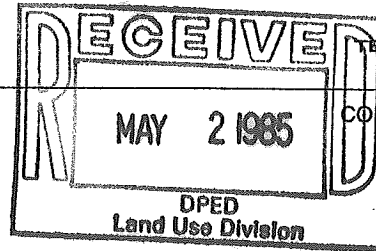


STATE OF HAWAII
DEPARTMENT OF PLANNING
AND ECONOMIC DEVELOPMENT

LAND USE COMMISSION

Room 104, Old Federal Bldg., 335 Merchant Street
Honolulu, Hawaii 96813 Telephone: 548-4611



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Governor

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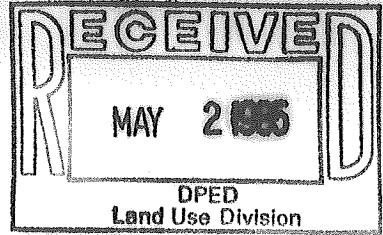
April 30, 1985

MEMORANDUM

TO: All Parties
FROM: *Esther Ueda*
Esther Ueda, Executive Officer
Land Use Commission
SUBJECT: Amended Decision and Order for Land Use
Commission Docket No. A83-553 - Princeville
Development Corporation

The attached Amended Decision and Order and
Certificate of Service for the above referenced
docket replaces the Decision and Order filed on
April 3, 1985.

cc:EK



BEFORE THE LAND USE COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Petition of)
)
PRINCEVILLE DEVELOPMENT CORPORATION)
)
To reclassify approximately 421)
acres of land currently in the)
Agricultural District into the)
Urban District of Hanalei and)
Kalihikai, Halelea, Kauai)
Hawaii, TMK: 5-3-06: Portions)
of 1 and 14)
_____)

DOCKET NO. A83-553
PRINCEVILLE DEVELOPMENT CORPORATION

This is to certify that this is a true and correct copy of the Decision and Order on file in the office of the State Land Use Commission, Honolulu Hawaii.

APR 30 1985 by Esther Lueder
Date Executive Officer

AMENDED
FINDINGS OF FACT,
CONCLUSIONS OF LAW AND
DECISION AND ORDER

BEFORE THE LAND USE COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Petition of)	DOCKET NO. A83-553
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PRINCEVILLE DEVELOPMENT CORPORATION)	PRINCEVILLE DEVELOPMENT
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AMENDED
FINDINGS OF FACT,
CONCLUSIONS OF LAW AND
DECISION AND ORDER

BEFORE THE LAND USE COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Petition of)	DOCKET NO. A83-553
PRINCEVILLE DEVELOPMENT CORPORATION))	PRINCEVILLE DEVELOPMENT CORPORATION
To reclassify approximately 421)	
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Urban District at Hanalei and)	
Kalihikai, Halelea, Kauai)	
Hawaii, TMK: 5-3-06: Portions)	
of 1 and 14)	
_____)	

AMENDED FINDINGS OF FACT, CONCLUSIONS
OF LAW AND DECISION AND ORDER

The Land Use Commission, having filed its Findings of Fact, Conclusions of Law and Decision and Order (the "Decision") in the above captioned Petition on April 3, 1985, and desiring to amend the Decision to conform to the action taken by the Commission on December 18, 1984, hereby amends the Decision by amending Finding of Fact 27, paragraphs 7 and 8, and by adding a new Finding of Fact 56, and by amending the Conclusions of Law and Order of the Decision and restates the Decision in its entirety to read as follows:

Princeville Development Corporation, a Colorado corporation licensed to do business in the State of Hawaii (hereinafter "Petitioner") filed this petition on June 15, 1983, pursuant to Chapter 205, Hawaii Revised Statutes, and the Rules of Practice and Procedure of the Land Use Commission, State of Hawaii, to amend the land use district boundary for approximately 421 acres of land, Kauai Tax Map

Key 5-3-06: portion of parcel 1 and portions of parcel 14 (hereinafter the "Property" or "Phase II lands") situate at Hanalei and Kalihikai, Halelea, Island of Kauai from the Agricultural District to the Urban District. The Land Use Commission (hereinafter "Commission"), having heard the evidence presented on this matter and having considered the full record as presented in Docket No. A83-553, hereby makes the following Findings of Fact, Conclusion of Law and Decision and Order:

FINDINGS OF FACT

PROCEDURAL HISTORY

1. The Commission conducted consolidated hearings on this petition and with Docket Number A83-557 Princeville Development Corporation on November 22, 1983, February 15 and 16, 1984, April 24 and 25, 1984, and on July 19, 1984, pursuant to notices published in The Garden Island and the Honolulu Advertiser on October 14, 1983, January 13, 1984, March 16, 1984, and on July 10, 1984.

