



Halekua Development Corporation

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April 15, 1998

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LAND USE COMMISSION
STATE OF HAWAII

Ms. Esther Ueda, Executive Officer
Land Use Commission
Department of Business, Economic Development and Tourism
State of Hawaii
335 Merchant Street, Room 104
Honolulu, Hawaii 96813

Re: Halekua Development Corporation; Second Annual Progress Report; Docket No. A92-683

Dear Ms. Ueda:

Halekua Development Corporation submits this Fourth Annual Progress Report to the Land Use Commission ("LUC"), the Office of State Planning and the Planning Department, City & County of Honolulu, pursuant to Condition No. 25 of the Findings of Fact, Conclusions of Law, and Decision and Order dated December 9, 1993 (hereinafter "Decision and Order") in LUC Docket No. A92-683.

I. General Progress of the Project

In April 1997 the Honolulu City Council voted to rezone Increment 2 of the Royal Kunia Phase 2 project. This rezoning was adopted in Ordinance No. 97-12, effective as of April 30, 1997, and rezoned approximately 106 acres of land from the AG-1 Restricted Agriculture District to the A-1 Low Density Apartment District and the R-5 Residential District. This area covered an additional 1,000 units and together with the previously zoned 1,000 units of Increment 1, substantially entitles the project, therefore allowing the petitioner to pursue the project financing.

The Petitioner's application to amend the Development Plan Land Use Map for Increment 3 is currently pending before the Honolulu City Council as part of the 1996 Development Plan Annual Amendment Review Process for Central Oahu.

II. Commission Conditions

Condition No. 1: Petitioner shall provide affordable housing opportunities for low, low-moderate, and gap group income residents of the State of Hawaii to the satisfaction of the State Housing Finance and Development Corporation in accordance with the Affordable Housing Guidelines, adopted by the Housing Finance and Development Corporation, effective July 1, 1992, as periodically amended. The location and distribution of the affordable housing or other provisions for affordable housing shall be under such terms as may be mutually agreeable between Petitioner and the State Housing Finance and Development Corporation. Agreement by the HFDC on the provision of affordable housing shall be obtained prior to the Petitioner applying for county zoning.

The City and County of Honolulu is requiring the Petitioner to provide a minimum of 30% of the residential units within Royal Kunia Phase 2 for sale or rent to households whose incomes do not exceed 120% of Oahu's median income. Ten percent of the total units must be for households earning 80% or less of median income, and an additional 20% are to be for households earning between 81%-120% of the median income. All of the affordable units will be developed within the Petition area, and will be developed concurrently with the market units.

Condition No. 2: Petitioner shall fund, design, and construct the local and regional transportation improvements necessitated by the proposed development, on a pro rata basis, and as determined and approved by the State Department of Transportation ("DOT") and the City and County of Honolulu, Department of Transportation Services ("DTS"), including without limitation the dedication of any rights-of-way to the State or County. Petitioner shall also be required to provide the following:

- A. All of the other improvements needed (which will not be provided by the Village Park and Royal Kunia, Phase I projects) to make Kunia Road a 4-lane highway with auxiliary lanes for both left and right turning movements (between Kunia Interchange and the northernmost boundary of Royal Kunia, Phase II) and a third northbound lane between Kunia Interchange and the north Kupuna Loop intersection.
- B. A report that analyzes the impact of the proposed Phase II project's traffic on the Kunia Interchange and evaluate alternatives that will mitigate the impacts.
- C. Plans for construction work within the State highway right-of-way must be submitted to DOT, Highways Division for review and approval.

Agreement by the State Department of Transportation on the level of funding and participation shall be obtained prior to the Petitioner applying for county zoning.

As part of the Petitioner's continued participation with the Ewa Regional Highway Masterplan, the Petitioner has agreed to participate in Phase I of the North/South Road Project, which has been initiated by the DTS and DOT. The Petitioner will contribute its pro-rata share of the cost. This study is to evaluate the travel demands based on the proposed regional developments and determine required highway improvements.

Condition No. 3: Petitioner, at no cost to the State, shall appoint a permanent transportation manager whose function is the formation, use, and continuation of alternative transportation opportunities that would optimize the use of existing and proposed transportation systems. In the alternative, Petitioner may participate in a regional program for transportation management with other developers and/or landowners. This program shall address the transportation opportunities that would optimize the use of existing and proposed transportation systems. Either option will continue to be in effect unless otherwise directed by the State Department of Transportation. The program for either option shall be reviewed and approved by the State Department of Transportation prior to implementation. The transportation manager or Petitioner shall conduct a yearly evaluation of the program's effectiveness and shall make a written report of its evaluation available to the State Department of Transportation for program review and modification, if necessary.

The Petitioner has complied with this condition by participating as an active member of the Leeward Oahu Transportation Management Association.

