



# CHAPTER II

## Planning Context



## II. PLANNING CONTEXT

### A. HISTORICAL LAND USE

A history report prepared by Jill Engledow for Mike Atherton (August, 2009) describes the history of Waikapū, including the Applicant's property (See: Appendix J, "A History of Waikapū"). Engledow's report is briefly summarized here.

The Waikapū land division originates from the valley created by the Waikapū Stream, which is one of four streams that comprise what is known as the Nā Wai 'Ehā. The other three valleys are called 'Īao, Waiehu and Waihe'e. The Nā Wai 'Ehā streams are culturally and economically significant. For generations these streams have provided a fresh water source vital for the cultivation of crops throughout the Central Maui isthmus. From the base of each of these valleys, native Hawai'ian settlements arose to take advantage of the abundant natural resources that formed the traditional Hawai'ian ahupua'a from mountain to sea.

According to early censuses conducted by Christian missionaries in 1832 and 1836, there were 733 persons living in Waikapū in 1832 and 709 persons in 1836. A report from 1834 counts students attending two schools in Waikapū, one with 170 boys and 155 girls and the other with 84 boys and 54 girls. Thus, prior to the large-scale cultivation of sugarcane in Central Maui, there was a sizable native Hawai'ian population in and around Waikapū.

Prior to land extensive sugarcane cultivation, kalo was cultivated along the Waikapū stream along with other vegetable crops. As documented by Engledow, E.S.C. Handy wrote the following in 1934:

*“Spreading north and south from the base of Waikapū to a considerable distance below the valley are the vestiges of extensive wet plantations, now almost obliterated by sugarcane cultivation . . . Far on the north side, just above the main road and at least half a mile below the entrance to the canyon, an extensive truck garden on old terrace ground showed the large area and the distance below and away from the valley that was anciently developed in terraced taro culture. On the south side there are likewise several sizable kuleana where, in 1934, old terraces were used for truck gardening. . . There were probably once a few small terraces on the narrow level strips of valley bottom in the lower canyon.”<sup>iv</sup>*

Engledow further documents that small scale sugarcane growing was occurring in Waikapū by the 1840s. However, it wasn’t until 1862, when James Louzada founded Waikapū Plantation, that larger scale sugar cultivation took root in the area. An early depiction of the plantation is provided in an article from the April 9, 1864, edition of the *Pacific Commercial Advisor*.<sup>v</sup>

*“The capacity of the mill is about four thousand pounds of sugar per day, though, by working nights, which is sometimes done, five thousand pounds can be got off. To obtain this product, Messrs. Louzada and Cornwell employ about seventy field and mill laborers, of whom forty are females, who are engaged on account of the scarcity of men. . . .The land at Waikapū consisting of a gentle slope from the base of the mountain to the road, irrigated by the Waikapū river, is admirably adapted to sugar culture, producing, when well cared for, very heavy crops. The extent of land suitable for cane is limited only by the amount of water obtainable for irrigation. The proprietors of the mill have purchased land largely since they began operations and have now some 200 acres. They purchase cane from the natives, paying generally about one hundred dollars an acre for the standing crop, taking it off at their own expense.”*

By the mid-1870s, sugar cane production in the Central Valley was thriving. Between 1867 and 1880, land in cane cultivation on Maui increased by 136%, from 5,080 acres to 12,000 acres.<sup>vi</sup> In 1889 and 1890, Wailuku Sugar Company, owned by famed sugar baron Claus Spreckels,

purchased all of the shares of the Waikapū Plantation from James Louzada and Henry Cornwell. Wailuku Sugar Company, under different ownership groups, continued sugar cultivation on the Waikapū lands until 1988. Thereafter, the Maui Land & Pineapple Company leased land for pineapple production and HC&S leased land both mauka and makai of Honoapiʻilani Highway to supplement its sugar production. Pineapple ceased to be farmed on Waikapū lands in about 1997. HC&S continues to lease approximately 938 acres for sugarcane cultivation from the Project Applicant.

