

MAKAIWA HILLS LLC

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October 21, 2011

Mr. Orlando Davidson
Executive Officer
Land Use Commission
P. O. Box 2359
Honolulu, HI 96804-2359

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LAND USE COMMISSION
STATE OF HAWAII

Dear Mr. Davidson:

2011 Annual Report
Docket No. A92-687
Makaiwa Hills

Makaiwa Hills, LLC ("MH LLC") submits this annual progress report to the Land Use Commission ("LUC"), the State Office of Planning, and the City Department of Planning and Permitting pursuant to Condition 22 of the October 28, 1993, LUC Decision and Order ("D&O") in Docket No. A92-687.

The subject of this annual report is the reclassification of approximately 1,781.122 acres of land located in the Ewa District, Island of Oahu, State of Hawaii ("Property") from agricultural district to urban district.

I. General Progress

On September 24, 2008, the Honolulu City Council approved Bill 47, which rezoned the Property from an agricultural zoning category to a mix of residential, commercial and preservation zoning districts. MH LLC is continuing to plan for development and is in the process of satisfying D&O and zoning conditions for the Property.

II. Status of Compliance with Conditions

These conditions to reclassification are reproduced boldface followed by a description of the progress being made to comply with them by Order filed on October 28, 1993.

- 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 the 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.

Agreement has been reached with the Housing and Community Development Corporation of Hawaii ("HCDCH") that affordable housing opportunities shall be provided to the satisfaction of the City and County of Honolulu. Petitioner will comply with this requirement.

- 2. Petitioner shall provide land for outdoor recreation mauka of the property, as determined by and to the mutual satisfaction of the Division of State Parks, Department of Land and Natural Resources. Agreement by the Division of State Parks, Department of Land and Natural Resources and Petitioner on the provision of land for outdoor recreation shall be obtained prior to the Petitioner applying for county zoning.**

As reported in Petitioner's fifteenth annual report, Petitioner has reached agreement with the Department of Land and Natural Resources, Division of State Parks on the provision of land for outdoor recreation.

- 3. Petitioner shall participate in the funding and construction of local and regional transportation improvements and programs including dedication of rights-of-way, on a pro-rata basis as a result of the development of the Property, as determined by the State Department of Transportation and the City and County of Honolulu Department of Transportation Services. 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.**

The Petitioner has reached agreement with the Department of Transportation on the level of funding and participation in the construction of local and regional transportation improvements. The Master Kapolei Highway Agreement with the Department of Transportation dated June 1, 2010 was provided as a part of the 2010 annual report.

- 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 reasonably required. These activities shall be coordinated with and approved by the State Department of Transportation.**

Petitioner will comply with this condition.

5. **The Petitioner, at no cost to the State, shall appoint a permanent transportation manager whose function is the formulation, use, and continuation of alternative transportation opportunities that would optimize the use of existing and proposed transportation systems. In the alternative, the 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 by the State Department of Transportation prior to implementation. The transportation manager or Petitioner shall conduct periodic evaluations of the program's effectiveness and shall make reports of these evaluations available to the State Department of Transportation for program review and modification, if necessary.**

Petitioner is no longer a member of the Leeward Oahu Transportation Management Association ("LOTMA"). Instead, Petitioner has chosen to internally direct the formulation, use, and continuation of alternative transportation opportunities. Petitioner will continue to provide information on transportation alternatives in a similar fashion to LOTMA.

6. **Petitioner shall participate in the funding and construction of adequate wastewater transmission and disposal facilities, necessitated by the proposed development on a pro-rata basis, as determined by the State Department of Health and the City and County of Honolulu.**

Petitioner will participate in the funding, design and construction of wastewater transmission improvements required as a result of the development of the Property.

7. **Petitioner shall fund the design and construction of drainage improvements required as a result of the development of the Property to the satisfaction of the appropriate State and City and County of Honolulu agencies.**

Petitioner will fund the design and construction of drainage improvements required as a result of the development of the Property. Regional and project drainage master plans have been submitted to the Department of Planning and Permitting for approval.

8. **Petitioner shall fund and construct adequate civil defense measures as determined by the City and County of Honolulu and State Civil Defense agencies.**

As the project proceeds, Petitioner will work with Civil Defense agencies to provide adequate civil defense measures.

- 9. 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 the Petitioner applying for County zoning.**

As reported in Petitioner's fifteenth annual report, Petitioner has reached agreement with the Department of Education on providing its fair share of school facilities within the Makaiwa Hills project.

- 10. Petitioner shall prepare a detailed historic preservation mitigation plan which must be approved by the Historic Preservation Division, Department of Land and Natural Resources. This plan shall have two parts: an archaeological data recovery plan (scope of work) for sites determined significant for their information content and a preservation plan for sites determined significant as excellent examples of a type of site. The Historic Preservation Division shall verify in writing that the plan has been successfully implemented prior to the onset of ground altering construction activities that would jeopardize the sites.**

Petitioner will comply with this condition.

