleged unauthorized construction was determined from pre-Iniki (1988) (Exhibit 5, 5a, 5b) and post-Iniki aerial photographs (Exhibit 6, 6a, 6b) of the subject parcel which indicates that two (2) structures (total) were present on the parcel in 1988. Recent aerial and site photographs, along with State of Hawaii and County of Kaua'i tax records reveal that there are now five (5) structures located on the parcel (Exhibit 7).

Vacation Rentals:

The OCCL investigation revealed multiple listings (i.e., websites) for vacation rentals under the name "TARO PATCH HALE" which is located on the subject parcel (Exhibit 8, 8a, 8b, 8c, 8d, 8e); two (2) separate rental structures, named in the advertisements as the "Li'i" and "Nui" Cottages, were being promoted as vacation rentals. Information on the vacation rental "cottages" was obtained via an internet web-search and included photographs of the alleged unauthorized cottages, current rates and taxes for vacation rentals, written descriptions of recent interior improvements (i.e., new kitchens) and testimonials from clients (Exhibit 9, 9a, 9b, 9c).

Notice of the alleged violation was provided to the landowner Lance Laney (landowner) via certified mail which was delivered to the property on <u>January 3, 2014</u> (Exhibit 10; 2pgs., 10a). A phone call to this office from the landowner on <u>January 21, 2014</u> revealed

that vacation rental activities were still ongoing (landowner admitted to OCCL staff that both rental units were currently occupied) and that future rentals had already been reserved through monetary deposits. Landowner also requested that the future vacation rentals be allowed to proceed as monetary deposits had been obtained. OCCL staff reiterated that vacation rentals are not an identified land use in the conservation district. Additionally, according to the Notice of Alleged Violation and Order, which was signed by the Chair of the Board of Land and Natural Resources, the landowner was ordered to cease any further land uses or activities (including all current and future vacation rentals) on the subject parcel immediately (sic).

ANALYSIS:

The penalty range for the unauthorized land uses will be substantially determined based on the type of permit that would have been required, had the landowner applied to the DLNR to conduct the identified land use. In this case there is no identified land use for construction of new structures in the Protective Subzone and for commercial vacation rental activities on the subject parcel. Therefore, based on the Conservation District Violation Penalties Schedule Guidelines and Assessment of Damages to Public Land or Natural Resources, (2.1) Penalty Calculation:

- Unauthorized construction is prohibited pursuant to HAR §13-5-6 (d) No land use(s) shall be conducted in the conservation district unless a permit or approval is first obtained by the department or board.
- Vacation rentals are prohibited pursuant to HAR §13-5-42 (a) (5) Transient rentals are prohibited, with the exception of wilderness camps approved by the board.

This report and staff recommended conditions seek to resolve the subject Conservation District violation.

FINDINGS:

- 1. That the landowner did in fact, authorize, cause or allow construction to occur without authorization;
- 2. That the landowner did in fact, authorize, cause or allow commercial vacation rentals to occur; and
- 3. That the unauthorized land use and unauthorized activity occurred within the State Land Use Conservation District, Protective Subzone.

AS SUCH, STAFF RECOMMENDS AS FOLLOWS:

That, pursuant to §183C, HRS, the Board find the landowner in violation of §183C-7, HRS, §13-5-6 HAR, and §13-5-42, HAR, and is subject to the following:

- 1. The landowner is fined in one instance for violating the provisions of §183C-7, HRS, and §13-5-6, HAR, for unauthorized construction by failing to obtain the appropriate approvals within the Conservation District, for \$15,000;
- 2. The landowner is fined in one instance for violating the provisions of §183C-7, HRS, and §13-5-42, HAR, for the unauthorized commercial vacation rental activity within the Conservation District for \$15,000;
- 3. The landowner is fined an additional \$1000.00 for administrative costs associated with the subject violations;
- 4. The landowner shall pay all designated fines and administrative costs (\$31,000) within ninety (90) days from the date of the Board's action;
- 5. The landowner shall remove all unauthorized structures as determined by the Board and discontinue all commercial activity on the subject parcel; additionally the landowner shall allow OCCL staff to access the site to verify that the structures have been removed and that no commercial activity is being conducted. This shall be done within one-hundred and twenty (120) days of the date of the Board's action; and
- 6. That in the event of failure of the landowner to comply with any order herein, the matter shall be turned over to the State of Hawaii, Office of the Attorney General for disposition, including all administrative costs.