In 1982, Wailuku Sugar Company petitioned the State Land Use Commission for a Special Use Permit to develop the “Hawaiʻi Tropical Plantation” on 8.92 acres of the approximate 59 acres that comprise TMK: (2) 3-6-5:007. The purpose of the project, as described in 1982, was to develop a visitor-oriented destination where a variety of tropical agricultural products could be showcased. The agricultural component of the project included the growing, harvesting and processing of tropical fruits, plants and flowers. In addition, tours were offered so that visitors could experience the agricultural activities. Of the 8.92 acres subject to the Special Use Permit, 5.25 acres was proposed for a plantation center, 2.64 acres for parking, and 1.03 acres for an agricultural tour route. Agricultural activities were to occur on the remaining agricultural lands that encircle the facilities. On July 21, 1982, the Maui Planning Commission granted the Special Use Permit, subject to conditions. The Tropical Plantation Market was constructed in 1984 and the restaurant in 1986. By 1988, the Plantation was expected to draw approximately 450,000 visitors.

By the late 1980s the Maui Tropical Plantation’s management determined that greater regulatory flexibility was needed so that the facility could be expanded to better serve its customers. In 1988, Maui Tropical Plantation filed a Hawaiʻi Revised Statutes (HRS) Chapter 343 Environmental Assessment to support a State Land Use Commission District Boundary Amendment from Agricultural to Urban and a Change in Zoning and Community Plan Amendment from Agriculture to Wailuku/Kahului Project District 5. In October 1992, the Maui County Council granted the request. The Project District Zoning Ordinance zoned 14 acres for commercial uses and approximately 45 acres for agricultural uses (See: Figure Nos. 6 and 7, “Community Plan Map” and “Zoning Map”).



## B. EXISTING LAND USE

The Applicant purchased the bulk of the property from Wailuku Agribusiness Company between 2004 and 2006. Today, the Applicant's 1,562.171 acres of State Agricultural District lands are used for sugarcane cultivation, cattle grazing, and diversified agriculture. These include the following TMK's:

**Table 11: State Agricultural District Designated Lands**

TMK Number	Acres
(2) 3-6-005:007 (Portion)	45.054
(2) 3-6-004:003	657.195
(2) 3-6-004:006	52.976
(2) 3-6-006:036	0.72
(2) 3-6-002:003	521.40
(2) 3-6-002:001	284.826
<b>TOTAL</b>	<b>1,562.171</b>

