

CARLSMITH BALL LLP  
STEVEN S. C. LIM 2505  
JENNIFER A. BENCK 8357  
121 Waianuenu Avenue  
Hilo, Hawaii 96720  
Tel No. 808.935.6644  
Attorney for Petitioner  
**FOREST CITY HAWAII KONA, LLC**

MARK J. BENNETT 2672  
Attorney General State of Hawaii

DIANE K. TAIRA 3761  
CRAIG Y. IHA 7919  
Deputy Attorneys General  
Department of the Attorney General, State of Hawaii  
425 Queen Street  
Honolulu, Hawaii 96813  
Tel No. 808.587.3080  
Attorneys for Petitioner  
**HAWAII HOUSING FINANCE  
AND DEVELOPMENT CORPORATION**

**BEFORE THE LAND USE COMMISSION  
OF THE STATE OF HAWAII**

In the Matter of the Petition of

HAWAII HOUSING FINANCE AND  
DEVELOPMENT CORPORATION and  
FOREST CITY HAWAII KONA, LLC

To Amend the Agricultural Land Use District  
Boundaries into the Urban Land Use District  
for certain lands situate at Keahuolu, North  
Kona; consisting of approximately 271.837  
acres, Tax Map Key Nos. (3) 7-4-021:020  
(por.), (3) 7-4-021:024, (3) 7-4-021:025,  
(3) 7-4-021:026, (3) 7-4-021:027

DOCKET NO. A10-788

PETITION FOR LAND USE DISTRICT  
BOUNDARY AMENDMENT;  
PETITIONER'S EXHIBITS 1 - 37;  
AFFIDAVIT OF JENNIFER A. BENCK  
ATTESTING TO SERVICE OF PETITION;  
AFFIDAVIT OF JENNIFER A. BENCK  
ATTESTING TO MAILING OF THE  
NOTIFICATION OF PETITION FILING;  
CERTIFICATE OF SERVICE

**PETITION FOR LAND USE DISTRICT BOUNDARY AMENDMENT;  
PETITIONER'S EXHIBITS 1 - 37; AFFIDAVIT OF JENNIFER A. BENCK ATTESTING  
TO SERVICE OF PETITION; AFFIDAVIT OF JENNIFER A. BENCK ATTESTING TO  
MAILING OF THE NOTIFICATION OF PETITION FILING; CERTIFICATE OF  
SERVICE**

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<b>PETITIONER'S EXHIBITS</b>	
Petitioner's Exhibit 1	Kamakana Villages at Keahuolu Plans & Figures (January 2010, updated March 2010)
Petitioner's Exhibit 2	Final Environmental Impact Statement Keahuolu Affordable Housing Project
Petitioner's Exhibit 3	Kamakana Villages at Keahuolu Environmental Report
Petitioner's Exhibit 4	Document No. 2010-011981, recorded January 27, 2010
Petitioner's Exhibit 5	Document No. 2010-036809, recorded March 18, 2010
Petitioner's Exhibit 6	Tax Map
Petitioner's Exhibit 7	Quitclaim Deed With Reservation of Rights, Document No. 2009-106530
Petitioner's Exhibit 8	Short Form of the Development Agreement, Document No. 2009-078712
Petitioner's Exhibit 9	Short Form of Agreement Regarding Conveyance and Escrow, Document No. 2009-100214
Petitioner's Exhibit 10	Title Policy dated March 1, 2010
Petitioner's Exhibit 11	Fee Owner Authorization (FHT Kamakana)
Petitioner's Exhibit 12	Quitclaim Deed for Ane Keohokalole Hwy. With Covenants, Conditions, Restrictions and Reservation of Rights (Kamakana Villages at Keahuolu)
Petitioner's Exhibit 13	Fee Owner Authorization (County of Hawaii)
Petitioner's Exhibit 14	Notification of Petition Filing
Petitioner's Exhibit 15	Notice of Intent to File
Petitioner's Exhibit 16	Affidavits of Service and Publication of Notice of Intent to File
Petitioner's Exhibit 17	Proposed Findings of Fact, Conclusions of Law and Decision and Order
Petitioner's Exhibit 18	HHFDC Affidavit re Community Groups
Petitioner's Exhibit 19	Forest City Affidavit re Community Groups
Petitioner's Exhibit 20	Office of Housing and Community Development Certification, dated September 2, 2010
Petitioner's Exhibit 21	Affidavit re mailing of Notice of Hearing
Petitioner's Exhibit 22	Survey Map of Petition Area

<b>PETITIONER'S EXHIBITS</b>	
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Petitioner's Exhibit 26	Metes and Bounds Description of Increment 1 of the Petition Area
Petitioner's Exhibit 27	Incremental Development Plan
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Petitioner's Exhibit 29	Proposed LEED ND Rating Checklist
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Petitioner's Exhibit 31	Botanical Survey Update (April 2010) and cover letter (July 2010)
Petitioner's Exhibit 32	Addendum Archaeological Inventory Survey, August 2010
Petitioner's Exhibit 33	State Historic Preservation Division Letter dated September 2, 2010
Petitioner's Exhibit 34	Forest City Summary Annual Report and Supplemental Package, 2009
Petitioner's Exhibit 35	Balance Sheet and Income Statement
Petitioner's Exhibit 36	Hawaii County Planning Director Letter dated September 7, 2010
Petitioner's Exhibit 37	Written comments pursuant to HAR § 15-15-20(c)(21)



**BEFORE THE LAND USE COMMISSION  
OF THE STATE OF HAWAII**

In the Matter of the Petition of

DOCKET NO. A10-788

HAWAII HOUSING FINANCE AND  
DEVELOPMENT CORPORATION and  
FOREST CITY HAWAII KONA, LLC

To Amend the Agricultural Land Use District  
Boundaries into the Urban Land Use District  
for certain lands situate at Keahuolu, North  
Kona; consisting of approximately 271.837  
acres, Tax Map Key Nos. (3) 7-4-021:020  
(por.), (3) 7-4-021:024, (3) 7-4-021:025,  
(3) 7-4-021:026, (3) 7-4-021:027

**PETITION FOR LAND USE DISTRICT BOUNDARY AMENDMENT**

Co-Petitioners HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION, a public body and body corporate and politic of the State of Hawaii ("**HHFDC**"), and FOREST CITY HAWAII KONA, LLC, a Hawaii limited liability company ("**Forest City**"), by and through HHFDC'S legal counsel, the ATTORNEY GENERAL, STATE OF HAWAII, and Forest City's legal counsel, CARLSMITH BALL LLP, hereby petition the Land Use Commission (the "**Commission**") to amend the land use district classification of certain lands consisting of approximately 271.837 acres situate at Keahuolu, North Kona, Island and County of Hawaii, State of Hawaii (the "**Petition Area**"), from the State Land Use Agricultural District ("**Agricultural District**"), to the State Land Use Urban District ("**Urban District**"). (HHFDC and Forest City shall hereinafter collectively be referred to as "**Petitioner**"). The Petition Area, together with approximately 0.226 acres that are already within the Urban District, are intended to be developed as a master planned, mixed-use affordable housing project pursuant to Hawaii Revised Statutes ("**HRS**") Chapter 201H.

I. **INTRODUCTION**

HHFDC and Forest City respectfully request reclassification of the Petition Area in order to develop Kamakana Villages at Keahuolu, a master-planned, mixed-use project with a majority of affordable homes interspersed with market units, to be offered in a variety of configurations ("**Kamakana Villages**" or the "**Project**"). As an affordable housing project, Kamakana Villages<sup>1</sup> will be developed under HRS Chapter 201H ("**201H**"), which provides for exemptions from State and County land use regulations, as well as the fast tracking of the land use entitlements process, in order to encourage the expeditious development of affordable housing.

Objectives for Kamakana Villages include the creation of an affordable, livable community designed to be consistent with the Traditional Neighborhood Design and Transit-Oriented Development ("**TOD**") concepts presented in the Kona Community Development Plan, County of Hawaii Ordinance No. 08-131 ("**Kona CDP**"). Kamakana Villages is envisioned to be a community knit together by design where residents from all income levels will have the opportunity to interact with their neighbors because of the strategic placement of homes and gathering places, such as common open spaces, street facing lanai, alleyways, schools, bike and pedestrian paths and mixed-use centers. The Concept Plan and Concept Illustrative Plan for Kamakana Villages are included as Figures 1a and 1b of the Kamakana Villages at Keahuolu Plans & Figures booklet, a copy of which is attached hereto and incorporated herein as Petitioner's **Exhibit 1**.

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<sup>1</sup> The name "Kamakana Villages" was selected in 2007 to represent the theme of the Project as a gift to its future residents of a high quality of life. However, Forest City will continue to consult with cultural experts to evaluate the appropriateness of the name Kamakana Villages and may change the Project name according to guidance received from those experts.

A. **Background**

In 2007, HHFDC, the State agency charged with the responsibility of developing and financing low and moderate-income housing, initiated the master-planning for Kamakana Villages. In June of 2007, HHFDC issued the final "Keahuolu Affordable Master Plan Report," which described three alternative concept plans (Concept A - 1,020 residential units and 197,000 square feet ("**sq. ft.**") retail, Concept B - 1,840 residential units and 197,000 sq. ft. retail, and Concept C - 2,330 residential units and 197,000 sq. ft. retail) for the Petition Area. HHFDC then had an environmental impact statement prepared under HRS Chapter 343 to assess the potential impacts from the development of each of the proposed concept plans. Notice of acceptance of HHFDC's Final Environmental Impact Statement ("**Final EIS**"), a copy of which is attached hereto and incorporated herein as Petitioner's **Exhibit 2**, was published on October 8, 2008.

In April 2008, the HHFDC Board of Directors selected Forest City to be the developer of Kamakana Villages under a request for proposals pursuant to HRS Chapter 103D. HHFDC and Forest City finalized the Development Agreement for Kamakana Villages in March of 2009 (the "**Development Agreement**"). Since that time, Forest City has been working with the Kona community and planners to refine the concept plans for Kamakana Villages from the plan presented as Concept C in the Final EIS. Attached hereto and incorporated herein as Petitioner's **Exhibit 3** is an Environmental Report dated January 2010 ("**ER**"), prepared by Group 70 International, Inc., which was prepared to support this Petition for Land Use District Boundary Amendment ("**Petition**") and the County of Hawaii Project District Zoning Application. The ER provides additional background information about the Petition Area and the anticipated impacts from the development of Kamakana Villages.

Subsequent to the drafting of the ER the County of Hawaii, with the permission of FHT Kamakana, LLC, processed and recorded a subdivision of the Lot A into Lots A-1, A-2, A-3 and A-5, which were later issued new tax map key numbers. Attached hereto and incorporated herein by reference as Petitioner's **Exhibit 4** and Petitioner's **Exhibit 5** are the subdivisions, recorded on January 27, 2010 as Document No. 2010-011981, and March 18, 2010 as Document No. 2010-036809. Because the subdivisions that created Lots A-1, A-2, A-3, A-4 and A-5 were processed after the ER was finalized, the current tax map key numbers are different from that shown in the ER. Table 1 lists the tax key as provided in the ER and the new tax keys. The current tax map, with the Project area outlined in red, is attached hereto and incorporated herein by reference as Petitioner's **Exhibit 6**.<sup>2</sup>

<b>Table 1</b>					
<b><u>ER TMK No.</u></b>	<b><u>ER Acres</u></b>	<b><u>Subdivision Lots</u></b>	<b><u>Acres</u></b>	<b><u>New TMK Nos.</u></b>	<b><u>Acres in LUC Agricultural<sup>3</sup></u></b>
(3) 7-4-021: 020	272.063	A-1	271.028	7-4-021: 020	270.802
		A-2	0.335	7-4-021: 024	0.335
		A-3	0.323	7-4-021: 025* <sup>4</sup>	0.323
		A-4	0.360	7-4-021: 026*	0.360
		A-5	0.017	7-4-021: 027*	0.017
<b>TOTAL</b>	<b>272.063</b>		<b>272.063</b>		<b>271.837</b>

**II. AUTHORITY FOR RELIEF SOUGHT - HAR §15-15-50(a)(1), (2)**

*(1) State clearly and concisely the authorization or relief sought; and (2) Cite by appropriate reference the statutory provision or other authority under which commission authorization or relief is sought.*

<sup>2</sup> Two full sized copies of the tax map is submitted with this Petition.

<sup>3</sup> Approximately 0.226 acres within the Project area are within the State Land Use Urban District and therefore are not proposed for reclassification.

<sup>4</sup> The parcels noted with an \* have been conveyed to the County of Hawaii. The County has provided Fee Owner Authorization for Petitioner to process this Petition. See Petitioner's **Exhibit 13**.

Petitioner alleges standing to file this Petition pursuant to Hawaii Administrative Rules ("HAR") § 15-15-46 (1) and (3), and HRS § 205-4(a), which entitles any State department or agency, and any person with a property interest in the land sought to be reclassified, to petition the Commission for a District Boundary Amendment. The Commission is authorized to grant the relief sought pursuant to Chapters 205 and 201H, HRS, as amended, all other statutes applicable to the Commission and rules promulgated thereby.

Petitioner reserves the right to further amend this Petition in response to any reports, pleadings, arguments, exhibits, issues and witnesses identified by any party or person.

A. **Identification of Petitioner - HAR §15-15-50(c)(1)**

*The exact legal name of each petitioner and the location of the principal place of business and if applicant is a corporation, trust, or association, or other organized group, the state in which the petitioner was organized or incorporated.*

Hawaii Housing Finance and Development Corporation is a public body and a body corporate and politic of the State of Hawaii. HHFDC is the State agency charged with developing and financing low and moderate-income housing projects. Its principal place of business is 677 Queen Street, Suite 300, Honolulu, Hawaii 96813.

Forest City Hawaii Kona, LLC, is a Hawaii limited liability company, whose principal place of business is 5173 Nimitz Road, Honolulu, Hawaii 96818. Forest City is a single-member Hawaii limited liability company owned and managed by Forest City Hawaii Residential, Inc. In turn, Forest City Hawaii Residential, Inc., is a wholly-owned subsidiary of Forest City Residential Group, Inc., a wholly-owned subsidiary of Forest City Rental Properties Corporation, which is a wholly-owned subsidiary of Forest City Enterprises, Inc.

Forest City Enterprises, Inc., is an \$11.9 billion New York Stock Exchange-listed national real estate company. The company is principally engaged in the ownership,

development, management and acquisition of commercial and residential real estate and land throughout the United States. Forest City Enterprises, Inc., and its affiliates have developed notable master-planned communities and projects throughout the United States, including:

- The redevelopment of the 4,700 acre Stapleton Airport in Denver, Colorado into a sustainable mixed-use community with more than 2 million sq. ft. of retail, over 3,500 single family homes, and over 450 apartments.
- The University Park at Massachusetts Institute of Technology, a joint venture between Forest City and MIT created to develop a campus environment with 2.3 million sq. ft. of leasable commercial sq. ft. and 531 apartment units.
- Mesa del Sol, a 20-square mile community in Albuquerque, New Mexico, adjacent to Sandia National Laboratories and designed to be a mixed-use urban development.

In Hawaii, Forest City has a track record of developing compelling projects such as its \$1.7 Billion venture with the Department of the Navy. Some of the many communities under development include:

- Halsey Terrace, a 477-home community that houses a mix of military personnel. Halsey, as with other Forest City communities in Hawaii, features a neo-traditional design, generous facilities and design fabric for families. As a part of the community, Forest City has developed a community center with a 107 KW photovoltaic installation on the roof to provide electricity to the community and

help instill the idea of sustainability and responsible environmental stewardship to our residents.

- Ford Island Landing and Battleship Cove on Ford Island provide 231 new homes for Navy Sailors on what the National Trust for Historic Preservation has deemed to be one of the eleven most endangered historic places in the country.<sup>5</sup> Forest City has completed the development and was able to work in a very sensitive environment without significant issues.
- The development of 1,108 new homes on Mololani and Waikulu at the Marine Corps Base at Kaneohe Bay. The massive demolition and redevelopment of all of the inadequate housing on the Marine Corps base is Forest City's single largest development project. The project is ahead of schedule and under budget despite numerous environmental obstacles and issues related to historic and cultural concerns.

**B. Identification of Authorized Representative - HAR § 15-15-50(c)(2)**

*The name, title, and address of the person to whom correspondence or communications in regard to the application are to be addressed.*

The law firm of CARLSMITH BALL LLP has been appointed and is hereby authorized to represent Forest City in this Petition and the proceedings thereon pursuant to HAR § 15-15-35(b). The ATTORNEY GENERAL, STATE OF HAWAII, represents Petitioner

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<sup>5</sup> For more information, see (<http://www.preservationnation.org/travel-and-sites/sites/western-region/ford-island-at-pearl-harbor.html>).

HHFDC pursuant to Chapters 28 and 201H, HRS. All correspondence and communications in regard to this Petition shall be addressed to:

CARLSMITH BALL LLP  
Attention: Steven S.C. Lim, Esq.  
121 Waianuenu Avenue  
P.O. Box 686  
Hilo, Hawaii 96721  
Telephone: 808.935.6644

CARLSMITH BALL LLP  
Attention: Jennifer A. Benck, Esq.  
ASB Tower  
1001 Bishop Street, Suite 2200  
Honolulu, Hawaii 96813  
Telephone: 808.523.2500

FOREST CITY HAWAII KONA, LLC  
Attention: Race Randle  
5173 Nimitz Road  
Honolulu, Hawaii 96818

DEPARTMENT OF THE ATTORNEY GENERAL, STATE OF HAWAII  
Attention: Craig Y. Iha, Deputy Attorney General  
425 Queen Street  
Honolulu, Hawaii 96813

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION  
Attention: Stanley Fujimoto  
677 Queen Street, Suite 300  
Honolulu, Hawaii 96813

C. **Petitioner's Property Interest - HAR § 15-15-50(c)(5)**

*The petitioner's property interest in the subject property. The petitioner shall attach as exhibits to the petition the following:*

- (A) A true copy of the deed, lease, option agreement, development agreement, or other document conveying to the petitioner a property interest in the subject property;*
- (B) If the petitioner is not the owner in fee simple of the subject property, written authorization of the fee owner to file the petition;*
- and*
- (C) An affidavit of the petitioner or its agent attesting to its compliance with section 15 -15-48.*



Most (271.137 acres) of the Petition Area, and the 0.226 acres that are already in the Urban District, are owned in fee by FHT Kamakana, LLC, a Hawaii limited liability company whose principal place of business is 201 Merchant Street, Suite 2000, Honolulu, Hawaii 96813 ("**FHT**").

HHFDC conveyed the Petition Area to F.H.T. Exchange, Inc., which then conveyed the Petition Area to FHT by *Quitclaim Deed With Reservation of Rights* dated June 30, 2009, and recorded in the Bureau of Conveyances of the State of Hawaii on July 13, 2009, as Document No. 2009-106530, a copy of which is attached hereto and incorporated herein as Petitioner's **Exhibit 7**. The Quitclaim Deed is subject to all of the covenants and conditions set forth in that certain Development Agreement dated March 31, 2009, by and between HHFDC and Forest City, a short form of which was recorded in the Bureau of Conveyances as Document No. 2009-078712, a copy of which is attached hereto and incorporated herein as Petitioner's **Exhibit 8**. The Quitclaim Deed is also subject to all of the covenants and conditions set forth in that certain Escrow Agreement dated June 26, 2009, by and between HHFDC, Forest City, First Hawaii Title Corporation and F.H.T. Exchange, Inc., a short form of which was recorded in the Bureau of Conveyances on June 29, 2009, as Document No. 2009-100214, a copy of which is attached hereto and incorporated herein as Petitioner's **Exhibit 9**. Petitioner's property interest therefore includes the right to develop the Petition Area pursuant to the terms of the Development Agreement and other covenants running with the land, in addition to the right to enforce said Development Agreement and covenants. A title report dated March 1, 2010 is attached hereto and incorporated herein by reference as Petitioner's **Exhibit 10**.

Pursuant to an executed Fee Owner's Letter of Authorization, attached hereto and incorporated herein as Petitioner's **Exhibit 11**, FHT has authorized Forest City, HHFDC and the law firm Carlsmith Ball LLP to file and process this Petition.

Approximately .7 acres of the Petition Area, located within TMK Nos. (3) 7-4-021: 025, 026 and 027, have been conveyed to the County of Hawaii pursuant to that certain *Quitclaim Deed for Ane Keohokalole Hwy. With Covenants, Conditions, Restrictions and Reservation of Rights (Kamakana Villages at Keahuolu)*, recorded as Document No. 2010-106259, a copy of which is attached hereto and incorporated herein as Petitioner's **Exhibit 12**. The County's Fee Owner's Letter of Authorization for TMK Nos. (3) 7-4-021: 025, 026 and 027, authorizing Forest City, HHFDC and the law firm Carlsmith Ball LLP to file and process this Petition, is attached hereto and incorporated herein as Petitioner's **Exhibit 13**.

The affidavit of Jennifer A. Benck, attorney at Carlsmith Ball LLP, attesting to Petitioner's compliance with HAR § 15-15-48 (Service of Petition) is filed with this Petition.

D. **Notification of Petition Filing - HAR § 15-15-50 (c)(22)**

*A copy of the notification of petition filing pursuant to subsection (d).*

Attached hereto as Petitioner's **Exhibit 14** and incorporated herein by reference is a true and correct copy of the notification of petition filing of this Petition dated September 7, 2010. A copy of the notification of petition filing was sent to all persons on the Commission's State and County of Hawaii mailing list on September 7, 2010. The affidavit of Jennifer A. Benck, attorney at Carlsmith Ball LLP, attesting to Petitioner's compliance with HAR § 15-15-50 (d), is filed with this Petition.

E. **Petitions for HRS § 201H-38 Housing Projects**

1. **HAR §15-15-97 (b)**

*Not less than sixty days prior to the filing of a petition, the petitioner shall:*

*(1) File an original and fifteen copies of a notice of intent to file a petition with the commission according to a format provided by the commission;*

*(2) Publish the notice of intent at least once in a newspaper of general circulation in the State as well as in a county newspaper in which the subject property is situated. . . .*

*(3) Serve copies of the notice of intent to file a petition upon the director of the office of planning, the planning department of the county within which the subject property is situated, and persons with a property interest in the subject property that is recorded in the county's real property tax records. The notice of intent to file a petition shall also be sent to persons on a mailing list provided by the chief clerk;*

*(4) File an original and fifteen copies of an affidavit of mailing the notices of intent to the persons specified in paragraph (3); and*

*(5) File an affidavit of publication of the notice of intent to file a petition in compliance with paragraph (2).*

Attached hereto and incorporated herein by reference as Petitioner's **Exhibit 15** is a copy of the Notice of Intent to File a Petition, which was filed with the Commission on July 7, 2010. Petitioner's Notice of Intent was published in the Honolulu Star Advertiser and West Hawaii Today, and served on all necessary parties on July 7, 2010. Affidavits of Jennifer A. Benck attesting to service and publication of the Notice of Intent in compliance with HAR § 15-15-97(b)(4) are incorporated into Petitioner's **Exhibit 16**.