Respectfully submitted,

Alex J. Roy, M.Sc., Planner

Office of Conservation and Coastal Lands

Approved for submittal:

WILLIAM J. AILA, Jr., Chairperson
Board of Land and Natural Resources

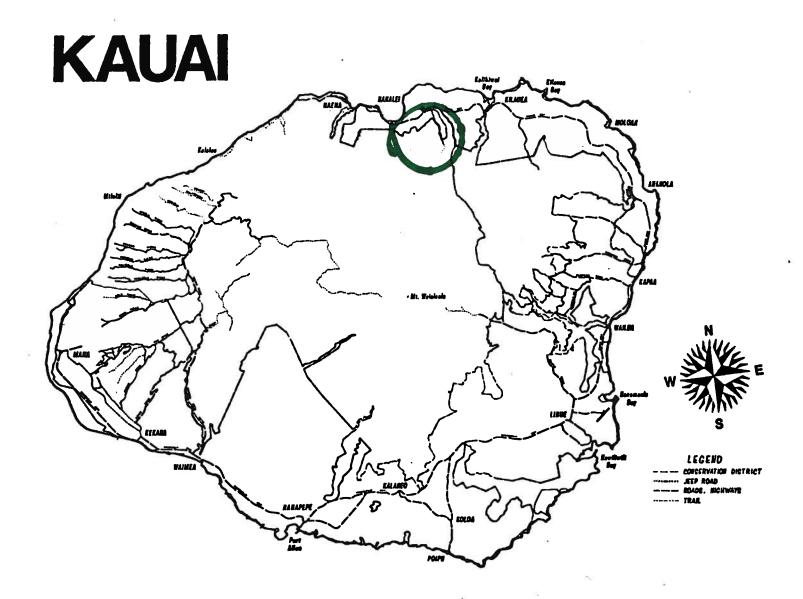
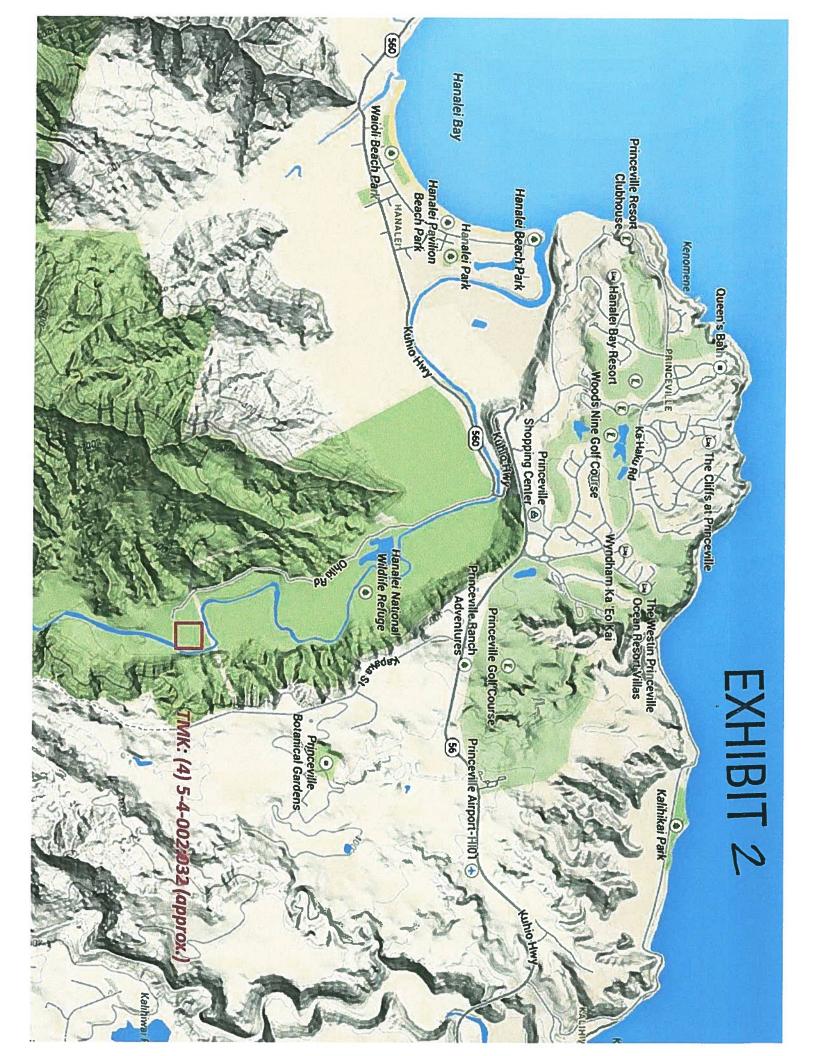
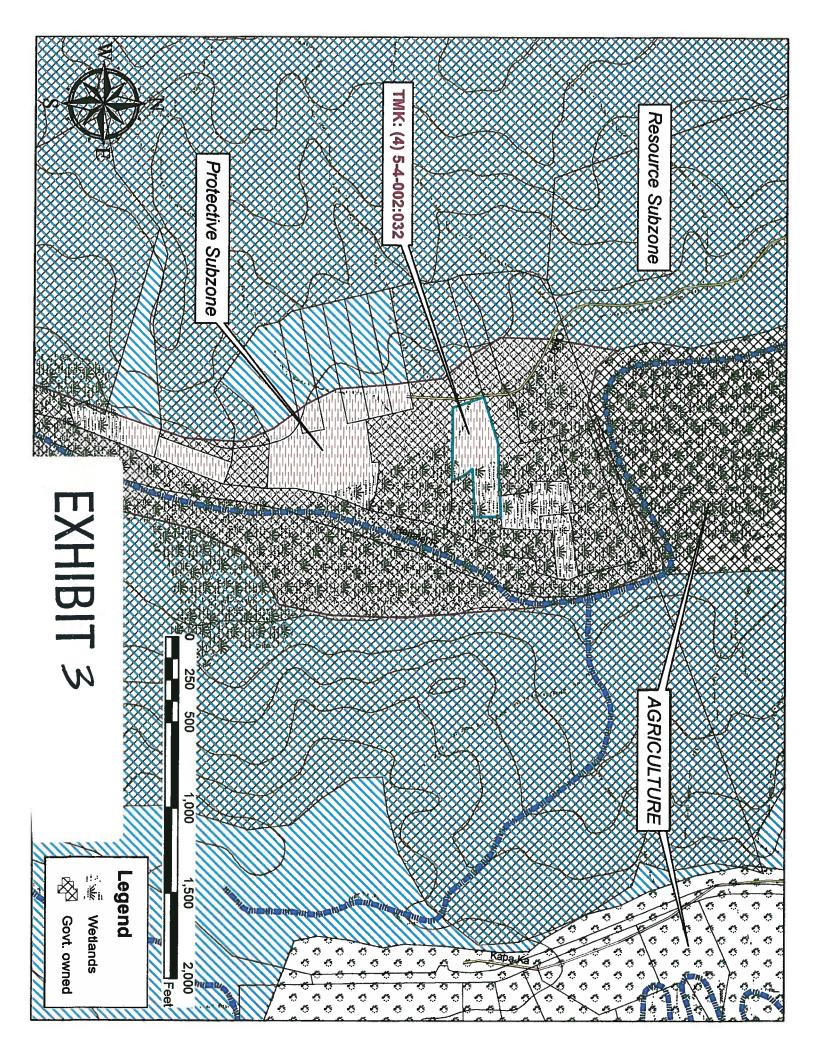