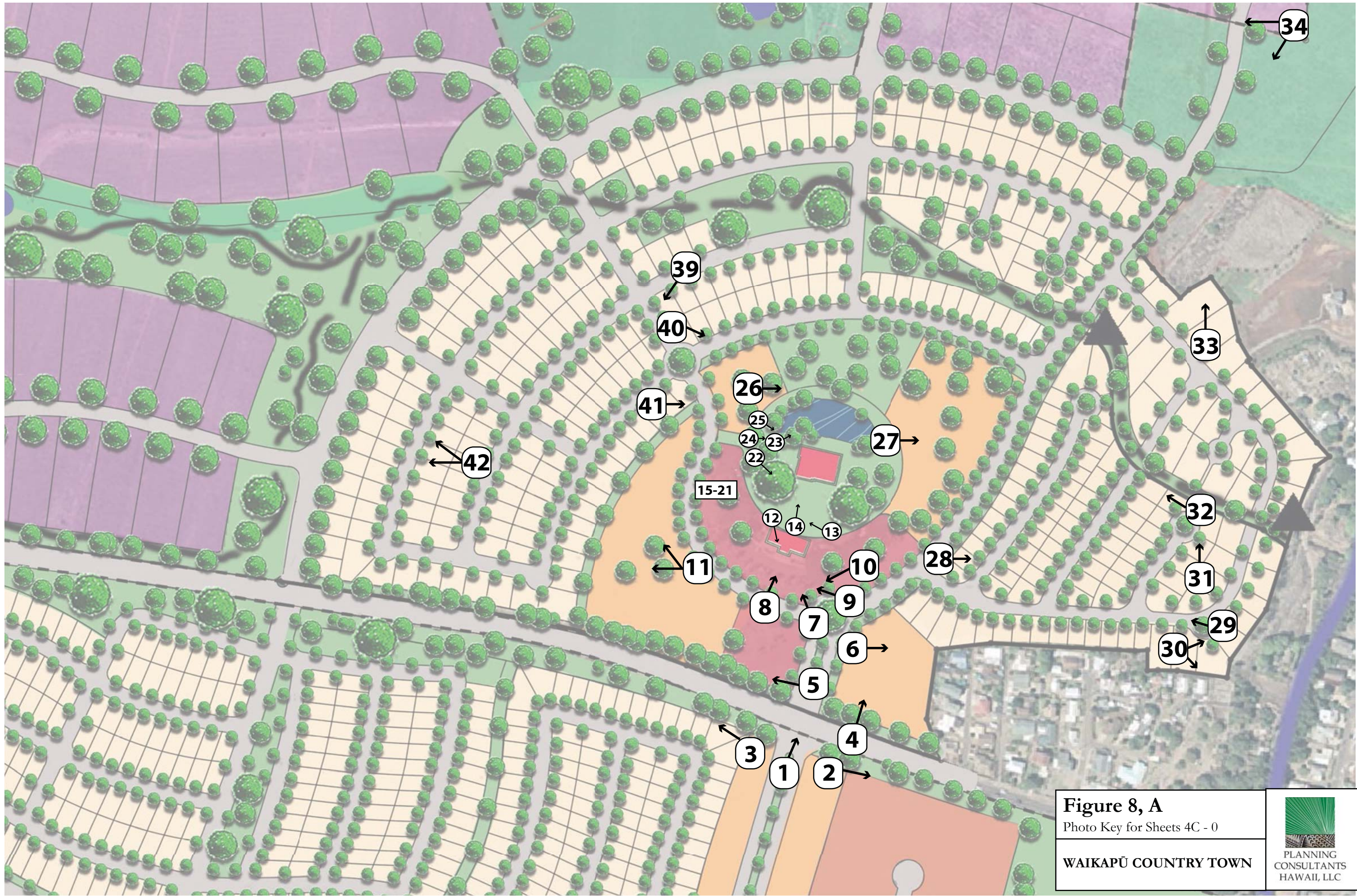
The commercial component of the MTP, located on a 14-acre portion of TMK (2) 3-6-005:007, continues to be a visitor destination that is based on a tropical agricultural theme. As in previous years, the facility integrates ongoing agricultural activities with daily tours, restaurants, gift shops, farm stands, and adventure tours. Surrounding the MTP is sugarcane stretching to the south and east and the diversified farming operations of Kumu Farms and Hawai'ian Taro to the west and north. The existing town of Waikapū, Census Designated Place population of 2,965 (Maui County Data Book, 2012), abuts the northern boundary. MTP facilities include a 9,389 square feet country store/gift shop and a 15,821 square feet restaurant/special events hall with seating for up to 500. There are also a number of smaller structures that serve as artist studios and gift shops. The most popular attraction at the MTP is a daily tram ride, which offers a guided tour of the abutting agricultural fields and tropical lagoon and gardens. The special events hall is popular for weddings, fund raising campaigns, parties and performances. In recent years the facility has attracted approximately 100,000 visitors per year.

Kumu Farms and Hawaiʻian Taro farm along the northern and western perimeter of the MTP. Kumu Farms specializes in organically grown fruits, vegetables and herbs and is well-known for its Molokaʻi farm, which sells organic strawberry papayas throughout Hawaiʻi and on the U.S. Mainland. Hawaiʻian Taro is owned by farmer and University of Hawaiʻi taro researcher Bobby Pahia. Hawaiʻian Taro grows dry land taro, banana and sweet potato. MTP owner, Mike Atherton, is raising a small herd of Texas Longhorn cattle on the mauka fields at the base of the West Maui Mountains. HC&S is leasing approximately 938 acres for sugarcane on parcels to the south and east.

### C. SITE PHOTOGRAPHS

Site photographs were taken of the entire 1,576 acres between September 2013 and October 2014. Figure Nos. 7a and 7b show the approximate location of the photos taken. The site photographs document existing site conditions at the MTP, the agricultural lands mauka and to the south of the MTP and the existing agricultural lands makai of Honoapiʻilani Highway in the area proposed for development. The site photographs also document existing conditions along the boundaries of the project, including conditions along Waiko Road. (**See: Figure No. 8 A-N, “Site Photographs”**).





