

LAND USE COMMISSION
MINUTES OF MEETING

September 30, 2005

Hapuna Beach Prince Hotel
62-100 Kaunao`a Drive
Kohala Coast, Hawaii 96743

COMMISSIONERS PRESENT: Kyong-su Im
Lisa Judge
Duane Kanuha
Steven Montgomery
Randall Sakumoto

COMMISSIONERS ABSENT: Thomas Contrades
Michael Formby
Ransom Piltz

STAFF PRESENT: Diane Erickson, Deputy Attorney General
Anthony Ching, Executive Officer
Maxwell Rogers, Staff Planner
Sandra Matsushima, Chief Clerk
Holly Hackett, Court Reporter
Andy Fish, Audio Technician

Chair Sakumoto called the meeting to order at 8:45 a.m.

A87-617 BRIDGE AINA LE`A, LLC and BANTER, INC. – fka Puako Hawaii Properties (Hawaii)

Chair Sakumoto stated that this was an action meeting to consider the Movant's request to reduce the amount of affordable housing in the Amended Findings of Fact, Conclusions of Law, and Decision and Order Dated July 9, 1991.

APPEARANCES

Bernard Bays, Esq., represented Petitioner
Joshua Treyve, Esq., represented Petitioner
Hoolae Paoa, CEO, Bridge Aina Le`a and Banter, Inc.
Norman Hayashi, County of Hawaii, Department of Planning
John Chang, Esq., represented State Office of Planning
Laura Thielen, Director, State Office of Planning
Abe Mitsuda, State Office of Planning

Chair Sakumoto stated that the Commission would like to ensure that everyone has an opportunity to provide public testimony and to also have enough time for the Commission to hear the Movant's presentation. Chair Sakumoto entertained a motion to consider a modification to the LUC procedure and limit the public testimony to 3 minutes per person.

Vice Chair Judge moved to limit the public testimony to 3 minutes per person. Commissioner Im seconded the motion. The motion was approved by voice votes.

Public Witnesses

1 Dan Weisgerber

Mr. Weisgerber stated that affordable housing is needed here and added that he lives on the other side of the island and commutes daily to work. There were no questions posed by the parties and the Commission.

2. Shaun Lenders

Mr. Lenders echoed Mr. Weisberger's comments and added that the increased infrastructure provided by the project would meet the needs of the area along with the other future developments.

Commissioner Kanuha asked Mr. Lenders what occupation he was in. Mr. Lenders replied that he was a project engineer for a construction company.

Vice Chair Judge asked what Mr. Lenders meant by the increased infrastructure. Mr. Lenders replied that he believes there will be a mauka-makai evacuation road and is also looking forward to the proposed green open spaces.

3. Jeremiah Pappé

Mr. Pappé stated that this project will bring increased housing opportunities for lower income families and a reduction in commute time. There were no questions posed by the parties and the Commission.

4. Mike Skeem

Mr. Skeem stated that this project will enable 300 plus employees to live in affordable housing units plus an increase in other units will make the market more acceptable. Mr. Skeem added that he is in support of the project. There were no questions posed by the parties and the Commission.

5. George Robertson

Mr. Robertson stated that he represents the Puako Community Association and that their attorney was also present.

Mr. Bays noted that they had no objections to having his counsel with him.

Mr. Robertson stated that originally this project envisioned 1000 affordable housing units and that the 384 units is a considerable reduction. Mr. Robertson added that the Puako Community Association sees a tremendous need for this affordable housing, but noted that if the Petitioner would take off the time-share component, they would be in support of the project.

Vice Chair Judge asked for the number of members in the Puako Association. Mr. Robertson replied that there are 120 homeowner members.

Chair Sakumoto asked what is the relevance of the time-share component or the absence of the time-share component, such that it would cause the Association to change its position. Mr. Robertson stated that the concerns of the Puako community would be that tourist would come into the time-share equation and create a greater impact on the community versus that of a residential community. Mr. Robertson added that they support affordable housing and private homeownership.