EXHIBIT I





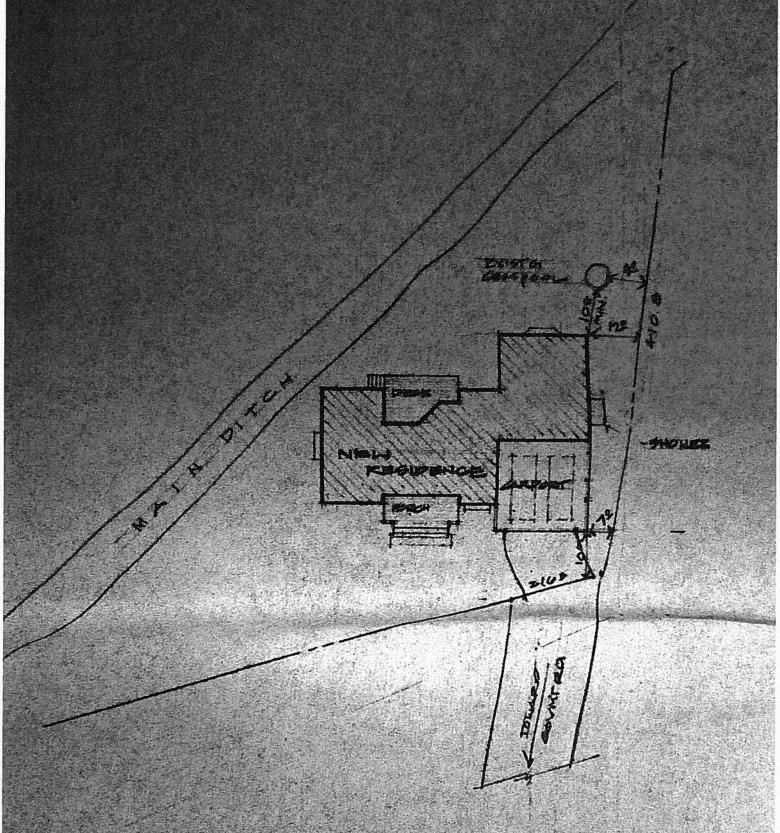


EXHIBIT 4

ENLARGEMENT

EXHIBIT 54

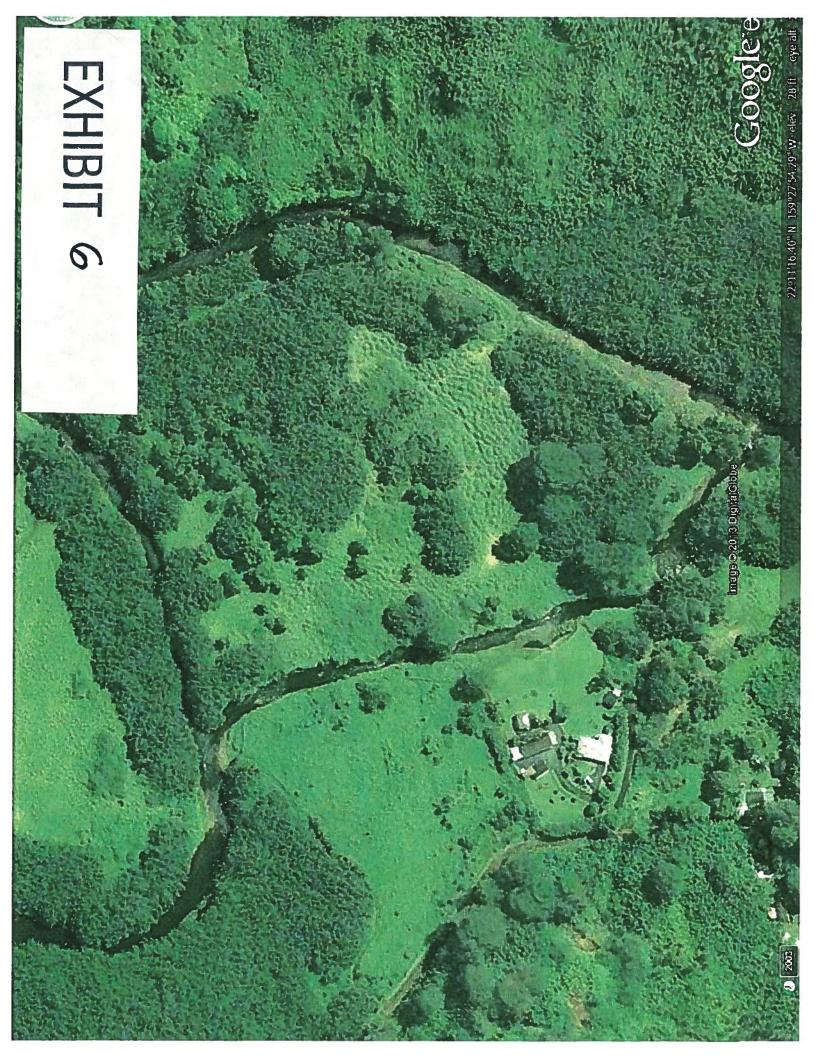
North

Photo: 1988

Photo: 1988

EXHIBIT 56

MORTH





NORTH

Photo: 2013

EXHIBIT 64

Photo: 2013

EXHIBIT 68

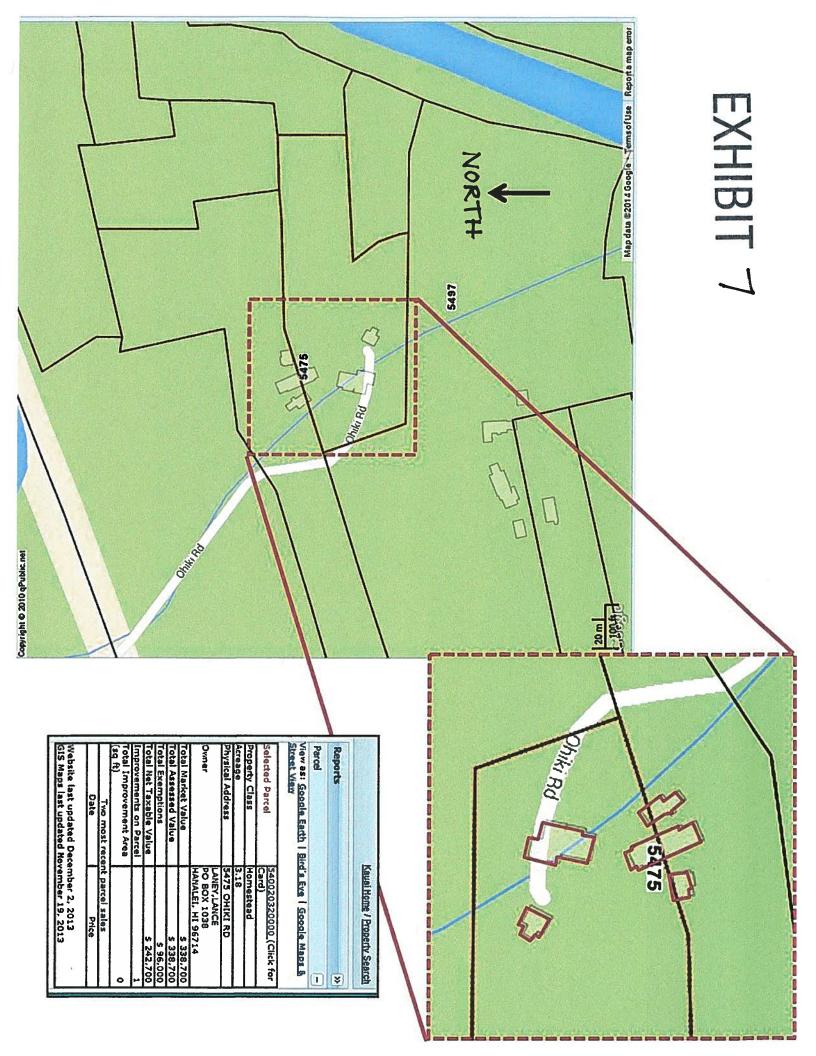


EXHIBIT 8

Home | Li'i Cottage | Nui Cottage | Location

Local Activities

- 3 miles to Princeville Resort (world class golf, restaurants, shops, spa)
- 2 miles to Hanalei Town (great beaches, shops, restaurants)
- Hiking, walking, birdwatching
- 100 yards to the best lomi lomi massage on the island
- Share Lance's passion for the art of bonsai.

