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To: State Land Use Commission

FROM: Jay Krigsman

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To: Hawaii State Land Use Commission

Re: Pre-Final Environmental Impact Statement for

Pi'ilani Promenade, April 2017 (and later)

Docket No. A-94-706

From: Jay Krigsman

Hearing Date: July 19-20, 2017

Aloha,

My name is Jay Krigsman. I am a Principal in and represent Krausz Kihei One, LLC who owns roughly 15 acres of land on the North side of Pi'ikea between the Roundabout and Longs; and Krausz Kihei Two, LLC who owns roughly 15 acres of land on the South side of Pi'ikea between the Roundabout and the Azeka Mauka Shopping Center. Combined, these two properties make up the land area for the to be developed project known as "Downtown Kihei". I also am a Principal in and represent KP Hawaii I, LLC who owns the Piilani Village Shopping Center.

Over eleven years ago we purchased the roughly 15 acres of land on the North side of Pi'ikea, approximately 10 acres of which is developable, the balance is wetland. At the time, the idea was to develop an extension of the already successful Piilani Village Shopping Center to include larger format big box tenants such as Ross, TJ Maxx, Marshalls etc., along with convenience retail in line and on outparcels, much like you see now in Kahului and in many areas on the Mainland.

As we always try to do with any project we are involved in, we met with the local community (the Kihei Community Association "KCA") and also with the County Planning Department to share our vision. What we learned in our meetings was that the local residents, the KCA and the County had a very different vision for the infill land we purchased. KCA and the County envisioned Pi'ikea becoming a central corridor for retail and commercial development in South Maui. They showed us that this vision was outlined in detail in the already in place Kihei Makena Community Plan, and was also set to be implemented on the new Maui Island Plan which was being finalized. They had plans for a Roundabout to keep traffic flowing along this corridor and wanted commercial development focused on creating a sense of place, was pedestrian friendly, did not have large parking fields visible from the street and gave South Maui locals a gathering spot.

To create a great sense of place, we subsequently purchased the land on the South side of Pi'ikea which is another approximately 15 acres of land of which roughly ten acres is developable with the balance being wetland. We continued to work closely with the County and KCA over a period of years to come up with a project, now known as Downtown Kihei, that met the needs and wishes of the community as shown in the Kihei Makena Community Plan (and is also now shown specifically on the Maui Island Plan). The Downtown Kihei concept, while an exciting one, brought with it many challenges. For instance, the costs involved in creating a walkable center are much higher than the costs involved in building a simple concrete big box type center. In addition, the County zoning for the site conflicted with the wishes and visions of the KCA and the County. Finally, and most critically, Downtown Kihei is in the

SMA zone which imposes another complicated layer of rules and requirements on our development and our tenants. These SMA rules and requirements by the way are placed on all land Makai of the Piilani Highway which is the Mauka boundary of the SMA Zone in South Maui. The SMA zone is also specifically where the Kihei Makena Community Plan requires all future commercial development to occur in South Maui.

We spent many years working through the County SMA and rezoning process to bring Downtown Kihei into compliance with the Kihei Makena Community Plan. We were happy to do this because the vision of the Community Plan, which is also the direction we were assured Maui County would be taking, was to fulfill a Maui vision for the future that focused on infill development and redevelopment to avoid the urban sprawl often seen on the Mainland and Oahu. Throughout the process, we were required to make changes to our plan to better meet the needs and wishes of the County and the KCA which are not ideal for retail tenants. We were required to pull our buildings as close to Pi'ikea as possible and to put parking behind as many buildings as possible, all of which are counter to the normal thinking of a retailer who wants a sea of parking right outside their front door. The KCA desires a walkable community, but traffic flow and the effects on the Roundabout came into play requiring the elimination of many of the pedestrian crossings connecting the North and South parcels. The County and the KCA also insisted on architectural guidelines that added tremendous cost to the development, especially since the nature of walkable streets means there is no "back" to be hidden and therefore all four sides of the buildings must have architectural "icing on the cake". We did everything possible to give the County and the KCA a great infill downtown project as envisioned by the Kihei Makena Community Plan.

We spent over a decade working with the County and the KCA to complete a development plan that respected the wishes of the entire community as documented in the Kihei Makena Community Plan. We did this with the understanding and assurance that the Kihei Makena Community Plan was the guideline which all future development in South Maui would follow.

If the Piilani Promenade is permitted to move forward Mauka of the Piilani Highway contrary to the express wording of the Community Plan, if it is not required to abide by the guidelines outlined in the Community Plan and is not required to abide by the rules, restrictions, architectural guidelines etc. that are currently enforced through the County SMA approval process, then our project will, without a doubt, die.

