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STATE OF HAWAII

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IN REPLY REFER TO:

20-DEV-0034

March 2, 2020

Michele McLean, AICP, Director
County of Maui
Department of Planning
Attention: Current Division
2200 Main Street, Suite 315
Wailuku, Hawaii 96793

Dear Ms. McLean:

Subject: District Boundary Amendment Compliance Report for Villages of Leialii
(Docket No. A89-652) for Subdivision File No. 4.1018

As requested in the Department of Planning's comments on the Villages of Leialii Subdivision (Subdivision File No. 4.1018), the Hawai'i Housing Finance and Development Corporation (HHFDC) is providing this District Boundary Amendment (DBA) Compliance Report for the Villages of Leialii, Docket No. A89-652.

The HHFDC has filed a subdivision application for consolidation of two (2) lots and resubdivision into two (2) lots, TMK Nos. (2)4-5-021:003 and 021. The subdivision application will create a 28.522-acre lot which will serve as the development parcel for the proposed Keawe Street Apartments. The Keawe Street Apartments is a 200-unit affordable multi-family, rental housing project. The Keawe Street Apartments will serve as the first phase of development at the Villages of Leialii. Ikaika Ohana has been selected by HHFDC to develop and operate Keawe Street Apartments. At this time, the HHFDC does not have any plans for additional development at the Villages of Leialii.

The HHFDC has been submitting annual reports for the Villages of Leialii District Boundary Amendment to the State Land Use Commission and County of Maui. The most recent Annual Report was filed on August 12, 2019. On September 26, 2019, the Department of Planning determined that the Annual Report was submitted in continuing compliance with Condition No. 21, which outlines the requirement for annual reports. This compliance report has been prepared specific to the subject subdivision, Subdivision File No. 4.1018 for the Keawe Street Apartments project.

Land Use Conditions

The following is a progress report on conditions imposed by the LUC for the Villages of Leialii development:

Condition No. 1:

The survey of the Property to identify structures relating to the sugar cane plantation and the significance of any identified structures shall be evaluated. Findings shall be submitted in report format to the State's Historic Preservation Program. If significant, acceptable mitigation measures for their treatment shall be worked out in consultation with the State Historical Preservation Program and shall be included in a detailed mitigation plan.

In addition, sites 2478, 2479, 2481, 2482 and 2484 shall undergo data recovery. Sites 2480, 2483, 2485, 2488, 1203 and 2486 shall be preserved. A detailed mitigation plan, with preservation and data recovery components shall be submitted to the State Historic Preservation Program for approval prior to the implementation of such plan.

Petitioner shall also cause work to stop immediately and shall contact the State Historic Preservation Office should archaeological resources such as artifacts, shell, bone, or charcoal deposits, human burial, rock or coral alignments, pavings or walls be encountered during the project development.

Status: On October 2, 1997, a final report on the inventory of Pioneer Mill Co.'s sugarcane plantation structures was submitted to the State Historic Preservation Division (SHPD). In October 1997, a HABS and HAER Level 2 recording of the irrigation features in the project site, identified as State Site 50-50-03-4420, Wahikuli Ahupua'a, Lahaina District, Island of Maui, TMK: 4-5-21: 3, 18-20, 22 (SHPD Doc. No. 9709BD12) was completed and a report filed with SHPD. By letters dated November 25, 1997 and December 17, 1998, SHPD accepted the report and its mitigation.

Sites 2478, 2479, 2481, 2482, and 2484 and Sites 2480, 2483, 2485, 2488, 1203, and 2486 are not located within the Keawe Street Apartments project site. The HHFDC has initiated consultation with the SHPD pursuant to Section 6E, Hawaii Revised Statutes (HRS) for the Keawe Street Apartments.

Condition No. 2:

Petitioner shall cause all prospective occupants to be informed of (a) possible odor, noise, and dust pollution resulting from surrounding agricultural operations, and (b) the Hawaii Right-to-Farm Act, Chapter 165, HRS which limits the circumstances under which pre-existing farming activities may be deemed a nuisance.

Status: Ikaika Ohana shall notify all prospective occupants of the Keawe Street Apartments of possible odor, noise, and dust pollution resulting from surrounding agricultural operations and the Hawaii Right-to-Farm Act.