2. **HAR §15-15-97 (e)**

*The petitioner shall file a petition in conformance with subchapters 5 and 6 except that at the time of filing, the petition shall include:*

*(1) A negative declaration or approved environmental impact statement if conservation district lands are involved;*

*(2) A proposed decision and order;*

*(3) An affidavit that the petitioner has met with interested community groups to discuss the proposed project; and*

*(4) A certification from the housing and community development corporation of Hawaii or county housing agency that the petition involves a section 201G-118, [<sup>6</sup>]HRS, housing project.*

No Conservation District lands are involved in this Petition. Nevertheless, a Final Environmental Impact Statement conducted pursuant to HRS Chapter 343 is included as Petitioner's **Exhibit 2**. A Proposed Findings of Fact, Conclusions of Law and Decision and Order is attached hereto and incorporated herein by reference as Petitioner's **Exhibit 17**. The Petitioner is in continuing discussions with all parties to this Petition regarding proposed conditions that would address the impacts of the Project, and Petitioner reserves the right to file an Amended Proposed Findings of Fact, Conclusions of Law and Decision and Order with the Commission.

An affidavit from HHFDC dated August 26, 2010, that it has met with interested community groups to discuss Kamakana Villages is attached hereto and incorporated herein by reference as Petitioner's **Exhibit 18**. An affidavit from Forest City dated August 27, 2010, that it has met with interested community groups to discuss Kamakana Villages is attached hereto and incorporated herein by reference as Petitioner's **Exhibit 19**.

In order to develop Kamakana Villages as a mixed-use affordable housing project, Forest City, in coordination with HHFDC, has obtained the support of the County of Hawaii Office of Housing and Community Development ("**OHCD**"), which is responsible for the planning, administration and operation of all of the County of Hawaii's affordable housing programs such as the Section 8 rental assistance for qualified families. Attached hereto and incorporated herein by reference as Petitioner's **Exhibit 20** is a copy of OHCD's September 2, 2010 Certification to the Commission that Kamakana Villages involves a HRS § 201H affordable housing project.

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<sup>6</sup> HRS §201G-118 has been superseded by HRS § 201H-38.

3. **HAR §15-15-97 (h)**

*Notice of the hearing shall be published to the extent provided by law.*

Notice of the Commission's hearing on this Petition was published on August 30, 2010, served on all parties and mailed to all persons listed on the Commission's State and County mailing lists. Attached hereto and incorporated herein as Petitioner's **Exhibit 21** is the affidavit of Jennifer A. Benck, attorney at Carlsmith Ball LLP, attesting to the mailing of the Notice of Hearing.

III. **IDENTIFICATION OF SUBJECT PROPERTY - HAR § 15-15-50(c)(3)**

*Description of the subject property, acreage, and tax map key number, with maps, including the tax map, that identify the area under petition. If the subject property is a portion of one or more lots, or the petition proposes incremental development of the subject property on both increments of development, the petitioner shall include a map and description of the subject property and increments in metes and bounds prepared by a registered professional surveyor.*

The approximately 271.837 acre Petition Area, as well as the 0.226 acres already within the Urban District, is located in Keahuolu, North Kona, at Tax Map Key Nos. (3) 7-4-021:020 (por.), (3) 7-4-021:024, (3) 7-4-021:025, (3) 7-4-021:026, (3) 7-4-021:027 as illustrated on the tax map attached hereto as Petitioner's **Exhibit 6**.

Full urban development of the Petition Area is anticipated to occur in six Phases over 17 - 18 years. Therefore, Petitioner has prepared a map showing two increments; Increment 1, consisting of approximately 136.430 acres, and Increment 2, consisting of approximately 135.407 acres. The portions of the Project proposed to be developed by the fall of 2020, e.g., Increment 1, consists of Phase 1, Phase 2 and Phase 3a. The portions of the Project proposed to be developed from late 2020 through 2028, e.g., Increment 2, consists of Phase 3b, Phase 4,

Phase 5 and Phase 6. The Phases and Increments are shown as Figure 1c of **Exhibit 1** (and also as Exhibit A to the Incremental Development Plan described below).

Attached hereto and incorporated herein as Petitioner's **Exhibit 22** is a survey map of the entire Petition Area. In order to meet the technical requirements for Commission filings, attached hereto and incorporated herein by reference as Petitioner's **Exhibit 23** is the Petition Area Incremental Map, which identifies Increments 1 and 2.<sup>7</sup>

Attached hereto and incorporated herein as Petitioner's **Exhibit 24** and Petitioner's **Exhibit 25** are the metes and bounds descriptions for the Petition Area and Increment 2. The metes and bounds description of Increment 1 is attached hereto and incorporated herein by reference as Petitioner's **Exhibit 26**, with the metes and bounds of a portion of Increment 1 (i.e. Lot A-2, A-3, A-4 and A-5) being included as exhibits to the January 27, 2010 subdivision, a copy of which is included herein as Petitioner's **Exhibit 4**.

#### IV. **REQUESTED RECLASSIFICATION**

##### A. **Reclassification Sought - HAR § 15-15-50(c)(4)**

*The reclassification sought and present use of property, including an assessment of conformity of the reclassification to the standards for determining the requested district boundary amendment.*

Petitioner seeks to have the Petition Area reclassified from the Agricultural District to the Urban District in order to develop Kamakana Villages, a master-planned, mixed-use affordable housing project. In addition to the requested Urban District reclassification, the major land use approvals needed for the development of Kamakana Villages include a County Council HRS 201H Resolution, authorizing exemptions from various land use and zoning standards in order to accommodate the development of this affordable housing project.

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<sup>7</sup> One full sized signed copy of each map is submitted with this Petition.

The Petition Area is vacant and undeveloped. An assessment of the conformity of the reclassification to the standards for determining Urban District reclassifications is provided in Section XVI *infra*.

**B. Proposed Development - HAR § 15-15-50(c)(6)**

*Type of use or development being proposed, including without limitation, a description of any planned development, residential, golf course, open space, resort, commercial, or industrial use.*

Kamakana Villages is proposed to consist of approximately 2,330 residential units (single-family and multiple-family), of which over 50% or approximately 1,169 will be affordable units, i.e., offered for sale or rent to buyers who earn no more than 140% of the median income in the County of Hawaii. Because more than half of the residential units at Kamakana Villages will be affordable units, the project qualifies under HRS Chapter 201H as an affordable housing project and is entitled to be exempt from State and County land use regulations, and to proceed under the land use entitlements fast tracking procedures provided under HRS Chapter 201H. *See Section IV.C* *infra* for a discussion of the HRS § 201H process.

In planning Kamakana Villages to be consistent with the TOD concepts embodied in the Kona CDP, Petitioner has planned a walkable, bikeable, active-lifestyle community. Three (3) areas within Kamakana Villages are proposed for mixed-use/commercial development, for a total of approximately 197,000 sq. ft. of commercial space. Three (3) large park areas, and numerous small parks and open space areas are also planned, for a total of approximately 46 acres in park or open space uses, plus approximately 9 acres which have been identified to be developed as two (2) archaeological preserves. Two sites, totaling approximately 17.26 acres, are proposed

for school/civic uses, with one of the two sites to be designed to accommodate a future Department of Education ("DOE") elementary school site.<sup>8</sup>

Objectives for Kamakana Villages include the creation of an affordable, livable community designed to be consistent with the TOD concepts presented in the Kona CDP. The development of Kamakana Villages is intended to respond to the demand for affordable homes for working families in North Kona. Development of Kamakana Villages will help meet the acute need for affordable housing in West Hawaii and should reduce traffic on regional highways caused by Island residents traveling long distances between home and work.

The vision for Kamakana Villages was shaped by the land, its physical and cultural history and the aspirations expressed in the Kona CDP. Forest City's land use planning for the Petition Area was conducted in cooperation with HHFDC, the community, and the County representatives and planners, and included two community charettes held in Kona in July and October of 2009. In August 2010 Forest City made its second presentation to the Kona CDP Action Committee.

Five Major Themes emerged during the July 2009 charette: (1) Connectivity/Navigation; (2) Open Spaces; (3) Education; (4) Sustainability; and (5) Kokua Aku - Kokua Mai.

Connectivity/Navigation - Connection to the larger community, to the ahupua'a, to the land. Kamakana Villages was not to be an entity unto itself.

Open Spaces – The group expressed the desire to have ample open spaces for use by the residents and for view planes, especially mauka and makai.

Education - This is to be a learning community. The community, its lifestyle, physical environment and institutions are to support life-long learning.

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<sup>8</sup> Following meetings with Petitioner's planners, DOE architects and other DOE representatives, Petitioner has agreed to design one of the school sites to meet DOE elementary school requirements. Actual acreage of the DOE site is to be determined in consultation with the DOE.



Sustainability – It was a unanimous sentiment that this community should be sustainable in its design, development and lifestyle.

Kokua Aku - Kokua Mai – This is an expression of residents helping each other; extending and receiving kokua and interacting with one another. This implies a high level of commitment to the community and the educational, retail and social entities within the community.

Each of these Major Themes is supported by the development of Kamakana Villages. *See also* Chapter 2 of the ER for a more detailed discussion of the Major Themes.

C. **Low Income Housing - HAR § 15-15-50 (c)(14)**

*A description of the manner in which the petitioner addresses the housing needs of low income, low-moderate income, and gap groups.*

At least half of the residential units at Kamakana Villages will be offered for sale or rent to qualified residents whose incomes do not exceed 140% of the adjusted median income for the County of Hawaii.

The high number of affordable units being proposed for Kamakana Villages is made possible in part by the exemption and fast tracking provisions provided under HRS § 201H-38, which provides in relevant part:

(a) The corporation may develop on behalf of the State or with an eligible developer, or may assist under a government assistance program in the development of, housing projects that shall be ***exempt from all statutes, ordinances, charter provisions, and rules of any government agency relating to planning, zoning, construction standards for subdivisions, development and improvement of land, and the construction of dwelling units thereon***; provided that;

(1) The corporation finds the housing project is consistent with the purpose and intent of this chapter, and meets minimum requirements of health and safety;

\* \* \*

(3) The legislative body of the county in which the housing project is to be situated shall have approved the project with or without modifications:

(A) *The legislative body shall approve, approve with modification, or disapprove the project by resolution within forty-five days* after the corporation has submitted the preliminary plans and specifications for the project to the legislative body. If on the forty-sixth day a project is not disapproved, it shall be deemed approved by the legislative body;

\* \* \*

(4) *The land use commission shall approve, approve with modification, or disapprove a boundary change within forty-five days* after the corporation has submitted a petition to the commission as provided in section 205-4. If, on the forty-sixth day, the petition is not disapproved, it shall be deemed approved by the commission.

HRS § 201H-38 (emphasis added.)

The development of commercial, industrial and other uses at Kamakana Villages is similarly exempt from all statutes, ordinances, charter provisions, and rules of any government agency relating to planning, zoning, construction standards for subdivisions, development and improvement of land, pursuant to HRS § 201H-44, which provides in relevant part:

(a) In connection with the development of any dwelling units under this chapter, the corporation may also develop commercial, industrial, and other properties if it determines that the uses can be an integral part of the development and can help to preserve the lifestyles of the purchasers of dwelling units in the development. The corporation may designate any portions of the development for commercial, industrial, or other use and shall have all the powers granted under this chapter with respect thereto, including the power to bypass statutes, ordinances, charter provisions, and rules of any government agency pursuant to section 201H-38. For this purpose, the corporation may use any of the funds authorized under this chapter.

The OHCD Certification, copy enclosed as Petitioner's Exhibit 20, was issued in response to the HRS § 201H Application submitted to OHCD by HHFDC and Forest City on

September 2, 2010. The HRS § 201H Application includes a list of requested exemptions from various statutes, ordinances, and rules relating to zoning, planning, subdivision standards. These exemptions are development tools that will allow for greater design flexibility and the cost savings necessary for the development of Kamakana Villages as a high quality housing project, consistent with the New Urbanist concepts under the Kona CDP at prices that are affordable to many County residents.

Assuming the Commission grants the requested reclassification, the Hawaii County Council, as the legislative body of the County of Hawaii, will be asked to approve the Project and exemptions via a Resolution. The 45-day expedited review and approval process at the Commission and at the County Council provides the Petitioner with the necessary tools to get the greatest number of housing units built and available for the public as quickly as possible.

D. **Need For Reclassification - HAR § 15-15-50 (c)(15)**

*An assessment of need for the reclassification based upon the relationship between the use or development proposed and other projects existing or proposed for the area and consideration of other similarly designated land in the area.*

Reclassification to the Urban District is necessary in order to develop Kamakana Villages, which has been designed to accommodate the acute need for affordable and workforce housing in the Kona area. According to the Market Study, Economic Impact Analysis, and Public Costs/Benefits Assessment, prepared by The Hallstrom Group and provided as Appendix E of the ER (the "**Market & Econ Report**"), the resident population of West Hawaii is expected to increase by about 60% over the next two decades. This is expected to generate a need for 7,560 - 10,162 new housing units in the Greater Kailua-Kona between 2010 and 2030, approximately 44% of which will be for resident housing at affordable prices. Kamakana Villages will help meet this demand.

Other projects with current land use entitlements that are expected to contribute new housing units include: (i) the Department of Hawaiian Homelands ("DHHL") ongoing development of the Villages of La`i`opua in Kealakehe; (ii) Kaloko Heights, a proposed residential development located on Hina Lani Street currently approved for 459 single-family and 311 multi-family dwelling units; and (iii) Kona View Estates, a 300-acre large lot subdivision located on the mauka end of Hina Lani Street.

Additional, entitled commercial developments include: (i) Kaloko Industrial Park, which plans approximately 102.3 acres for mixed commercial and light industrial uses; (ii) West Hawaii Business Park, a mixed commercial/industrial 280-acre site on the mauka side of Queen Kaahumanu Highway, directly across from the Kaloko-Honokohau National Historic Park; (iii) the West Hawaii Civic Center, located on the northwest corner of the intersection of Kealakehe Parkway and Ane Keohokalole Highway and which is under construction, with plans to include buildings for 22 State and County agencies; and (iv) proposed commercial, residential, business and civic developments on the Queen Lili`uokalani Trust ("QLT") lands. The QLT property consists of approximately 1,135-acres in the Keahuolu ahupua`a, which is generally situated between the Old Kona Airport Park to the east, Palani Road to the west, the Kealakehe Landfill to the north and the intersection of Queen Kaahumanu Highway and Palani Road to the south. To date, the commercial projects developed are the Makalapua Center (located at the mauka end of Makala Boulevard and containing Macy's and Kmart), Kona Commons and the Makalapua Business Center (on both sides of the makai leg of Makala Boulevard, makai of Queen Kaahumanu Highway, and includes Target and Sports Authority).

E. **Development Plan - HAR § 15-15-50 (c)(19)**

*Petitioners submitting applications for reclassification to the urban district shall also represent that development of the subject property in accordance with the demonstrated need therefore will*

*be accomplished before ten years after the date of commission approval. In the event full urban development cannot substantially be completed within such period, the petitioner shall also submit a schedule for development of the total of such project in increments together with a map identifying the location of each increment, each such increment to be completed within no more than a ten-year period.*

HHFDC and Forest City are committed to development of the Petition Area as described herein in order to meet the acute need for affordable housing in Kona. Development of the Petition Area is planned to occur in six Phases and span approximately 18 years from the start of infrastructure construction in 2010/2011, to full absorption of all residential and retail product by the end of 2028. Most (58%) of the approximately 1,169 affordable units planned for Kamakana Villages are intended to be developed within Increment 1 (Phases 1, 2 and 3a). Increment 1 is planned to contain approximately 1,196 residential units (of which 681 are planned as affordable homes) and 99,000 sq. ft. of neighborhood commercial space, to be fully developed and absorbed by the fall of 2020.

Increment 2 (Phases 3b, 4, 5 and 6) is planned to contain to contain approximately 1,134 residential units (of which 488 are planned as affordable homes) and 98,000 sq. ft. of neighborhood commercial space. All units within Increment 2 are anticipated to be fully developed and absorbed between late 2020 and late 2028. The locations of the proposed Phases of development are shown on Figure 1c (Phase and Increment Plan) of **Exhibit 1**. The anticipated breakout of single and multiple-family units, affordable and market priced units, retail space and development phasing schedule is provided in Table 2 below. The information on Table 2 is the most current residential and commercial breakdown for the Project.

Petitioner requests that the Commission reclassify the entire Petition Area in order to allow for the financing and development of onsite and offsite internal infrastructure necessary to support Kamakana Villages at full build out. The Petition Area is subject to the Development

Agreement, which requires completion of all affordable units no later than 2023, subject to a 5-year extension. Requiring Petitioner to come before the Commission again in order to get approval for Increment 2 will delay the proposed development schedule and result in fewer affordable homes being built in a timely manner. Additionally, reclassification of only Increment 1 may compromise Petitioner's ability to construct the necessary backbone infrastructure for Kamakana Villages (currently estimated to be approximately \$156,208,803 for internal roadways, water, sewer, drainage, electric, telephone and cable lines and offsite infrastructure), as it will be more difficult to get financing on the terms necessary to allow for the development of affordable housing if there is uncertainty over the future approval of Increment 2.

As a 201H affordable housing project, Kamakana Villages is entitled to be "exempt from all statutes, ordinances, charter provisions, and rules of any government agency relating to planning, zoning, construction standards for subdivisions, development and improvement of land, and the construction of dwelling units thereon." HRS § 201H-38. Therefore, notwithstanding the 18 year build out schedule, Petitioner asks that the Commission reclassify the entire Petition Area as permitted under HAR § 15-15-78 (a)(1).

Although Petitioner is seeking reclassification of the entire Petition Area, in order to meet the filing requirements set forth under HAR § 15-15-50 (c)(19), attached hereto and incorporated herein by reference as Petitioner's Exhibit 27 is an estimated schedule for development of the Project (the "**Incremental Development Plan**").

**Table 2**

Phase	SF Market/Affordable		MF Market/Affordable		Total	Market	Affordable	Cumulative Units
1 (2012-2014) 41,833 sq. ft. neighborhood commercial space	73	3	94	265	435	167	268	435
2 (2015-2018) 24,500 sq. ft. neighborhood commercial space	88	6	114	323	531	202	329	966
3a(2019-2020) 32,667 sq. ft. neighborhood commercial space	89	5	57	79	230	146	84	1,196
3b(2020-2021)	78	4	26	35	143	104	39	1,339
4 (2022-2024)	88	8	86	192	374	174	200	1,713
5 (2025-2026)	76	4	97	162	339	173	166	2,052
6 (2027-2028) 99,000 sq. ft. neighborhood commercial space	138	1	57	82	278	195	83	2,330
<b>TOTAL</b> 197,000 sq. ft. of neighborhood commercial space					2,330	1,161	1,169	2,330

F. **Densities and Projected Market - HAR § 15-15-50 (c)(7)**

*A statement of projected number of lots, lot size, number of units, densities, selling price, intended market, and development timetables.*

A variety of residential product types will be offered for sale and rent at Kamakana Villages. These include mixed-use units (ground level retail with residential apartments above), two-story walk up apartments built around courtyards, flats, rowhouses, duplexes, and single-family homes. See Section 2 of **Exhibit 1** for artistic renderings of the various product types.

Up to 661 single-family homes and 1,669 multiple-family units are planned for Kamakana Villages. Overall residential density per Phase will range from 6.5 dwelling units per acre to 13 dwelling units per acre, with an average density of approximately 8.6 dwelling units per acre. A broad range of residences (from affordable multi-family rentals to townhouses, apartments, duplexes and detached homes) is planned to be distributed throughout Kamakana Villages. In general, housing types and density will be distributed dependent upon the slope of the land. Higher density homes with larger building footprints will be located within the flatter portions of the Petition Area closest to the Ane Keohokalole Highway, and lower density homes with smaller building footprints are better suited for the steeper slopes in the more mauka portions of the Petition Area. This density distribution pattern is consistent with the Kona CDP, which calls for development to create a critical mass around planned transit stops, such as those planned for the Ane Keohokalole Highway, to encourage ridership.

Sales (and rental) prices of the affordable units will be as required under HUD and the County's affordable housing guidelines. In 2009, the County median income resulted in sales prices for affordable homes of approximately \$200,000 to \$400,000. Prices of the remaining units will be dictated by market forces, with sales prices currently anticipated to be in the \$300,000 to \$400,000 for multiple-family homes and \$400,000 to \$700,000 for single-family homes. Kamakana Villages is being targeted towards the primary resident market, and not for second home buyers.

Current development plans for Kamakana Villages anticipate development taking place over approximately 18 years, with the start of infrastructure construction in late 2010-early 2011, to full absorption of all residential and commercial product by the end of 2028. Increment 1 (Phases 1, 2 and 3a) is planned to contain approximately 1,196 residential units (of which 681



are planned to be affordable), and 99,000 sq. ft. of commercial space, and be fully developed and absorbed by the fall of 2020.

Increment 2 (Phases 3b, 4, 5 and 6) is planned to contain approximately 1,134 residential units (of which 488 are planned as affordable homes) and 98,000 sq. ft. of retail space. All units within Increment 2 are anticipated to be fully developed and absorbed between late 2020 and late 2028. The location of the proposed Phases of development is shown on Figure 1c of **Exhibit 1**.

## V. **SUBJECT PROPERTY**

### A. **Description of Subject Property and Surrounding Areas - HAR §15-15-50(c)(9)**

*Description of the subject property and surrounding areas including the use of the property over the past two years, the present use, the soil classification, the agricultural lands of importance to the State of Hawaii classification (ALISH), the productivity rating, the flood and drainage conditions, and the topography of the subject property.*

The Petition Area is vacant and undeveloped, bordered by Palani Road to the south, and the future Ane Keohokalole Highway along the west/makai end. It consists of approximately 271.837 acres located in Keahuolu, North Kona, on the western slope of Hualalai mountain and approximately one mile upslope from Kailua-Kona. Elevations range from 300 to 580 feet above mean sea level.

#### 1. **Soil Classification**

The terrain is characterized by lava flows and extremely rocky soil. The USDA National Resources Conservation Service classifies the soils as a'a (rLV) and pahoehoe (rLW) lava flows, Kaimu extremely stony peak (rKED) and Punaluu extremely rocky peat (rPYD).

None of the land within the Petition Area is considered Prime or Unique agricultural land under the State of Hawaii Department of Agriculture's Agricultural Lands of Importance to the

State of Hawaii ("ALISH") system. Most of the Petition Area has not been classified under the ALISH system because the soils are not considered important agricultural lands. However, two (2) small areas within the Petition Area are designated as Other under the ALISH system.

The productivity of the soil on the Petition Area is poor. On the University of Hawaii Land Study Bureau Detailed Land Classification A to E rating system, with A being the most productive, soils on the Petition Area are classified as E.

2. **Flood and Drainage**

Annual rainfall in the region is approximately 20 to 40 inches, with heavier rain in the summer months. The Petition Area is not susceptible to flooding. The Petition Area is within FEMA Flood Zone X (undetermined), which indicates that base flood elevations have not been determined for the area. There are no perennial streams or natural drainage ways within the Petition Area. However, because of the high permeability of the natural ground surface, surface waters drain quickly.

3. **Topography**

The elevation of the Petition Area ranges between 300 to 580 feet above mean sea level. Slopes within the makai portion of the Petition Area range from 5% to 15%. Slopes within the mauka portion of the Petition Area are steeper, with some areas at a slope of greater than 15%.