**Figure 8, A**  
Photo Key for Sheets 4C - 0

**WAIKAPŪ COUNTRY TOWN**





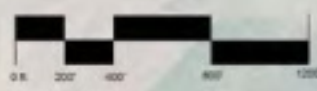
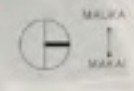
# Waikapu

COUNTRY TOWN

## LEGEND

- RURAL LOTS
- SINGLE FAMILY
- COTTAGE TOWN HOME
- COUNTRY TOWN MIXED USE
- COMMERCIAL
- PARKS AND OPEN SPACE
- SCHOOL
- AGRICULTURAL LANDS

## ILLUSTRATIVE LAND PLAN



DATE: 2/6/14

**Figure 8, b**  
Site Photographs

WAIKAPU COUNTRY TOWN



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HAWAII, LLC

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1. Looking west (mauka) from Honoapi'ilani Highway into the project site.



2. Looking north along Honoapi'ilani Highway towards Waikapū Town fronting the project.



3. Looking south along Honoapi'ilani Highway fronting the project site.



4. Looking northwest across the subject property from Honoapi'ilani Highway.



5. Looking south from the project driveway across the subject property.



6. The existing Kumu Farms agricultural products stand.

**Figure 8, C**  
Site Photographs

**WAIKAPŪ COUNTRY TOWN**



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CONSULTANTS  
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7. Existing electric vehicle recharging stations installed by JumpSmart Maui.



8. Looking west at the entrance to the existing Maui Tropical Plantation Visitor Store.



9. Looking south at the frontage of the Maui Tropical Plantation Visitor Store.



10. Panning from the southeast to the south across the existing Maui Tropical Plantation parking lot.

**Figure 8, D**  
Site Photographs

WAIKAPŪ COUNTRY TOWN



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**11.** Looking from south to west across the project site.



**12.** Looking east (makai) at the rear of the Maui Tropical Plantation Visitor Store from the village green.



**13.** Looking across the existing village green.



**14.** Looking west (mauka) at the restaurant / special events hall from the village green.

**Figure 8, E**  
Site Photographs

**WAIKAPŪ COUNTRY TOWN**



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15. Ron L. Designs Jewlery Manufacturing Company.



16. History of Waikapu pavilion.



17. Flyin Hawaiian Zipline.



18. Maui Zipline.



19. Hawaiian Edible Islands.



20. Sweet Paradise Chocolatier.

**Figure 8, F**  
Site Photographs

WAIKAPŪ COUNTRY TOWN



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21. Typical retail shop at the Maui Tropical Plantation.



22. Current improvements to the lagoon to recognize Waikapu's sugar legacy.



23. Looking across the lagoon towards areas proposed for future multi-family residential.



24. View of the lagoon with new improvements.



25. Looking across the lagoon at the renovated restaurant and bar.



26. Looking north across the village green behind the lagoon.





27. Wedding gazebo at the northern end of the lagoon.



28. Looking north at Kumu Farm's farming operation.



29. Looking south across Kumu Farm's farming operations.



30. Looking along the northern and eastern property lines from the northeast corner of the property.





31. Looking west (mauka) towards proposed rural and agricultural lands.



32. Looking southwest at the existing Waihe`e irrigation ditch that lies north to south across the property.



33. Looking west (mauka) towards the proposed rural and agricultural lands.



34. Looking east (makai) towards proposed rural and residential lands.

**Figure 8, I**  
Site Photographs

**WAIKAPŪ COUNTRY TOWN**



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35. Looking east (makai) at Kumu Farms agricultural lands.



36. Looking east (makai) at Kumu Farms agricultural lands towards the MTP.



37. Looking east (makai) at Kumu Farms agricultural lands towards the MTP.



38. Panning southeast towards lands being farmed by Hawaii Taro, LLC.

**Figure 8, J**  
Site Photographs







39. Looking northeast at agricultural lands near the MTP.



40. The existing Maui Zipline within the MTP.



41. Looking north across the MTP.



42. Looking south across proposed single-family and rural lands and agricultural lands beyond.

**Figure 8, K**  
Site Photographs

WAIKAPŪ COUNTRY TOWN







43. Looking north across the proposed agricultural park in the agricultural preserve.



44. Looking southwest across the agricultural preserve.



45. Looking east at lands proposed for urban development, (makai) at lands makai of Honoapi'ilani Highway.

**Figure 8, L**  
Site Photographs

**WAIKAPŪ COUNTRY TOWN**







46. Looking south across agricultural lands makai of Honoapi'ilani Highway.



47. Looking west (mauka) from the location of the proposed Wai'ale Bypass Road across lands proposed for urban development.