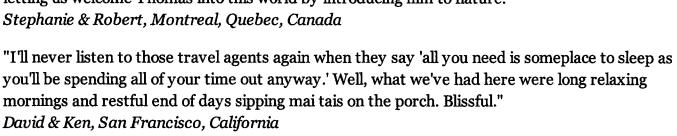
Comments from the Guest Book

"Scott & I arrived in the dark of night. Welcomed by the sound of the creek and fell into bed after our long flight. Upon awakening, we were completely filled with awe at the natural setting - the rural feeling - the bonsai. Whew, what a 10!"

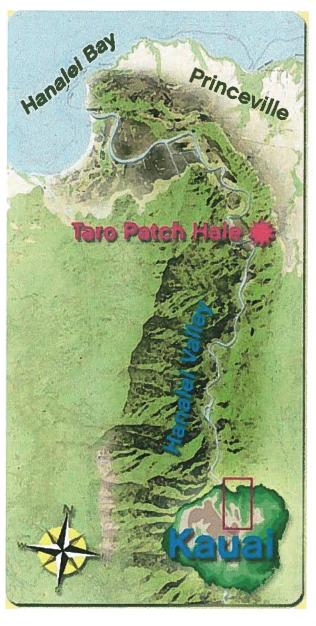
Deb & Scott, Billings, Montana

"... a wonderful place for our first vacation with our four month old baby - Thomas. We hope he remembers the sounds of the river, of the birds, of the wind blowing in the trees, the incredible smells of the pure jungle air, the beautiful mountains, the bonsai, the stars but especially the touch of the sun's rays at sunrise . . . Thank you for

letting us welcome Thomas into this world by introducing him to nature."







Hanalei National Wildlife Refuge

Kauai Visitor Bureau

EXHIBIT 8A

Na Ala Hele

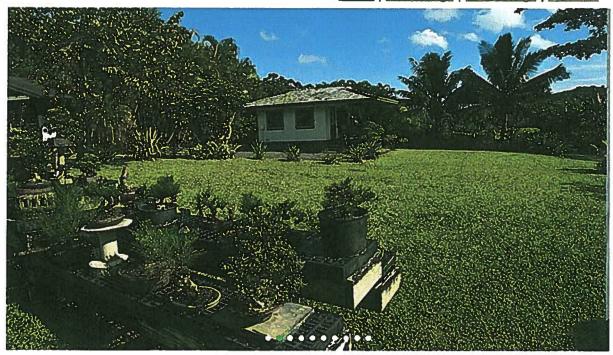
The Kauaian

Phone: 808 826 9828 | Fax: 808 826 1119 | Email: <u>lklaney@gmail.com</u>

Hawaii Web | Hawaii Business | Hawaii Search | Hanalei real estate | Hawaii vacation | Resources | Copyright 2008 Taro Patch Hale Rental



Home | Li'i Cottage | Nui Cottage | Location



Hale Nui

Hale means house in Hawaiian and Taro Patch Hale are studio cottages located shouting distance from the main house.

Hale Nui features:

EXHIBIT 8B

- Queen size bed
- · Private bath in outdoor, garden setting
- Covered lanai for dining & relaxing
- · Sink, refrigerator, coffee-maker
- Television & VCR (sorry no access to cable TV in the area)
- Telephone
- · Washer and dryer on site for guest use.

Rates & Terms

- \$130.00 per night, \$50.00 out clean
- Minimum three (3) night stay
- 13.5% State of Hawaii room tax will be added to your total.
- · Rates subject to change without notice.
- A 50% deposit is required to guarantee your reservations. Balance is due five (5) days prior to your arrival.

Cancellation Policy

A minimum of fourteen (14) days notice for cancellation is required for a full refund of deposit.

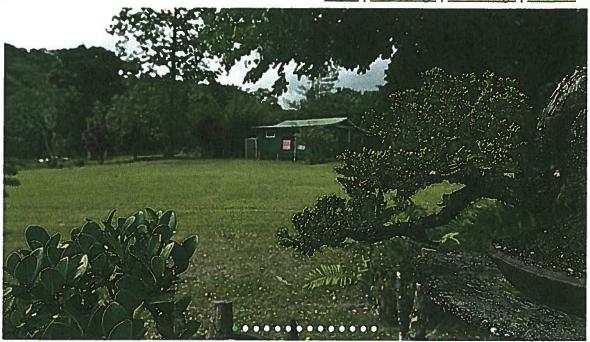
Phone: 808 826 9828 | Fax: 808 826 1119 | Email: lklaney@gmail.com

Hawaii Web | Hawaii Business | Hawaii Search | Hanalei real estate | Hawaii vacation | Resources | Copyright 2008 Taro Patch Hale Rental

Vacation Hale (home) in Hanalei Valley, Kaua'i

Home | Li'i Cottage | Nui Cottage | Location

EXHIBIT 8c



Hale Lii

Hale means house in Hawaiian and Taro Patch Hale are studio cottages located shouting distance from the main house. Hale Lii has just been remodeled - we've added a full kitchen and new larger living room.