B. **Location in Relation to Adjacent Land Uses - HAR § 15-15-50 (c)(12)**

*Location of the proposed use or development in relation to adjacent land use districts and any centers of trading and employment.*

The Petition Area is within the Agricultural District and zoned by the County as Agricultural A-5a. Most of the site is designated as Urban Expansion under the County of Hawaii General Plan ("**General Plan**"), and the existing Land Use Pattern Allocation Guide

("LUPAG") Map, with a portion noted as Low Density Urban. The entire Project area is within the Kona CDP Urban Area and has been identified as a Transit Oriented Development Neighborhood Village. See ER Figures 1-3, 1-4, 1-8, 2-1 and 2-2.

The Petition Area is surrounded by Urban District land. The General Plan LUPAG Map designations for the surrounding properties are primarily High Density Urban and Urban Expansion. County zoned Agricultural, Commercial and Residential-Commercial properties surround the Petition Area.

The Petition Area is approximately one (1) mile from Kailua-Kona, West Hawaii's commercial, industrial and economic center. As a TOD development, Kamakana Villages has been designed to support the future transit stations to be constructed along Ane Keohokalole Highway. Close proximity to the transit stations, and the planned mixed-use centers within Kamakana Villages, will encourage accessibility to current and future centers of trading and employment.

VI. **AVAILABILITY OF public services and facilities - HAR § 15-15-50 (c) (11)**

*Availability or adequacy of public services and facilities such as schools, parks, wastewater systems, solid waste disposal, drainage, water, transportation systems, public utilities, police and fire protection, civil defense, emergency medical service and medical facilities, and to what extent any public agency would be impacted by the proposed development or reclassification.*

Adequate public services and facilities are located near the Petition Area. However, future residents of Kamakana Villages are expected to relocate to the community from outlying areas. Therefore, the development of Kamakana Villages will result in a redistribution of existing and anticipated demand, rather than creating substantially new, additional demands on public services and facilities.

A. **Schools**

Kamakana Villages is within the Kealakehe school catchment area and is served by three (3) DOE schools: (i) Kealakehe Elementary School, which serves nearly 990 students from kindergarten through grade five; (ii) Kealakehe Intermediate School, which serves approximately 900 students in grades six through eight; and (iii) Kealakehe High School, which serves approximately 1,638 students from Hualalai to Waikoloa Village. Area private schools include Hualalai Academy, the Kona campus of the Hawaii Montessori School, Makua Lani Christian School and the Kona Christian Academy.

Using December 2009 DOE student generation rates, at full build out Kamakana Villages is anticipated to contribute approximately 594 students. It is hoped that many of those students will attend one of the two schools planned for Kamakana Villages.

B. **Parks**

Major recreation facilities and parks in North Kona include: (i) Kailua Park Complex (also known as Old Airport Park), which has a gym, swimming pool, and fields for active recreation as well as an extensive beach area; (ii) the Hale Halawai recreation center, which offers sports and crafts programs; and (iii) Honokohau Boat Harbor, which provides ocean access and services to boaters. In addition, subdivisions such as Pualani Estates and Lokahi Makai have sports fields. Additional parks and open space will be provided within Kamakana Villages.

Over 55 acres within the Petition Area are planned to be used as open space, parks and archaeological preserves. A total of approximately 28 acres are planned to be distributed within three (3) large park areas (Central Park, North Park and South Park), and numerous smaller parks. Approximately 18 acres will be open space. Integrated into the open space system is a

total of approximately 9 acres for archaeological preserves. See Figures 3a and 3b (Parks and Open Space Plan and Landscaping Plants) of **Exhibit 1**.

C. **Wastewater Systems**

At full build out Kamakana Villages will generate an average flow of 673,778 gallons per day ("GPD"), with a peak flow of 2,555,477 GPD. The County has reserved 431,360 gallons per day capacity at the Kealakehe Sewage Treatment Plant ("STP") for Kamakana Villages, which is sufficient capacity to serve Phases 1 through 4. Increased capacity at the Kealakehe STP would be required to accommodate full development for Kamakana Villages.

The Department of Environmental Management is currently reviewing options to expand and upgrade the Kealakehe STP. Two (2) improvement projects are planned which include:

1) sludge removal (\$8,600,000 has been appropriated for the sludge removal, of which \$600,000 has been allotted for design work); and 2) aeration upgrade (\$8,250,000 has been appropriated for the aeration upgrade, of which \$750,000 has been allotted for design work). These improvement projects will allow the Kealakehe STP to continue to operate at the present capacity and allow for future capacity upgrades necessary to service the later Phases of Kamakana Villages and other users within the Kealakehe service territory.

D. **Solid Waste**

Solid waste from Kamakana Villages will be disposed of at the County's West Hawai'i Landfill in Puuanahulu. The 2002 Updated Integrated Solid Waste Management Plan for the County estimates that there is 12 million cubic yards of air space at the Puuanahulu Landfill, which is enough to accommodate the waste generated by West Hawaii for approximately the next 40 years. In addition, Petitioner will emphasize waste diversion and recycling as part of the solid waste management plan for Kamakana Villages. Recyclables and wastes would be managed in either a centralized system or by private individuals, and hauled directly to recycling

centers, transfer stations, and the landfill. Educational materials and information on recycling programs will also be provided to encourage residents to minimize and divert solid wastes.

E. **Drainage**

No drainage facilities or defined natural drainage ways exist within the Petition Area. The development of Kamakana Villages will increase the amount of impermeable surfaces within the Petition Area. Therefore, in order to prevent an increase in the runoff flow rates and volume, storm water runoff within Kamakana Villages will be collected through swales, ditches, gutters, inlets and/or catch basins, and transported through pipes to dry wells, seepage wells or infiltration areas for disposal. Where practical, infiltration areas, seepage wells and dry wells will be located in open spaces and parking lots.

Prior to the occupancy of any residential or commercial unit within Kamakana Villages, and consistent with applicable laws, Petitioner will implement and maintain storm and surface-water runoff best management practices, subject to any applicable review and approval by the State Department of Health ("DOH"), designed to prevent violations of State water quality standards as a result of storm-water discharges originating from Kamakana Villages. Petitioner may further ensure that best management practices are continued by recording a Declaration of Covenants, Conditions, and Restrictions ("CC&R") relating to storm and surface water runoff.

To the extent practicable and consistent with applicable laws, Petitioner shall design storm and surface runoff BMPs to treat the first-flush runoff volume, to remove pollutants from storm and surface-water runoff, and to prevent pollutants from reaching the water table or coastal waters. To the extent practicable and consistent with applicable laws, Petitioner shall implement landscaped areas, such as grassed or vegetative swales, grass filter strips, vegetated open space areas, check dams, or other comparable BMPs engineered to treat the first flush runoff volume including the removal of suspended solids and oils and greases from streets and parking lots, and

debris catch basins to allow the detention and periodic removal of rubbish and sediments deposited by runoff using current industry and engineering standards. Signs with the following warning language will be posted near all injection wells: HELP PROTECT HAWAII'S ENVIRONMENT. DUMP NO WASTES. (DUMPING IS ILLEGAL AND MAY BE REPORTED TO 974-4000, ext 64258).

F. **Water**

At full build-out, the maximum daily demand for water at Kamakana Villages will be less than 1.7 million gallons per day ("**MGD**"), and the average daily demand will be less than 1.12 MGD. To provide water for the project, HHFDC, in collaboration with the County Department of Water Supply ("**DWS**"), is pursuing the development of the existing, exploratory Keopu Well No. 3957-05 as a production well. Once developed, Well 3957-05 is planned to provide water to Kamakana Villages and other water users in North Kona.<sup>9</sup>

Well No. 3957-05 is located above Mamalahoa Highway, on TMK No. (3) 7-5-013: 022, at an elevation of 1,600 feet. It is anticipated to provide 1.5 MGD, of which 1.0 MGD are planned to be utilized for Kamakana Villages. At a minimum, this is sufficient for the development of Phases 1 through 3. Land located near the DWS Moeauoa Tank Site at TMK (3) 7-5-001: 055 has been identified as another source of water for Kamakana Villages. This new well site could provide as much as 1.5 MGD of water, of which 1.0 MGD could be available for Kamakana Villages.

Development of Well No. 3957-05 will require the following improvements:

(1) installation of a 1,050 gallons per minute ("**GPM**") pump and motor; (2) control building and other site improvements as required by DWS; (3) a 12-inch transmission main to a new

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<sup>9</sup> Notice of the Final Environmental Assessment and Finding of No Significant Impact for the Keopu Well No. 3957-05, transmission lines and reservoir was published in *The Environmental Notice* on March 23, 2010.

upgradient storage tank; (4) an upgradient storage tank with a 1,703-foot spillway and tentatively sized at 0.5 MG; and (5) a 16-inch main from the tank down to Mamalahoa Highway and north along Mamalahoa Highway to DWS' existing 16-inch main at its point of connection to the 1,703-foot tank located on land owned by the QLT.

Development of the new well located near the DWS Moeauoa Tank Site will require the following improvements: (1) drilling, casing, and pump testing; (2) installing a pump and motor; (3) control building and other site improvements as required by DWS; (4) a 12-inch transmission main to a new upgradient storage tank; (5) the upgradient storage tank with a 1,703-foot spillway and tentatively sized at 0.5 MG; and (6) a 16-inch main from the tank down to Mamalahoa Highway.

In addition to the wells and related improvements described above, two new 1.0 MG reservoirs will be required. The first 1.0 MG reservoir will be installed at the existing Kealakehe High School reservoir site. The second reservoir is planned to be located on property owned by DHHL (TMK No. (3) 7-4-021: 021), at an elevation of 595 feet.

Water system infrastructure is already located near Kamakana Villages. Waterlines forming a looped system are located within Keanalehu Drive and Manawalea Street, at Palani Road and planned for development within Ane Keohokalole Highway. The on-site waterlines would connect to the existing lines and sized to meet the maximum daily demand plus fire flow with a residual pressure of 20 pounds per square inch ("**psi**") at the critical fire hydrant or the peak hour demand with a residual pressure of 40 psi.

Potable water conservation within Kamakana Villages is a key concern to the Petitioner. In order to reach the design potential of the Leadership in Energy and Environmental Design ("**LEED**") proposed Neighborhood Design ("**ND**") gold standard, Petitioner has included goals



of reducing water consumption for outdoor landscape irrigation by 50% from a calculated mid-summer baseline case. In addition, the County of Hawaii has prioritized construction of water re-use infrastructure, which would provide reclaimed water for irrigation in North Kona. Kamakana Villages will make accommodations to include reclaimed water in its irrigation design.

G. **Transportation Systems**

The three principal roadways located near the Petition Area are Queen Kaahumanu Highway, Kealakehe Parkway and Palani Road. In addition, the Ane Keohokalole Highway will run along the makai edge of the Petition Area.

Queen Kaahumanu Highway is a two-way, two- to four-lane, high quality arterial highway between Kailua-Kona and Kawaihae, and is the primary arterial highway along the South Kohala and North Kona coasts. Queen Kaahumanu Highway is a four-lane divided highway between Henry Street and Kealakehe Parkway. The State Department of Transportation ("**DOT**") recently awarded the bid to construct the second phase of the Queen Kaahumanu Highway widening from two lanes to four lanes between Kealakehe Parkway and the Kona International Airport Access Road.

Kealakehe Parkway is a two- to three-lane, two-way arterial highway between Honokohau Harbor and Keanalehu Drive. Kealakehe Parkway is signalized at its four-legged intersection with Queen Kaahumanu Highway.

Palani Road is a two-way, two- to four-lane roadway, between Kuakini Highway and Mamalahoa Highway. Palani Road is signalized at Henry Street, Queen Kaahumanu Highway and, recently, at the intersection of Kealakaa Street and Palihiolo Street.

Ane Keohokalole Highway is a planned two-lane, two-way roadway which extends from the West Hawaii Civic Center on Kealakehe Parkway to Puohulihuli Street. The County will extend Ane Keohokalole Highway from Puohulihuli Street to Palani Road.

Based on the traffic counts done for the Traffic Impact Analysis Report dated August 9, 2010, attached hereto and incorporated herein by reference as Petitioner's **Exhibit 28** ("TIAR") the intersection of Queen Kaahumanu Highway and Kealakehe Parkway, Makala Boulevard, Palani Road and Henry Street all operate at Level of Service ("LOS") C during the existing AM peak hour of traffic. The Palani Road intersections with Kamakaeha Avenue, Henry Street and Kealakaa Street operate at LOS B, C and F respectively.

The PM peak hour traffic at those intersections range from C to F. Queen Kaahumanu Highway and Kealakehe Parkway is at LOS E, the intersections at Makala Boulevard and Henry Street are at LOS D, and the intersection at Palani Road is at LOS C. The Palani Road intersections with Kamakaeha Avenue, Henry Street and Kealakaa Street operate at LOS C, C and F respectively.

The County transportation services near the Petition Area include the intra-Kona and Kona to Hilo bus routes. The intra-Kona route provides regular bus service throughout the Kona region with the route extending from the Fujihara Store in Captain Cook toward Kealakekua and Kona Hospital, to the north along Alii Drive and to Keahole and Kona International Airport. The service currently operates six days a week (Monday through Saturday) from about 5:00 am to 6:50 pm heading northbound and from about 6:30 am to 6:00 pm heading southbound. The Kona to Hilo bus route provides service through Kona and into the Hilo area. The route extends from Fujihara Store in Captain Cook to Alii Drive towards Waimea. Service then extends east to Laupaheohoe and south towards Hilo. The service currently operates six days a week (Monday

through Saturday) from about 5:45am to 10:05 am heading northbound and from about 1:10 pm to 5:30 pm heading southbound.

The State and County both have improvements planned for the roadway system. The DOT recently completed the first phase of the Queen Kaahumanu Highway, and the second phase (from Kealakehe Parkway to the Kona International Airport Access Road) is expected to be complete by 2014. The first phase of the Kealakehe Parkway, eventually planned to run through the Kealakehe area between Queen Kaahumanu Highway and Palani Road/Mamalahoa Highway, has been completed. However, the future extension of Kealakehe Parkway to Palani/Mamalahoa was not included in the TIAR analysis. Using Federal stimulus funds, the County is in the process of having Phase 1 of the Ane Keohokalole Highway (to run from Puohuluhuli Street to Palani Road, and then South Street) constructed, to be followed by Phase 2 (to run from South Street to Hina Lani Street).

#### H. **Public Utilities**

In general, all feasible energy conservation and renewable energy use measures, especially solar energy, will be designed into the Kamakana Villages community as part of the project's sustainability principles. As currently configured, Kamakana Villages could qualify for a Gold rating under the proposed LEED ND Rating System. A preliminary analysis of Kamakana Villages' credits under the LEED ND Rating System is provided as Petitioner's **Exhibit 29** attached hereto and incorporated herein. A discussion of Petitioner's proposed energy conservation measures is provided in Section XIV.O *infra*.

The proposed electric and communications systems would be developed in accordance with the specifications and standards of Hawaii Electric Light Company ("**HELCO**"), Hawaiian Telcom Inc. ("**HTCo**") and Oceanic Time Warner Cable ("**Oceanic**"). As State Public Utility Commission regulated utilities, HELCO and HTCo are responsible for the development of off-

site facilities that meet Island-wide needs, such as power generating plants and power and signal transmission lines, and facilities that serve regional needs of the Kailua-Kona area. HELCO will provide service through the Palani Substation and electric ductlines to the Petition Area will be constructed. HTCo and Oceanic will also provide communication services through an existing system and will have ductlines constructed as part of the Ane Keohokalole Highway construction, which will be used to service Kamakana Villages.

Onsite electric and communications systems consisting of PVC conduits will be installed within a common trench and located under roadway sidewalks between the curb and the road right-of-way line where feasible.

I. **Police and Fire Protection**

The County Police Department's Kona station is located at Kealakehe, about 1.5 miles from the Petition Area. Primary fire protection is provided by the County's North Kona fire station located in Kailua-Kona approximately 0.75 miles from the Petition Area.

J. **Civil Defense**

The development of Kamakana Villages will include the installation of one (1) outdoor warning siren (minimum size 121 DBC solar powered with omni-directional sound properties) at a central location within the Petition Area. No impacts with regard to civil defense are anticipated.

K. **Emergency Medical Services and Medical Facilities**

The primary medical facility for the Kona region is Kona Community Hospital in Kealahou, South Kona, about ten (10) miles from the Petition Area. The Kona Community Hospital has 94 beds, 24-hour emergency services, an intensive care unit, maternity, oncology, and other units. The second closest hospital is the North Hawaii Community Hospital located in Waimea, approximately 39 miles from the Petition Area. The North Hawaii Community

Hospital is a privately owned non-profit facility with 40 beds, a 24-hour emergency room, and acute care services.

VII. **ASSESSMENTS OF ENVIRONMENTAL IMPACTS - HAR § 15-15-50 (c)(10)**

*An assessment of the impacts of the proposed use or development upon the environment, agriculture, recreational, cultural, historic, scenic, flora and fauna, groundwater, or other resources of the area.*

HAR § 15-15-50(c)(10) specifies certain resources that must be considered by the Commission prior to granting a reclassification. The development of Kamakana Villages is not expected to result in any significant, long-term negative impacts to natural or cultural resources. An assessment of the impacts to various resources from the development of Kamakana Villages is provided below.

A. **Environmental Resources**

Based upon the historical uses of the land within the Petition Area, the requested reclassification and subsequent development of Kamakana Villages is not expected to have a significant adverse affect on the environment. In connection with the acceptance of the Final EIS, by letter dated December 11, 2008, Governor Lingle conditioned her acceptance of the Final EIS upon the performance of certain listed mitigation measures, or alternative and at least equally effective mitigation measures at the discretion of the permitting agencies. *See* Governor Lingle's letter attached hereto and Petitioner's **Exhibit 30**. Petitioner will perform those mitigation measures, or equally effective mitigation measures.

1. **Air**

Construction at Kamakana Villages should result in short-term impacts from fugitive dust, and possibly from exhaust emissions from construction vehicles. However, all construction activities will be conducted in accordance with the fugitive dust measures required under HAR

§ 11-60.1-33. Long-term impacts to air quality could arise from an increase in auto emissions as a result of there being more cars traveling to and from Kamakana Villages. However, due to local weather patterns and trade winds, air quality is anticipated to remain well within the State or Federal standards.

Kamakana Villages, as a compact mixed-use TOD, should have a lower number of per-capita vehicle trips and electricity use than standard, large lot, residential-only projects, which should reduce the per-capita additional emissions. In addition, by providing current Island residents with affordable housing close to centers of employment, Kamakana Villages should reduce commuting time and have the long-term impact of reducing the production of airborne pollutants from vehicle emissions.

2. **Noise**

The development of Kamakana Villages is not expected to result in any long-term negative impacts on noise levels in the area. During construction, noise impacts are expected from the operation of construction machinery, paving equipment and other construction vehicles. However, all construction activity will be conducted in accordance with Title 11, Chapter 46, HAR. At full build out, the noise generated from the increased traffic at Kamakana Villages will be insignificant.

3. **Agriculture Resources**

Based upon the historical uses of the land and the poor soils within the Petition Area, the development of Kamakana Villages is not expected to have an adverse impact on agriculture. The Petition Area is not under agricultural production and has not been during any time in recent history. Under the U.S. D.A. Natural Resource Conservation Science Survey the soils within the Petition Area are classified as 'a'a Lava Flows (rLV), Pahoehoe Lava Flows (rLW), Kaimu

extremely rocky stony peat (rKED), and Punaluu extremely rocky peat (rPYD). Under the ALISH rating system the Petition Area largely "Unclassified." The Land Study Bureau Detailed Land Classification of the soil within the Petition Area is E, the lowest agricultural productivity rating.

#### 4. **Recreational Resources**

Development of Kamakana Villages will enhance recreational resources in the area by providing more than 20 acres for park space and approximately 18 acres in open space. Kamakana Villages has been designed to encourage the use of on-site pedestrian and bike pathways, which encourage connectivity between the residential and recreational uses within the community. The mixed-use centers should also provide recreational opportunities for residents of Kamakana Villages and others in the Kona area.

#### 5. **Cultural Resources**

Pursuant to the requirements of the Hawaii Supreme Court ruling in *Ka Pa'akai O Ka 'Aina v. Land Use Com'n*, 94 Hawai'i 31, 7 P.3d 1068 (2000) the Commission is required to make specific findings and conclusions relating to native Hawaiian gathering and fishing rights in terms of the cultural, historical, and natural resources and the associated traditional and customary practices of the site as follows: (i) the identity and scope of "valued, cultural, historical, or natural resources" in the Petition Area, including the extent to which traditional and customary native Hawaiian rights are exercised in the Petition Area; (ii) the extent to which those resources - including traditional and customary native Hawaiian rights - will be affected or impaired by the proposed action; and (iii) the feasible action, if any, to be taken by the Commission to reasonably protect native Hawaiian rights if they are found to exist.

A Cultural Impact Assessment ("CIA") was done and included as Appendix D of the Final EIS (See Archaeological Survey and Cultural Impact Assessment in Support of an EIS for the Kona Non-Ceded Lands - PHRI December 2007). The CIA concluded that the development of Kamakana Villages would have no significant impact on Hawaiian cultural resources, beliefs and practices.

The CIA recommended that care be taken to preserve the habitat of endemic plants, such as *pilo* (*Capparis sandwichiana*), *alahe'e* (*Canthium odoratum*), *kauila* (*Alphitonia ponderosa*) and *uhiuhi* (*Mezoneuron kauaiense*). However, of those four plants, only two, *pilo* and *alahe'e* were identified in the Botanical Survey conducted for the Final EIS, and the more recent Botanical Survey dated April 2010, attached hereto as Petitioner's **Exhibit 31**. The 2010 Botanical Survey concluded that *pilo* is very infrequent in the Petition Area, but that *alahe'e* was quite common. Petitioner will favor the use of native plants that have adapted to the specific climate and rainfall around the Petition Area. See **Exhibit 1**, Figure 3b.

Two (2) archaeological preserve areas are incorporated into the design of Kamakana Villages. The primary preserve (the South Archeological Preserve), consisting of approximately six (6) acres, is on a *pu'u* in the southern/makai corner of the Petition Area, near the intersection of Palani Road and Henry Street. The North Archeological Preserve, located in the northern/mauka portion of the Petition Area, consists of approximately 2.63 acres.

A 1,218 square foot burial buffer easement, designated as Easement A-5 on the January 2010 subdivision (copy attached as **Exhibit 4**), is located along the makai edge of the Petition Area. The actual burial (SIHP #50-10-28-26831) is not located within the Petition Area, but lies within the proposed Ane Keohokalole Highway construction corridor, and surrounded by a 30 foot buffer zone, of which Easement A-5 is a portion. According to a Final Burial Treatment



Plan (November 2009) prepared by Cultural Surveys Hawaii, Inc, a 50 foot wide construction buffer will surround the burial site. Prior to the commencement of construction, the 50 foot buffer will be marked with a 4-foot tall, high visibility plastic mesh fencing, staked at a minimum of every 20 feet. These construction buffers will be recorded on all construction plans.

6. **Historic Resources**

Development of Kamakana Villages should not result in adverse impacts to historic resources in the area. Archaeological sites conforming to the significance criteria established under State and Federal regulations will be preserved in coordination and consultation with State Historic Preservation Division ("**SHPD**").