A retailer will not put up with all of the restrictions placed on them by the SMA and the Kihei Makena Community Plan when they can go across the highway to the Piilani Promenade where there will be large asphalt parking fields fronting concrete box buildings with low common area costs and plenty of visibility. A retailer will not agree to pay more rent to compensate for the downtown sense of place designed with Hawaiian architecture and local community gathering spots called for in the Community Plan which we will create at Downtown Kihei, when they can lease space in a traditional power center that will allow them to dress their building in a style that is the same as every building they occupy on the Mainland and will not be subject to the restrictions and protections required by the County to open and operate in the SMA.

If the Piilani Promenade is allowed to go through as planned, the wishes of the local residents and the County will be thrown out and treated from this day forward as unimportant and insignificant and South Maui will no longer have commercial boundaries for development. Developers will simply point to the Piilani Promenade as a precedence for future approvals of projects that are also outside of the wishes

and guidelines identified in the Kihei Makena Community Plan and once that genie is out of that bottle, there is no putting it back in.

As a member of the State Land Use Commission you are in a trusted role to respect and represent the wishes of the people of the State of Hawaii, as expressed in the Hawaii State Plan, which includes the Kihei Makena Community Plan. Downtown Kihei is a culmination of the local resident's wishes for a central business district, a central sense of place in Kihei on infill land that will allow Kihei to avoid the negatives that come with unrestricted urban sprawl. It needs a chance to succeed so that infill redevelopment will continue in South Maui. It will always be easier and more cost effective to develop a new project outside of the SMA zone than it will be to abide by the rules of the SMA zone and the Kihei Makena Community Plan. If developers can break through the commercial boundaries contained in the Community Plan, then redevelopment of older obsolete properties in the commercial zone of the Community Plan, which is inside the SMA zone, will most likely never occur. Continued vacancy and blight will begin to expand inside of the area specifically slated to be a vibrant part of the island and the urban sprawl that the Kihei Makena Community Plan specifically looked to avoid will occur.

There is already an excess of big box space available on the island. Examples of this excess have recently occurred in Central Maui. With the new A&B development near the airport, large anchor tenants moved from the commercial corridor on Dairy Road to the new shopping centers just behind. The Maui Marketplace currently has 175,000 square feet of space available including a vacant Lowe's who moved to a new store around the corner and a Sports Authority that has been closed for a long time and remains available. Target opened a new store and the developer is building several big box spaces next to Target. They show over 67,000 square feet of space available. Savers is closed and to my knowledge is still available, K-Mart is closing this year with no prospects committing to lease that space. In South Maui the Kukui Mall remains mostly vacant, the Lipoa Center has vacancy with much more to come when the Charter School leaves next year, and there are other older shopping centers starting to feel the pains of their age. This blight will continue to creep throughout South Maui if commercial development boundaries and guidelines that are currently in place, are not followed.

If the Piilani Promenade is allowed to go forward as planned, over ten years of work with the County and the locals on Downtown Kihei will be thrown away and we will be forced to come back with a plan that has little if anything to do with the wishes of the community. If we are ever able to get that new plan approved, by that point it will be too late, because the Piilani Promenade will have been built and opened and why would a retailer lease space at a typical shopping center on an infill site when they can lease on the Highway? Thus, an infill piece of land that currently acts as a magnet for dumping and homeless camps will remain fallow in the heart of South Maui, while a piece of land with vistas toward upcountry will be developed as a mainland style, "Anywhere U.S.A." power center that will truly spit in the eye of the generations of South Maui residents who have fought to implement and enforce what is now known as the Kihei Makena Community Plan.

Yes, I am a developer who has a stake in what happens to the Piilani Promenade, but that is not why I am writing this. I have been in the commercial real estate arena for over 30 years. I have been involved in millions of square feet of development all of the country, and as I hope you can tell by my group's actions above, we try to develop projects with a respect and a responsibility towards the communities we will serve. We are not afraid of competition from others, that is not why I am writing this to you either. We have many years of real experience seeing what can happen when a good land use plan is

not followed. We are afraid of what will happen to South Maui if development of commercial projects is permitted to happen outside the commercial zone of the Community Plan. I encourage you to please respect and follow the wishes of the Community Plan put into place by the people who you serve in the County of Maui and do not allow the Piilani Promenade to go forward Mauka of the Piilani Highway as proposed.

Mahalo.

Jay Krigsman

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