48. Looking south along an existing cane haul road in the vicinity of proposed Wai'ale Bypass.



49. Looking north along existing cane haul road in the vicinity of the proposed Wai'ale Bypass.



50. Looking in the direction of the cane haul road from Waiko Road.



51. Looking northwest up Waiko Road.



52. Looking north along Wai'ale Road from Waiko Road.



53. Looking at the existing Waikapū Stream bed.

**Figure 8, N**  
Site Photographs

**WAIKAPŪ COUNTRY TOWN**



#### D. MAUI ISLAND PLAN DIRECTED GROWTH PLAN

In December, 2012, the County of Maui adopted the MIP. The MIP establishes goals, objectives, policies and actions to direct growth and development on Maui through the year 2030. The MIP was based upon a comprehensive analysis of population growth, economic conditions, development capacity of existing entitled lands, and extensive community outreach.

To guide development of future urban lands, the MIP sets forth policies requiring higher urban densities, a greater balance between single- and multi-family housing types, mixed-use development, vehicular and pedestrian connectivity between land uses, and the incorporation of parks, schools, open space and affordable housing into future developments.

The MIPs Directed Growth Plan places approximately 502 acres of WCTs 1,576 acres into urban (small town) and rural growth boundaries. The MIP keeps the remaining 1,074 acres within the State's Agricultural District. Of the Project's agricultural lands, approximately 800 acres extending south of the Project's Small Town Boundary are preserved in perpetuity for agricultural use through a conservation easement. The remaining lands may be subdivided in the future into several large agricultural lots (See: Figure Nos. 9 and 10, "Maui Island Plan Directed Growth Map" and "Maui Island Plan Wailuku/Kahului Planned Growth Areas").

The MIP describes the purpose and intent of the WCT "Planned Growth Area" as follows:

*The Waikapū Tropical Plantation Town planned growth area is situated in the vicinity of the Maui Tropical Plantation, and includes lands on both the mauka and makai sides of Honoapi'ilani Highway. Providing the urban character of a traditional small town, this area will have a mix of single-family and multifamily rural residences, park land, open space, commercial uses, and an elementary or intermediate school developed in coordination with the Wai'ale project. The area is located south of Waikapū along Honoapi'ilani Highway, and it will incorporate the integrated agricultural and commercial uses of the existing tropical plantation complex. This area is proximate to the Wai'ale*

*planned growth area, providing additional housing in central Maui within the Wailuku-Kahului Community plan region. As part of this project, parcels to the south of the project (identified as Agricultural Preserve on Figure 8-1) shall be protected in perpetuity for agricultural use through a conservation easement. A portion of this area may be dedicated to the County as an agricultural park administered pursuant to County regulations. Alternatively, this area can be developed as a private agricultural park available to Maui farmers, and executed through a unilateral agreement between the landowner and Maui County. The rural lots mauka of Honoapi'ilani Highway are intended to be developed using a CSD plan. The CSD plan shall provide access to uninterrupted walking and bicycling trails and will preserve mauka and makai views while protecting environmentally sensitive lands both along Waikapū stream and mauka of the subdivision.*

***Planned Growth Area Rationale:***

*Keeping the Waikapū Tropical Plantation as its town core, this area will become a self-sufficient small town with a mix of single-family and multifamily housing units in a walkable community that includes affordable housing in close proximity to Wailuku's employment centers. Schools, parks, police and fire facilities, transit infrastructure, wastewater, water supply resources, and other infrastructure should be developed efficiently, in coordination with neighboring developments including Maui Lani, Kehalani, Pu'unani and Wai'ale. The Waikapū Tropical Plantation Town planned growth area is located on Directed Growth Map #C3.<sup>vii</sup>*