Condition No. 4: Petitioner shall monitor the traffic attributable to the proposed Project at on-site and off-site locations and shall undertake subsequent mitigative measures that may be deemed to be required by Petitioner, the State Department of Transportation, or the City and County of Honolulu. The mitigative measures shall be coordinated with and approved by the State Department of Transportation and the City and County of Honolulu.

The Petitioner will continue its efforts to coordinate mitigative measures with the DOT and DTS. The Petitioner will comply with this condition by monitoring traffic attributable to the Project, and planning and implementing mitigative traffic measures, if required, in accordance with measures deemed appropriate by the DOT and DTS.

Condition No. 5: Petitioner shall cooperate with the State Department of Health and the City and County of Honolulu Department of Public Works to conform to the program goals and objectives of the Integrated Solid Waste Management Act,

Chapter 342G, Hawaii Revised Statutes, in accordance with a schedule satisfactory to the Department of Health and the City and County of Honolulu.

The Petitioner will comply with this condition as development progresses.

Condition No. 6: Petitioner shall contribute to the development, funding, and/or construction of school facilities on a pro rata basis as a result of the development on the Property, as determined by and to the satisfaction of the Department of Education (DOE). Agreement by DOE on the level of funding and participation shall be obtained prior to Petitioner applying for county zoning.

The Petitioner has agreed to provide a total of 12 acres to the DOE for an elementary school (8 acres) and adjoining playground (4 acres). In addition, the Petitioner will make cash payments to mitigate other impacts to the Waipahu Complex. The payment of cash will coincide with the actual delivery of units. An agreement to establish the above is currently under review by the Petitioner and the DOE.

Condition No. 7: Petitioner shall coordinate with the Honolulu Board of Water Supply and the Department of Land and Natural Resources to obtain the required water for the project. In the event that water is not available from existing sources due to insufficient supply, Petitioner shall fund and develop the necessary water source, storage, and transmission systems and facilities.

The Petitioner will continue to comply with all requirements of the Honolulu Board of Water Supply and the Department of Land and Natural Resources ("DLNR") in obtaining required water for the project.

Condition No. 8: Petitioner shall participate, on a pro rata basis, in the funding for construction and installation of appropriate civil defense measures as determined by State and City civil defense agencies.

The Petitioner will comply with this condition as development progresses.

Condition No. 9: Petitioner shall erect a chain link fence along the eastern boundary of the Property that is common with the Waikele Branch of Naval Magazine, Lualualei.

The Petitioner will comply with this condition as the development progresses.

Condition No. 10: Petitioner shall clear and maintain the land situated within 20 feet of the eastern boundary of the Property, free of trees and vegetation taller than eight inches high.

The Petitioner will clear and maintain the land situated 20 feet of the eastern boundary of the petition area when development progresses to this portion of the property.

Condition No. 11: Petitioner shall coordinate with the State Department of Health and the City and County of Honolulu to establish appropriate systems to contain spills and prevent materials, such as petroleum products, chemicals, solvents or other pollutants from leaching into the storm drainage system and adversely affecting the groundwater and coastal waters.

The Petitioner will comply with this condition as development progresses.

Condition No. 12: Petitioner shall participate in the funding and construction of adequate wastewater treatment, transmission and disposal facilities, on a pro-rata basis, as determined by the State Department of Health and the City and County Department of Public Works.

The Petitioner will comply with this condition as development progresses.

Condition No. 13: Petitioner shall implement effective soil erosion and dust control measures both during and after construction to the satisfaction of the State Department of Health.

The Petitioner will comply with this condition as development progresses.

Condition No. 14: Petitioner shall participate in an air quality monitoring program as specified by the State Department of Health.

The Petitioner will comply with this condition as development progresses.

Condition No. 15: Petitioner shall provide notification to all owners and occupants of the Property of the potential odor, noise, and dust pollution resulting from surrounding Agricultural District lands, and that the Hawaii Right-to-Farm Act, Chapter 165, Hawaii Revised Statutes, limits the circumstances under which pre-existing farming activities may be deemed a nuisance.

The Petitioner will comply with this condition as development progresses.

Condition No. 16: Petitioner shall provide drainage improvements for the subject project and shall coordinate off-site improvements with adjoining landowners and developers, and/or other Federal, State, and City agencies.

The majority of the off-site drainage improvements for the petition area have been completed along with the infrastructure improvements for the Royal Kunia Phase 1 project. Additional drainage improvements will be completed in accordance with the approved Revised Drainage Masterplan dated September 25, 1995 as the project progresses.

Condition No. 17: Should any archaeological resources such as artifacts, shell, bone or charcoal deposits, human burials, or rock or coral alignments, paving or walls of historic or prehistoric significance be encountered during the development of the Property, Petitioner shall immediately stop work on the impacted area and contact the Historic Preservation Division of the State of Hawaii Department of Land and Natural Resources.