On the Commission's own motion, the hearing was reopened on August 24, 1984, pursuant to a notice published on August 20, 1984, to receive additional testimony and evidence regarding the financial capability of the Petitioner to complete the proposed development in view of an offering to purchase warrants for Petitioner's stock by its parent corporation Consolidated Oil and Gas, Inc.

2. The Commission admitted the Concerned Citizens of Anini as Intervenors on November 22, 1983.

3. The Commission permitted Patrick Nagao, Susan Wilson, Beryl Blaich, Nick Beck, Russell Boyer, Henry Gomes, Peter Sperry, Gary Blaich, Barbara Robeson, Scott W. Robeson, Michael Machado, Suzy Steelman, Dennis Yamasato, and Scott Greenleaf to testify as public witnesses on November 22, 1983.

DESCRIPTION OF SUBJECT PROPERTY

4. The Property lies east of and abuts the existing Princeville Phase I resort development, west of Kalihiwai Bay and makai of Kuhio Highway.

5. The Property consists of three plateaus: the Western Plateau abutting the existing Princeville Phase I development; the Eastern Plateau lying across Kuhio Highway from the Princeville Airport; and the Central Plateau lying between the Western and Eastern Plateaus.

6. The Property is characterized by bluffs, well-defined drainage basins and gullies, and gently rolling grasslands, Petitioner presently leases the Property to Princeville Cattle Company for cattle grazing.

7. Petitioner is the fee simple owner of the Property except for Kauai Tax Map Key : 5-3-06: 01 which is owned jointly by the Petitioner and the Lihue Plantation Company, Limited a division of Amfac, Inc.

8. Petitioner purposes to develop a single-family and multi-family resort residential community. The Lihue Plantation Company, Limited authorized the Petitioner to represent its interest in the proceedings.

9. The elevation of the Property range between 200 and 350 feet above sea level.

10. Rainfall averages between 65 and 80 inches per annum.

11. The Soil Conservation Service of the U.S. Department of Agriculture classified virtually all of the soils on the Property as belonging to the Makapili series. Remaining soil types include rough broken land and Pooku silty clay.

The Makapili soil series consists of well-drained soils on the uplands of Kauai. These soils are used for pasture, irrigated sugarcane and woodland. The natural vegetation consists of kikuyugrass, guava, Java plum, and pangolagrass. In a representative profile the surface layer is brown silty clay about 12 inches thick. The subsoil is about 48 inches thick and consists of clay loam and silty clay loam.

12. The Land Study Bureau of the University of Hawaii rated the Property as "C", "D" and "E", on a scale of A through E (with A being the best and E being the worst) agricultural lands).

13. The State Board of Agriculture in its "Agricultural Lands of Importance to the State of Hawaii" (ALISH) classification system rates 290 acres of the Property as Prime Agricultural Land and 110 acres of the Property as Other Important Agricultural Land.

PROPOSAL FOR DEVELOPMENT

14. Petitioner proposes to develop the Property as the Princeville Phase II Resort development for the following uses: the Western Plateau - 540 single-family dwellings and a 120-unit multi-family dwelling project, to be operated as a resort-condominium; the Central Plateau - 480 single-family dwellings and a 300-unit multi-family dwelling project, to be operated as a hotel-condominium; and the Eastern Plateau - 220 single-family dwellings. Petitioner also proposes to develop areas for public facilities, such as parks, swimming pools, and tennis courts.

15. Petitioner proposes to develop and subdivide lots to be sold to others who will develop and construct the single-family and multi-family dwellings. Petitioner intends to retain and exercise architectural control over the Phase II project.

16. Petitioner estimates that its development of the major infrastructure for the Phase II lands, including the necessary offsite improvements, will be completed within five years of receipt of all necessary governmental approvals.

17. Petitioner estimates that the total costs to develop the Property will be approximately \$36,524,000.00. Petitioner estimates the cost of the major infrastructure, including necessary offsite improvements, to be \$12,058,000.00. Petitioner estimates the total cost of development of each plateau to be approximately as follows: Western Plateau - \$15 million; Central Plateau - \$12 million; and Eastern Plateau - \$7.5 million.