# MauI Island Plan Directed Growth Map

Waikapu / Kahului  
C3

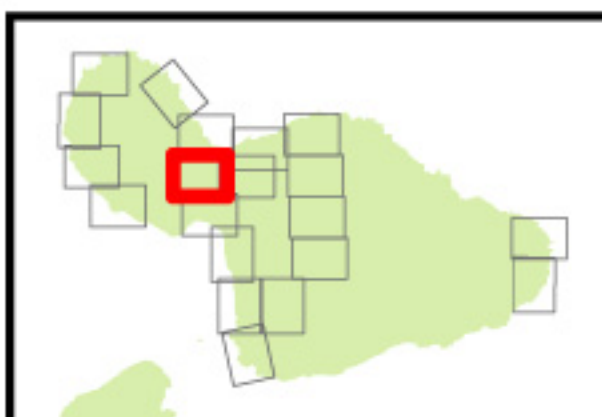
## Legend

### Growth Boundaries

- Urban
- Small Town
- Rural

### Reference

- 2011 Parcels
- Primary Roads



Product Code: M-CET\_20121210-D2  
Copyright © December 10, 2012

Background Image: Worldview 2 - 2010

This is not a zoning map. Please contact the  
Planning Department for Zoning confirmation.

PREPARED BY:

Long Range Planning Division  
Department of Planning  
County of Maui  
250 South High Street  
Wailuku, Hawaii 96793