The Petitioner will comply with this condition during development of the property.

Condition No. 18: Petitioner shall obtain Development Plan approvals from the City and County of Honolulu within five (5) years from the date of this Order.

The Petitioner has complied with this condition.

Condition No. 19: Petitioner shall convey the agricultural park to the State of Hawaii, and provide off-site infrastructure to the agricultural park, pursuant to the terms of the Memorandum of Understanding dated March 30, 1993 entered into by Petitioner and the Department of Agriculture.

The Petitioner has agreed with the letter request dated March 7, 1997 by the State Department of Agriculture seeking an extension of the conveyance date for the 150 acre site until December 31, 1999. A copy of the letter is attached as Exhibit 1.

Condition No. 20: Petitioner shall develop the Property in substantial compliance with the representations made to the Commission. Petitioner's or its successor's failure to so develop the Property may result in reversion of the Property to its former classification, or change to a more appropriate classification.

The Petitioner will continue to comply with this condition as development progresses.

Condition No. 21: In reliance upon Petitioner's representation that it will develop the Project on his own and in its entirety, the Petitioner shall obtain the prior approval from the Land Use Commission before it can sell, lease, assign, place in trust, or otherwise voluntarily alter the ownership interest in the Property or Project covered by the approved Petition.

Petitioner shall request the prior approval from the Land Use Commission to alter the ownership interest in the Property or Project by filing a motion to request approval to alter ownership interest and supporting affidavits that will provide relevant information, including without limitation (1) the name(s) and address(es) of the prospective owner(s) or real party(ies) in interest; (2) the reason for the alteration of ownership interest; (3) any information related to any proposed change in the representations made by Petitioner to the Commission and in its Petition filed pursuant to section 15-15-50, Hawaii Administrative Rules, including without limitation any information pertaining to the financial capabilities of the prospective owner(s) to proceed with the Project as set forth in section 15-15-50(8); and, (4) a written acknowledgment and affirmation of the prospective owner(s) that the prospective owner(s) shall comply with all of the conditions in this Order.

The Petitioner complied with this condition in filing its Motion to Change Ownership Interest earlier this year. The Petitioner will continue to comply with this condition.

Condition No. 22: Petitioner shall promptly provide without any prior notice, annual reports to the Land Use Commission, the Office of State Planning, and the City and County of Honolulu Planning Department in connection with the status of the Project and Petitioner's progress in complying with the conditions imposed. The annual reports shall summarize: (1) Petitioner's progress in complying with the conditions imposed; and (2) changes to the Project as represented to the Land Use Commission. The annual report shall also include a written statement from each state and county agency affected by these conditions that Petitioner's representations in the annual report related to the respective state or county agency being affected is true and accurate.

This report is submitted in compliance with this condition No. 22. Attached to this report as Exhibit 2 is a copy of a letter requesting agency comments. Written responses that are received will be transmitted by the Petitioner to the land Use Commission upon receipt by the Petitioner.

Condition No. 23: The Land Use Commission may fully or partially release these conditions as to all or any portions of the Property upon timely motion and upon the

provision of adequate assurance of satisfaction of these conditions by Petitioner.

Adequate assurance of satisfaction may be evidenced by execution of a certificate of satisfaction in recordable form stating that such condition has been satisfied, in whole or in part. The Office of State Planning will certify for itself and all state departments and agencies, and the City and County of Honolulu Planning Department will certify for itself and all county departments and agencies. Any other party to the boundary amendment proceeding may be asked to indicate whether they concur in the certification of satisfaction.

The Petitioner intends to apply for a full or partial release of the above conditions, as development progresses.

Condition No. 24: Within 7 days of the issuance of the Commission's Decision and Order for the subject reclassification, Petitioner shall (1) record with the Bureau of Conveyances a statement to the effect that the Property is subject to conditions imposed by the Land Use Commission in the reclassification of the Property; and (2) shall file a copy of such recorded statement with the Commission.

The Petitioner has complied with this condition.

Condition No. 25: Petitioner shall record the conditions imposed by the Commission with the Bureau of Conveyances pursuant to Section 15-15-92, Hawaii Administrative Rules.

The Petitioner has complied with this condition.

For any clarification of the foregoing, please contact Halekua Development Corporation, 2024 N. King Street, Honolulu, Hawaii 96819, Phone: 848-2330.

Very truly yours,

Halekua Development Corporation



Albert D.K. Chee, Jr.
Project Manager

cc: Office of State Planning, State of Hawaii
Planning Department, City and County of Honolulu
Housing Finance and Development Corporation
State Department of Transportation
City and County Department of Transportation Services
State Department of Health
City and County Department of Public Works
State Department of Education
City and County Board of Water Supply
State Department of Land and Natural Resources
State Civil Defense Agency
City and County Civil Defense Agency
U.S. Department of the Navy
State Department of Agriculture