18. Petitioner estimates sales prices for the single-family houselots to be between \$5 and \$15 per square foot (in 1983 dollars). The sales prices for one and two bedroom units would range between \$100,000 and \$200,000 with an average price of approximately \$150,000.

19. Petitioner estimates the development of the project to take place over a ten (10) year time period.

20. Petitioner proposes to sell houselots to its employees at substantially discounted prices. Petitioner estimates that the permanent Phase II operational employees will need 130 housing units.

21. Petitioner seeks to reclassify Phase II in order to have a continued inventory of single-family and multi-family dwelling units available for sale in the coming years, as well as to complete the Princeville resort area as masterplanned.

STATE AND COUNTY PLANS AND PROGRAMS

22. The Property is situate in the State Land Use Agricultural District and abuts the Princeville Phase I Urban District on its western boundary. The Urban classified Anini Shoreline area is north of the Property.

23. The County of Kauai classifies the Phase II lands as follows:

<u>Plateau</u>	<u>Kauai General Plan Update</u>	<u>North Shore Development Plan Update</u>	<u>Kauai Comprehensive Zoning Ordinance</u>
Western	Resort/Open	Single-Family Residential/ Multi-Family Residential/ Public/Open	Agriculture/ Open
Central	Resort/Open	Single-Family Residential/ Multi-Family Residential/ Open	Agriculture/ Open
Eastern	Open	Open	Agriculture/ Open

24. The Kauai Planning Commission (KPC) approved General Plan Amendment petition GPA-80-10 on August 24, 1983, rezoning the Western Plateau for single-family residential, public and multi-family residential uses, and the Central Plateau for single-family residential and multi-family residential uses. The KPC retained the open space designation for the Eastern Plateau. These uses conform to the North Shore Development Plan Update.

25. The Federal Insurance Administration in its "Flood Insurance Rate Map", designates the Property as Zone C, an area of minimal flooding.

26. Portions of the Property are situate in the County Special Management Area (SMA) and an SMA Permit is a precondition for development.

NEED FOR THE PROPOSED DEVELOPMENT

27. Peat, Marwick, Mitchell & Company (PMM), studied the market for the condominium hotel units, multi-family condominium units and single-family lots in Phase II. Need for Resort Residential Single-Family Lots. In examining the projected demand for resort residential lots, based on non-local market support factors, PMM did not take into account demand from the local residential market. PMM concluded that an excess supply of residential lots would continue through 1986, by 1987 estimated demand for resort lots would equal supply of new lots offered.

PMM anticipates Princeville's Phase II capture (between 70-80%) of the island's cumulative demand for resort residential lots to be as follows: by 1993, 350-400 lots; by 1998, 870-990 lots; and by 2000, achieving actual demand of 1240 lots.

Need for Condominium-Hotel Units. Petitioner proposes to develop a 300-room condominium-hotel with 24-hour front desk and maid service on the Central Plateau. PMM grouped together condominium-hotel units with hotel units for analytical purposes, since both provide visitor accommodations with 24-hour front desk and maid services. PMM projected the following daily demand for hotel and

condominium-hotel units on Kauai, assuming a 100% occupancy level: }

<u>Year</u>	<u>Projected Daily Occupied Hotel And Condominium-Hotel Units</u>
1987	3710
1992	4860
1997	5610

PMM also projected the required number of hotel and condominium-hotel units for Kauai assuming that occupancy levels of 75 to 85% would require more units than at a 100% occupancy level: }

Number of Hotel and Condominium-Hotel Units Required

<u>Year</u>	<u>Desired Occupancy Level</u>		
	<u>75%</u>	<u>80%</u>	<u>85%</u>
1987	4950	4640	4360
1992	6480	6070	5720
1997	7480	7010	6600

The Hawaii Visitor Bureau (HVB) in its "Visitor Plant Inventory" estimated the supply of hotel and condominium-hotel units on Kauai to be 3,309 in October 1981. Using HVB and the Hawaiian Telephone Building Digest data, PMM estimated projected hotel and condominium-hotel units, assuming no additional new construction other than projects already approved, as follows:

<u>Year</u>	<u>Projected Hotel Room Inventory</u>
1987	4500
1992	4680
1997	4680

Based on the above, PMM projects the hotel room requirements, presuming all proposed projects are completed as scheduled and no additional hotels are completed, are as follows:

Hotel/Condominium-Hotel Room Need/(Surplus)

<u>Year</u>	<u>Desired Occupancy Level</u>		
	<u>75%</u>	<u>80%</u>	<u>85%</u>
1987	450	140	(140)
1992	1800	1390	1040
1997	2800	2330	1920

PMM anticipates by 1987 the requirement for hotel/condominium-hotel rooms should range from a surplus of 140 units at 85% occupancy to a shortage of 450 units at 75% occupancy.