An archaeological inventory survey that covered approximately 1,100 acres, and which included the Petition Area, was approved by the SHPD in 1993 and an archaeological mitigation plan was also approved in 1993. Additional archaeological field work was done in 2007 as part of the preparation of the Final EIS. In addition, in consultation with SHPD, Haun & Associates prepared an Archaeological Mitigation Plan Update in October 2009, included as Appendix B to the ER. The Update was a preliminary step designed to determine appropriate archaeological mitigation tasks to be detailed in subsequently prepared plans for data recovery, burial treatment, site preservation, and monitoring that are tailored to the specific cultural resources present within the Kamakana Villages site.

Between April 1, 2010 and May 13, 2010, under the direction of Petitioner's consultant, Dr. Alan Haun, a high intensity, 100% pedestrian survey of the entire Petition Area was conducted. The findings of the survey were incorporated into the Addendum Archaeological Inventory Survey ("**Addendum AIS**"), dated August 2010 by Haun & Associates, a copy of which is attached hereto as Petitioner's **Exhibit 32**. SHPD approved the Addendum AIS by

letter dated September 2, 2010, a copy of which is attached hereto and incorporated herein as Petitioner's **Exhibit 33**.

7. **Scenic Resources**

Development of Kamakana Villages will change the existing views from Palani Road and neighboring developments from the current undeveloped, overgrown land to a built environment. However, as a project designed in close conformance with the Kona CDP, Kamakana Villages should blend nicely with existing and planned developments.

8. **Flora and Fauna Resources**

The Botanical Survey, included as Appendix B of the Final EIS, determined that no threatened or endangered plant species were located within the Petition Area. However, to address concerns raised by the U.S. Fish and Wildlife Service regarding the possibility that the plant species *Bidens micrantha* could be located within the Petition Area, Petitioner sought an updated Botanical Study, attached as Petitioner's **Exhibit 31**. The 2010 Botanical Survey determined that the plant species was not within the Petition Area.

The 2010 Botanical Survey found 50 plant species within the Petition Area, of which 13 are native. The Botanical Survey concluded that the development of Kamakana Villages should not negatively impact flora resources within the Petition Area. Petitioner will follow the recommendation in the Botanical Survey to include rare and endemic plant species in the landscaping of Kamakana Villages.

No endangered or threatened avifaunal, feral mammal or invertebrate species are located within the Petition Area, as determined by the Avifaunal and Feral Mammal Survey and the Biological Survey of Lava Tube Caves conducted during the preparation of the Final EIS. No native water birds, nesting seabirds or migratory shorebirds were observed at the Petition Area,

nor was there any evidence of the Hawaiian Hawk or the Hawaiian Short-eared Owl. The only mammals seen were the Small Indian Mongoose and two adult pigs. No Hawaiian Hoary Bats were detected by the ultrasound device employed during a night search in May 2008.

The Biological Survey of Lava Tube Caves concluded that there were no cave resources that would be threatened by development within the Petition Area. A total of 14 species of invertebrates were found, only two (2) of which (the Rhagidiid mite and the Native cave moth) are likely to be endemic to Hawaii.

9. **Groundwater Resources**

The development of Kamakana Villages is not expected to have any significant effect on groundwater resources in the area. During and after development, precipitation will continue to percolate to the underlying groundwater. Materials will be managed to prevent the discharge of pollutants to the ground as required by the National Pollutant Discharge Elimination System ("NPDES") permit. To the extent practicable and consistent with applicable laws, Petitioner shall design storm and surface runoff BMPs to treat the first-flush runoff volume, to remove pollutants from storm and surface-water runoff, and to prevent pollutants from reaching the water table or coastal waters.

To the extent practicable and consistent with applicable laws, Petitioner shall implement landscaped areas, such as grassed or vegetative swales, grass filter strips, vegetated open space areas, check dams, or other comparable BMPs engineered to treat the first flush runoff volume including the removal of suspended solids and oils and greases from all streets or any parking lot designed for more than 50 vehicles, and debris catch basins to allow the detention and periodic removal of rubbish and sediments deposited by runoff using current industry and engineering standards.

Landscape management practices and community association covenants will be applied in public and private areas to minimize the use of fertilizers, pesticides and herbicides that could potentially enter the groundwater. Kamakana Villages will implement best management practices such as the use of storm drainage filtration devices to mitigate pollutants from entering the groundwater.

VIII. **ASSESSMENT OF ECONOMIC IMPACTS - HAR § 15-15-50 (c)(13)**

*Economic impacts of the proposed reclassification, use, or development including, without limitation, the provision of any impact on employment opportunities, and the potential impact to agricultural production in the vicinity of the subject property, and in the county and State.*

The Petition Area is not used for agricultural production due to poor soils, and development of Kamakana Villages is not anticipated to impact agricultural production at the Petition Area or in the surrounding area.

Development of Kamakana Villages will include off-site infrastructure development, on-site infrastructure development, commercial, civic and housing construction, all of which will create both direct and indirect employment within the County. According to the Market & Econ Report, from 2011 to 2030 the number of worker-years created on- and off-site, directly and indirectly, by the development varies from 103 to 1,173 positions annually, totaling 11,131 worker-years over the entire timeframe. Of this total, 3,189 worker-years (an annual average of 168 positions) are direct construction-oriented, 5,180 (or 273 per year) are on-going, on-site business operating and maintenance positions; and 2,762 are off-site/indirect worker-year requirements. On a stabilized basis, after the completion of construction (year 20 and beyond), Kamakana Villages will generate some 933 permanent full-time equivalent employment opportunities, 654 directly related to on-site activities, and 279 indirect positions throughout the island.

The annual tax revenues expected from the development of Kamakana Villages during construction and at full build out range from \$220,401 to \$6.8 million/year for the County, stabilizing over time at \$6.8 million/year and totaling \$62.1 million over the development period. The State should receive tax revenues of \$1.8 million to \$29.1 million/year, stabilizing at \$26.2 million/year and cumulatively at \$279.8 million over the development period. In addition, \$2.1 million to \$35.9 million/year in total are expected to the combined County and State public purse, stabilizing at about \$33 million/year and cumulatively at \$341.9 million over the development period. *See Market & Econ Report.*

The anticipated net fiscal benefits to the County range from a gain of \$220,400 to a loss of \$2.2 million/year. The net fiscal benefits to the State range from a loss of \$417,764 to a net annual gain of \$3.4 million, totaling \$23 million during the development period. The overall yearly net benefit to State and County agencies varies from a \$2.5 million loss to a \$3.6 million gain, with a cumulative profit to the agencies of \$3.4 million. *See Market & Econ Report.*

A. **Petitioner's Financial Condition - HAR § 15-15-50 (c)(8)**

*A statement describing the financial condition together with a current balance sheet and income statement, and a clear description of the manner in which the petitioner proposes to finance the proposed use or development. A petitioner that is a state or county department or agency, shall be exempt from this requirement.*

Forest City's parent company, Forest City Enterprises, Inc., is a publicly traded company and the developer and manager of a diverse portfolio of premier real estate property located throughout the United States. Forest City Enterprises, Inc. has approximately \$11.9 billion in consolidated assets. Attached hereto and incorporated herein by reference as Petitioner's **Exhibit 34** is Forest City Enterprises, Inc.'s 2009 Summary Annual Report and Supplemental Package, listing assets as \$11.9 billion and liabilities as \$10.8 billion and shareholders equity of

\$1.1 billion as of January 31, 2010. Attached hereto and incorporated herein by reference as Petitioner's **Exhibit 35** is the balance sheet and income statement for Forest City as of January 31, 2010.

Forest City has obtained a \$25 million loan from HHFDC for the initial Phases of development of Kamakana Villages. Additional funds are expected to come from Forest City equity, lender financing and the proceeds from the sales at Kamakana Villages. There will likely be application for and placement of operational subsidies within Kamakana Villages. Affordable rental units will likely benefit from Low-Income Housing Tax Credits or other subsidies. At this time no specifics on the rental subsidies are known.

Petitioner has the necessary economic ability to complete Kamakana Villages as currently designed, and has successfully developed, and is developing, numerous large-scale mixed use communities throughout the U.S.

**IX. CONFORMITY TO GOALS, OBJECTIVES AND POLICIES OF THE HAWAII STATE PLAN - HAR § 15-15-50 (c)(16)**

*An assessment of conformity of the reclassification to applicable goals, objectives, and policies of the Hawaii state plan, chapter 226, HRS, and applicable priority guidelines and functional plan policies.*

The proposed reclassification is consistent with the goals, objectives and policies of the Hawaii State Planning Act, HRS Chapter 226 ("HSP") and applicable priority guidelines and functional plans. The three (3) themes underlying the HSP are: (1) individual and family self-sufficiency; (2) social and economic mobility; and (3) community or social well-being. *See* HRS § 226-3. The HSP also provides numerous State goals, and specific objectives and policies to achieve those goals. The State's goals include a strong, viable, stable and diverse economy, the development of physical environments that are beautiful, clean and unique, and enhance the mental and physical well-being of the residents, and the physical, social, and economic well-

being for the people of Hawaii that nourishes a sense of community responsibility and participation. See HRS § 226-4.

A point by point analysis of Kamakana Village's conformance with the numerous objectives, policies, priority guidelines and functional plans of the HSP, is provided in Chapter 3 of the ER (and Chapter 5 of the Final EIS). A more targeted analysis of Kamakana Village's conformance with specific HSP objectives and policies is provided below.

A. **HRS § 226-5 - Population**

Among the State's policies for Population that will be supported by the development of Kamakana Villages are the following:

*(1)Manage population growth statewide in a manner that provides increased opportunities for Hawaii's people to pursue their physical, social, and economic aspirations while recognizing the unique needs of each county.*

*(7)Plan the development and availability of land and water resources in a coordinated manner so as to provide for the desired levels of growth in each geographic area.*

Kamakana Villages is consistent with the State's goals to provide economic vitality, stability and growth for present and future generations. The requested change from the Agricultural District to the Urban District will contribute to the government's desire to direct population growth to areas with the greatest economic benefit and to provide housing near employment centers. Kamakana Villages will provide a diversity of housing options, including affordable housing, along with retail and civic spaces, in a location specifically designated by the County for urban development under the Kona CDP.

B. **HRS § 226-6 - Economy In General**

Among the State's policies for achieving its economic objectives, are the following:

*(1)Increased and diversified employment opportunities to achieve full employment, increased income and job choice, and improved living standards for Hawaii's people, . . . particularly on the*

*neighbor islands where employment opportunities may be limited.*  
*(6) Strive to achieve a level of construction activity responsive to, and consistent with, state growth objectives.*  
*(9) Foster greater cooperation and coordination between the government and private sectors in developing Hawaii's employment and economic growth opportunities.*

From 2011 to 2030 the number of worker-years created on- and off-site, directly and indirectly, by the development varies from 103 to 1,173 positions annually, totaling 11,131 worker-years over the entire timeframe. Of this total 3,189 worker-years (an annual average of 168 positions) are direct construction-oriented, 5,180 (or 273 per year) are on-going, on-site business operating and maintenance positions; and 2,762 are off-site/indirect worker-year requirements. On a stabilized basis, after the completion of construction (year 20 and beyond), Kamakana Villages will generate some 933 permanent full-time equivalent employment opportunities, 654 directly related to on-site activities, and 279 indirect positions throughout the island. *See Market & Econ Report.*

As a 201H affordable housing project being developed by Forest City in coordination with HHFDC, the development of Kamakana Villages is an example of cooperation and coordination between government and the private sector.

The development of affordable and workforce housing at Kamakana Villages also supports the objectives under HRS § 226-8 (Objectives and policies for the economy - Visitor Industry), by providing housing opportunities for visitor industry employees. The provision of new affordable housing will have a beneficial impact on visitor industry workers by reducing commute times which is important to workers' well being and increased quality of life. The health of the County's economy is influenced by the availability of affordable housing in reasonable proximity to job centers.



C. **HRS § 226-8 - Economy (Visitor Industry)**

Among the State's policies for the economy and visitor industry that will be supported by the development of Kamakana Villages are the following:

- (1) Support and assist in the promotion of Hawaii's visitor attractions and facilities.*
- (4) Encourage cooperation and coordination between the government and private sectors in developing and maintaining well-designed, adequately serviced visitor industry and related developments which are sensitive to neighboring communities and activities.*

The development of Kamakana Villages will provide needed affordable housing in reasonable proximity to existing and future job centers, which will enhance the visitor industry by reducing the commute time between work and home for those residents employed in the industry. Kamakana Villages, as a HHFDC, State sponsored project being developed by a Forest City, a private developer, exemplifies cooperation and coordination between the government and private sectors.

D. **HRS § 226-9 - Economy (Federal Expenditures)**

Among the State's objectives for the economy as it relates to federal expenditures that will be supported by the development of Kamakana Villages are the following:

- (2) Promote Hawaii's supportive role in national defense, in a manner consistent with Hawaii's social, environmental, and cultural goals by building upon dual-use and defense applications to develop thriving ocean engineering, aerospace research and development, and related dual-use technology sectors in Hawaii's economy;*
- (4) Increase opportunities for entry and advancement of Hawaii's people into federal government service;*

Increasing the availability of affordable and market priced housing (in contrast to luxury resort homes) will be beneficial for existing federal workers and may encourage the creation of additional opportunities for federal jobs in the region.

E. **HRS § 226-10 - Economy (Potential Growth)**

The State's objective for the economy as it relates to potential is as follows: a) Planning for the State's economy with regard to potential growth activities shall be directed towards achievement of the objective of development and expansion of potential growth activities that serve to increase and diversify Hawaii's economic base.

The development of Kamakana Villages will promote this objective of diversifying the economy by providing additional housing at affordable and market prices within a mixed-use community.

F. **HRS § 226-11 - Objectives and Policies for the Physical Environment - Land-Based, Shoreline, and Marine Resources**

**Among** the State's policies for achieving the objective of the prudent use of Hawaii's land-based, shoreline, and marine resources, are the following:

*(1) Exercise an overall conservation ethic in the use of Hawaii's natural resources.*

*(3) Take into account the physical attributes of areas when planning and designing activities and facilities.*

*(7) Provide public incentives that encourage private actions to protect significant natural resources from degradation or unnecessary depletion.*

The location of Kamakana Villages is consistent with sound planning principles for the prudent use of land-based resources. The Petition Area has been carefully surveyed to ensure that no endangered, threatened or candidate species will be impacted by the proposed development. The present environment, comprised of lava flows of various ages covered mostly by alien dominated scrub vegetation, provides for a limited range of habitats in the area. The location of Kamakana Villages is consistent with sound planning principles for the prudent use of land-based resources.

G. **HRS § 226-12 - Physical Environment (Scenic, Natural Beauty and Historic Resources)**

Among the State's policies for achieving the objective of the enhancement of Hawaii's scenic assets, natural beauty, and multi-cultural/historical resources, are the following:

*(1) Promote the preservation and restoration of significant natural and historic resources.*

*(4) Protect those special areas, structures, and elements that are an integral and functional part of Hawaii's ethnic and cultural heritage.*

Significant archaeological sites will be preserved in preserve areas, which will be protected or incorporated as elements of open space throughout Kamakana Villages. The Concept Plan for Kamakana Villages includes numerous neighborhood parks and archeological preserve areas, as well as open space areas. Urban design controls, to be implemented in a manner consistent with the Kona CDP, will consider the overall visual effects of the proposed development.

H. **HRS § 226-13 - Physical Environment (Land, Air and Water Quality)**

Among the State's policies for achieving the objectives of maintaining and improving Hawaii's land, air and water resources, and increasing the public's awareness of Hawaii's environmental resources, are the following:

*(2) Promote the proper management of Hawaii's land and water resources.*

*(3) Promote effective measures to achieve desired quality in Hawaii's surface, ground, and coastal waters.*

*(7) Encourage urban developments in close proximity to existing services and facilities*

The development of Kamakana Villages will include the development of off-site and on-site infrastructure that will benefit the region, including roadways, electrical distribution systems, wastewater transmission lines, and potable water supply, transmission lines and reservoirs. The

Petition Area, located approximately one (1) mile mauka of Kailua-Kona, is in close proximity to existing services and facilities.

**I. HRS § 226-14 - Facility Systems In General**

Among the State's policies for achieving the State's objectives with respect to the water, transportation, waste disposal, energy and telecommunications systems, are the following:

- (1) Accommodate the needs of Hawaii's people through coordination of facility systems and capital improvement priorities in consonance with state and county plans.*
- (2) Encourage flexibility in the design and development of facility systems to promote prudent use of resources and accommodate changing public demands and priorities.*

Preliminary planning for Kamakana Village's infrastructure systems has resulted in coordination discussions with State and County agencies and private landowners in the area. Future development of these systems will require ongoing coordination. In addition, to the extent feasible, Petitioner will incorporate green building design principles, including features to conserve energy and water usage, in the development of Kamakana Villages. A more detailed discussion of Petitioner's energy conservation measures is included in Section XIV.O, infra.

**J. HRS § 226-17 - Facility Systems (Transportation)**

The State's objective with respect to transportation facility systems include "An integrated multi-modal transportation system that services statewide needs and promotes the efficient, economical, safe, and convenient movement of people and goods."

HRS § 226-17(a)(1). Among the policies for achieving this objective are the following:

- (2) Coordinate state, county, federal, and private transportation activities and programs toward the achievement of statewide objectives;*
- (6) Encourage transportation systems that serve to accommodate present and future development needs of communities;*
- (10) Encourage the design and development of transportation systems sensitive to the needs of affected communities and the quality of Hawaii's natural environment;*

Kamakana Villages will contribute to improvements in the regional roadway network by providing roadway connections to existing and future developments on adjacent lands, which will help improve regional traffic circulation through the use of alternate routes to Queen Kaahumanu and Mamalahoa Highways. In addition, as a TOD project, Kamakana Villages will support bus ridership by utilizing the proposed transit stops along Ane Keohokalole Highway. In addition, multimodal transportation will be encouraged at Kamakana Village through the incorporation of bike and pedestrian paths.

K. **HRS § 226-18 - Facility Systems (Energy)**

Among the State's objectives and policies for Facility Systems as they relate to energy that will be supported by the development of Kamakana Villages are the following:

- (3) Base decisions of least-cost supply-side and demand-side energy resource options on a comparison of their total costs and benefits when a least-cost is determined by a reasonably comprehensive, quantitative, and qualitative accounting of their long-term, direct and indirect economic, environmental, social, cultural, and public health costs and benefits;*
- (4) Reduction, avoidance, or sequestration of greenhouse gas emissions from energy supply and use.*
- (7) Promote alternate fuels and transportation energy efficiency;*

Kamakana Villages supports these objectives and policies because it is designed as a compact, walkable, mixed-use TOD, meaning that it should have a lower number of per-capita vehicle trips and electricity use than standard, large lot, residential-only projects. In addition, by providing current Island residents with affordable housing close to centers of employment, Kamakana Villages should reduce commuting time and have the long-term impact of reducing the production of airborne pollutants from vehicle emissions. In general, energy conservation and renewable energy use, especially solar energy, will be designed into Kamakana Villages to improve energy efficiency.

L. **HRS § 226-19 - Socio-Cultural Advancement (Housing)**

The development of Kamakana Villages, to include up to 1,169 affordable housing units, fully supports the State's three (3) objectives related to housing and socio-cultural advancement:

- (1) Greater opportunities for Hawaii's people to secure reasonably priced, safe, sanitary, and livable homes, located in suitable environments that satisfactorily accommodate the needs and desires of families and individuals, through collaboration and cooperation between government and nonprofit and for-profit developers to ensure that more affordable housing is made available to very low-, low- and moderate-income segments of Hawaii's population.*
- (2) The orderly development of residential areas sensitive to community needs and other land uses.*
- (3) The development and provision of affordable rental housing by the State to meet the housing needs of Hawaii's people.*

The development of Kamakana Villages also supports many of the State's policies related to housing and socio-cultural advancement, such as the following:

- (1) Effectively accommodate the housing needs of Hawaii's people.*
- (2) Stimulate and promote feasible approaches that increase housing choices for low-income, moderate-income, and gap-group households.*
- (3) Increase homeownership and rental opportunities and choices in terms of quality, location, cost, densities, style, and size of housing.*
- (6) Facilitate the use of available vacant, developable, and underutilized urban lands for housing.*

Kamakana Villages will offer a variety of housing opportunities, affordable and market-priced, in a range of densities. Kamakana Village's close proximity to Kailua-Kona and North Kona's employment centers will make it attractive to potential home buyers.

M. **HRS § 226-20 - Socio-Cultural Advancement (Health)**

The development of Kamakana Villages supports the State's objectives related to health and socio-cultural advancement, such as the following:

*(1) Fulfillment of basic individual health needs of the general public.*

*(2) Maintenance of sanitary and environmentally healthful conditions in Hawaii's communities.*

As a walkable, TOD community, Kamakana Villages supports the health-related objectives by encouraging alternative means of transportation. The numerous paths and connectivity within the community to and from residences, civic spaces and retail areas will encourage walking and bike riding over auto use.

N. **HRS § 226-21 - Socio-Cultural Advancement (Education)**

The State's objective with respect to socio-cultural advancement in education is the provision of a variety of educational opportunities to enable individuals to fulfill their needs, responsibilities, and aspirations. Among the policies to achieve this objective is to:

*(2) Ensure the provision of adequate and accessible educational services and facilities that are designed to meet individual and community needs.*

The concept design of Kamakana Villages includes two (2) sites proposed for school facilities. Including school sites within the design of Kamakana Villages is in alignment with LEED principles for "Neighborhood Schools" which promotes community interaction and engagement by integrating schools into the neighborhood fabric. Both school sites are designed along a right-of-way with pedestrian and bicycle routes to encourage non-vehicular access to/from school.

O. **HRS § 226-23 - Socio-Cultural Advancement (Leisure)**

The State's objectives for socio-cultural advancement in the area of leisure include the adequate provision of resources to accommodate diverse cultural, artistic, and recreational needs for present and future generations. Among the State's policies to achieve these objectives is to:

*(2) Promote the recreational and educational potential of natural resources having scenic, open space, cultural, historical,*

*geological, or biological values while ensuring that their inherent values are preserved.*

Kamakana Villages is planned to include neighborhood parks and recreation areas to support leisure activities. In addition, the design of Kamakana Villages incorporates the preservation of certain archaeological sites within designated open space and preservation areas, thereby promoting the enjoyment of natural resources located within the Petition Area. The three (3) mixed-use centers planned for Kamakana Villages will provide additional leisure opportunities for the residents of Kamakana Villages.

P. **HRS § 226-25 – Cultural Advancement – (Culture)**

*Foster increased knowledge and understanding of Hawaii's ethnic and cultural heritages and the history of Hawaii.*

The CIA prepared for the Final EIS concluded that the development of Kamakana Villages would have no significant impact on Hawaiian cultural resources, beliefs and practices. Between April 1, 2010 and May 13, 2010, under the direction of Petitioner's consultant, Dr. Alan Haun, a high intensity, 100% pedestrian survey of the entire Petition Area was conducted, the findings of which were incorporated into the Addendum AIS submitted as Petitioner's **Exhibit 32**. Petitioner shall comply with all interim and/or permanent mitigation and preservation measures recommended and approved by SHPD prior to issuance of any permit for grubbing and grading. In the event that historic resources, including human skeletal remains, are identified during construction activities, all work shall cease in the immediate vicinity of the find, the find shall be protected from additional disturbance, and the SHPD, Hawaii Island Section, shall be contacted immediately.