- 11. Should any human burials or any historic sites such as artifacts, charcoal deposits, or stone platforms, pavings or walls be found, the Petitioner shall stop work in the immediate vicinity and contact the Historic Preservation Division. The significance of these finds shall then be determined and approved by the Historic Preservation Division, and an acceptable mitigation plan shall be approved by the Historic Preservation Division (if applicable). The Historic Preservation Division must verify that the fieldwork portion of the mitigation plan has been successfully executed prior to work proceeding in the immediate vicinity of the find. Burials must be treated under specific provisions of Chapter 6E, HRS.**

Petitioner will comply with this condition.

- 12. Petitioner shall prepare a fire plan approved by the Department of Land and Natural Resources, Division of Forestry and Wildlife, prior to the Petitioner applying for County zoning.**

As set forth in the fourteenth annual report, Petitioner has completed this condition.

- 13. 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, HRS, as amended, and the City and County's approved integrated solid waste management plans in accordance with a schedule and timeframe satisfactory to the Department of Health.**

Petitioner will cooperate with city and state agencies to conform to the program, goals, and objectives of Chapter 342G.

- 14. Any plans by the Petitioner to include a golf course within the Property shall be subject to review and approval by the Land Use Commission. Petitioner shall: a) file an appropriate motion or petition, whichever is appropriate; b) will provide the necessary evidence; and c) seek approval from the Commission for golf course use on the Property.**

Petitioner has elected not to construct a golf course on the Property.

- 15. Petitioner shall be responsible for implementing sound attenuation measures to bring noise levels from vehicular and air traffic in the Petition Area down to levels acceptable to the State Department of Health and the State Department of Transportation.**

Petitioner will provide sound attenuation measures, when and where they are determined to be needed.

- 16. Petitioner shall attenuate the noise in noise sensitive areas within residential areas exposed to noise levels of 65 Ldn (day-night average sound level) by a minimum of 25 decibels (A-weighted).**

Petitioner intends to comply with this condition as required.

- 17. Petitioner shall not construct residential units within areas exposed to noise levels of 65 dn or greater.**

Petitioner will comply with this condition as required.

- 18. Petitioner shall grant to the State of Hawaii an aviation (right to flight) and noise easement in the form prescribed by the State Department of Transportation on any portion of the Property subject to noise levels exceeding 55 Ldn.**

Petitioner will comply with this condition.

- 19. Petitioner shall notify all prospective buyers of property in the Project of the potential odor, noise, and dust pollution resulting from surrounding Agricultural District land, Hawaiian Electric Company's Kahe Power Plant, and the City and County of Honolulu's Waimanalo Gulch Sanitary Landfill.**

Petitioner will provide the required notice to prospective buyers.

- 20. Petitioner shall notify all prospective buyers of property in the Project 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.**

Petitioner will provide the required notice to prospective buyers.

- 21. Petitioner shall participate in an air quality monitoring program as specified by the State Department of Health.**

Petitioner has participated in an air quality monitoring program accepted by the Department of Health in connection with A87-613 (The City of Kapolei).

- 22. Petitioner shall promptly provide, without any prior notice, annual reports to the Land Use Commission, the Office of 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.**

This report is submitted in compliance with this condition.

- 23. Petitioner shall develop the Property in substantial compliance with representations made to the Land Use Commission in obtaining the reclassification of the Property. Failure to so develop the Property may result in reversion of the land to its former classification, or change to a more appropriate classification.**

Petitioner will develop the Property in substantial compliance with representations made.

- 24. The Petitioner shall give notice to the Land Use Commission of any intent to sell, lease, assign, place in trust or otherwise voluntarily alter the ownership interest in the Property covered by the approved petition prior to the development of the Property.**

Petitioner will comply with this condition.

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25. The Land Use Commission may fully or partially release these conditions as to all or any portion of the Property upon timely motion, and upon the provisions of adequate assurance of satisfaction of these conditions by the Petitioner.

Petitioner acknowledges that the LUC may fully or partially release these conditions as appropriate.

26. Within seven days of the issuance of the Commission's Decision and Order for the subject reclassification, the Petitioner shall (a) 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 (b) shall file a copy of such recorded statement with the Commission.

This condition was satisfied and reported on in the first annual report.

27. Petitioner shall record the conditions imposed by the Commission with the Bureau of Conveyances pursuant to Section 15-15-92, HAR.

This condition was satisfied and reported on in the first annual report.

28. 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.

Petitioner will comply with this condition.

If you have any questions, please call me at 674-3289.

Sincerely,



Stephen H. Kelly
Manager

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cc: Jesse Souki, Office of Planning
David Tanoue, Department of Planning & Permitting