Need for Multi-Family Resort Condominium Units. About 1,110 condominium units are planned at completion of Princeville Phase I. PMM projects condominium demand at Princeville could absorb all 1,110 units by 1989 or 1990. The market support for condominium units at Princeville Phase I over the next five-year period, coupled with condominium development on other parts of Kauai, particularly Poipu, limit the market support for condominium development in Princeville Phase II during the next seven-year period.

PETITIONER'S FINANCIAL CAPABILITY

28. The unaudited consolidated balance sheet of Princeville Development Corporation as of May 31, 1984, lists total assets of \$58,139,117 stockholder's equity of

\$54,474,827 and liabilities of \$3,310,542.

Petitioner is a subsidiary of Consolidated Oil and Gas, Inc., a Colorado corporation, whose balance sheets lists as of November 30, 1982, total assets of \$177,898,000 current liabilities of \$21,313,000 and stockholder's equity of \$24,048,000.

29. On July 27, 1984, Consolidated Oil and Gas, Inc. filed a preliminary prospectus with the Securities and Exchange Commission disclosing a proposed issuance of warrants to purchase all of its shares in Princeville Development Corporation, to the existing shareholders of Consolidated Oil and Gas, Inc., stocks for a period of twenty-one days.

30. Princeville Development Corporation, as a separate entity and no longer a subsidiary of Consolidated Oil and Gas, Inc., would have the financial ability to complete the proposed Phase II project. Petitioner proposes to develop the Property in one of several alternative methods.

1. To enter into a joint venture with a third party,
2. To raise the needed funds internally within the company through issuance of debt securities, and
3. To use the company's assets to finance the needed development funds.

31. Petitioner has demonstrated the financial capacity to develop the Project, notwithstanding Consolidated Oil and Gas, Inc.'s sale of its stock in Petitioner.

IMPACT UPON RESOURCES OF THE AREA

32. Land Use. Petitioner proposes to withdraw its lands leased to Princeville Cattle Company. To mitigate these losses, Princeville Cattle Company will use the Petitioner's property mauka of Kuhio Highway under a twenty-five year lease, expiring in the year 2003. Princeville Cattle Company proposes to make long term improvements and investments in the land it would not otherwise make.

33. Princeville Cattle Company has no relation to the Petitioner.

Ralph N. Anderson, President of Princeville Cattle Company indicated that total gross income from the cattle operations for the Property and Princeville Phase II lands was \$66,000 per year. He does not expect that withdrawal of the Property from cattle operation will adversely impact operations of the Princeville Cattle Company.

34. Sewage Treatment and Disposal. Petitioner proposes to connect the sewage disposal system for the Property to the existing sewage disposal at Princeville's Phase I development. The Phase I system has an existing plant capacity of 1.5 million gallons per day (MGD) and is expandable to 4.5 MGD. Petitioner proposes that Phase I at full occupancy, will generate 0.97 MGD of sewage effluent

while Phase II will generate 0.48 MGD. Petitioner estimates that the existing plant is adequate to treat the total effluent generated by Phases I and II.

Petitioner does not intend to use County sewage facilities and no impacts are anticipated.

35. Drainage. The existing drainage pattern utilizes the deep gullies which bisect the Property. Petitioner does not believe the proposed development will disturb the existing drainage patterns, and measures to mitigate any increased surface runoff will be implemented as may be required by the County of Kauai.

36. Traffic. Access to the Property is via Kuhio Highway.

Petitioner's consulting engineer, Belt, Collins and Associates (BCA) concluded that traffic from Phase II would not exacerbate the overcapacity of Kuhio Highway because:

a) The peak hour traffic on Kuhio Highway in the vicinity of the Wailua Golf Course, without Phase II, already exceeds highway capacity.

b) By the year 2000, with Phase II, the peak hour traffic on Kuhio Highway would exceed highway capacity at the Wailua Golf Course and at the Hanalei Bridge, and would approach capacity at Maluhia Road in Kapaa.

c) Assuming the worst case of full buildout of Phase II by the year 2000, the peak hour capacity of Kuhio Highway would similarly be exceeded at the Wailua Golf

Course and at the Hanalei Bridge, and would approach capacity at Maluhia Road in Kapaa.

d) The intersection of Ka-Haku Road and Kuhio Highway, as presently designed, would not be able to handle the Phase II traffic. Petitioner proposes to redesign the intersection by including right and left turn acceleration and deceleration lanes, as well as left turn storage lanes.