Condition No. 3:

Petitioner shall develop the golf course in compliance with the provisions of the document entitled "Eight (8) Conditions Applicable to New Golf Course Development" dated April 7, 1989.

Status: The Keawe Street Apartments project is limited to the construction of 200 affordable rental units and related improvements and does not include development of a new golf course. A golf course may be developed within the Villages of Leialii in the future. If a golf course is not developed, HHFDC will take appropriate action with the LUC to address compliance with conditions relating to the golf course.

Condition No. 4:

Petitioner shall submit a revised traffic report that addresses the secondary impacts on County roadways and pedestrian traffic to the Maui Department of Public Works for review and approval prior to submittal of the Project's traffic master plan.

Status: This condition was satisfied in May 1992. Moreover, a Traffic Impact Analysis Report (TIAR) for the Keawe Street Apartments was prepared in September 2019 by Fehr & Peers and included in the Draft 201H application for the project, which was distributed to agencies, including the County of Maui, Department of Public Works and State Department of Transportation.

Condition No. 5:

Petitioner shall coordinate with the Maui Department of Water Supply, adjoining landowners, and/or other Federal, State or County agencies regarding measures designed to obtain the required water for the Project. Petitioner shall fund on an equitable basis, necessary water sources, storage, transmission facilities, and filtration system development.

Status: The HHFDC has entered into a Memorandum of Agreement (MOA) with the Department of Hawaiian Home Lands (DHHL) for the development of the proposed Honokowai Well. The well will connect to the DWS system and provide an additional source which will be allocated to DHHL and HHFDC projects in the region. Planning and design for the Honokowai Well is in progress. Inasmuch as the new Honokowai Well has not yet been completed, HHFDC and Ikaika Ohana have coordinated with the County of Maui, Department of Water Supply (DWS) regarding water source for the project. Ikaika Ohana will seek a water meter reservation for the subject project from the DWS for 100% affordable projects pursuant to DWS' Section 16-202-09, Rules Relating to Water Meter Reservations, as amended.

Condition No. 6:

Petitioner shall participate pro-rata in the funding, development, and construction of improvements to the Lahaina Wastewater Treatment Plant. Occupancy of the housing units shall be phased with the increased capacity of the treatment plant.

Status: The Housing Finance and Development Corporation (HFDC) participated with the County of Maui in the expansion of the Lahaina Wastewater Treatment Plant in accordance with an agreement dated September 13, 1991. The expansion was completed in 1994 and provided for 1.8 mgd of sewer capacity for the VOL project, however, in accordance with HFDC's agreement with the County, any capacity not used before September 13, 2006 may be used by the County. By letter dated November 10, 2005, the County of Maui refused the Housing and Community Development Corporation of Hawaii's (HCDCH) request for an extension, and therefore HCDCH's sewer capacity agreement with the County for the VOL project lapsed on September 13, 2006.

HHFDC and the County of Maui are negotiating a Memorandum of Understanding to allow the connection of the Keawe Street Apartments project to the County sewer system and Lahaina Wastewater Treatment

Plant. If unsuccessful, the Project will be developed with an onsite private wastewater treatment plant, or Ikaika Ohana may decide not to proceed with development of the Project.

Condition No. 7:

Petitioner shall fund and construct all necessary drainage improvements which are within the property. The drainage plans shall be submitted to DOT and the County of Maui, Department of Public Works.

Status: The Keawe Street Apartments will be constructed with all necessary drainage improvements. Drainage plans will be submitted to DOT and the County of Maui, Department of Public Works.

Condition No. 8:

Petitioner shall make land, with infrastructure up to the lots, available to the State Department of Education (DOE) for the development of school facilities.

*Status: The HHFDC has coordinated with the DOE regarding Condition No. 8. In a letter to the DOE dated November 13, 2019, the HHFDC noted that the HHFDC has no plans for the development of the Villages of Leialii beyond the Keawe Street Apartments at this time. As such, an Educational Contribution Agreement (ECA) is not currently being pursued. However, should the HHFDC decide to proceed with further development of the Villages of Leialii, HHFDC will coordinate with the DOE on an ECA, as required by Condition No. 8. See **Exhibit "1"**.*

Condition No. 9:

Petitioner shall provide housing opportunities for low, low-moderate, and moderate income residents of the State of Hawaii by offering for sale or lease a number of units equal to 60% of the residential units in the Petition Area at prices which families with an income range of up to one hundred twenty percent (120%) of the County of Maui's median income can afford.