Figure 9: Maui Island Plan Directed Growth Map

Wailuku

Waikapu

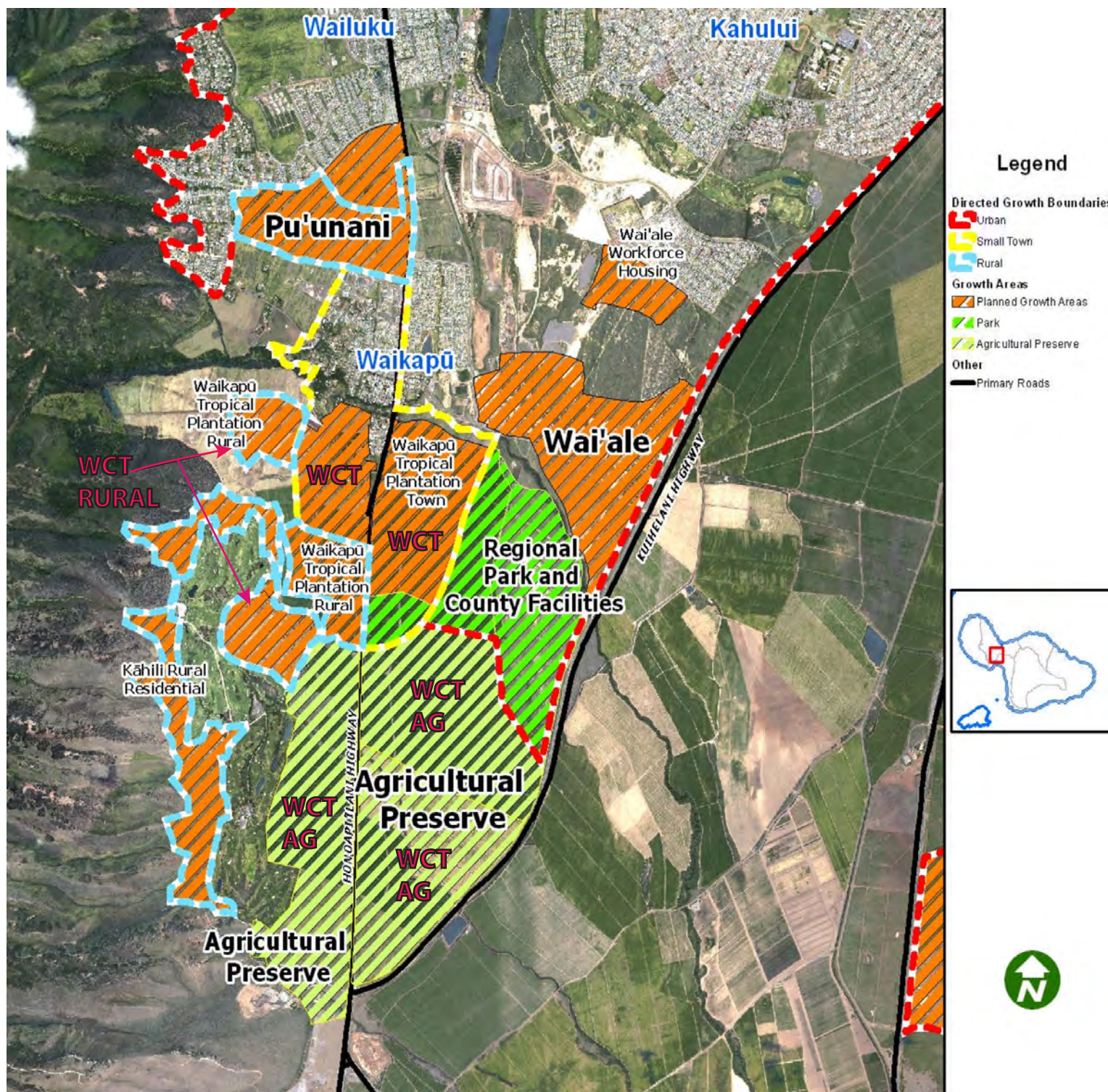
WCT  
Rural

WCT  
Urban Boundary

WCT  
Rural

Central Maui  
Baseyard





Source: Maui Island Plan, Department of Planning, Long-range Planning Division, December 2012

**Figure 10**

Maui Island Plan  
Wailuku-Kahului Planned Growth Areas



Not to Scale

WAIKAPŪ COUNTRY TOWN



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HAWAII, LLC

## E. PROJECTED MARKET DEMAND

A market study and economic and fiscal impact assessment was conducted by the Hallstrom Appraisal Group | CBRE, Inc. and is included as Appendix A.

The purpose of the market study was to determine if there will be sufficient market demand to absorb the proposed residential and commercial development during a reasonable exposure period given competing developments and projected statewide/regional market trends. The study also assessed if the project is an appropriate use of the underlying site relative to market needs.

Wailuku-Kahului, or "Central Maui", is the center for government, transportation and non-visitor economic activity on the island, and its most populous district. In addition to its historic standing as the location of a significant share of urban uses, it has been a focal point for light industrial, commercial and residential development for the past two decades, with numerous major projects actively adding inventory, in construction or proposed. The region's proximity to services, goods, transportation facilities, and business/employment opportunities, ready access to the island's highway system, and a desirable climate will facilitate continuing demand for real estate into the long-term; although it will "lose" some of its market dominance as development continues in South (primarily) and West Maui.

There are an estimated 19,200 housing units in Central Maui of which some twelve-plus percent are owned by non-residents as second/vacation homes. The average resident household size is just under 3.50 persons and is forecast to decline meaningfully in coming decades as a result of family/household trends and a changing mix of unit types from new development.

There are an estimated twelve million square feet of gross leasable light industrial and commercial floor space in Central Maui, about three-quarters of the island-wide total, but a limited visitor-oriented component with only 462 total transient units (just 2.3 percent of the island total) and limited tourist-dominated retail.



Waikapū is potentially a highly competitive location within the Maui housing market. It is considered to have distinctive, unique characteristics relative to nearby Wailuku and Kahului, although it represents the southerly boundary of their greater urban sphere. All of the just over 900 units of residential inventory built in the Waikapū Village area to date (less than five percent of the regional total) have been successfully absorbed, and the number of units available for resale is typically limited with only six active house listings at the report date, or just 0.66% of the total units in the community. Waikapū is considered desirable for its relative ease of access to the Wailuku/Kahului commercial and service centers as well as the resort employment areas in West and South Maui; for its cooler climate; panoramas across the isthmus to Haleakalā; and, small town ambience.

The subject property is a superior location for the proposed development in regards to access, views, topography, shape, consistency with nearby uses and land planning objectives, climate, and ability to provide a quality lifestyle and business opportunities for a wide-range of owners and end-users. It will have the attributes necessary to be highly competitive in all its product sectors, and will capture a reasonable market share during its offering period.