37. Water Service. Petitioner projects Phase II's residents at full buildout will require 700,000 gallons of potable water per day. To provide for this additional demand, Petitioner will cause Princeville Water Systems, Inc. to develop a 700,000 gallon storage tank and a new well and pump. The underlying aquifer, generating 17 million gallons per day, has sufficient capacity to supply this additional demand.

38. Solid Waste Disposal. Petitioner leases the land to the County on which the County operates the existing sanitary landfill servicing the Northshore, under a lease which expired on December 30, 1980. Since the County has not resolved the problem of providing an alternate means of garbage disposal following the closing of the landfill, Petitioner has agreed to extend its lease for the landfill site with the County for an additional five years. Petitioner proposes to dispose of solid waste from the Phase II development at the County facility.

39. Other Municipal Services. Other urban services, such as electricity, gas, telephone, and police and fire protection, are available or can be provided to the Property.

40. Offshore Biology. Dr. Richard Grigg and Steven Dollar conducted a marine reconnaissance of the offshore marine community and concluded that, based on studies of impacts on reefs off of Phase I, the proposed Phase II project will not have any measurable impact upon the offshore reef communities.

41. Onshore Flora and Fauna. Belt, Collin and Associates conducted a survey of plant species on the Property in 1979. BCA described the plateau areas consisting principally of pasture grasses while the slope and stream areas contained trees and ferns. BCA found no endangered species on the Property. The proposed project would result in the removal of most of the pasture grasses upon the plateau areas. The vegetation along the slopes and gullies would remain unchanged.

42. Phillip Bruner, Professor of biology at Brigham Young University, conducted the avifaunal survey on the Property. Several indigenous birds including the Hawaiian duck (Koloa), black-crowned night heron (auku'u), great frigate bird ('iwa) and Hawaiian owl (pueo) were observed in the area. The Koloa duck is listed on both State and Federal endangered species lists. The Koloa is known to frequent Anini Stream valley.

43. Petitioner does not anticipate significant impacts upon wildlife in Anini Stream. Erosion control measures during and after construction with respect to stream flow are expected to mitigate adverse impacts to stream wildlife.

44. Air Quality. Petitioner does not anticipate significant adverse air pollution to originate from the Phase II development. Petitioner will take mitigative measures to minimize fugitive dust problems during the construction phase of development.

45. Noise. Petitioner does not anticipate that the Phase II development will generate significant adverse noise problems. Some increase in noise due to increased vehicular traffic are expected. Petitioner will take mitigative measures to reduce noise problems created by the construction activities on the Phase II lands.

46. Cultural Resource. Bishop Museum conducted an archaeological reconnaissance survey of the Property and did not find any prehistoric archaeological sites. In the event that archaeological sites are encountered during construction, Petitioner will advise the State Historic Preservation Office and take appropriate preservation measures.

47. Recreational Resource. Pursuant to two agreements entered into between the Petitioner and the County, Petitioner has conveyed approximately 10.9 acres of

its beachfront property in Anini to the County of Kauai for the County's Anini Beach Park expansion.

48. View Plane. Unless restricted, development of Phase II may block present scenic view planes of the ocean and coastline as seen from Kuhio Highway and the mauka view plane as seen from the coastline.

Petitioner proposes to mitigate visual impacts of Phase II from the Anini area through the enforcement of building setback requirements and landscaping restrictive covenants and conditions.

49. Petitioner will work with the County to design guidelines and criteria to mitigate any visual impacts from the proposed development.

50. Employment. Phase II would generate between 175 and 210 full time, permanent construction jobs annually up to 1988, when Petitioner estimates it will complete construction of the multi-family sites. Thereafter, Petitioner proposes to generate full time construction employment ranging from 25 to 55 employees per year. Petitioner projects that Phase II would generate approximately 310 full time permanent operational jobs within the hotel-condominium and condominium projects following anticipated buildout of the multi-family sites in 1989.