Status: In October 2000, the HCDCH requested the State Land Use Commission to amend the condition to allow the County of Maui to establish the affordable housing condition in consultation with the HCDCH. However, the Commission believed they did not have the authority to amend the Act 15 provision and deferred decision-making on HCDCH's request. Meanwhile, Act 100 SLH 2001 was enacted which waived, for

undeveloped lands at VOL, the affordable housing requirement of 60% of the units to families up to 120% of the HUD median income for the County of Maui imposed by Act 15 SLH 1988, to a requirement established by agreement between HHFDC and the County of Maui.

Except for up to 3 managers' units, all of the units in the Keawe Street Apartments affordable rental project will be affordable to families at 60% or below the HUD area median income.

Condition No. 10:

Petitioner shall coordinate with the County of Maui development of the Project in conjunction with the improvements to County services and facilities such as fire and police protection.

Status: HHFDC and Ikaika Ohana are consulting with County agencies including the Police Department and Department of Fire and Public Safety through the Chapter 201H-38 application process for the Keawe Street Apartments.

Condition No. 11:

All infrastructure improvements for the Project shall be developed in accordance with County of Maui standards.

Status: Infrastructure improvements such as water, wastewater, drainage, and roadway improvements will be developed in accordance with County of Maui standards by Ikaika Ohana for the Keawe Street Apartments.

Condition No. 12:

Petitioner shall submit to the County of Maui, Department of Public Works all master plans for drainage, water, roadways, utilities, and sewers for review and approval prior to submittal of the individual construction plans of the various villages.

Status: This condition was previously satisfied in 1992.

Condition No. 13:

The State of Hawaii shall maintain responsibility for the preservation area which includes the existing crater and reservoirs.

Status: *The area including the existing crater and water reservoir will be preserved as open space. In late 2012 and August 2019, DLNR de-commissioned Wahikuli Reservoir and Crater Reservoir, respectively. The preservation area is not located within the project area for the Keawe Street Apartments.*

Condition No. 14:

Petitioners shall fund, design, and construct improvements to the various community/neighborhood parks including but not limited to grading, installation of landscaping and irrigation, construction of retaining walls and safety fences, and installation of service utilities.

Status: *The proposed Keawe Street Apartments project will include two (2) community centers, a playground, and community gardens for residents' use. Organized activities will be provided for residents onsite. One (1) of the community centers will be available for events that may be open to the public and one (1) will be for residents' use.*

Condition No. 15:

Restrictive covenants for the golf course shall include conditions regarding preferential rates and tee times for the resident golfer. Rates shall not exceed 200% of the municipal course rates of the County of Maui and at least 50% of the prime tee times shall be reserved for the resident golfer.

Status: *The Keawe Street Apartments does not include the development of a golf course. A golf course may be developed within the Villages of Leialii in the future. If a golf course is not developed, HHFDC will take appropriate action with the LUC to address compliance with conditions relating to the golf course.*

Condition No. 16:

Petitioner shall incorporate noise attenuation measures or devices to reduce noise impacts along Honoapiilani Highway, by-pass highway and cane haul road.

Status: *The Keawe Street Apartments is not adjacent to the Honoapiilani Highway or the future Lahaina Bypass. It is noted that with the closing of operations of Pioneer Mill in 1999, the cane haul road is no longer used for the hauling of cane and is no longer an active road. Structures will be setback a minimum of 110 feet from the existing cane haul road.*

Condition No. 17:

Petitioner shall incorporate appropriate measures to mitigate impacts from wind, etc., along the existing and proposed highways and cane haul roads.

Status: As previously noted, the Keawe Street Apartments is not adjacent to the Honoapiilani Highway or future Lahaina Bypass and will be setback a minimum of 110 feet from the existing inactive cane haul road.

Condition No. 18:

Petitioner shall not commence the construction of Villages 7 through 11 until the construction of the by-pass road through the Petition Area is substantially underway.