X. **CONFORMITY TO GOALS, OBJECTIVES AND POLICIES OF THE PRIORITY GUIDELINES**

*An assessment of conformity of the reclassification to applicable goals, objectives, and policies of the Hawaii state plan, chapter*



*226, HRS, and applicable priority guidelines and functional plan policies.*

Part III of the HSP establishes the overall priority guidelines to address areas of Statewide concern to improve the quality of life for Hawaii's present and future population through the pursuit of desirable courses of action in the areas of economic development, population growth and land resource management, affordable housing, crime and criminal justice, and quality education. *See* HRS § 226-102. Kamakana Villages supports the priority guidelines in the areas of economic development, population growth and land resource management, and affordable housing.

A. **HRS § 226-103 - Economic Priority Guidelines**

In terms of economic development, the State's priorities include stimulating economic growth and business expansion and development to provide needed jobs. As a HRS Chapter 201H affordable housing project, Kamakana Villages is consistent with the economic priority guideline under HRS § 226-103(a)(5); "Streamline the building and development permit and review process, and eliminate or consolidate other burdensome or duplicative governmental requirements imposed on business, where public health, safety and welfare would not be adversely affected."

During the build out, Kamakana Villages is expected to generate between 103 to 1,173 positions annually, totaling 11,131 worker-years over a 17-year timeframe. Once fully developed, Kamakana Villages will generate some 933 permanent full-time equivalent employment opportunities; 654 directly related to on-site activities, and 279 indirect positions throughout the island. *See* Market & Econ Report.

B. **HRS § 226-104 Population Growth and Land Resources Priority Guidelines**

The development of Kamakana Villages, which is an example of private investment to the Neighbor Islands (estimated infrastructure costs are \$156,208,803, which includes costs for internal roadways, water, sewer, drainage, electric, telephone and cable lines, as well as off-site infrastructure), is consistent with certain priority guidelines related to the distribution of a growing population and land resource utilization. Specific priority guidelines include the following:

*(4) Encourage major state and federal investments and services to promote economic development and private investment to the neighbor islands, as appropriate.*

*(5) Explore the possibility of making available urban land, low-interest loans, and housing subsidies to encourage the provision of housing to support selective economic and population growth on the neighbor islands.*

HRS § 226-104(a).

*(1) Encourage urban growth primarily to existing urban areas where adequate public facilities are already available or can be provided with reasonable public expenditures, and away from areas where other important benefits are present, such as protection of important agricultural land or preservation of lifestyles.*

*(2) Make available marginal or nonessential agricultural lands for appropriate urban uses while maintaining agricultural lands of importance in the agricultural district.*

*(6) Seek participation from the private sector for the cost of building infrastructure and utilities, and maintaining open spaces.*

HRS § 226-104(b).

Kamakana Villages is located within the Kona Urban Area ("**Kona UA**") of the Kona CDP. See ER Figure 2-1. The area has experienced an increase in population over the years. Resident population of West Hawaii is expected to grow by 60% over the next two decades to reach approximately 118,000 people. The Greater Kailua-Kona area (from Keahole to Keauhou) is expected to grow from 23,000 to approximately 40,000 people by 2030. Market studies show

an anticipated demand for 7,560 to 10,162 new housing units in Greater Kailua-Kona between 2010 to 2030. Forty four percent (44%) of this demand will be for resident workforce/affordable housing. *See Market & Econ Report.*

Kamakana Villages will support the population growth of the area and will provide affordable housing opportunities for workers who service the visitor industry of the area. Adequate support facilities are/will be available from developed and/or to-be-developed areas within and adjacent to Kamakana Villages.

Kamakana Villages will utilize largely marginal or non-essential agricultural lands. The location of Kamakana Villages is consistent with sound planning principals for the prudent use of land-based resources. The project area has been carefully surveyed to ensure that negative impacts on the environment are minimized and critical archaeologically significant areas are protected.

C. **HRS § 226-106 Affordable Housing**

As a HRS Chapter 201H affordable housing project, Kamakana Villages fully supports many of the affordable housing priority guidelines:

- (1) Seek to use marginal or nonessential agricultural land and public land to meet housing needs of low- and moderate-income and gap-group households.*
- (2) Encourage the use of alternative construction and development methods as a means of reducing production costs.*
- (4) Create incentives for development which would increase home ownership and rental opportunities for Hawaii's low- and moderate-income households, gap-group households, and residents with special needs.*
- (5) Encourage continued support for government or private housing programs that provide low interest mortgages to Hawaii's people for the purchase of initial owner- occupied housing.*
- (6) Encourage public and private sector cooperation in the development of rental housing alternatives.*
- (7) Encourage improved coordination between various agencies and levels of government to deal with housing policies and*

*regulations.*

*(8) Give higher priority to the provision of quality housing that is affordable for Hawaii's residents and less priority to development of housing intended primarily for individuals outside of Hawaii.*

The Petition Area is made up of soils with poor agricultural viability and is considered non-essential agricultural land. Its proximity to Kailua-Kona, the existing center of employment, schools, transportation and other services, makes it a fitting location for development, especially for the provision of housing to low and moderate income and gap group Island residents. The Project, initiated by HHFDC's July 2007 Request for Proposals, is an example of public and private sector cooperation in the development of affordable housing that will be offered for sale and rent to County residents. In addition, the exemptions provided under HRS § 201H-38 create incentives for the development of a master planned, mixed use, mixed income, project.

**XI. CONFORMITY TO GOALS, OBJECTIVES AND POLICIES OF THE FUNCTIONAL PLANS - HAR § 15-15-50 (c)(16)**

*An assessment of conformity of the reclassification to applicable goals, objectives, and policies of the Hawaii state plan, chapter 226, HRS, and applicable priority guidelines and functional plan policies.*

The HSP called for the creation of functional plans to further define and implement the Statewide goals, objectives, policies set forth under the HSP. *See* HRS § 226-56. Developed in the late 1980s and early 1990s, the State Functional Plans ("**SFP**") are the primary guidance tools for implementing the HSP. While the HSP establishes long-term objectives for Hawaii, the SFP are intended to identify major statewide concerns, define current strategies, identify major relationships and provide strategies for departmental policies, programs, and priorities. The SFP that are relevant to the development of Kamakana Villages include the State Higher Education Functional Plan, the State Employment Functional Plan, the State Housing Functional Plan, the

State Historic Preservation Functional Plan, the State Recreation Functional Plan and the State Transportation Functional Plan.

A. **State Higher Education Functional Plan**

By providing additional market and affordable homes targeted for the primary resident market, Kamakana Villages may support the Higher Education Functional Plan by making more housing available for faculty and staff at the University of Hawaii West Hawaii campus.

B. **State Employment Functional Plan**

The State Employment Functional Plan's objectives, policies, and implementing actions address four (4) major issue areas: (1) education and preparation services for employment; (2) job placement; (3) quality of work life; and (4) employment planning information and coordination.

Kamakana Villages will contribute to employment by creating jobs in construction, development, sales and professional services during its build out. Once developed, Kamakana Villages is expected to generate employment to support ongoing operations as well as the retail uses planned for the mixed-use centers. Additionally, the development of Kamakana Villages will indirectly contribute to employment by providing affordable and market priced housing in close proximity to regional job centers of West Hawaii.

C. **State Housing Functional Plan**

The State Housing Functional Plan identified a need to develop affordable housing throughout the State, and found that the housing needs of lower income households would not be adequately met in future residential developments. Obstacles identified to the development of affordable housing include (1) the lack of infrastructure, particularly on the Neighbor Islands; (2) the high cost of zoned land, high development costs, and the regulatory system; (3) government policies that have created a shortage of urban land zoned for housing; (4) lack of

government funds to develop rental housing; (5) building codes and subdivision standards that constrain innovative, cost-saving technologies; and (6) current labor wages. The Housing Functional Plan recommended increased densities in residential developments where feasible, smaller and basic units, funding for rental developments, and State subsidies.

As a 201H affordable housing project proposed to add up to 1,169 affordable housing units to West Hawaii, Kamakana Villages will address many of the obstacles identified in the Housing Functional Plan. HRS § 201H-38 allows affordable housing projects such as Kamakana Villages to be exempt from State and County land use standards, which will assist in the development of affordable housing.

D. **State Historic Preservation Functional Plan**

Archaeological inventory surveys of the Petition Area have been conducted and additional survey work is planned. In addition, a CIA (included as Appendix D to the Final EIS) was prepared. Two archaeological preserve areas are planned for Kamakana Villages, as well as other preserve sites.

E. **State Recreation Functional Plan**

Kamakana Villages is planned to include over 20 acres for park space in addition to the 9+ acres for archaeological preserve areas.

F. **State Transportation Functional Plan**

The focus of the State Transportation Functional Plan is to (1) construct facility and infrastructure improvements in support of Hawaii's thriving economy and growing population base; (2) develop a transportation system balanced with an array of new alternatives; (3) implement transportation Systems Management to maximize the use of existing facilities and systems; (4) foster innovation and use of new technology in transportation; (5) maximize joint efforts with the private sector; (6) pursue land use initiatives which help reduce travel demand;

and (7) encourage resident quality-of-life improvements through improved mobility opportunities and travel reduction.

Kamakana Villages will become an integral component of the regional transportation network. As a TOD development, Kamakana Villages will encourage the use of future mass transit options to be provided along Ane Keohokalole Highway. The physical layout of Kamakana Villages is intended to reduce travel demand in two (2) ways. First, by providing a variety of market and affordable housing options close to the centers of employment in West Hawaii, the development of Kamakana Villages should reduce the number and length of commutes from home to work, school, services, retail and recreational areas. Second, as a TOD project designed to be compact and pedestrian/bike friendly, with retail uses provided on-site, it is expected that residents at Kamakana Villages will not need to use their cars as much as residents living within more typical suburban, single-use, residential projects.

**XII. CONFORMITY WITH HRS CHAPTER 205A - HAR § 15-15-50 (c)(17)**

*An assessment of the conformity of the reclassification to objectives and policies of the coastal zone management program, chapter 205A, HRS.*

The proposed reclassification is consistent with the objectives and policies of the Coastal Zone Management Program, Chapter 205A, HRS ("**Chp. 205A**"). However, the Petition Area is not within the Shoreline Management Area delineated by the County of Hawaii. Therefore, the development of Kamakana Villages should not have any significant adverse impact on the coastal zone.

The objectives and policies of Chp. 205A relate to ten (10) areas that address the protection and preservation of valuable and vulnerable costal resources: (1) recreational resources; (2) historic resources; (3) scenic and open space resources; (4) coastal ecosystems; (5) economic uses; (6) coastal hazards; (7) managing development; (8) public participation;

(9) beach protection; and (10) marine resources. HRS § 205A-2. Kamakana Villages is consistent with the applicable objectives of HRS Chapter 205A. Development will not have a significant adverse impact on coastal recreational opportunities, coastal scenic and open space resources, or coastal ecosystem and resources. NPDES requirements and Best Management Practices for the control and treatment of runoff will be implemented in the development of Kamakana Villages.

The Petition Area is not subject to coastal hazards. It is in FIRM Flood Zone X (undetermined), and is not in the tsunami inundation zone. Historic resources, such as archaeological sites determined to be significant, will be preserved.

The public participation objectives under HRS § 205A-2(b)(8)(A) is to "Stimulate public awareness, education, and participation in coastal management." Even though the development of Kamakana Villages will not impact coastal resources, the proposed development has been the subject of considerable public participation. First, through the Final EIS process. Next, through the planning and charette processes that Forest City engaged in with the County and interested members of the public. In addition to numerous meetings with State and County agencies, representatives for Forest City made presentations to the public and various community groups, including conducting two (2) planning charettes in Kona in July and October of 2009. A partial list of the agencies, organizations and individuals consulted during the planning of Kamakana Villages is provided in Section 7.5 of the ER.

### **XIII. CONFORMITY WITH THE GENERAL PLAN - HAR § 15-15-50 (c)(18)**

*An assessment of conformity of the reclassification to the applicable county general plans, development or community plans, zoning designations and policies, and proposed amendments required.*



Kamakana Villages is being proposed as a Kona CDP TOD. As a TOD project, Kamakana Villages is afforded the rebuttable presumption that it is consistent with Chapter 25 of the Hawaii County Code, the General Plan and the existing LUPAG designations of Urban Expansion and Low Density Urban. *See* Kona CDP LU-2.4(8). Attached hereto and incorporated herein as Petitioner's **Exhibit 36** is a copy of a letter from County of Hawaii Planning Director, Bobby Jean Liethead Todd, confirming that Kamakana Villages furthers the intent of the General Plan and is consistent with the Kona CDP.

The General Plan assesses fourteen elements meant to guide long range comprehensive development within the County of Hawaii. A point by point analysis of Kamakana Village's conformance with the General Plan is provided in Chapter 3 of the ER (and Chapter 5 of Final EIS). A summary analysis is provided below:

A. **Economic Element**

A specific course of action to further the economic goals and policies within North Kona is to increase affordable housing opportunities in the Kailua-Kona area. *See* General Plan § 2.4.7.2(h). The development of Kamakana Villages will significantly increase affordable housing opportunities in Kailua-Kona. The residential component of Kamakana Villages includes up to 1,169 affordable housing units. Single and multi-family units will be conveniently located near public and private services and facilities such as commercial areas, schools, transportation routes and parks.

B. **Historic Sites**

Among the goals and policies for historic sites are the following:

- (a) Protect, restore, and enhance the sites, buildings, and objects of significant historical and cultural importance to Hawaii.*
- (b) Appropriate access to significant historic sites, buildings, and objects of public interest should be made available.*

General Plan § 6.2.

*(c) Require both public and private developers of land to provide historical and archaeological surveys and cultural assessments, where appropriate, prior to the clearing or development of land when there are indications that the land under consideration has historical significance.*

General Plan § 6.3.

Kamakana Villages will protect, restore and enhance significant historic and cultural resources where feasible. An archaeological inventory survey was accepted by the SHPD in 1993, and an archaeological mitigation plan was also approved in 1993. Additional archaeological field work was done in 2007. Most recently a high intensity, 100% pedestrian survey was done within the Petition Area, as documented in the Addendum Archaeological Inventory Survey dated August 2010 and attached hereto as Petitioner's **Exhibit 32**. No adverse impacts on traditional and customary Native Hawaiian resources, beliefs and practices are anticipated to occur as a result of the development of Kamakana Villages. Appropriate mitigation measures will be carried out as recommended by SHPD.

C. **Housing**

The development of Kamakana Villages is consistent with numerous goals and policies related to the housing element of the General Plan, as well as the specific courses of action stated for North Kona. The development of Kamakana Villages will also further a specific course of action identified for North Kona, which is to "Increase affordable housing opportunities in the Kailua-Kona area." General Plan, § 9.5.7.2. Specific goals and policies supported by the development of Kamakana Villages include the following:

- (a) Attain safe, sanitary, and livable housing for the residents of the County of Hawaii.*
- (b) Attain a diversity of socio-economic housing mix throughout the different parts of the County.*
- (c) Maintain a housing supply that allows a variety of choices.*

- (d) Create viable communities with affordable housing and suitable living environments.*
- (e) Improve and maintain the quality and affordability of the existing housing inventory.*
- (f) Seek sufficient production of new affordable rental and fee-simple housing in the County in a variety of sizes to satisfactorily accommodate the needs and desires of families and individuals.*
- (h) Make affordable housing available in reasonable proximity to employment centers.*
- (i) Encourage and expand home ownership opportunities for residents.*

General Plan § 9.2.

- (e) Continue to review codes and ordinances for overly stringent restrictions that may impose unnecessary hardship and adopt amendments if warranted.*
- (k) Increase rental opportunities and choices in terms of quality, cost, amenity, style and size of housing, especially for low and moderate income households.*
- (n) Investigate, develop, and promote the creation of new innovative and timely financing techniques and programs to reduce the cost of housing.*
- (o) Encourage the use of suitable public lands for housing purposes in fee or lease.*
- (v) Work with, encourage and support private sector efforts in the provision of affordable housing.*
- (y) Aid and encourage the development of a wide variety of housing to achieve a diversity of socio-economic housing mix.*

General Plan § 9.3.

The primary objective of Kamakana Villages is to provide affordable housing for working families in and around North Kona. Residents at Kamakana Villages are anticipated to come from diverse socio-economic backgrounds. The addition of 2,330 residential units in a variety of styles, all planned as part of a master planned community, will increase the supply and quality of affordable and market housing in North Kona. The use of the exemptions from typical planning, zoning and construction standards under HRS § 201H-38 will reduce the overly stringent restrictions that otherwise inhibit the development of affordable housing. Kamakana

Villages will offer a variety of residential housing choices for sale and rent at a range of prices, all located in close proximity to West Hawaii employment centers.

D. **Public Facilities**

The overarching goal for public facilities under the General Plan is to "Encourage the provision of public facilities that effectively service community and visitor needs and seek ways of improving public service through better and more functional facilities in keeping with the environmental and aesthetic concerns of the community." General Plan § 10.1.2. The development of Kamakana Villages will further this goal, as well as the goals and policies related to education, health and sanitation.

Forest City has prepared a Preliminary Engineering Report (ER Appendix B) to assess the on and off-site infrastructure improvements planned to be developed for Kamakana Villages. In addition, two school sites are planned for Kamakana Villages, which is consistent with the General Plan's education policies. The General Plan also calls for recycling programs, which will be encouraged in Kamakana Villages.

E. **Recreation**

The General Plan's goals for recreation include the provision of various recreational opportunities for residents and visitors, and a diversity of environments for active and passive pursuits. See General Plan § 12.2. Among the recreation policies that will be furthered by the development of Kamakana Villages are the following:

- (a) Strive to equitably allocate facility-based parks among the districts relative to population, with public input to determine the locations and types of facilities.*
- (o) Develop facilities and safe pathway systems for walking, jogging, and biking activities.*

General Plan § 12.3.

Kamakana Villages will include approximately 30 acres for parks, and an additional 18+ acres for open space. Additionally, Kamakana Villages is located near the County's proposed 117-acre Kealakehe Regional Park. As shown on Figure 3a of **Exhibit 1**, considerable attention has been given to the provision of parks and open space in the design of Kamakana Villages, which also includes ample pedestrian and bike pathways.

F. **Transportation**

The development of Kamakana Villages is consistent with many of the goals and policies related to transportation, roadways and mass transit. As a TOD development, Kamakana Villages will promote the transportation policies under General Plan § 13.1.3, such as the development of a comprehensive, Islandwide multi-modal transportation plan that identifies the location and operation of automobile, mass transit, bicycle and pedestrian systems in coordination with appropriate Federal and State agencies. The mass transit transportation policies are also furthered by the development of Kamakana Villages. Specifically, as a TOD project, Kamakana Villages should help improve the integration of transportation and land use planning in order to optimize the use, efficiency and accessibility of existing and proposed mass transportation systems. *See* General Plan § 13.4.3. The development will also support and encourage the development of alternative modes of transportation, such as enhanced bus services and bicycle paths. *Id.*

Kamakana Villages has been designed around the future transit stops planned along Ane Keohokalole Highway. As shown in Figure 4a of **Exhibit 1**, Kamakana Villages will promote a walkable, bikeable, livable mixed-used community with high density residential development within walking distance of future transit stops.

G. **Land Use**

The development of Kamakana Villages is consistent with the General Plan's land use goals and policies. Specific policies include the following:

- (a) Zone urban types of uses in areas with ease of access to community services and employment centers and with adequate public utilities and facilities.*
- (c) Allocate appropriate requested zoning in accordance with the existing or projected needs of neighborhood, community, region and County.*
- (j) Encourage urban development within existing zoned areas already served by basic infrastructure, or close to such areas, instead of scattered development.*

General Plan § 14.1.3.

The Petition Area is within the Kona UA designated under the Kona CDP, and has been identified for TOD development. In other words, the Kona community identified the Petition Area and surrounding areas as appropriate for higher density residential and mixed-use development. Kamakana Villages will facilitate multi-modal access to employment centers and services, and is within, and surrounded by, the currently developed areas of North Kona. Thus, the development of Kamakana Villages is appropriate and will meet the existing and projected needs of the neighborhood, community, region and County.

1. **Land Use - Commercial Development**

Among the General Plan's goals for commercial development is to provide commercial development that maximizes convenience for users, and compliments the overall pattern of transportation and land use within the Island and community. The policies that are supported by the development of Kamakana Villages include the following:

- (c) Distribution of commercial areas shall meet the demands of neighborhood, community and regional needs.*
- (e) Encourage the concentration of commercial uses within and surrounding a central core area.*

General Plan § 14.3.3.

Up to 197,000 sq. ft. of neighborhood commercial space is proposed for Kamakana Villages, to be located within the three (3) mixed-use areas. This mix of uses complements the community development and is consistent with the goals and policies of land use commercial development under the General Plan. The three mixed-use centers will be concentrated within and surrounding a central urban core area, as called for by the TOD concepts described in the Kona CDP. The commercial uses are planned to be neighborhood-scaled commercial areas intended primarily to serve the needs of the residents of Kamakana Villages.

2. **Land Use – Multiple-Family Residential**

Among the General Plan's goals for the multiple-family residential district is to "provide for suitable living environments that accommodate the physical, social and economic needs of the island residents." General Plan § 14.5.2. North Kona has been identified in the General Plan as an area suitable for additional multi-family zoned land. *See* General Plan § 14.5.5.7.2.

Additional policies that will be supported by the development of Kamakana Villages include the following:

*(a) Appropriately zoned lands shall be allocated as the demand for multiple residential dwellings increases. These areas shall be allocated with respect to places of employment, shopping facilities, educational, recreational and cultural facilities, and public facilities and utilities.*

*(b) Incorporate reasonable flexibility in applicable codes and ordinances to achieve a diversity of socio-economic housing mix.*

*(c) Encourage flexibility in the design of residential sites, buildings and related facilities to achieve a diversity of socio-economic housing mix and innovative means of meeting the market requirements.*

General Plan § 14.5.3.

In addition to its proximity to places of employment, shopping, education, recreational cultural and public facilities, utilization of the land use exemptions offered under HRS § 201H-38 furthers this Land Use policy by providing flexibility from usual development codes, which will allow Kamakana Villages to introduce a diverse socio-economic housing mix into West Hawaii.

3. **Land Use – Single-Family Residential**

The development of Kamakana Villages supports the various goals and policies related to single-family residential development, including the goal to "provide single-family residential areas conveniently located to public and private services, shopping, other community activities and convenient access to employment centers that takes natural beauty into consideration."

General Plan § 14.6.2(d). The development of Kamakana Villages, as a master-planned residential community to be built over approximately 272 acres, within a TOD area designated by the Kona CDP, and with on-site retail and civic uses, also supports the General Plan's policy to "Encourage the concentration of residential structures to avoid strip residential development."

General Plan § 14.6.5.7.2.

