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ORIGINAL

April 9, 1996

VIA FAX (808) 587-3827 AND MAIL

Ms. Esther Ueda
Executive Officer
Land Use Commission
P. O. Box 2359
Honolulu, HI 96804

Re: Filing of 1996 Annual Report for LUC Docket No. A89-645/Haseko (Hawaii),
Inc.

Dear Ms. Ueda:

This is in response to your request of March 22, 1996 for clarification regarding the present time frame for completion of Haseko (Hawaii), Inc.'s Pu'uhonua project, situated in North Kona, Hawaii, which was involved in the above-referenced LUC docket.

As stated in its annual report of March 15, 1996 to the LUC, Haseko is presently re-evaluating its options as to how to proceed with the project due to the depressed state of the real estate market. With this consideration in mind, Haseko has projected a timetable for the submission of subdivision plans to the County of Hawaii and the receipt of all government permits and approvals prior to actual construction of this project which extends until August, 1997. A copy of this timetable or schedule is attached to this letter as Exhibit "A".

The remaining permitting for this project is contingent upon Haseko developing a plan for its project which would reduce infrastructure costs and achieve more efficiency in phasing of the construction. Thus, Haseko may develop this project as a planned unit development or as an experimental housing project. Also, Haseko may seek amendments to the existing affordable housing conditions imposed by the LUC in the subject docket and by the County of Hawaii in its change of zone ordinance to make the Pu'uhonua project workable. Haseko is presently working on modified plans for this project and will furnish the LUC with copies of those plans once they have been completed.

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Under the permitting time-frame which extends until 1997, Haseko's proposed residential development or build-out schedule is estimated to commence in 1997 and extend until 2005. A copy of this schedule is attached to this letter as Exhibit "B". As indicated by this schedule, full build-out would extend over a ten-year period, with an estimated absorption rate of approximately 30 units per year based on the current market trends in the North Kona area.

If the LUC has any additional questions regarding the timetable for the Pu'uhoonua project, please feel free to contact me. The LUC may also wish to contact Mr. Alan Suwa, the project manager for Haseko at 599-1444.

Very truly yours,



SANDRA PECHTER SCHUTTE

Enclosures

cc: Haseko (Hawaii), Inc.

EXHIBIT A

PUU'HONUA
Project Management Schedule

TASK	1996												1997											
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG				
Review Existing Plan with State & County HELCO, etc. Consultants																								
Prepare New Plan Prepare proforma																								
Submit for County Approvals PUD or 201E																								
Negotiations LIJC County Council County Housing Agency County Planning Dept Police Park Fire Solid Waste Public Works																								
State DOT DOE DLNR Archaeo Historic Botanical Plan Air Quality NELH - shoreline																								
Community Relations																								
Subdivision Plan Preparation Submit & approvals																								
Affordable Housing Tax Credit Project Home Funds, CDBG, RHTF HHA, HUD 202 & 811																								

EXHIBIT B

PUU'HONUA RESIDENTIAL DEVELOPMENT SCHEDULE

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Residential Unit Built												
Type A - Market 15,000 sf lot	0	0	0	0	0	0	0	7	10	10	10	10
Type B - Market 10,000 sf lot	0	0	20	20	20	20	20	20	20	18	0	0
Type C - Affordable @ 120%-140%	0	0	20	20	20	20	20	20	20	20	12	0
Type D - Affordable @ 80%-120%	0	0	10	10	10	12	12	12	12	12	12	12
Type E - Affordable @ below 80%	0	0	5	5	5	6	6	6	6	6	6	6
TOTAL	<u>0</u>	<u>0</u>	<u>55</u>	<u>55</u>	<u>55</u>	<u>58</u>	<u>58</u>	<u>65</u>	<u>68</u>	<u>66</u>	<u>40</u>	<u>28</u>