Hale Lii features:

- Queen size bed
- · Private bath in outdoor, garden setting
- Covered lanai for dining & relaxing
- Sink, refrigerator, coffee-maker
- Television, VCR, cable
- No Telephone
- Washer and dryer on site for guest use.

Rates & Terms

- \$140.00 per night, \$75.00 out clean
- Minimum three (3) night stay.
- 13.5% State of Hawaii room tax
- · Rates subject to change without notice.
- · A 50% deposit is required to guarantee your reservations. Balance is due five (5) days prior to your arrival.

Cancellation Policy

A minimum of fourteen (14) days notice for cancellation is required for a full refund of deposit.

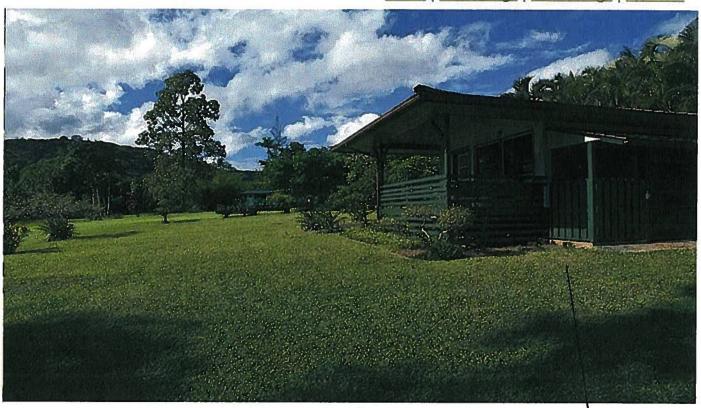
Hawaii Web | Hawaii Business | Hawaii Search | Hanalei real estate | Hawaii vacation | Resources | Copyright 2008 Taro Patch Hale Rental

Phone: 808 826 9828 | Fax: 808 826 1119 | Email: lklaney@gmail.com

TARD PATCH HALE

A Vacation Hale (home) in Hanalei Valley, Kaua'i





Hanohano Hanalei EXHIBIT 8D

Serene and peaceful Hanalei vacation rentals in majestic, glorious Hanalei, Kauai. Taro patches, waterfalls, and rainbows guide your drive to Taro Patch Hale, your home away from home on Kaua'i.

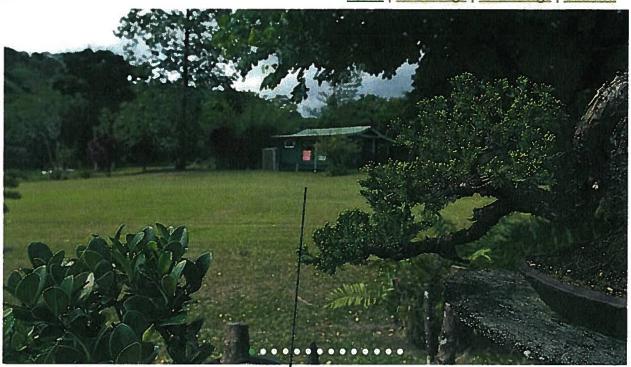
Experience a unique Kauai holiday off the beaten tourist path...



TAKU PATUH HALE

Vacation Hale (home) in Hanalei Valley, Kaua'i

Home | Li'i Cottage | Nui Cottage | Location



Hale Lii

Hale means house in Hawaiian and Taro Patch Hale are studio cottages located shouting distance from the main house. **Hale Lii has just been remodeled** - we've added a full kitchen and new larger living room.

Hale Lii features:

- Queen size bed
- · Private bath in outdoor, garden setting
- Covered lanai for dining & relaxing
- · Sink, refrigerator, coffee-maker
- Television, VCR, cable

No Telephone

EXHIBIT 8E



Hanalei V

>

ZIO

United States * Hawaii (HI) * Kauai * Hanalei * Hanalei Specialty Lodging * Ranches in Hanalei

Search for a city, hotel, etc.

All 4 Hanalei accommodations

Taro Patch Hale

P.O. Box 1038, Hanalei, Kauai, HI 96714

☐ Hotel website ☑ E-mail hotel ☐ (808) 826-9828 ✓ Hotel amenities









We can't find prices for this **00000** 15 Reviews

accommodation

Show Prices

30000 958 Reviews Hanalei Bay Resort

Princeville, Kausi

Show Prices

Koa Kea Hotel & Resort

60000 1,199 Reviews

Poipu, Kausi

Show Prices

Hale Ho'o Maha Bed &

Related hotels...

60000 154 Reviews

Great Value!

