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PARTNERS FOR HAWAII

July 6, 2021

LAND USE COMMISSION
STATE OF HAWAII

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Mr. Daniel E. Orodener
Executive Officer
Land Use Commission
State of Hawaii
P.O. Box 2359
Honolulu, HI 96804-2359

Subject: 2021 Annual Report to the State Land Use Commission
Docket Nos. A03-739 and A88-634
Maui Business Park Phase II

Dear Mr. Orodener:

This letter constitutes A&B Properties Hawaii, LLC's ("A&B" or "Petitioner") 2021 annual report to the State Land Use Commission ("SLUC") pursuant to Condition No. 22 under Docket No. A03-739 and Condition No. 23 under Docket No. A88-634. Inasmuch as both land use dockets involve the reclassification of land comprising the proposed 179-acre Maui Business Park Phase II project ("Project"), the annual report requirements under both dockets are being addressed in this report.

Project Background and Status

By its Decision and Order dated March 25, 2004, under Docket No. A03-739, the SLUC granted approval of A&B's petition to reclassify approximately 138.158 acres from the "Agricultural" to the "Urban" land use district at Kahului, Maui, Hawaii. Subsequently, by its Decision and Order dated June 13, 2005, under Docket No. A88-634, the SLUC granted approval of A&B's application for incremental approval of 33.53 acres to the "Urban" land use district at Kahului, Maui, Hawaii. The lands which comprise these two dockets, along with an additional approximately 7.3 acres that were already designated within the Urban District, make up the 179-acre Project site. The Project is a continuation of the existing Maui Business Park situated in Kahului, Maui, Hawaii.

A change in zoning application was filed in April 2004 with the County of Maui to attain the light industrial zoning necessary for the Project to proceed. In May 2005, the Maui Planning Commission voted to recommend approval of the zoning application to



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the Maui County Council. Subsequently, in April 2008 the County Council approved the zoning bill and it was enacted as Ordinance No. 3559 in May 2008.

Construction of an offsite private water system that will serve the Project commenced in February 2011 and has been completed. Construction of other infrastructure improvements including drainage, sewer, and water systems, and roadways were substantially completed in March 2013. Offsite improvements to Hana Highway commenced in April 2013 and have been completed.

Sales and marketing of the Project commenced in June 2012, following the issuance of a Preliminary Order of Subdivision Registration (included in 2012 annual report). On October 31, 2014, a Final Order of Registration for Maui Business Park, Phase II, South Project Increment IB, was issued by the State Department of Commerce and Consumer Affairs. Lots are being marketed to various prospective buyers and where warranted, lots are being modified to suit buyers' needs.

Status of Activities Relating to Imposed Conditions

Listed below are each of the conditions imposed by the SLUC and the status of activities pertaining to each respective condition. Note that the listed conditions are applicable to both Docket A03-739 and Docket A88-634 unless otherwise indicated.

Dockets A03-739 & A88-634

*1a. **Housing Study.** Within one hundred eighty days (180) of this decision and order, the Petitioner shall complete and submit to and for the approval of the Commission, with copies to the Department of Planning, the Department of Housing and Human Concerns and the Office of Planning, a housing study that addresses the following:*

- i. The impact the Project will have on the current labor force;*
- ii. The type of employee/affordable housing demands that will be created by the Project;*
- iii. Any employee/affordable housing policy adopted and in place by the County for commercial and industrial developments;*
- iv. The proposed mitigation measures to alleviate the impact on both the labor market and the employee/affordable housing situation, including, but not limited to, the acreage, siting, timing, type of housing and eligibility for the employee/affordable housing project and the identity of potential developers and recipient of land to be contributed and conveyed by Petitioner for affordable/employee housing (collectively, the "Proposed Mitigation Measures"); and*
- v. Recommendations and timeframe for implementing any applicable county housing policy (in place at the time of this study) or requirements and/or the*



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Petitioner's proposed mitigation measures, including the minimum contribution of land described in Condition 1b immediately herein below (collectively, the "Proposed Timeline").

The reclassification of the Petition Area, as described in this Decision and Order, shall be subject to the further condition of Petitioner's compliance with the Proposed Mitigation Measures and Proposed Timeline, as modified and/or approved by the Commission (the "Approved Mitigation Measures and Timeline").

1b. Minimum Contribution of Land by the Petitioner. *In compliance and consistent with the Approved Mitigation Measures and Timeline, Petitioner shall contribute, no later than one (1) year after any Maui County zoning approval authorizing the use of the Property for light industrial and/or commercial use, to the County of Maui or a non-profit housing entity or other appropriate entity, a minimum of ten (10) acres of land useable for residential development within the Central Maui region reasonably acceptable to the County of Maui towards development of employee/affordable housing or satisfy such more stringent employee/affordable housing requirements for the Project as may be imposed by the Maui County Council. The Approved Mitigation Measures and Timeline shall be an obligation of the recipient of the land conveyed for affordable housing purposes, as memorialized in the conveyance document from the Petitioner to such recipient.*

Status: **In compliance with this condition, Petitioner prepared and submitted the subject housing study to the SLUC in September 2004. The study focused on the increased housing unit demand due to the in-migration of job seekers at the Project. Based on the study, approximately 13 acres of land for affordable housing would be needed. The timing of the demand for these units would be over an approximately 13-year period from 2008 through 2020. The analysis confirmed that the preferable location for the land contribution would be in the Central Maui region. By letter dated November 10, 2004 the Maui Department of Housing and Human Concerns concurred with the findings of the housing study and recommended its approval to the Maui Planning Department. It should also be noted that although the Maui County's Residential Workforce Housing Policy was enacted in 2006, it did not address nor specify affordable housing requirements for commercial and industrial projects.**

Affordable housing requirements related to the Project were deliberated by the Maui County Council as part of the zoning application. The Council, as a condition of zoning for the Project, has required the Petitioner to contribute a total of 50 acres of land for affordable housing, community center and park purposes. The specific provisions of the zoning condition are described below.



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- “7. *That Alexander & Baldwin, Inc. shall provide land for affordable housing, a community multi-purpose center, and park purposes at the approximate location of the terminus of Kamehameha Avenue, near the new Maui Lani Park and Pomaikai Elementary School, as follows:*
- a. Approximately 40 acres for affordable housing purposes;*
 - b. Approximately 7 acres for a Kahului community multi-purpose center; and*
 - c. Approximately 3 acres for park purposes.*

The precise location of these lands shall be acceptable to the Department of Housing and Human Concerns and the Department of Parks and Recreation, and Alexander & Baldwin, Inc. shall perform archaeological and topographic surveys of the land for the County's evaluation of the property's acceptability.”

As a result of initial land planning work and discussions with various representatives of the County, a suitable location within the Petitioner’s Waiale master planned residential community just south of the Maui Lani development was identified.

In August 2010, Petitioner filed a land use petition with the State Land Use Commission to reclassify the Waiale lands from the Agricultural to the Urban District. The SLUC subsequently conducted hearings on the Waiale petition and in June 2012 approved the reclassification of the land. Pursuant to Petitioner’s discussions with the County, an application to subdivide parcels for affordable housing, community center and park sites, was filed in April, 2015. Additionally, the Petitioner worked with the County Department of Housing and Human Concerns in developing conceptual housing plans for the lands to be dedicated to the County for affordable housing and park use. With the receipt of final subdivision approval, draft deeds and other applicable conveyance documents were transmitted to the County Departments of Parks and Recreation and Housing and Human Concerns in March 2018. The dedication of lands per this requirement is with the Maui County Council for appropriate action.