Vice Chair Montgomery raised a few questions on the financial planning of the project and the numbers calculated on affordable housing.

After a brief discussion, there were no further questions posed by the Commission.

6. Richard Baker, Jr.

Mr. Baker stated that he represents the ILWU on Hawaii and provided testimony in support of the motion because their organization represents members who work in this area and need affordable housing. There were no questions posed by the parties and the Commission.

7. Gil Barden

Mr. Barden stated that he is in support of the motion since it would bring in jobs and is in compliance with the 20% County affordable housing requirement. There were no questions posed by the parties and the Commission.

8. Nick Lopez

Mr. Lopez stated that he is an engineer at the Mauna Kea Resort for over 30 years and the addition of 384 affordable housing units will have a substantial impact on the supply of affordable housing for the employees. There were no questions posed by the parties and the Commission.

9. Velda Akamu

Ms. Akamu stated that she works at Hapuna Prince and that she and her co-workers commute daily, with some commuting from as far away as Naalehu. She added that she is in support of the motion to reduce the number of units from 1000 to 350 for those who would be able to spend less time on the roads.

10. Greg Gauthier

Mr. Gauthier stated that he is the Chair of the Liquor Commission for the County of Hawaii and a bartender at the Mauna Kea Resort. He expressed his support of the motion and expounded on the need for affordable homes in this area.

Vice Chair Montgomery raised a few questions relative to the figures of moderate and affordable home prices, the 1000 affordable housing units reduced to 384, the feasibility of the project once it is reduced, and the numbers based on that calculation.

After a brief discussion, there were no further questions posed by the Commission.

11. Suzy Andrade

Mr. Carroll stated that Suzy was not available but has submitted her written testimony. Mr. Carroll noted that he was next in line.

12. John Carroll

Mr. Carroll expressed his support for the motion and added that he has already submitted his written testimony.

Ms. Leithead-Todd asked Mr. Carroll if he was aware that the County is actively pursuing another project to have affordable housing units built in that area. Mr. Carroll replied that he is aware of that.

13. Justin Kanakaole

Mr. Kanakaole stated that he is in support of the affordable housing because of the long distance driving and the rising gas prices. He added that this project is good for those who could work and live in the area. There were no questions posed by the parties or the Commission.

14. Shannon Galieto

Mr. Galieto expressed his support for the affordable housing and commented that they are the workers building these homes, yet cannot afford to live in them. There were no questions posed by the parties or the Commission.

A recess break was taken at 9:40 a.m. The meeting reconvened at 9:50 a.m.

15. Clint Beck

Mr. Beck stated that he lives in Kau and expressed his support for affordable housing. There were no questions posed by the parties and the Commission.

16. Keoni Paoa

Mr. Paoa noted his support for the 384 units of affordable housing stating that this is not 1000 units but it is better than nothing. There were no questions posed by the parties and the Commission.

17. Mike Masuda

Mr. Masuda expressed his support for the project and stated that the construction industry has supported his family for many years. There were no questions posed by the parties and the Commission.

18. Walter Andrade, IV

Mr. Andrade noted his support for the reduction in affordable homes because most of the jobs are in this area and the only affordable homes are available on the other side of the island. There were no questions posed by the parties and the Commission.

19. Clarence Alcoran

Mr. Alcoran noted his support of the affordable housing project.

Commissioner Kanuha asked where Mr. Alcoran commutes from. Mr. Alcoran stated that he lives in Naalehu and drives back and forth to Kona to work.

20. Benny Alcoran

Mr. Alcoran stated that he is in support of the affordable housing because not only for the rising gas prices but because it will give the workers an opportunity to own a home.

Vice Chair Judge asked where Mr. Alcoran lives. Mr. Alcoran stated that he lives in Hawi.

21. Palani Gomes

Mr. Gomes stated that he supports this project along with his fellow co-workers at the Mauna Lani who travel from Hilo. He noted that the hotel has two shuttle vans to help with traffic and rising gas prices. He expressed hope that more affordable housing projects will be built in this area so people like him will not need to commute so far on a daily basis.