Status: The proposed Keawe Street Apartments affordable project is located below (west of) the by-pass highway, in compliance with this requirement.

Condition No. 19:

Conditions requiring County agency review, coordination, or approval are subject to the powers of the HFDC as expressed in Act 15, Session Laws of Hawaii, 1988.

Status: As of July 1, 2006, all requests for County approvals, exemptions, waivers, and variances will be processed through the County under Chapter 201H, HRS, pursuant to Act 180, SLH 2006.

Condition No. 20:

Petitioner shall develop the Property in substantial compliance with representations made to the Land Use Commission in obtaining reclassification of the Property.

Status: The proposed Keawe Street Apartments is in substantial compliance with the representations made to the Land Use Commission (LUC) in obtaining the District Boundary Amendment for the Villages of Leialii. The Villages of Leialii, as reviewed by the LUC, was intended to carry out the State's overall goal of increasing housing opportunities in West Maui for persons and families of all income levels and called for the development of up to 4,800 single-family and multifamily residential units. The Keawe Street Apartments will provide 200 affordable, multifamily rental units, which represents just a fraction of the units contemplated for

the Villages of Leiali'i.

Updated conceptual plans for the Villages in Leiali'i were disclosed in a Final EIS published in 2012. The State DBED&T, to which the LUC is administratively attached, was a consulted party for the EIS. The Villages of Leiali'i as described in the 2012 EIS continues to be planned as a master-planned residential community intended to provide affordable housing for West Maui residents. The total project acreage, number of residential units, and ancillary commercial and public facilities as described in the 2012 EIS are substantially similar to representations made to the Land Use Commission. With respect to the Keawe Street Apartments project site, Land Use Concept 3 depicts "Multi-Family Residential—18 & 20 du/ac" as the conceptually proposed land use for this alternative.

A golf course was not included in the 2012 EIS because at the time it did not appear to be an economically viable land use. If a golf course is proposed in the future, HHFDC will consult with appropriate agencies to determine if a supplemental EA or EIS is necessary. Should plans for the Villages of Leiali'i substantially deviate from what was represented to the LUC, HHFDC will take appropriate action with the LUC to address compliance with this condition.

It is noted that access to the project has been modified from what was originally presented to the LUC due to adjustments that have been made to the Lahaina Bypass alignment. Due to the discovery of archaeologically significant agricultural terraces in the alignment of the Bypass highway within the Villages of Leiali'i near Kahoma Street, the State DOT realigned the Bypass highway to curve farther makai into a T-intersection with the County's Keawe Street Extension. An Environmental Assessment for this realignment was completed by DOT in 2009. Construction of Phase 1A of the Bypass Highway and the Keawe Street Extension were completed around December 2012. The Keawe Street Extension provides a mauka-makai thoroughfare, similar to what was previously proposed by extending Kapunakea Street. It is also noted that there is a private property and a County owned property between the current terminus of Kapunakea Street and the VOL that prevents direct connection to Kapunakea Street. Access to the Keawe Street Apartments will be provided via a new public road off of Keawe Street Extension. In addition, the developer of the Keawe Street Apartments project will enter into a Memorandum of Understanding with HHFDC indicating that the developer will designate an approximately 35-foot setback along the west

edge of the project site to allow future extension of Kapunakea Street northward, should such extension be necessary for future development in the Villages of Leialii. These modifications are not deemed substantial in the context of the overall proposal for the VOL that was presented to the LUC.

Condition No. 21:

Petitioner shall file annual reports to the Commission, the Office of State Planning, and the County of Maui Planning Department in connection with the status of the Project and petitioner's progress in complying with the conditions imposed.

Status: Annual reports regarding the status of this Project will continue to be filed with the County of Maui Planning Department, the Office of State Planning, and the State Land Use Commission.

Condition No. 22:

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

Status: HHFDC acknowledges this condition.

Should there be any questions or comments regarding this matter, please contact Stanley S. Fujimoto, Project Manager, at 587-0541.

Sincerely,



Denise Iseri-Matsubara
Interim Executive Director

Enclosure

cc: State Land Use Commission (w/enclosure)
Office of Planning (w/enclosure)
County of Maui, Department of Public Works (w/enclosure)
Munekiyo Hiraga (w/enclosure)