Breakfast

Hanalei, Kausi

Our online travel partners don't provide prices for this accommodation, but we can search other options in

mm/dd/yyy Check Out mm/dd/yyy Check In

Show Prices

14 traveler photos

Restaurants (34) | Things to Do (36)

Browse nearby

15 people have reviewed this hotel

Traveler rating	70	see re	See reviews for		Rating summa
Excellent Excellent	12	*	AA Families	₩.	Sleep Quality
Very good	-	8	Couples	1	Location
Average 🔲	2				Kooms
Poor	0	•0	Solo	τ	Service
Terrible	0	1.	Business	0	Cleanliness

Write a Review



00000 00000 00000 00000 00000 00000

as



wovermyer Akron, Ohio

Contributor









Q 59 helpful votes

"Serene and Tranquil" **@@@@** Reviewed August 23, 2007

We just spent a weekend at Taro Patch Hale, and are tempted not to tell people about it just to keep it a secret! The setting is absolutely beautiful and serene, on a rocky stream about 2 miles into the Hanalei National Wildlife Refuge. The cottage is very comfortable, with a ktichenette (food is very expensive on Kauai). The outdoor...







EXHIBIT 9A



Massachusetts

Senior Reviewer



(3 hotel reviews





"Taro Patch Hale is a gem"

@@@@ Reviewed September 17, 2006

My wife and I spent three nights in one of the two small cottages at Taro Patch Hale, located a few miles east of Hanalei. We loved it there, it's located up the Hanalei River valley, two miles from the turn off from Route 56 and within the National Wildlife Refuge. There aren't many people around there. The Hanalei River...

Was this review helpful? Yes 18



Calgary, Canada 1 review

"Sweet Little Nature Retreat" @@@@@ Reviewed December 11, 2013

This sweet, basic little cottage Li'l is away from it all down the end of a little riarrow taro patch road:)

Listen to the birds, the stream and watch the sunrise from the lanal, I travelled solo and felt very safe here. Lance greeted me and made sure that I knew where everything was and told me to ask if I needed anything so as not to "bug me". He brought me a nice lawn chair so that I could sit right down by the stream and enjoy the view. There is a beach mat and towels that I took to the beach each day. I made a Costco run on the way out of Lihue for coffee and to stock the fridge with a few supplies. I was only 3 miles from Hapalei for coffee and cinnamon rolls at the Hanalel Coffee Roasters. There's a line there by 7:30am. Head up west to the end of the road and pick a beach. Park in the lot and walk the beach a few minutes in either direction and you are almost alone (except for the Monk seals). Awesome snorkelling at Tunnels Beach. There are lots of neat vintage items to check out at Yellow Fish Trading Co like cool lamps, signs etc.

Of special note: As I was alone I was invited to the Taro Patch family Thanksgiving dinner. What a blessing it was to share such a beautiful place and time with such lovely people. There was much Aloha being created and shared. I am still pinching myself.)