H. **Land Use Pattern Allocation Guide**

The development of Kamakana Villages is consistent with the current LUPAG designations for the Petition Area. Most of the Petition Area is LUPAG designated for Urban Expansion. The Urban Expansion Area allows for a mix of high, medium and low density, along with industrial, industrial-commercial and/or open designations in areas where new settlements may be desirable, but where specific settlement patterns and mixes of uses have not yet been determined. A small portion of the Petition Area is designated for Low Density Urban



development. The Low Density classification promotes residential uses and ancillary community and public uses, along with neighborhood and convenience type commercial uses.

**XIV. CONFORMITY WITH THE KONA COMMUNITY DEVELOPMENT PLAN - HAR § 15-15-50 (c)(18)**

*An assessment of conformity of the reclassification to the applicable county general plans, development or community plans, zoning designations and policies, and proposed amendments required.*

The Kona CDP articulates the community's vision for future development in Kona. It sets forth eight guiding principles and eight elements to help shape the future development in Kona. The development of Kamakana Villages supports the principles and elements stated in the Kona CDP. The Petition Area is within the Kona UA, meaning that it is within the area designated for future growth.

Within this Kona Urban Area, growth would be directed to compact villages located along proposed transit routes or to infill areas within, or adjacent to, existing development. The general locations of these villages are within the Growth Opportunity Areas (GOAs) identified during the public meetings that evolved in to the Transit-Oriented Developments (TODs).

Kona CDP at 4-32.

The Petition Area has been identified as a Neighborhood Village TOD, and Petitioner intends to develop Kamakana Villages as a TOD project. The commercial uses suited for a Neighborhood TOD are smaller scale uses intended to serve the needs of the area's residents, as opposed to Regional TODs, which are intended for more intensive commercial uses. Two (2) transit stations will be located along the Ane Keohokalole Highway adjacent to the Petition Area. The location of the transit stations influenced the design of Kamakana Villages such that two (2) of the three (3) proposed mixed-use centers will be located in close proximity to the Ane Keohokalole Highway transit stations.

As an area designated for TOD development, this Application qualifies for the expedited Project District Rezoning process under Kona CDP Policy LU-2.4, which calls for such projects to conform "to the extent practicable" with the VDG. Kamakana Villages conforms to the VDG, as shown on the plans included in Sections 4 and 5 of Exhibit 1.

A. **Principle 1 - Protect Kona's Natural Resources and Culture**

Kamakana Villages is committed to providing open spaces and cultural features, consistent with Principle 1 of the Kona CDP. Plans for Kamakana Villages incorporate landscaped avenues, roadways and walkways that pass from one major open space to another. Approximately 48 acres within Kamakana Villages will be comprised of open space, including community parks and neighborhood parks. The multi-ethnic culture will be preserved and protected through the development of the South and North Archeological Preserve areas.

B. **Principle 2 - Provide Connectivity and Transportation Choices**

Principle 2 calls for future growth to connect communities with movement alternatives, such as sidewalks, trails and bike lanes. *See* Kona CDP at 3-2. As shown on the Parks and Open Space Plan and Thoroughfare Standards (Figures 3a and 4c-4l of Exhibit 1), Kamakana Villages is designed with sidewalks, trails and bike lanes. A circulation system of linked landscaped avenues, roadways and walks that pass from one major open space to another will provide residents and visitors options for traveling through the community using mauka-makai trails. It is also a TOD project, located adjacent to two proposed transit stops along Ane Keohokalole Highway.

C. **Principle 3 - Provide Housing Choices**

Principle 3 calls for a "broad range of housing choices with a variety of types and price ranges that are affordable and in close proximity to places of work." The development of Kamakana Villages supports this Principle entirely. A range of housing choices (affordable and

market, for sale and rent) will be offered. *See generally* **Exhibit 1**, Section 2. Kamakana Villages also responds to the demand for affordable homes located close to the employment centers in West Hawaii.

D. **Principle 4 - Provide Recreation Opportunities**

Approximately 48 acres of the Petition Area will be used for open space, community parks, neighborhood parks, and landscaped buffer zones. Centrally located community parks and neighborhood pocket parks will be located throughout Kamakana Villages and connected by mauka-makai trails. The mixed-use centers, which also act as gathering places, will further support and encourage recreational activities.

E. **Principle 5 - Direct Future Growth Patterns Toward Compact Villages, Preserving Kona's Rural, Diverse, and Historical Character**

Principle 5 calls for the majority of future growth to be directed north of Kailua-Kona, "in the form of compact villages that offer increased density and mixture of homes, shops, and places to work." Kona CDP at 3-2. Kamakana Villages, as a designated TOD site and a master-planned community with three mixed-use village areas and a mixture of housing choices, is consistent with Principle 5.

F. **Principle 6 - Provide Infrastructure and Essential Facilities Concurrent with Growth**

Principle 6 calls for future growth to occur concurrent with the development of infrastructure and essential facilities. *See* Kona CDP at 3-2. The Petition Area has been identified in the Kona CDP as an area for future growth in North Kona. Essential services are in place. Infrastructure development, such as construction of the Ane Keohokalole Highway, is underway, and Petitioner has identified those additional infrastructure improvements necessary for full development of Kamakana Villages. *See also* ER Chapter 5 and ER Appendix B.

**G. Principle 7 - Encourage a Diverse and Vibrant Economy Emphasizing Agriculture and Sustainable Economies**

The Petition Area is zoned A-5a. However, the soils on the Petition Area are poor and have little agricultural viability. *See* ER Chapter 4. Therefore, rezoning to the Project District to allow for the development of Kamakana Villages will have the effect of increasing housing choices, especially for low and moderate income Island residents, without removing important agricultural lands from production. In addition, development of up to 2,330 residential units at the Petition Area should decrease the pressure to develop other, more viable Agricultural lands in Kona.

**H. Principle 8 - Promote Effective Governance**

Petitioner has demonstrated its commitment to working with the Kona community as well as the County in the planning and design of Kamakana Villages. Two planning workshop meetings were held with the Kona community (July and October 2009), and Forest City attended meetings with Kona CDP Design Center prior to finalizing its plans for Kamakana Villages. In addition, the proposed development of Kamakana Villages was subject to public and agency review during the HRS Chapter 343 environmental review process undertaken by HHFDC prior to selecting Forest City as the master developer for Kamakana Villages. *See* ER Chapter 7 for more information about the Petitioner's consultation and planning efforts. Kamakana Villages is a prime example of "cooperation among public, private, and civic partners." *See* Kona CDP at 3-3.

**I. Element 1 - Transportation**

*Goal: An efficient, safe, and attractive multi-modal transportation system integrated with land use planning that allows for movement around and through Kona with minimal reliance on the automobile.*

Kona CDP, § 4.1.3

The Transportation Goal of the Kona CDP will be furthered by the development of Kamakana Villages, which is a TOD project to be built in close proximity to the proposed transit stops along Ane Keohokalole Highway. This, in combination with the internal design of Kamakana Villages, which is intended to promote pedestrian and other non-auto reliant means of transportation, is consistent with Element 1. Through the internal street layouts, Kamakana Villages is planned as a walkable, bikeable community with a system of landscaped areas and greenbelts linked to primary streets. As shown in Section 5 of **Exhibit 1**, Kamakana Villages is oriented around five "pedestrian sheds," roughly equivalent to a 5-minute walking radius from core elements, which will integrate housing, employment, shopping and recreation opportunities.

J. **Element 2 - Land Use**

*Goal: Public policies set the foundation and framework within which the community and private sector work collaboratively towards a shared vision of concentrating growth within urban villages in North Kona, preserving rural character and agricultural lands, protecting significant natural and cultural resources, providing a range of housing opportunities, and a process to constructively, efficiently, and fairly achieve these ends with the best practices and quality.*

Kona CDP § 4.2.3.

The Kona CDP, as an expression of public policy, identified the Petition Area for future urban development. The Petition Area is within the Kona UA and within the Keahuolu Village (Neighborhood) TOD identified on the Official Kona Land Use Map (Figure 4-7 of the Kona CDP). As a 201H affordable housing project being developed by Forest City in collaboration with HHFDC and OHCD, Kamakana Villages demonstrates the community/private sector collaboration sought by the Kona CDP, and provides the desired range of housing opportunities.

K. **Element 3 - Environmental Resources**

The Environmental Resources Goal seeks to have the built environment developed in harmony with ecological principles, to promote interaction with nature and a healthy, active lifestyle. One of Forest City's corporate core values is sustainability. Forest City Enterprises, Inc. and its affiliates have experience developing numerous LEED buildings and projects across the U.S., including the Stapleton community in Colorado, which was the first LEED certified Main Street Town Center in the Country. As currently configured, Kamakana Villages could qualify for a Gold rating under the proposed LEED ND Rating System. See **Exhibit 29**.

L. **Element 4 - Cultural Resources**

*Goal: The multi-ethnic cultures of Kona are preserved, protected, and restored in a manner that perpetuates those cultures and all aspects of the Aloha Spirit.*

Kona CDP § 4.4.3.

The development of Kamakana Villages will entail the preservation and protection of Native Hawaiian cultural resources. Two archeological preserve areas have been incorporated into the design of Kamakana Villages. Kamakana Villages is also planned to be a community that will promote culture and environmental sustainability. The physical environment (landscaping, buildings, pedestrian and bike paths, educational facilities) will serve as catalysts for preserving, protecting and perpetuating cultures.

M. **Element 5 - Housing**

*Goal: Diversity of housing choices for all segments of the population close to places of employment and/or daily needs.*

Kona CDP § 4.5.3.

Kamakana Villages will offer up to 1,169 affordable housing units, and an additional 1,161 market units, all located very close to existing employment and commercial centers. In

addition, the mixed-use areas within Kamakana Villages will provide access to goods and services to meet the daily needs of residents.

N. **Element 6 - Public Facilities, Infrastructure and Services**

As a compact, TOD mixed-use community, Kamakana Villages will include sustainably built and maintained infrastructure and facilities that will benefit the region, including new wastewater transmission lines and a water supply system to include transmission lines and reservoirs. Internal roadway infrastructure will be designed to support connectivity. Total on-site and off-site infrastructure costs expected to be incurred by Forest City in the development of Kamakana Villages are approximately \$156,208,803, which include costs for internal roadways, water, sewer, drainage, electric, telephone and cable lines, as well as off-site infrastructure. As an affordable housing project, Kamakana Villages is exempt from the requirement to perform traffic related "area mitigation" under Hawaii County Code § 25-4-46.<sup>10</sup> Thus, the infrastructure cost estimates do not include "area mitigation" traffic improvements but do include "local mitigation" traffic improvements.

O. **Element 7 - Energy**

*Goal: Establish Kona as a model for sustainability and energy self sufficiency.*

Kona CDP § 4.7.3.

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<sup>10</sup> "Area mitigation" consists of improvements which increase the capacity of an arterial or other major road, such as additional lanes, in the general region containing the project, or construction of a new arterial or collector road in the general area containing the project, or improvements to public transportation such as buses or park and ride facilities, sufficient to offset the traffic demand generated by the project.

(h) The following types of rezoning applications shall be required to submit a TIAR when required by this section, but shall not be required to perform area mitigation:

(1) Residential or other rezonings where the applicant commits, and the conditions of zoning require, that the project earn at least two times the number of affordable housing credits otherwise required under chapter 11, County affordable housing policy, provided further that the applicant shall be entitled to the full amount of "excess credits" under section 11-15, County affordable housing policy, based on the number of affordable housing credits normally required.

See HCC Section 25-2-46. Concurrency requirements.

As described above, Forest City has a demonstrated commitment to sustainability. In addition to designing the project with the proposed LEED ND rating system in mind, to the extent practicable and feasible Forest City will implement the following energy and resource conservation measures into the design and construction of Kamakana Villages:

- Plan, design, and construct or incorporate into its development agreements a requirement that all commercial and institutional facilities be planned, designed, and constructed to meet at a minimum the U.S. Green Building Council's Leadership in Energy and Environmental Design for New Construction (LEED-NC), Silver level or higher.
- Plan, design and construct the Project to meet at a minimum the U.S. Green Building Council's Leadership in Energy and Environmental Design for Neighborhood Development (LEED-ND), Certified or higher.
- Design and construct buildings, to the extent feasible, to meet and receive certification for LEED standards. As appropriate for the type of construction, the buildings should meet LEED Silver certification for new commercial construction and major commercial renovation, LEED for existing commercial building operations, and LEED for commercial interiors.
- Incorporate energy efficiency measures to prevent heat gain in residential facilities of one to three stories by providing R-19 or equivalent insulation on roofs, R-11 or equivalent in walls, and high-performance windows to minimize heat gain and, if the facilities are air conditioned, to minimize cool air loss. Where possible, orient buildings to maximize natural ventilation and any lighting without heat gain, and optimize building roof exposure for solar water heating.



- Incorporate design features to conserve energy and water usage pursuant to HRS Chapter 344 and HRS § 226-18. Solar hot water heating will be included per all applicable laws.<sup>11</sup>
- Implement water and energy efficiency practices in operations to reduce waste and increase conservation. This includes the LEED ND goals for reduction of landscaping water use by 50% from baseline and a reduction in interior water use by approximately 40% from baseline.
- Incorporate principles of waste minimization and pollution prevention: reduce, reuse, and recycle as a standard operating practice, including programs for construction and demolition waste management and office paper and packaging recycling programs.
- Use life cycle cost-benefit analysis to purchase energy efficient equipment such as Energy Star products and use utility rebates where available, to reduce the purchase and installation costs. Energy Star products meet strict efficiency guidelines set by the U.S. Environmental Protection Agency and the U.S. Department of Energy.
- Procure environmentally preferable products, including but not limited to recycled and recycled-content, bio-based, and other resource-efficient products and materials.

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<sup>11</sup> Per the Development Agreement, if solar water heating is not incorporated into the design of Kamakana Villages, Forest City shall submit to HHFDC, either a written approval of a cost-benefit comparative analysis by the Energy Branch of the Department of Business, Economic Development and Tourism, or a cost-benefit comparative analysis bearing the stamp and signature of a licensed mechanical engineer, concluding that the use of the proposed conventional water heating system for Kamakana Villages is more cost effective than a solar water heating system. All single family dwellings shall include a solar water heating system unless a variance is granted by the State energy resources coordinator pursuant Section 196-6.5, HRS.

- Landscaping will minimize water use and reduce heat-island impacts, and resident training programs will be provided to optimize energy savings and limit waste, which will lead to the development of a community-wide lifestyle of sustainability.

P. **Element 8 - Economic Development**

The Economic Development Goal of the Kona CDP seeks to increase economic diversification and employment opportunities. The development of Kamakana Villages will bring an estimated \$734.4 million in capital investment into West Hawaii over the 19-year build out period. The construction and on-going operations/maintenance of the single-family homes, multi-family units, commercial businesses and community facilities will provide an estimated 11,131 "worker-years" of employment and \$505 million in total wages over a 19-year build-out period. After completion, Kamakana Villages will support some 933 permanent full-time-equivalent jobs (654 directly related to on site activity and 279 indirect positions throughout the County) with an annual payroll of about \$35 million, and host an estimated \$143 million in economic activity per year. Retail uses within the three mixed-use centers (a total of 197,000 sq. ft.), are projected to have average sales volumes of \$700 per square foot annually. *See Market & Econ Report.*

Q. **Kona Community Development Plan Village Design Guidelines**

Kona CDP Policy LU-2.4 calls for TOD projects to conform "to the extent practicable" with the VDG. The development of Kamakana Villages is consistent with the intent of the VDG, which is to do the following:

- 1. Promote transit-oriented and pedestrian-oriented development, to increase transit use, to manage traffic congestion.*
- 2. Encourage mixed-use, compact development that is pedestrian in scale and sensitive to environmental characteristics of the land, and facilitates the efficient use of public services.*

- 3. Have residences, shopping, employment, and recreational uses located within close proximity with each other and efficiently organized to provide for the daily needs of the residents.*
- 4. Provide for a range of housing types and affordability within pedestrian-oriented, human-scale neighborhoods.*
- 5. Incorporate natural features, open space, and cultural features.*
- 6. Provide efficient circulation systems for pedestrians, non-motorized vehicles, and motorists that serve to functionally and physically integrate the various land use activities.*
- 7. Promote strong neighborhood identity and focus.*

Kona CDP, Land Use Policy - LU-2.5.

Kamakana Villages's conformity to the VDG is shown in Sections 4 and 5 of **Exhibit 1**. Kamakana Villages is one of the few potential TOD locations identified in the Kona CDP. As such, it will help to increase transit use, and manage traffic congestion. As a master-planned compact, walkable, mixed-use community with a full range of uses including housing, retail space, commercial uses, school facilities, archaeological and open space preserve areas, active and passive parks, trail and bikeway system, support infrastructure and transit stops, Kamakana Villages conforms to the intent of the VDG. The variety of housing choices, at a range of prices, including a substantial number of affordable units, is also consistent with the VDG.

Homes and commercial buildings within Kamakana Villages will be reflective of the architectural characteristics of Kona's traditional ranches, coffee farms and historic commercial establishments. Careful site planning has allowed the community design to minimize the impact on the environment and the homes themselves will be sited to maximize use of natural sun and wind rather than artificial light and an over-use of air-conditioning.

The planning process that led to the development proposal put forth by Petitioner is the result of extensive public participation, starting with HHFDC's planning process and Final EIS, and Forest City's community planning charettes, which resulted in the five Major Themes for the

project, in addition to numerous consultations with State and County agencies. *See generally* ER Chapter 7. This level of public participation promotes strong neighborhood identity and focus.

XV. **CONFORMITY WITH THE ZONING - HAR § 15-15-50 (c)(18)**

*An assessment of conformity of the reclassification to the applicable county general plans, development or community plans, zoning designations and policies, and proposed amendments required.*

The Petition Area is currently zoned by the County of Hawaii as Agricultural (A-5a). The development proposed for Kamakana Villages is not permitted within the A-5a District. Therefore, Petitioner may seek a change of zone to the Project District pursuant to Hawaii County Code § 25-6-40.

The intent of the Project District is to provide for "a flexible and creative planning approach rather than specific land use designations for quality developments. It will also allow for flexibility in location of specific uses and mixes of structural alternatives." Hawaii County Code § 25-6-40. This planning approach is appropriate for the approximately 272-acre master-planned Kamakana Villages, which requires flexibility in the location of specific uses to allow for the various land use components.

Kamakana Villages meets the criteria for establishing a Project District as provided under § 25-6-41 of the Hawaii County Code:

*A project district may be established as an amendment to this chapter whenever the public necessity and convenience and the general welfare require that a comprehensive planning approach for an area should be adopted in order to establish a continuity in land uses and designs while providing a comprehensive network of infrastructural facilities and systems. In addition, a project district may only be established if the proposed district:*

*(1) Is consistent with the intent and purpose of this chapter and the County general plan; and*

*(2) Will not result in a substantial adverse impact upon the surrounding area, community or region.*

The continuity in land uses and designs will support public necessity and convenience and the general welfare by establishing residential development in North Kona to provide employee housing near job centers, and to support job growth in West Hawaii's visitor, and other, industries.

As a TOD project, rezoning of the Petition Area to the Project District is consistent with HCC, Chapter 25, the General Plan, and the existing LUPAG designations of Urban Expansion and Low Density Urban. Development of Kamakana Villages will not result in a substantial adverse impact upon the surrounding area, community or region.

**XVI. Conformity of the Reclassification to the Standards for Determining Urban District Boundaries**

HAR § 15-15-18 sets forth standards used by the Commission for determining Urban District boundaries. The proposed reclassification conforms to those standards, as described below:

A. **HAR § 15-15-18 (1)**

*It shall include lands characterized by "city-like" concentrations of people, structures, streets, urban level of services and other related land uses.*

The Petition Area is located approximately one mile from Kailua Kona, and is within the designated path for urban development. It is close to areas with "city-like" concentrations of people, and is intended for additional density. The LUPAG designation of the Petition Area is Urban Expansion and Low Density Urban. Most of the surrounding properties are LUPAG designated Urban Expansion, with a large area of High Density Urban land located on the makai side of Ane Keohokalole Highway, and a limited area of Low Density Urban land located mauka

of the Petition Area. The Petition Area is within the Kona UA, and has been designated as a Neighborhood TOD under the Kona CDP.

**B. HAR § 15-15-18 (2)**

*It shall take into consideration the following specific factors: (A) Proximity to centers of trading and employment except where the development would generate new centers of trading and employment; (B) Availability of basic services such as schools, parks, wastewater systems, solid waste disposal, drainage, water, transportation systems, public utilities, and police and fire protection; and (C) Sufficient reserve area for foreseeable urban growth.*

The Petition Area is located approximately 1 mile from Kailua-Kona and within the designated area for future urban growth. It is located near resort areas and other employment centers that provide employment to current Island residents. In addition to the residential and civic uses planned for Kamakana Villages, the project will contain 3 mixed-use areas, 2 of which will be located near the future transit stops along the Ane Keohokalole Highway. Therefore, development of Kamakana Villages will allow workers to live closer to their places of employment, and should generate new centers of trading and employment.

**C. HAR § 15-15-18 (3)**

*It shall include lands with satisfactory topography, drainage, reasonably free from the danger of any flood, tsunami, unstable soil condition, and other adverse environmental effects.*

The lands of the Petition Area are appropriate for residential development and reclassification to the Urban District. The Petition Area is no more at risk for seismic hazards than the rest of the County of Hawaii, which is one of the most seismically active areas in the Country. Therefore, the Uniform Building Code, which has been adopted by the County of Hawaii, recommends that all structures meet the standards for Seismic Zone 4. Petitioner will develop Kamakana Villages consistent with these requirements.

The Lava Flow Hazard Zone classification for the Petition Area is 3 (on a scale of 1 - 9, with 1 being the highest risk), indicating moderate hazard, based primarily on lava flow history. The Petition Area is situated on the west-facing flank of the Hualalai volcano, the least active of the three (3) active volcanoes on the island of Hawaii.

The Petition Area is located approximately one (1) mile from the shoreline. It is not within the Tsunami Inundation Zone and would not need to be evacuated during a tsunami threat. According to the FEMA Federal Insurance Rate Map, the Petition Area is in FIRM Zone X (undetermined), which indicates that base flood elevations have not been determined for the area.

D. **HAR § 15-15-18 (4), (5)**

*(4) Land contiguous with existing urban areas shall be given more consideration than non-contiguous land, particularly when indicated for future urban use on state or county general plans or county community plans or development plans.*

*(5) It shall include lands in appropriate locations for new urban concentrations and shall give consideration to areas of urban growth as shown on the state and county general plans or county community plans or development plans.*

The Petition Area is located within the Kona CDP Urban Area, and is almost entirely surrounded by lands within the Urban District. It has been identified for TOD development in the Kona CDP. The LUPAG designations for most of the surrounding properties are Urban Expansion, with a large area of High Density Urban land located on the makai side of Ane Keohokalole Highway, and a limited area of Low Density Urban land located mauka of the Petition Area.

E. **HAR § 15-15-18 (6)**

*It may include lands which do not conform to the standards in paragraphs (1) to (5): (A) When surrounded by or adjacent to existing urban development; and (B) Only when those lands represent a minor portion of this district.*

Reclassification of the Petition Area conforms to the standards under HAR § 15-15-18

(1) - (5).