51. Petitioner estimates that salaries earned by the labor force in 1995, after stabilization of the operations in Phase II, would be approximately \$5 million

per year in 1982 dollars, comprised of approximately \$1.1 million in annual construction wages and \$3.9 million in resort operational wages. Phase II would also generate approximately \$1.6 million per annum in personal income, excise, and real property taxes to the State and County in 1995.

CONTIGUITY OF THE PROPOSED DEVELOPMENT

52. The Property comprises several noncontiguous parcels of land. The Western Plateau, located adjacent to the Phase I Princeville development, is the only parcel currently abutting the Urban District. The reclassification of the remaining parcels would result in non-contiguous Urban classified areas.

COMPLIANCE WITH STANDARDS FOR DETERMINING DISTRICT BOUNDARIES

53. The proposed development of the Western and Central Plateaus of the Property is in accordance with the standards set forth in Part II, Section 2-2, of the State Land Use District Regulations for reclassification into the Urban District in that:

a) The Western and Central Plateaus will be characterized by "city-like" concentration of people, structures, streets, urban level of services and other related land uses;

b) The Western and Central Plateaus are in close proximity to centers of trading and employment facilities, and would likely generate new businesses and employment;

c) Petitioner has substantiated the market demands for its proposed residential, hotel-condominium, and resort-condominium development on the Western and Central Plateaus;

d) Basic services such as sewer, water, sanitation, schools, parks, and police and fire protection are or will be available;

e) The Western and Central Plateaus are needed as reserve areas for urban growth in an appropriate location based on a ten year projection;

f) The Western and Central Plateaus has satisfactory topography and drainage for the proposed development, and is reasonably free from the danger of floods, tsunami and unstable soil conditions and other adverse environmental effects;

g) The Western Plateau is contiguous with the existing Princeville Phase I Urban District;

h) The development of the Western and Central Plateaus will not contribute towards scattered spot urban development and will not necessitate unreasonable investment in public supportive services; and

i) The proposed development would provide housing accessible to existing and proposed employment centers, and assist in providing a balance of housing supply for all economic groups.

54. The proposed development is also consistent with the State Tourism Functional Plan, to-wit:

a) It encourages an orderly mix of visitor accommodations, including hotel-condominiums, condominiums, and single-family lots;

b) It assures that adequate infrastructure and amenities will be provided at the cost of the developer;

c) It encourages private development of a designated visitor destination area where capital improvements have been made or are planned;

d) It encourages the use of a regional sewerage system rather than individual private systems for visitor facilities;

e) It ensures that the proposed development will be set back from the shoreline for access which facilitates and encourages public use of those areas;

f) It provides the opportunity for employees to obtain affordable dwelling units; and

g) It takes place within a designated visitor designation area.

55. The proposed development of the Phase II lands designated as the Eastern Plateau for residential use is not in accordance with the standards for reclassification into the Urban District in that:

a) Petitioner has failed to substantiate a market demand and the economic feasibility of a residential development on the Eastern Plateau.

b) The Eastern Plateau is not designated on the Kauai General Plan for residential use.

56. Petitioner estimates it will require ten (10) years to complete development of the project. Petitioner estimates that given market demand projections for resort residential lots, Petitioner and its developers should be able to sell and develop approximately 870-990 lots by 1998 and approximately 1240 lots by 2000. Petitioner estimates that by 1987 the requirement for hotel/condominium-hotel rooms on Kauai could range from a surplus of 140 units at 85% occupancy to a shortage of 450 units at 75% occupancy. Based on Petitioner's projected market demand, Petitioner has not substantiated that the Central Plateau will be developed within a five year period. Incremental redistricting of the Central Plateau is, therefore, reasonable and warranted.

RULINGS ON PROPOSED FINDINGS

Any of the proposed findings of fact submitted by Petitioner or other parties to this proceeding not already ruled upon by the Land Use Commission by adoption herein, or rejected by clearly contrary findings of fact herein, are hereby denied and rejected.

CONCLUSIONS OF LAW

Pursuant to Chapter 205, Hawaii Revised Statutes, and the Rules of Practice and Procedure and District Regulations of the State Land Use Commission, the Commission finds upon the clear preponderance of the evidence that the reclassification of approximately 151 acres consisting of

those portions of the Property Phase II lands designated as the Western Plateau and the incremental reclassification of approximately 197 acres consisting of those portions of the Property Phase II lands designated as the Central Plateau from the Agricultural District to the Urban District for resort and residential uses conforms to the standards established in the State Land Use District Regulations, is reasonable and non-violative of Section 205-2, Hawaii Revised Statutes, as amended, and, subject to the conditions set forth in the order below, is consistent with the Hawaii State Plan, as set forth in Chapter 226, Hawaii Revised Statutes, as amended.