Ms. Leithead-Todd had a few questions relative to the shuttles and the workers who commute to work for 6 hours roundtrip from Hawaiian Beaches.

22. Brandon Kagawa

Mr. Kagawa expressed his support and noted that he has lived in Hilo while attending UH Hilo and know what it's like to drive this distance. He added that the proximity of the 384 affordable housing units is a stepping-stone and will make it easier for the hotel workers and also benefit the tourism economy. There were no questions posed by the parties and the Commission.

23. Nani Walker

Ms. Walker stated that she is currently living on Oahu but originally from North Kohala. Ms. Walker noted that she was testifying on behalf of her family in support of the housing project because they travel to work from the other side of the island and all 4 families are living under one roof. She added that 384 units are better than nothing. There were no questions posed by the parties and the Commission.

24. Ken Bennett

Mr. Bennett stated that he is in support of this project and that the people need the affordable housing. There were no questions posed by the parties and the Commission.

25. John Makoff

Mr. Makoff stated that he used to live in Hilo but work is on this side of the island. He added that he supports this project and believes that the 384 units would stabilize the market. There were no questions posed by the parties and the Commission.

26. Cindy Evans

Ms. Evans stated that as a State Representative for this area, she had worked hard on affordable housing issues at the last legislative session and that affordable housing is a critical issue on this part of the Big Island. Ms. Evans commented that there has been no discussion on formula for this project and everyone here is assuming that it's workforce housing, although it may attract outsiders from the mainland.

Vice Chair Judge posed questions relative to the earlier testimony and the concern of the workers commuting long distances, any assurances that the workforce will be the homeowners, county ordinances, and LUC jurisdiction.

Char Sakumoto commented on the 1989 LUC condition on the project for 1000 affordable housing units and the recent motion for reduction, the uncertainty that the homes will be built, and an analysis to allow the LUC some degree of confidence that something will happen.

Vice Chair Montgomery raised a few questions regarding the time-share and the affordable housing units.

Commissioner Im commented that this is not a new petition, rather it's to amend an existing condition and noted that the testimony received today dramatically brings to a point that affordable housing is needed in this area. Commissioner Im posed questions relative to balancing the numbers such as the interest rate, market condition, timing, and analysis of supporting materials provided by the Movant.

After a brief discussion, there were no further questions posed by the parties or the Commission.

27. Ronald Doi

Mr. Doi stated that he was a displaced sugar worker and fortunate enough to purchase his plantation home. Mr. Doi added that these old plantation homes are selling for triple the original amount and believes that although there is no guarantee for the 1000 units, 384 is more practical and hopefully will go through. There were no questions posed by the parties and the Commission.

28. Albert Branco

Mr. Branco stated that he is retired but supports this project since his daughters could have their own homes, as both daughters currently have families living with him. Mr. Branco added that they drive a long way every day and the rising price of gas makes it harder for them. There were no questions posed by the parties and the Commission.

29. David Matsuura

Mr. Matsuura stated that he was speaking in favor of the proposal because affordable housing is a major crisis on the Big Island. He added that he is the project manager for another housing development in Hilo where a major component is affordable housing and noted that they have approached the developer of this project with a concept for panelized construction. Mr. Matsuura added that with the high price of construction today, the developer may need to take another look at the cost analysis because the project's concept may not be feasible.

After a brief discussion on cost analysis and the panelized construction housing plan, there were no further questions posed by the Commission.

30. Miles Miyasato

Mr. Miyasato stated that he is with the Hawaii Operating Engineers in Hilo and added that the construction in Kona is booming. He noted that the majority of their membership is working in Kona and on the road for many hours with less time to spend with their families. Mr. Miyasato commented that they need the affordable housing on this side of the island and believes that the 20% is a fair amount and not a reduction because it follows the County's standards. There were no questions posed by the parties and the Commission.