Stayed November 2013, traveled solo

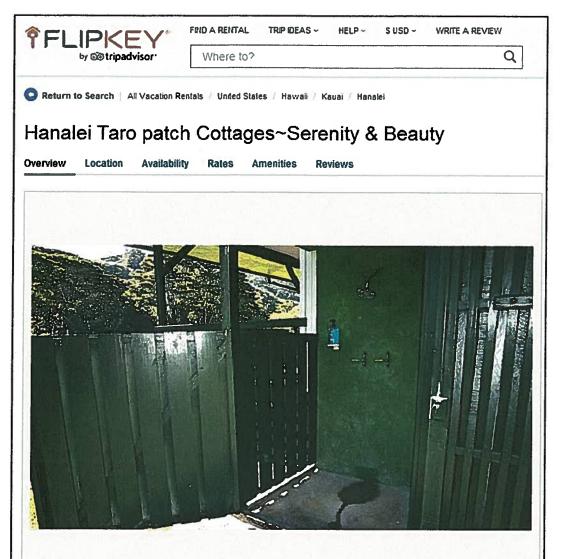


EXHIBIT 98

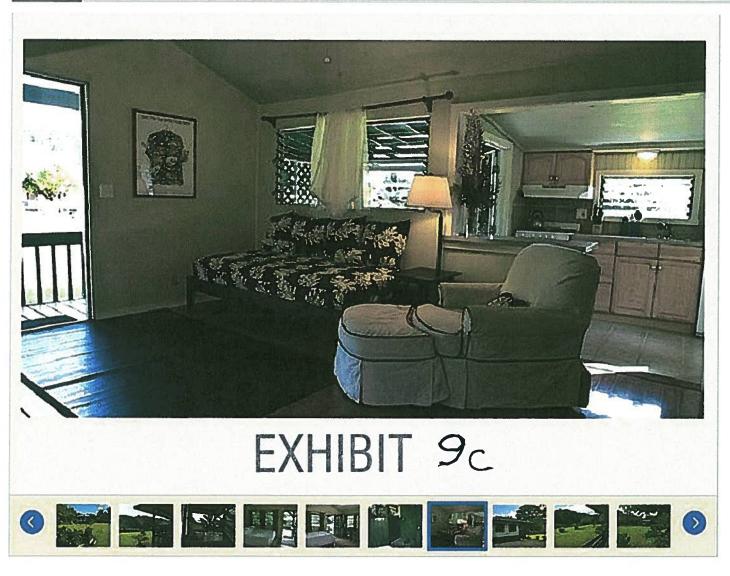




v.flipkey.com/hanalei-cottage-rentals/p326827/



Overview Location Availability Rates Amenities Reviews



Studio







Description from the owner

- * Two Secluded cottages nestled in the Serene setting of peaceful Hanalei Valley
- * 5 minutes to fabled Hanalei Bay & town
- * Total serenity & beauty surround you in these two Hawaiian style cottages: Rainbows, Waterfalls & lush tropical foliage abound
- * Hale Lii & Hale Nui: both studio cottages: large lanais where you can relax sipping a cocktail or morning coffee while gazing at the beauty of the Hanalei mountains
- * Hike Nature Conservation land right outside the cottages

NEIL ABERCROMBIE GOVERNOR OF HAWAII





STATE OF HAWAII DEPARTMENT OF LAND AND NATURAL RESOURCES

OFFICE OF CONSERVATION AND COASTAL LANDS
POST OFFICE BOX 621
HONOLULU, HAWAII 96809

REF: OCCL: AJR

WILLIAM J. AILA, JR.
CHARPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ESTHER KIA'AINA FIRST DEPUTY

WILLIAM M. TAM DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLING
HISTORIC PRESERVATION
KAHOOLAWE BLAND RESERVE COMMISSION
LAND
STATE PARKS

ENF: KA-08-29

DEC 1 6 2013

NOTICE OF ALLEGED VIOLATION AND ORDER

<u>Certified Mail Return Receipt</u> 7009 3410 0000 4942 9590

Lance Laney P.O. Box 1038 Hanalei, HI 96714 EXHIBIT 10

SUBJECT:

ALLEGED UNAUTHORIZED LAND USES AND ACTIVITIES IN THE STATE LAND

USE CONSERVATION DISTRICT

"Taro Patch Hale" Hanalei District, Island of Kaua'i

TMK: (4) 5-4-002:032

Dear Mr. and Mrs. Laney,

Notice is hereby given that you may be in violation of Hawaii Administrative Rules (HAR) Title 13, Chapter 5, entitled <u>Conservation District</u>, providing for land use within the Conservation District, enacted pursuant to Chapter 183C, Hawaii Revised Statutes (HRS).

The Department of Land and Natural Resources (DLNR) has determined that:

- 1. The location of the alleged unauthorized land uses and activities have occurred on Tax Map Key (TMK) (4) 5-4-002:032, and is located in the Conservation District Protective Subzone;
- 2. We have evidence that the following land uses were conducted on the subject parcel without our knowledge or authorization: clearing of vegetation; grubbing; construction of three (3) building structures; construction of one (1) large carport/building; on-going vacation rental of the "Li'i Cottage" and "Nui Cottage"; and
- 3. These land uses and activities were not authorized by the Department or Board of Land and Natural Resources; pursuant to Hawaii Administrative Rules (HAR) §13-5-6 (d) no land uses shall be conducted in the conservation district unless a permit or approval is first obtained from the department or board.

REF: OCCL: AJR ENF: KA-08-29

You are hereby ordered to cease any further land uses or activities (including all current and future vacation rentals) on the subject parcel <u>immediately</u>. Pursuant to §183C-7, HRS, the Board of Land and Natural Resources may subject the landowners to fines of up to \$15,000.00 per violation in addition to administrative costs.

Should you fail to <u>immediately</u> cease such activities and land uses (*i.e.*, vacation rental) after written or verbal notification from the department, willful violation may incur an additional fine of up to \$15,000.00 per day, per violation for each day in which the violation persists.

The Office of Conservation and Coastal Lands (OCCL) intends to schedule this matter before the Board of Land and Natural Resources (BLNR) for final disposition. You will be notified at that time concerning the meeting time and place.

Please note any information provided to the Department in regards to this alleged violation may be used in civil proceedings. Should you have any questions, please contact Alex J. Roy, M.Sc. of our Office of Conservation and Coastal Lands staff at 808-587-0316.

Sincerely,

William J. Aila, Jr., Chairperson

nuffale)

Board of Land and Natural Resources

EXHIBIT 10

CC: DOCARE KDLO

DAR

Kaua'i County Planning Department

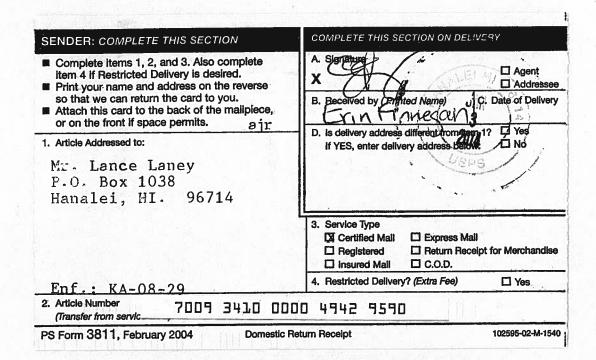




EXHIBIT 10A