The Commission further concludes that reclassification of the remaining 73 acres consisting of that portion of the Property Phase II lands designated as the Eastern Plateau from the Agricultural District to the Urban District for residential uses has not been shown to be reasonably necessary, would not conform to the standards established by the State Land Use District Regulations, and would be violative of Section 205-2 and Chapter 226, Hawaii Revised Statutes.

ORDER

IT IS HEREBY ORDERED that approximately 151 acres of land, representing a portion of the area in the petition by Princeville Development Corporation in Docket No. A83-553, more particularly identified by Fourth Division Tax Map Key 5-3-06: Portions of Parcel 14, and as illustrated in

Exhibit A attached hereto and incorporated by reference herein, situate at Hanalei and Kalihikai, Halelea, Island and County of Kauai, State of Hawaii, being those portions of the Property Phase II lands designated as the Western Plateau, shall be and hereby are reclassified from the Agricultural District to the Urban District, and the Land Use District Boundaries are hereby amended accordingly.

IT IS HEREBY FURTHER ORDERED that approximately 197 acres of land, representing a portion of the area in the petition by Princeville Development Corporation in Docket A83-553, more particularly identified by Fourth Division Tax Map Key 5-3-06: Portion of parcel 14, and as illustrated in Exhibit A attached hereto and incorporated by reference herein, situate at Hanalei and Kalihikai, Halelea, Island and County of Kauai, State of Hawaii, being the portion of the Property Phase II lands designated as the Central Plateau, shall be and hereby is incrementally reclassified from the Agricultural District to the Urban District. The reclassification of the Western and Central Plateaus shall be subject to the following conditions:

- a. The Petitioner shall provide housing opportunities for low and moderate income Hawaii residents by offering for sale, on a preferential basis, on its own or in cooperation with either or both the Hawaii Housing Authority or the County of Kauai, ten percent (10%) of the lots or houses and

lots to be developed on Western and Central Plateaus of the Property to residents of the State of Hawaii of low and moderate income as determined by the Hawaii Housing Authority or the County of Kauai from time to time or by contributing to the Housing Assistance Fund of the County of Kauai. The preferential lots or houses and lots shall be offered for sale at prices not exceeding prices that enable such purchasers to qualify for and obtain state-assisted financing, as an example, Act 105 or Hula Mae, or federally insured or assisted financing, the FHA Section 245 program, intended to encourage home ownership by lower and moderate income families.

b. The Petitioner shall establish building and lot setback, height, design, siting, color scheme and landscape restrictions and requirements enforceable as deed restrictions which will:

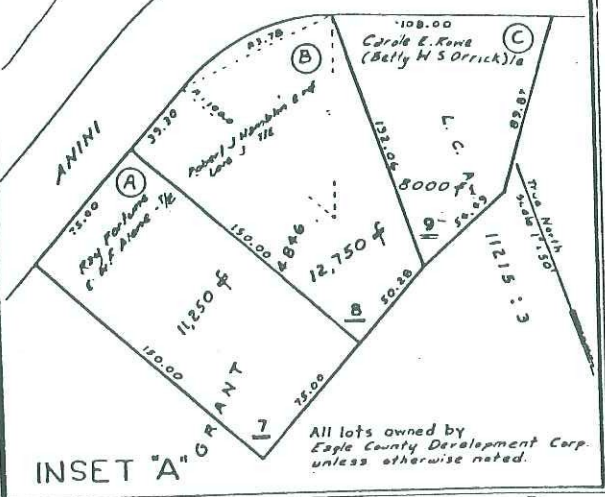
1. Preserve to the extent reasonably practical the view planes of the ocean and coastline across the Western and Central Plateaus of the Phase II lands as seen from Kuhio Highway,

2. Provide that none of the structures to be constructed on the Western and Central Plateaus of the Phase

II lands will be visibly obtrusive when viewed from Anini Beach Road or will unreasonably interfere with the view plane from the Anini Beach Road toward the mountains.

These conditions may be fully or partially released by the Commission as to all or any portion of the Property upon timely motion and provision of adequate assurance or satisfaction of these conditions by the Petitioner.