31. Ross Pagan

Mr. Pagan stated that he was speaking on behalf of his friends in support of the affordable housing proposal because they all cannot afford to live in their own homes and all live with parents and share rooms. There were no questions posed by the parties and the Commission.

Chair Sakumoto noted that there were no other public witnesses.

A recess break was taken at 10:45 a.m. The meeting reconvened at 11:15 a.m.

Petitioner's Presentation

Mr. Bays gave a brief opening statement and stated that the reduction of the affordable housing component to 384 units follow the County's standards. Mr. Bays also noted that Petitioner has agreed to not use any of the 107 affordable units that were previously built as credits against the 384 units for this project. Also, Mr. Bays noted that Petitioner has agreed to fully integrate the owners of the affordable housing units into the Aina Le`a community with all the same rights and privileges to the amenities, such as the golf course, school, and other facilities designed for the market unit homeowners. He added that the approval of this amendment in a timely fashion is requested, as time is a factor.

Petitioner's Witness

1. Hoolai Paoa

Mr. Paoa stated that he is employed by Bridge Capitol and the CEO of Bridge Aina Le`a and Banter, Inc. Mr. Paoa discussed his background and responsibilities, regulatory issues, and described the project. Mr. Paoa provided a map orientation of the general project.

Admission of Additional Exhibits

Mr. Bays offered the site plan and project maps that Mr. Paoa was referring to as Exhibits next in order.

Ms. Leithead-Todd stated that the County had no objections to the addition of petitioner's new exhibits.

Mr. Chang commented that the State had no objections, however, the site plan may have already been submitted as an exhibit.

Chair Sakumoto noted that the site plan is already exhibit 17 and added that the new exhibits 18 and 19 will be admitted into evidence.

Mr. Paoa continued with his testimony discussing issues of an access emergency road, the location of the affordable housing, infrastructure, utilities, construction timeline, and the project design by Architects Hawaii. Mr. Paoa further discussed the involvement of Westwood Heritage, their financial capability, construction management, financing, and own cost analysis. Mr. Paoa added that they are aware of the development costs and risk, and the costs of community benefits.

Mr. Bays offered the table of costs of community benefits as exhibit 20 or next in order. There were no objections by the parties. Said exhibit was admitted into evidence.

Ms. Leithead-Todd had a few questions related to the construction costs of the homes, timeline to deliver the homes, the selling price of the market units, and self help housing options.

Mr. Chang posed a few questions relative to the three year time frame to construct and deliver the homes and the type of houses produced within that timeline.

A recess break was taken at 12:00 p.m. The meeting reconvened at 12:20 p.m.

Commissioner Kanuha raised questions relative to the three year completion date for the affordable housing component, the infrastructure for the project, and a contingency agreement for financing.

Vice Chair Montgomery had questions and concerns related to time share.

Vice Chair Judge raised questions regarding the in lieu fees, the selling prices of the moderate priced homes, time share entitlements, and the quality and design characteristics of the affordable and moderate priced homes.

Chair Sakumoto had questions and concerns relative to the start date for construction, the commitment for financing, the timetable for breaking ground, and the series of permits needed. Chair Sakumoto also noted the possibility of the golf course encroaching onto the state agricultural district and suggested that Petitioner may consider submitting a brief for the record.

Mr. Bays replied in the affirmative and added that he believes the golf course could proceed and was grand fathered through the previous granting of County permits.

Commissioner Im raised a few questions regarding the sources of water for the project, the location of potable water wells, and the existing county water lines.

After a discussion, there were no further questions posed by the parties. The Commission has yet to conduct their examination of Mr. Paoa.

Chair Sakumoto made an announcement that the Commission will soon be losing quorum due to a Commissioner's travel schedule.

Mr. Bays commented that his next witness would be quite lengthy and could wait until the next LUC meeting. The parties had no objections to a continuance of the Commission's hearing on this matter.

The meeting adjourned at 1:05 p.m.

(Please refer to LUC Transcript of September 30, 2005 for more details on this matter.)