F. **HAR § 15-15-18 (7)**

*It shall not include lands, the urbanization of which will contribute toward scattered spot urban development, necessitating unreasonable investment in public infrastructure or support services.*

The Petition Area has been designated by the County for future urban growth and development and will not contribute to scattered spot urban development. The LUPAG designation of the Petition Area is Urban Expansion and Low Density Urban, and it is within the Kona UA and designated as a Neighborhood TOD under the Kona CDP. Furthermore, the location is within existing service areas for public infrastructure and support services. Therefore, per-capita revenue contributions to the County and State via taxes should help to facilitate increased efficiencies in public infrastructure and support services.

G. **HAR § 15-15-18 (8)**

*It may include lands with a general slope of twenty per cent or more if the commission finds that those lands are desirable and suitable for urban purposes and that the design and construction controls, as adopted by any federal, state, or county agency, are adequate to protect the public health, welfare and safety, and the public's interests in the aesthetic quality of the landscape.*

Slopes within the Petition Area are less than 20%. Most of the makai half of the Petition Area has slopes of less than 5%. Most of the mauka half of the Petition Area has slopes of less than 15%, but there are some areas with a more steep grade, which can be developed for lower-density residential purposes. In general, housing types and density will be distributed dependent upon the slope of the land. Higher density homes with larger building footprints will be located within the flatter portions of the Petition Area closest to the Ane Keohokalole Highway, and



lower density homes with smaller building footprints are better suited for the steeper slopes in the more mauka portions of the Petition Area.

H. **HAWAIIAN CUSTOMARY AND TRADITIONAL RIGHTS - HAR § 15-15-50 (c)(20)**

*A statement addressing Hawaiian customary and traditional rights under Article XII, section 7 of the Hawaii State Constitution.*

Pursuant to the requirements of the Hawaii Supreme Court ruling in *Ka Pa'akai O Ka 'Aina v. Land Use Com'n*, 94 Hawai'i 31, 7 P.3d 1068 (2000) the Commission is required to make specific findings and conclusions relating to native Hawaiian gathering and fishing rights in terms of the cultural, historical, and natural resources and the associated traditional and customary practices of the site as follows: (i) the identity and scope of "valued, cultural, historical, or natural resources" in the Petition Area, including the extent to which traditional and customary native Hawaiian rights are exercised in the Petition Area; (ii) the extent to which those resources - including traditional and customary native Hawaiian rights - will be affected or impaired by the proposed action; and (iii) the feasible action, if any, to be taken by the Commission to reasonably protect native Hawaiian rights if they are found to exist.

Petitioner is aware of and sensitive to the existence and practice of native Hawaiian customary and traditional rights that are protected under Article XII, section 7 of the Hawaii State Constitution. A Cultural Impact Assessment was done (see Appendix D of the Final EIS). The CIA concluded that the development of Kamakana Villages would have no significant impact on Hawaiian cultural resources, beliefs and practices. Based on research, including a CIA, there are no known traditional gathering activities or cultural practices within the Petition Area.

I. **WRITTEN COMMENTS - HAR § 15-15-50 (c)(21)**

*Any written comments received by the petitioner from governmental, non-governmental agencies, organizations, or individuals in regards to the proposed reclassification.*

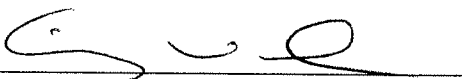
Written comments received by HHFDC during the Environmental Impact Statement process were included in Chapter 10 of the Final EIS. In addition, Petitioner has received comments from individuals and agencies in response to the proposed reclassification. Copies of the letters are attached hereto and incorporated herein as Petitioner's **Exhibit 37**, and a listing of the letters received is provided in Table 3 below.

<b>Table 3</b>			
Date	To	From	Regarding
1/28/2010	Jon Wallenstrom	Randolph G. Moore, Department of Education	Educational Contribution Agreement
2/09/2010	Steven S.C. Lim	Benjamin A. Kudo, Imanaka Kudo & Fujimoto	Memorandum of Understanding and Purchase Agreement
2/11/10	Alan Haun	Nancy McMahon, SHPD	Archaeological Mitigation Plan Update
2/19/10	Orlando Davidson	Morris A. Atta, DLNR	Petition for Amendment to the State Land Use District Boundary
2/22/2010	Race Randle	Milton Pavao, Department of Water Supply	Revised Water Master Plan
3/12/10	B.J. Leithhead Todd	Loyal Mehrhoff, U.S. F&W	Bidens micrantha ssp.ctenophylla
3/16/2010	Orlando Davidson	Morris M. Atta, DLNR	Petition for Amendment to the State Land Use District Boundary
8/19/10	Alan Haun	Thereas K. Donham, SHPD	Draft Addendum Archaeological Inventory Survey Report
9/2/10	Alan Haun	Thereas K. Donham, SHPD	Revised Addendum Archaeological Inventory Survey Report

XVII. CONCLUSION

Kamakana Villages, as an infill development, will be an attractive master-planned, mixed-use residential community designed to meet the acute need for affordable housing within North Kona. Based on the foregoing, Petitioner respectfully requests that the Commission find that the Petition complies with the necessary requirements of a petition for boundary amendment pursuant to HAR § 15-15-50. Petitioner also respectfully requests that the Commission find that the proposed development of the Petition Area meets with the standard for determining the Urban District boundaries pursuant to HAR § 15-15-18, and therefore grant the reclassification of the Petition Area from the Agricultural District to the Urban District.

MARK J. BENNETT  
Attorney General  
State of Hawaii



DIANE K. TAIRA  
CRAIG Y. IHA  
Deputy Attorneys General  
Attorneys for Petitioner  
**HAWAII HOUSING FINANCE AND  
DEVELOPMENT CORPORATION**



STEVEN S.C. LIM  
JENNIFER A. BENCK  
Attorneys for Petitioner  
**FOREST CITY HAWAII KONA, LLC**

Dated: Honolulu, Hawaii, September 7, 2010

Dated: Honolulu, Hawaii, September 7, 2010

**BEFORE THE LAND USE COMMISSION  
OF THE STATE OF HAWAII**

In the Matter of the Petition of

HAWAII HOUSING FINANCE AND  
DEVELOPMENT CORPORATION and  
FOREST CITY HAWAII KONA, LLC

To Amend the Agricultural Land Use District  
Boundaries into the Urban Land Use District  
for certain lands situate at Keahuolu, North  
Kona; consisting of approximately 271.837  
acres, Tax Map Key Nos. (3) 7-4-021:020  
(por.), (3) 7-4-021:024, (3) 7-4-021:025,  
(3) 7-4-021:026, (3) 7-4-021:027

DOCKET NO. A10-788

AFFIDAVIT OF JENNIFER A. BENCK  
ATTESTING TO SERVICE OF PETITION

**AFFIDAVIT OF SERVICE OF PETITION  
FOR DISTRICT BOUNDARY AMENDMENT**

JENNIFER A. BENCK, being first duly sworn, on oath, deposes and says:

1. Affiant is one of the attorneys for Petitioner Forest City Hawaii Kona, LLC ("**Petitioner**"), is licensed to practice law in the State of Hawaii, is duly authorized to make this affidavit, and does so upon personal knowledge and belief.

2. Forest City Hawaii Kona, LLC is one of the Petitioners for a State of Hawaii Land Use District Boundary Amendment, for certain lands situate at Keahuolu, North Kona, consisting of approximately 271.837 acres located within Tax Map Key Nos. (3) 7-4-021:020 (por.), (3) 7-4-021:024, (3) 7-4-021:025, (3) 7-4-021:026, (3) 7-4-021:027.

3. In compliance with §15-15-48(a), Hawaii Administrative Rules, Affiant will on September 7, 2010, serve a copy of the Petition for District Boundary Amendment by depositing the same in the United States mail, post paid, or by hand delivery, to each of the following persons, addressed as follows:

DEL. ABBEY MAYER, Director  
Office of Planning  
State Office Tower, 6th Floor  
235 South Beretania Street  
Honolulu, HI 96813

DEL. MARY ALICE EVANS  
Office of Planning  
State Office Tower, 6th Floor  
235 South Beretania Street  
Honolulu, HI 96813

DEL. BRYAN YEE, Esq.  
Deputy Attorney General  
Hale Auhau, Third Floor  
425 Queen Street  
Honolulu, HI 96813

CERT. BOBBY JEAN LEITHEAD-  
TODD, Director  
Planning Department  
County of Hawaii  
101 Pauahi Street, Suite 3  
Hilo, HI 96720

CERT. PHYLLIS FUJIMOTO  
Planning Department  
County of Hawaii  
101 Pauahi Street, Suite 3  
Hilo, HI 96720

CERT. LINCOLN ASHIDA, Esq.  
Corporation Counsel  
County of Hawaii  
101 Aupuni Street, Suite 325  
Hilo, HI 96720-4262

CERT. BRANDON A.K. GONZALEZ, Esq.  
Deputy Corporation Counsel  
County of Hawaii  
101 Aupuni Street, Suite 325  
Hilo, HI 96720-4262

CERT. PLANNING COMMISSION  
c/o Planning Department  
County of Hawaii  
101 Pauahi Street, Suite 3  
Hilo, HI 96720

DEL. LESTER G. L. WONG  
Manager  
FHT Kamakana, LLC  
201 Merchant Street, 20th Floor  
Honolulu, HI 96813

CERT. KATHRYN S. MATAYOSHI  
Interim Superintendent  
Hawaii State Department of  
Education  
1390 Miller Street  
Honolulu, HI 96813

CERT. STEVEN J. ARNETT  
Housing Administrator  
Office of Housing and Community  
Development  
50 Wailuku Drive  
Hilo, HI 96720-2456

DEL. HAWAIIAN TELCOM, INC.  
Legal Department  
1177 Bishop Street  
Honolulu, HI 96813

DEL. LAURA THIELEN, Chairperson  
Department of Land and Natural  
Resources  
151 Punchbowl Street, Room 220  
Honolulu, HI 96813

DEL. BENJAMIN A. KUDO, Esq.  
YUKO FUNAKI, Esq.  
Imanaka Kudo & Fujimoto  
Topa Financial Center  
745 Fort Street Mall, 17th Floor  
Honolulu, HI 96813

DEL. LEEANN CRABBE  
MICHELE OTAKE  
Queen Lili'uokalani Trust  
1100 Alakea Street, Suite 1100  
Honolulu, HI 96813

4. This Affidavit is provided in compliance with §15-15-50(c)(5)(C), HAR.

That further Affiant sayeth naught.

DATED: Honolulu, Hawaii, September 7, 2010.

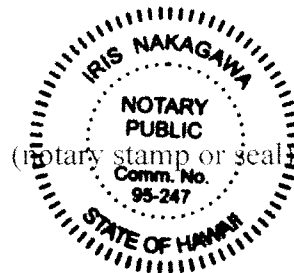
  
\_\_\_\_\_  
JENNIFER A. BENCK

The attached document: AFFIDAVIT OF  
SERVICE OF PETITION FOR DISTRICT  
BOUNDARY AMENDMENT, dated  
September 7, 2010, which consists of  
three (3) pages (including this page),  
was executed by Jennifer A. Benck who was  
subscribed and sworn to before me this 7th day  
of September, 2010 in the First Judicial Circuit  
of the State of Hawaii.

  
\_\_\_\_\_  
[Notary Signature]

Printed Name: Iris Nakagawa

My commission expires: 6/29/2011



**BEFORE THE LAND USE COMMISSION  
OF THE STATE OF HAWAII**

In the Matter of the Petition of

HAWAII HOUSING FINANCE AND  
DEVELOPMENT CORPORATION and  
FOREST CITY HAWAII KONA, LLC

DOCKET NO. A10-788

AFFIDAVIT OF JENNIFER A. BENCK  
ATTESTING TO MAILING OF THE  
NOTIFICATION OF PETITION FILING

To Amend the Agricultural Land Use District  
Boundaries into the Urban Land Use District  
for certain lands situate at Keahuolu, North  
Kona; consisting of approximately 271.837  
acres, Tax Map Key Nos. (3) 7-4-021:020  
(por.), (3) 7-4-021:024, (3) 7-4-021:025,  
(3) 7-4-021:026, (3) 7-4-021:027

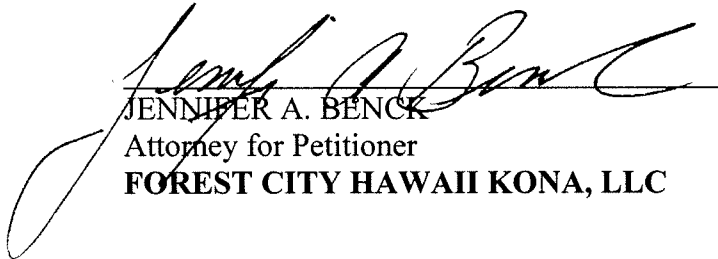
**AFFIDAVIT OF JENNIFER A. BENCK  
ATTESTING TO MAILING OF THE NOTIFICATION OF PETITION FILING**

JENNIFER A. BENCK, being first sworn on oath, deposes and says that:

1. Affiant is one of the attorneys for Petitioner, Forest City Hawaii Kona, LLC ("**Petitioner**"), is licensed to practice law in the State of Hawaii, is duly authorized to make this affidavit, and does so upon personal knowledge and belief.
2. This affidavit is made to comply with Section 15-15-50(d), Hawaii Administrative Rules ("**HAR**") for the State of Hawaii Land Use Commission ("**Commission**").
3. On September 7, 2010 Petitioner filed with the Commission a Petition For Land Use District Boundary Amendment ("**Petition**") in Docket No. A10-788.
4. On September 7, 2010, the same day that the Petition was filed with the Commission and pursuant to HAR Section 15-15-50(d), Petitioner sent a Notification of Petition

Filing to persons included on the Statewide and Hawaii County mailing lists provided to Petitioner by the Commission on or about August 24, 2010, copies of which are attached hereto as Exhibits "A" and "B" respectively.

Further affiant sayeth naught.

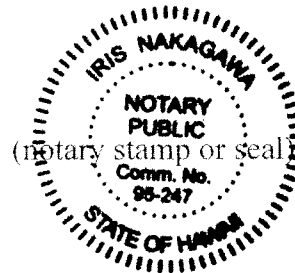
  
JENNIFER A. BENCK  
Attorney for Petitioner  
FOREST CITY HAWAII KONA, LLC

The attached document: AFFIDAVIT OF MAILING NOTIFICATION OF PETITION FILING, dated September 7, 2010, which consists of twelve (12) pages (including this page), was executed by Jennifer A. Benck who was subscribed and sworn to before me this 7th day of September, 2010 in the First Judicial Circuit of the State of Hawaii.

  
\_\_\_\_\_  
[Notary Signature]

Printed Name: Iris Nakagawa

My commission expires: 6-29-2011





## Exhibit A

Lincoln Ashida, Esq.  
County of Hawaii  
101 Aupuni Street, Suite 325  
Hilo HI 96720

Geni Bell, Superintendent  
c/o Sallie Beavers  
Kaloko-Honokohau National Park  
73-4786 Kanalani Street #14  
Kailua-Kona HI 96740

Mr. Milton D. Pavao, Manager  
Hawaii County Dept of Water Supply  
345 Kekuanaoa Street, Suite 20  
Hilo, HI 96720-4388

Scott Carter  
P. O. Box 384031  
Waikoloa HI 96738

Anthony Ching Ako  
PO Box 943  
Kapaau, Hawaii 96755

Mr. Ralph Farmer  
75-5865 Waiua Road, #F-1  
Kailua-Kona HI 96740

Mr. H. Foster  
68-1723 Hulukoa Place  
Waikoloa HI 96738

Ms. Phyllis Fujimoto  
224 Haili Street  
Hilo HI 96720

Governor's Liaison Office-West Hawaii  
75-5722 Kuakini Hwy, Suite 215  
Kailua-Kona HI 96740-1723

Mr. Bill Graham  
Life of the Land  
P. O. Box 155  
Hawi HI 96719

Ms. Judith Graham  
P. O. Box 1366  
Kamuela HI 96743

Virginia Isbell  
P O Box 926  
Kealahakua, HI 96750

George Robertson  
Puako Community Association  
P. O. Box 44490  
Kawaihae, HI 96743

Lisa Wong, GIS Analyst  
25 Aupuni St., Rm. 102  
Hilo, HI 96720

Hawaii County Civil Defense Agency  
920 Ululani Street  
Hilo HI 96720

Hawaii Tribune-Herald  
Attn: Jason Armstrong  
P. O. Box 767  
Hilo HI 96721

Ruth Bass  
P. O. Box 690  
Naalehu, HI 96772

Mr. Mahealani Pai  
Pai 'Ohana  
P. O. Box 251  
Kailua-Kona HI 96745

Ms. Ku'ulei Keakealani  
P. O. Box 6043  
Kamuela HI 96743

Jerry F. Halverson  
78-7206 Puuloa Road  
Kailua-Kona, HI 96740

Mr. Jack Kelly  
P. O. Box 917  
Capt. Cook HI 96704-0917

Planning Commission  
County of Hawaii  
101 Pauahi Street, Suite 3  
Hilo HI 96720

Kona Kohala Chamber of Commerce  
75-5737 Kuakini Highway, #208  
Kailua-Kona HI 96740

Bobby Jean Leithead-Todd  
HCCPH Community Assn.  
118 Lukia Street  
Hilo HI 96720

Ms. Leina'ala Lightner  
P. O. Box 684  
Kailua-Kona HI 96745

Mr. Myles Miyasato  
c/o H.O.E.I.S.F.  
50 Waiuanue Avenue  
Hilo HI 96720

Ross Engineering, Inc.  
77-6219 A Kaunalumalu  
Holualoa HI 96725

Ms. Amy G. Self  
Office of the Corporation Counsel  
101 Aupuni Street, Suite 325  
Hilo, HI 96720

**HAWAII MAILING LIST**  
**Updated: 03/18/2010**

Ms. Mikahala Roy  
P. O. Box 596  
Kailua-Kona HI 96745

Lukela Ruddle  
Office of Hawaiian Affairs  
162 Baker Ave. #A  
Hilo HI 96720-4869

Lesley Tyler  
73-1305 Hiolani Street  
Kailua-Kona HI 96740-9344

Aaron Ueno  
Hawaii District Health Office  
P O Box 916  
Hilo, HI 96721

Ms. Kim Magnuson  
P.O. Box 567  
Papaikou, Hawaii 96781

Julie Pasquale  
P. O. Box 743  
Naalehu, HI 96772

Council Member K. Angel Pilago  
Kailua Trade Center  
75-706 Hanama Place #109  
Kailua-Kona, HI 96740

Tsukazaki Yeh & Moore  
85 W. Lanikaula Street  
Hilo, HI 96720

Kahua Ranch, Ltd./Ponoholo Ranch, Ltd.  
P O Box 1879  
Kamuela, HI 96743

Hawaii Electric Light Co., Inc.  
Attn: Land Division  
P O Box 1027  
Hilo, HI 96720

Sharon Weisner  
Brooks Tom Porter & Quitquit, LLP  
75-1000 Henry Street , Suite 208  
Kailua-Kona, Hawaii 96740

Dwight Vicente  
2608 Ainaola Drive  
Hilo, Hawaii 96720

McClellan Honokohau Properties  
P. O. Box 3000  
Kailua-Kona HI 96745-3000

Ms. Ruby McDonald  
Office of Hawaiian Affairs  
75-5706 Hanama Pl., #107  
Kailua-Kona HI 96740

Ms. Sunita Przewlocki  
27-2246 Hawaii Belt Road  
Papaikou HI 96781

Ms. Barbara McDonnell  
Palamanui, LLC  
P.O. Box 9007  
Kailua Kona, HI 96745

Michele Costa  
P O Box 593  
Papaikou, HI 96781

Ms. Margaret Johnson  
P.O. Box 551  
Papaikou, Hawaii 96881

Ms. Kim Magnuson  
Box 567  
Papaikou, Hawaii 96781

Dana Remy  
P O Box 391060  
Keauhou, Hawaii 96739

Tracy Solomon  
P O Box 391060  
Keauhou, Hawaii 96739

Greg Gauthier  
ILWU  
100 W. Lanikaula Street  
Hilo, Hawaii 96720

Mr. John Bansemmer  
Bansemmer Realty  
P O Box 391172  
Kailua-Kona, Hawaii 96740

Sam Walker, Sr.  
P O Box 9031  
Kailua-Kona, Hawaii 96745

Mr. Keoni Paoa  
P O Box 469  
Holualoa, Hawaii 96725

Mr. Kuliike Chong  
P O Box 6173  
Kamuela, HI 96743

Gene Paul Rivera  
74-4932 D Mamalohu Hwy  
Holualoa, HI 96725

Janice Palma-Glennie  
P O Box 4849  
Kailua-Kona, Hawaii 96745

George Robertson  
P O Box 44490  
Kamuela, Hawaii 96743

Albert A. Nakaji  
27-319 Kaieie Homestead Rd.  
Papaikou, HI 96781

Howard Kihune  
2530 Kekaa Drive, C-1  
Lahaina, HI 96761

Ronny Repplinger  
77-106 Kalaniuka Street  
Holualoa, HI 96725

Jack Branco  
133 Awa Steet  
Hilo, Hawaii 96720

## Exhibit B

UH Director of Capital Improvements  
1951 East West Road  
Honolulu, Hawaii 96822

Anthony J.H. Ching  
State of Hawaii  
Hawaii Community Development Authority  
677 Ala Moana Boulevard, Suite 1001  
Honolulu, Hawaii 96813

### **STATEWIDE MAILING LIST Last Updated: 07/12/2010**

Earth Justice Legal Defense Fund  
Austin Building, Suite 400  
223 South King Street  
Honolulu HI 96813

Mr. Perry Artates  
Hawaii Operating Engineers  
95 Lono Avenue, Suite 104  
Kahului HI 96732-1610

Ashford & Wriston Library  
P. O. Box 131  
Honolulu HI 96810

Associated Press  
500 Ala Moana Boulevard, Suite 7-590  
Honolulu, Hawaii 96813

Rose Marie H. Duey  
Alu Like, Inc., Maui Island Center  
1977 Kaohu Street  
Wailuku HI 96793

Mr. Ikuto Taketa  
c/o Hawaii Irrigation & Supply  
803 Mapunapuna Street  
Honolulu HI 96819

Michael J. Belles, Esq.  
Belles Graham Proudfoot & Wilson  
4334 Rice Street, Suite 202  
Lihue HI 96766

Gene Zarro  
22 Ulunui Place  
Pukalani, HI 96768

Gary L. Blaich, M.D.  
P. O. Box 1434  
Kilauea HI 96754

Mr. James Garrigan  
P O Box 3143  
Kailua-Kona, Hawaii 96745

Mr. Kenneth Okamura  
641 Pollopoli Road  
Kula, Hawaii 96790

James S. Greenwell  
Lanihau Partners L.P.  
3465 Waialae Avenue, Suite 260  
Honolulu HI 96816

Patrick Borge, Sr.  
536 Haawina Street  
Paia, Hawaii 96779-9609

P. Roy Catalani  
Young Brothers, Ltd.  
Pier 40 – P. O. Box 3288  
Honolulu, HI 96801

Building Industry Association of Hawaii  
P.O. Box 970967  
Waipahu, HI 96797

Building Trades Council  
Gentry Pacific Design Ctr. Ste. 215A  
560 N. Nimitz Hwy. #50  
Honolulu HI 96817