IT IS ALSO HEREBY FURTHER ORDERED that the balance of the Property designated as the Eastern Plateau of the Phase II lands subject of this petition by Princeville Development Corporation in Docket A83-553, consisting approximately 73 acres, identified by Fourth Division Tax Map Key 5-3-06: Portion of parcel 14, and as illustrated in Exhibit A attached hereto and incorporated by reference herein, situated at Hanalei and Kalihikai, Halelea, Island and County of Kauai, State of Hawaii, shall not be reclassified into the Urban District, and therefore, shall remain in the Agricultural District.



- 3 Lihue Plantation Co., Ltd.
- 9 William Q. Daily & of Lillian - 1/2
- 13 Eagle County Development Corp.
- 15 Sterling C. Christman & of Joseph A. - 1/2
- 18 Milton E. Lawrence & of Mabel A. - 1/2

INCREMENTALLY APPROVED

AREA DENIED

A83-553 PRINCEVILLE DEV. CORP.

TAXATION MAPS BUREAU
TERRITORY OF HAWAII
TAX MAP

FOURTH DIVISION	
ZONE	SEC. PLAT
5	3 06

CONTAINING PARCELS
Scale 1" = 100'

NOTICE: Owner's, lessee's and vendee's names recorded on this tax map print may not be current. Refer to Administrative Directive 24 (Rev.) dated November 21, 1968, as amended by BPP Procedure 4-76, dated July 2, 1976.

SUBJECT TO CHANGE

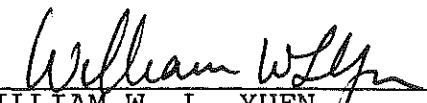
Parcels dropped: 4, 11.

Drawn by Source


DOCKET NO. A83-553 - PRINCEVILLE DEVELOPMENT CORPORATION


Done at Honolulu, Hawaii, this 30th day of April, 1985, per motions on December 18, 1984 and March 6, 1985, and April 16, 1985.


LAND USE COMMISSION
STATE OF HAWAII

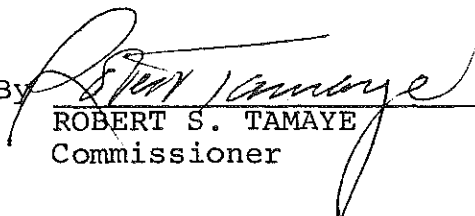
By 
WILLIAM W. L. YUEN
Chairman and Commissioner

By 
TEOFILO PHIL TACBIAN
Vice Chairman and Commissioner

By 
TORU SUZUKI
Commissioner

By 
FREDERICK P. WHITTEMORE
Commissioner

By 
LAWRENCE F. CHUN
Commissioner

By 
ROBERT S. TAMAYE
Commissioner

BEFORE THE LAND USE COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Petition of)
)
PRINCEVILLE DEVELOPMENT CORPORATION) DOCKET NO. A83-553
)
) PRINCEVILLE DEVELOPMENT
) CORPORATION
To reclassify approximately 421)
acres of land currently in the)
Agricultural District into the)
Urban District of Hanalei and)
Kalihikai, Halelea, Kauai)
Hawaii, TMK: 5-3-06: Portions)
of 1 and 14)
)
)

CERTIFICATE OF SERVICE

I hereby certify that a copy of the Land Use Commission Decision and Order was served upon the following by either hand delivery or depositing the same in the U. S. Postal Service by certified mail:


KENT M. KEITH, Director
Department of Planning and Economic Development
State of Hawaii
250 South King Street
Honolulu, Hawaii 96813

AVERY H. YOUN, Planning Director
Planning Department
County of Kauai
4280 Rice Street
Lihue, Hawaii 96766

WALTON D. Y. HONG, Attorney for Petitioner
Masuoka & Hong
P. O. Box 1727
Lihue, Hawaii 96766

BERYL BLAICH, Intervenor
Concerned Citizens of Anini
P. O. Box 404
Kilauea, Hawaii 96754

DATED: Honolulu, Hawaii, this 30th day of April, 1985.



ESTHER UEDA
Executive Officer

DOCKET NO. A83-553 - PRINCEVILLE DEVELOPMENT CORPORATION

A copy of the Land Use Commission's Decision and Order was served upon the following by regular mail on April 30, 1985.

EVERETT KANESHIGE, Deputy Attorney General
Department of the Attorney General
State Capitol, 4th Floor
Honolulu, Hawaii 96813

MAX GRAHAM, County Attorney
Office of the County Attorney
County of Kauai
4396 Rice Street
Lihue, Hawaii 96766