It is estimated the demand for new residential units in the Wailuku-Kahului study area will be from 9,647 to 16,814 units over the next 21 years (through 2035); including allowances for non-resident purchasers and vacancies, with a mid-point demand of 13,230 units. The number of existing unsold and planned resident housing units within the regional "Directed Growth Boundary", excluding the proposed WCT product, totals some 7,296 units. This indicates there will be a shortfall in the sector of from 2,351 to 9,518 new residential units; with a mid-point under-supply of 5,935 units. Thus, sufficient unmet demand should exist to readily absorb the 1,433 units of subject inventory during the projection period.

The median price for a single family home in Central Maui (which includes many smaller, older homes/units) during the first half of 2015 was \$507,300 and at \$308,750 for a multifamily unit. Both indicators show meaningful appreciation since prices reached a post-recessionary nadir in 2011. Median prices are anticipated to increase into the long-term as thousands of higher priced new units manifesting the higher costs of land, construction, impact fees and entitlement, are added to the inventory, and appreciation (though cyclical) continues.

It is estimated that approximately 75 percent of the demand for resident housing in the Wailuku-Kahului Study Area will be for units with a current price of \$660,000 or less; the upper-price threshold for meeting County affordability standards (160 percent of median household income), with 30 percent of demand for units having a current price of less than \$330,000 (the 80 percent of median household income threshold).

Multifamily units are expected to comprise an increasing proportion of the total regional inventory, moving from the current 25 percent level to 45 percent over the coming two decades. Based on the limited availability of alternative Central Maui supply relative to demand and the favorable competitive characteristics of the subject location/community, it is estimated that the 1,433 proposed residential units of WCT will require about 10 years to be fully absorbed following anticipated commencement of sales in 2017, or at an average rate approaching 150 units annually. This represents only some 20 percent of total regional mid-point demand during the sales period; a moderate perspective which could readily be swifter if some proposed projects fail to reach fruition and the market standing of WCT achieves expectations.

It is estimated the demand for neighborhood commercial space by WCT residents and day workers at build-out will be some 85,100 square feet, with patronage by guests in the community, other Waikapū households, and passer-bys contributing an additional 34,000 square feet of demand on a stabilized basis. The remaining 50,500 square feet (of the total 169,600 square feet proposed) will be modestly absorbed over-time with specialized/niche businesses, many with cross-over appeal to residents and visitors, and keeping with the small town context. The developer is hopeful the existing on-site Tropical Plantation shops will remain at WCT. It is estimated that it will require about 12 years for the WCT commercial space to be fully absorbed. The annualized mid-point subject residential unit absorption estimates are summarized in Table 12 below.

**Table 12: Estimated Annualized Mid-Point Market Absorption of Residential Product**

Calendar	Year of Development	Construction, Sale and Absorption Timing	Residential Units
2016	1	Infrastructure Emplacement Commences	
2017	2	Infrastructure Completed, Vertical Construction and Pre-Sales Begin	150
2018	3	Initial Buildings Completed and Occupied	120
2019	4	Vertical Construction, Absorption and Sales On-Going	130

Year of			Residential
2020	5	Construction, Absorption and Sales On-Going	140
2021	6	Construction Absorption and Sales On-Going	150
2022	7	Construction Absorption and Sales On-Going	150
2023	8	Construction Absorption and Sales On-Going	150
2024	9	Construction Absorption and Sales On-Going	150
2025	10	Construction Absorption and Sales On-Going	150
2026	11	Construction Absorption and Sales On-Going	143
<b>TOTAL</b>			<b>1,433</b>

Note: Total excludes potential 'Ohana units which may be permitted within the community. The number and location of possible 'Ohana units are unknown at this time, with some developer materials discussing totals of about 150 units. For purposes of the analysis it is assumed only the 1,433 proposed non-'Ohana units will be built and reflected this figure throughout our analysis.

Source: The Hallstrom Group/CBRE

The forecast absorption of the commercial component is shown below in Table 13.

**Table 13: Estimated Annualized Mid-Point Market Absorption of Commercial Product**

PROJECTED SUBJECT COMMERCIAL SPACE ABSORPTION BY PERIOD			
Gross Leasable Area in Square Feet			
2016-2020	2021-2025	2026-2030	Total
42,399	110,238	16,960	169,597
Source: The Hallstrom Group/CBRE			