Roy A. Vitousek III  
Cades Schutte LLP  
75-170 Hualalai Road, Suite B-303  
Kaulua-Kona HI 96740

Ms. Phyllis Cayan  
99-060 Kauhale St, Apt. 607  
Alea HI 96701

Mr. Charles Trembath  
4152 Palaumahu  
Lihue HI 96766

Surety Kohala Corporation  
P. O. Box 249  
Hawi HI 96719

Mr. Bruce Tsuchida  
Townscape  
900 Fort Street Mall, #1160  
Honolulu HI 96813

Ms. Meredith J. Ching  
Alexander & Baldwin, Inc.  
P. O. Box 3440  
Honolulu HI 96801

Council Services Administration  
Kauai County Council  
3371-A Wilcox Road  
Lihue, HI 96766

Ms. K. Chun  
P. O. Box 3705  
Honolulu HI 96811

City Desk Clerk-Public Hearings  
Honolulu Star Bulletin  
500 Ala Moana Boulevard, Unit 210  
Honolulu, Hawaii 96813-4914

Ms. Eleanor Mirikitani  
c/o Waikoloa Land Co.  
150 Waikoloa Beach Drive  
Waikoloa HI 96738

Mr. David Penn  
P. O. Box 62072  
Honolulu HI 96839

Castle & Cooke Hawaii  
100 Kahelu Avenue, 2<sup>nd</sup> Floor  
Milliani, Hawaii 96789

Mr. Lunakanawai Hauanio  
P. O. Box 871  
Capt. Cook HI 96704

Alan Kaufman, DVM  
P O Box 297  
Kula, HI 96790

Karen Piltz  
Chun Kerr Dodd Beaman & Wong  
745 Fort Street, 9<sup>th</sup> Floor  
Honolulu, HI 96813

Mr. David Rae  
The Estate of James Campbell  
1001 Kamokila Boulevard  
Kapolei HI 96707

United States Marine Corps  
Commander, Marine Forces Pacific  
Attn: G4. Box 64118  
Camp H.M. Smith, Hawaii 96861-4118

Representative Cindy Evans  
7<sup>th</sup> District  
State Capitol, Room 311  
Honolulu, Hawaii 96813

U.S. Fish and Wildlife Service  
300 Ala Moana Blvd., Rm. 3-122  
Honolulu HI 96813

Department of the Army  
Directorate of Public Works  
Attn: Planning Division  
Schofield Barracks, Hawaii 96857-5013

Mr. Albert K. Fukushima  
1841 Palamoi Street  
Pearl City HI 96782

Mr. Ian Costa, Director  
Planning Department - Kauai  
4444 Rice Street, Suite 473  
Lihue HI 96766

J. Gillmar  
P. O. Box 2902  
Honolulu HI 96802

Lynn Kaho'ohalahala  
124 A Fleming Road  
Lahaina, HI 96761

Isaac Hall, Esq.  
2087 Wells Street  
Wailuku HI 96793

The Hallstrom Group, Inc.  
Suite 1350  
1003 Bishop Street  
Honolulu HI 96813

Ms. Esther Ueda  
98-1784-B Kaahumanu Street  
Pearl City HI 96782

Real Property Division  
County of Kauai  
4444 Rice Street  
Lihue HI 96766

Mr. Randy Hara  
C&C Department of Planning & Permitting  
650 South King Street  
Honolulu HI 96813

Hawaii's Thousand Friends  
25 Malunui Ave., Suite 102, PMB 282  
Kailua HI 96734

Jacqui Hoover, President  
Hawaii Leeward Planning Conference  
P. O. Box 2159  
Kamuela HI 96743

Mr. Gordon Pang  
Honolulu Advertiser  
605 Kapiolani Boulevard  
Honolulu, HI 96813

Mr. Norman Hayashi  
563 West Kawaiilani Street  
Hilo HI 96720

Mrs. Jan Higa & Company  
3171 Waialae Avenue  
Honolulu HI 96816

Department of the Navy  
Commander in Chief, U.S. Pacific Fleet  
Commander in Chief  
250 Makalapa Drive  
Pearl Harbor, HI 96860-3131

U.S. Pacific Command  
Commander in Chief  
Box 64028  
Camp H.M. Smith, Hawaii 96861-4028

Commander  
Navy Region Hawaii  
850 Ticonderoga Street, Suite 110  
Pearl Harbor HI 96860-5101

Lawrence Ing, Esq.  
Ing, Horikawa & Jorgensen  
2145 Wells Street, Suite 204  
Wailuku, Hawaii 96793-2222

Mrs. Dora Horikawa  
99-645 Kaulaiahee Place  
Aiea HI 96701-3542

Ms. Sara Collins  
DLNR - Historical Preservation Division  
601 Kamokila Blvd., Room 555  
Kapolei HI 96707

Walter Mensching  
RSS Ltd.  
1658 Liholiho Street, Suite 306  
Honolulu, Hawaii 96822

Mr. Alexander C. Kinzler  
1100 Alakea Street Ste. 2900  
Honolulu, HI 96813-2833

Roy A. Vitousek, III  
Cades Schutte  
75-170 Hualalai Rd., Ste 303  
Kailua-Kona, HI 96740

Jill K. Veles, Legal Assistant  
Oshima, Chun, Fong & Chung  
841 Bishop Street, #400  
Honolulu HI 96813

Isaac Fiesta  
ILWU Local 142 - Hawaii Division  
100 W. Lanikaula Street  
Hilo, HI 96720

Libbie Kamisugi  
2500 Aha Aina Place  
Honolulu HI 96821

Collette M. Sakoda  
Environmental Planning Solutions LLC  
945 Makaiwa Street  
Honolulu, HI 96816

Dwight Kauahikaua  
Kawaiahao Plaza, Suite 108  
567 South King Street  
Honolulu HI 96813

PBR Hawaii  
1719 Haleloki Street  
Hilo, HI 96720

Verizon Hawaii, Inc.  
Attn: Real Property Section  
P O Box 2200  
Honolulu, HI 96841

Lynn Peters  
P.O. Box 11960  
Honolulu, HI 96828-0960

Cheryl Izuka, Senior Title Officer  
Title Guaranty of Hawaii, Inc.  
235 Queen Street  
Honolulu, Hawaii 96813

Attn.: Ms. Wanda Wehr  
KITV News 4  
801 S. King Street  
Honolulu HI 96813

West Hawaii Today  
Attn: Reed Flickinger  
P. O. Box 789  
Kailua-Kona HI 96745-0789

Mr. Chester Koga  
R.M. Towill Corporation  
2024 North King Street, Suite 200  
Honolulu, Hawaii 96819

Benjamin A. Kudo, Esq.  
Imanaka Kudo & Fujimoto  
745 Fort Street, 17<sup>th</sup> Floor  
Honolulu HI 96813

Mr. Kenneth Kupchak  
Damon Key Bocken Leong & Kupchak  
1003 Bishop Street, #1600  
Honolulu HI 96813

Burt Lau, Esq.  
999 Bishop St., Ste. 2600  
Honolulu HI 96813

Land Use Research Foundation of Hawaii  
700 Bishop Street, Suite 1928  
Honolulu HI 96813

Dain P. Kane  
Maui County Council  
200 South High Street  
Wailuku HI 96793

Pat Lee & Associates, Inc.  
45-248A Pahikaua Place  
Kaneohe HI 96744

League of Women Voters  
49 South Hotel Street, Rm. 314  
Honolulu HI 96813

Dickson C. H. Lee, Esq.  
Takushi Wong Lee & Yee  
841 Bishop Street, Suite 1540  
Honolulu, Hawaii 96813

Michael Y. M. Loo  
Princeville Corporation  
P. O. Box 223040  
Princeville HI 96722-3040

Life of the Land  
76 North King Street, Suite 203  
Honolulu HI 96817

Steven S.C. Lim, Esq.  
Carlsmith Ball  
121 Waiuanue Avenue  
Hilo HI 96720

Crockett & Nakamura  
38 S. Market Street  
Wailuku, Hawaii 96793

Mr. Greg Apa, President  
Leeward Land LLC  
P. O. Box 2862  
Waianae, Hawaii 96792

Benjamin M. Matsubara, Esq.  
C.R. Kendall Building, 8th Floor  
888 Militani Street  
Honolulu HI 96813

Sue White  
1118 Maunawili Road  
Kailua HI 96734

Metro Calendar  
605 Kapiolani Blvd.  
Honolulu HI 96802

William W.L. Yuen, Esq.  
1001 Bishop Street, Suite 2700  
Honolulu HI 96813-7984

Attn: Bonnie Stifel  
McCorriston Miller Mukai MacKinnon  
P. O. Box 2800  
Honolulu HI 96803-2800

Bobby Jean Leithed-Todd Director  
County of Hawaii, Planning Department  
101 Pauahi Street, Suite 3  
Hilo, Hawaii 96720

Pat Tummons  
72 Kapiolani Street  
Hilo, Hawaii, 96720

Jesse K. Souki, Esq.  
Department of the Corporation Counsel  
City and County of Honolulu  
530 S. King Street, Rm. 110  
Honolulu, Hawaii 96813

Real Property Tax Division, Dept of Finance  
County of Hawaii  
101 Aupuni Street, Suite 4  
Hilo, HI 96720-4224

Frances Mossman  
P. O. Box 31069  
Honolulu HI 96820-1069

Franklin Mukai, Esq.  
McCorriston Miller Mukai MacKinnon  
P. O. Box 2800  
Honolulu HI 96803-2800

National Resources Conservation Svc.  
Attn: Chris Smith  
P. O. Box 50004  
Honolulu HI 96850

Ms. Heide Meeker  
Dept. of Education/Facilities & Support Svcs  
Kalani High School  
4680 Kalaniana'ole Hwy #TB1A  
Honolulu, Hawaii 96821

Native Hawaiian Legal Corporation  
1164 Bishop Street, #1205  
Honolulu HI 96813

Nathan Natori, Esq.  
1003 Bishop Street  
Suite #1360  
Honolulu HI 96813

Natural Resources Conservation Svc.  
300 Ala Moana Blvd., Room 4-118  
Honolulu HI 96850

Wilson Okamoto & Associates  
Attn: Earl Matsukawa  
1907 S. Beretania Street  
Honolulu, HI 96826

Julian Ng, Inc.  
P. O. Box 816  
Kaneohe HI 96744-0816

Mr. John M. White  
Hawaii Land Company  
P. O. Box 10  
Honolulu HI 96810

Ms. Donna Ann Kamehaiku Ono  
He'e'ia Historical Society  
46-522 Haiku Plantations Drive  
Kaneohe HI 96744

Peter Yukimura  
P. O. Box 1031  
Lihue, HI 96766

Mr. Kent Matsuo  
James Campbell Co., LLC  
1001 Kamokila Boulevard, Ste 200  
Kapolei HI 96707

Mr. Kyle Chock, Executive Director  
Pacific Resource Partnership  
1001 Bishop Street, Suite 1501  
Honolulu HI 96813

DOT Highways / Oahu District Office  
Engineer Program Manager  
727 Kakoi Street  
Honolulu, HI 96819

Ms. Rhoda Libre  
P. O. Box 246  
Kaunakani HI 96747

PBR Hawaii  
Pacific Tower, Suite 650  
1001 Bishop Street  
Honolulu HI 96813

The Pele Defense Fund  
P. O. Box 404  
Volcano HI 96785

Mr. Jeff Hunt, Director  
Planning Department - County of Maui  
250 South High Street  
Wailuku HI 96793

Mr. Mark Murakami  
Damon Key Leong Kupchak Hastert  
1003 Bishop Street, #1600  
Honolulu, HI 96813

Julie Ann Miyashiro  
3247 Catherine St.  
Honolulu, HI 96815

Real Property Tax Division  
Department of Finance - County of Hawaii  
101 Pauahi Street, Suite No. 4  
Hilo HI 96720

Mr. Richard Poirer  
95-584 Naholoholo  
Mililani HI 96789

Prosser Realty, Inc.  
4379 Rice Street  
Lihue HI 96766

Sierra Club, Kauai Group  
P. O. Box 3412  
Lihue HI 96766

Mr. Dan Yasui  
A & B Properties, Inc.  
P. O. Box 3440  
Honolulu HI 96801-3440

Ms. Holly Hackett  
P.O. Box 755  
Honolulu, Hawaii 96808

Mr. Abbey Seth Mayer, Director  
Office of Planning  
P. O. Box 2359  
Honolulu HI 96804-2359

Ms. Brenda Saigado  
KGMB  
420 Waiakamilo Road, Suite 205  
Honolulu, HI 97817

Sierra Club, Hawai'i Chapter  
P. O. Box 2577  
Honolulu HI 96803

Maurice Morita  
Hawaii LECET  
1617 Palama Street  
Honolulu, HI. 96817

Mr. Robert J. Smolenski  
841 Bishop Street, Ste. 1717  
Honolulu HI 96813-3970

Mr. Steven Strauss  
P. O. Box 11517  
Hilo HI 96720

Wesley R. Segawa & Associates  
736 South St. #206  
Honolulu, HI 96813

Mr. Bruce A. Coppa  
Communications Pacific  
600 Queen St., Unit 2808  
Honolulu, HI 96813

Claudia Rohr  
369 Nene St.  
Hilo, HI 96720

Steven Lee Montgomery, Ph.D.  
94-610 Palai Street  
Waipahu, Hawaii 96797-4535

Frank Carlos  
398 Puiwa Road  
Honolulu, HI 96817

Randall Sakumoto, Esq.  
McCorriston Miller Mukai MacKinnon LLP  
P. O. Box 2800  
Honolulu, Hawaii 96803-2800

Brenda Luana Machado Lee  
P. O. Box 133  
Captain Cook, Kona, Hawaii 96704

Laura Kodama  
Castle and Cooke  
100 Kahelu Avenue, 2nd Floor  
Mililani, HI 96789

C. Mike Kido  
External Affairs  
The Pacific Resource Partnership  
1001 Bishop Street, ASB Tower #1501  
Honolulu, HI 96813

Irene Anzai  
Rush Moore LLP  
737 Bishop Street, Suite 2400  
Honolulu, HI 96813

Stanford S. Carr, President  
Stanford Carr Development LLC  
1100 Alakea Street, 27th Floor  
Honolulu, HI 96813

Bill Mills, Chairman  
The Mills Group  
1100 Alakea Street, Suite 2200  
Honolulu, HI 96813

DOT Highways / Hawaii District Office  
Engineer Program Manager  
50 Makaala Street  
Hilo, HI 96720

Kyong-Su Im  
Paul Johnson Park & Niles  
ASB Tower, Suite 1300  
1001 Bishop Street  
Honolulu, Hawaii 96813

DOT Highways / Maui District Office  
Engineer Program Manager  
650 Palapala Drive  
Kahului, HI 96732

Department of Transportation  
Highways Division  
Kauai District Office  
1720 Haleukana Street  
Lihue, Hawaii 96766

Michael Levine  
2754 Kuilei Street, Apt 606  
Honolulu, 96826

Curtis T. Tabata  
Matsubara - Kotake  
A Law Corporation  
888 Mililani Street, Eighth Floor  
Honolulu, Hawaii 96813

Chairman - Planning Commission  
County of Kauai  
4444 Rice Street, Suite 473  
Lihue HI 96766

Christopher J. Bennett, Esq.  
Watanabe Ing LLP  
999 Bishop Street, 23rd Floor  
Honolulu, HI 96813

DOT - Airports Administrator  
Inter-Island Terminal, Suite 700  
Honolulu International Airport  
400 Rodgers Blvd.  
Honolulu, HI 96819



Mr. Abe Mitsuda  
Office of Planning  
P. O. Box 2359  
Honolulu HI 96804-2359

Mary Lou Kobayashi  
Office of Planning  
P. O. Box 2359  
Honolulu HI 96804-2359

Lance Tauoa  
DOH-Environmental Planning, Rm. 312  
919 Ala Moana Boulevard  
Honolulu HI 96814

Department of Transportation  
Harbors Division  
79 South Nimitz Highway  
Honolulu HI 96813

Director - OEQC  
235 South Beretania St., Rm. 702  
Honolulu HI 96813

Mr. Theodore Liu, Director  
DBEDT  
P. O. Box 2359  
Honolulu HI 96804-2359

Mr. Ronald F. Tsuzuki  
Highways Division, Planning Branch  
869 Punchbowl Street  
Honolulu, HI 96813

Deputy Director  
Department of Transportation  
869 Punchbowl Street  
Honolulu HI 96813

Bryan Yee, Deputy Attorney General  
Commerce & Economic Development Div  
Department of Attorney General  
425 Queen Street  
Honolulu, Hawaii 96813

HIARNG Environmental Office  
3949 Diamond Head Road  
Honolulu, HI 96816-4495

Scot Urada  
DOT Design Branch, Highways Division  
601 Kamokila Blvd., Room 688-A  
Kapolei HI 96707

Glenn Soma  
DOT Transportation Planning Office  
869 Punchbowl Street  
Honolulu, HI 96813

Department of Land and Natural Resources  
Land Division, Coastal Lands Program  
P O Box 621  
Honolulu, HI 96809-0621

Executive Director  
HHFDC  
677 Queen Street, Suite 300  
Honolulu HI 96813

Mr. Gordon Matsuoka  
DAGS - Public Works Division  
P. O. Box 119  
Honolulu HI 96810

Chairman of the Board  
Dept of Agriculture  
1428 South King Street  
Honolulu HI 96814

HHFDC  
Planning & Evaluation Office  
677 Queen Street, Suite 300  
Honolulu HI 96813

Dwight Vicente  
2608 Ainaloa Dr.  
Hilo, HI 96720

Michael D. Fomby, Deputy Director  
DOT Harbors Division  
79 S. Nimitz Highway  
Honolulu, HI 96813-4898

Major General Edward L. Correa, Jr.  
Department of Defense  
3949 Diamond Head Road  
Honolulu HI 96816

Diane E. Erickson, Esq.  
Deputy Attorney General  
425 Queen Street  
Honolulu HI 96813

Commission on Water Resource Management  
Dept. of Land & Natural Resources  
1151 Punchbowl Street, Room 227  
Honolulu HI 96813

Land Management Division  
Dept. of Land & Natural Resources  
1151 Punchbowl Street, Room 131  
Honolulu, HI 96813

Dept. of Land & Natural Resources  
Chairperson's Office  
1151 Punchbowl Street, Room 130  
Honolulu HI 96813

Deputy Director  
Department of Land and Natural Resources  
P.O. Box 621  
Honolulu, Hawaii 96809

Dept. of Hawaiian Home Lands  
P. O. Box 1879  
Honolulu HI 96805

The Honorable Linda Lingle  
Governor, State of Hawaii  
State Capitol  
Honolulu HI 96813

Jennifer Benck  
Carlsmith Ball LLP  
1001 Bishop St., Ste 2200  
Honolulu, Hawaii 96813

Iris Nakagawa  
Carlsmith Ball LLP  
1001 Bishop St., Ste 2200  
Honolulu, Hawaii 96813

Ikaika Hussey, Publisher  
The Hawaii Independent  
32 Merchant St. #204  
Honolulu, Hawaii 96813

Daryn Arai  
County of Hawaii, Planning Department  
101 Pauahi Street, Suite 3  
Hilo, Hawaii 96720

BEFORE THE LAND USE COMMISSION

OF THE STATE OF HAWAII

In the Matter of the Petition of

HAWAII HOUSING FINANCE AND  
DEVELOPMENT CORPORATION and  
FOREST CITY HAWAII KONA, LLC

To Amend the Agricultural Land Use District  
Boundaries into the Urban Land Use District  
for certain lands situate at Keahuolu, North  
Kona; consisting of approximately 271.837  
acres, Tax Map Key Nos. (3) 7-4-021:020  
(por.), (3) 7-4-021:024, (3) 7-4-021:025,  
(3) 7-4-021:026, (3) 7-4-021:027

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2010, addressed to:

DEL.            ABBEY MAYER, Director  
                  Office of Planning  
                  State Office Tower, 6th Floor  
                  235 South Beretania Street  
                  Honolulu, HI 96813

DEL.            MARY ALICE EVANS  
                  Office of Planning  
                  State Office Tower, 6th Floor  
                  235 South Beretania Street  
                  Honolulu, HI 96813

DEL.            BRYAN YEE, Esq.  
                  Deputy Attorney General  
                  Hale Auhau, Third Floor  
                  425 Queen Street  
                  Honolulu, HI 96813

CERT. BOBBY JEAN LEITHEAD-TODD, Director  
Planning Department  
County of Hawaii  
101 Pauahi Street, Suite 3  
Hilo, HI 96720

CERT. PHYLLIS FUJIMOTO  
Planning Department  
County of Hawaii  
101 Pauahi Street, Suite 3  
Hilo, HI 96720

CERT. LINCOLN ASHIDA, Esq.  
Corporation Counsel  
County of Hawaii  
101 Aupuni Street, Suite 325  
Hilo, HI 96720-4262

CERT. BRANDON A.K. GONZALEZ, Esq.  
Deputy Corporation Counsel  
County of Hawaii  
101 Aupuni Street, Suite 325  
Hilo, HI 96720-4262

CERT. PLANNING COMMISSION  
c/o Planning Department  
County of Hawaii  
101 Pauahi Street, Suite 3  
Hilo, HI 96720


DEL. LESTER G. L. WONG  
Manager  
FHT Kamakana, LLC  
201 Merchant Street, Suite 2000  
Honolulu, HI 96813

CERT. KATHRYN MATAYOSHI  
Acting Superintendent  
Hawaii State Department of Education  
1390 Miller Street  
Honolulu, HI 96813

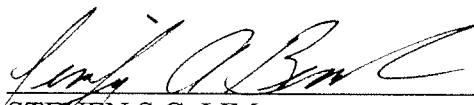
- CERT. STEVEN J. ARNETT  
Housing Administrator  
Office of Housing and Community Development  
50 Wailuku Drive  
Hilo, HI 96720-2456
- DEL. HAWAIIAN TELCOM, INC.  
Legal Department  
1177 Bishop Street  
Honolulu, HI 96813
- DEL. LAURA THIELEN, Chairperson  
Department of Land and Natural Resources  
1151 Punchbowl Street, Room 220  
Honolulu, HI 96813
- DEL. BENJAMIN A. KUDO, Esq.  
YUKO FUNAKI, Esq.  
Imanaka Kudo & Fujimoto  
Topa Financial Center  
745 Fort Street Mall, 17th Floor  
Honolulu, HI 96813
- DEL. LEEANN CRABBE  
MICHELE OTAKE  
Queen Lili'uokalani Trust  
1100 Alakea Street, Suite 1100  
Honolulu, HI 96813

DATED: Honolulu, Hawaii, September 7, 2010.

MARK J. BENNETT  
Attorney General  
State of Hawaii

  
\_\_\_\_\_  
DIANE K. TAIRA  
CRAIG Y. IHA  
Deputy Attorneys General  
Attorneys for Petitioner  
**HAWAII HOUSING FINANCE AND  
DEVELOPMENT CORPORATION**

Dated: Honolulu, Hawaii, September 7, 2010

  
\_\_\_\_\_  
STEVEN S.C. LIM  
JENNIFER A. BENCK  
Attorneys for Petitioner  
**FOREST CITY HAWAII KONA, LLC**

Dated: Honolulu, Hawaii, September 7, 2010