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GOVERNOR



LAND USE COMMISSION  
STATE OF HAWAII

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EXECUTIVE DIRECTOR

STATE OF HAWAII

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IN REPLY REFER TO:

21:DEV/0110

July 7, 2021

ORIGINAL

To: Daniel E. Orodener, Executive Officer  
Land Use Commission *Francis Paul Keeno*

From: Francis Paul Keeno, Executive Assistant

Subject: Village 9 and Lots 7 and 9 of File Plan 2128  
Docket No. A90-660 - Annual Report for 2021  
Villages of La'i'opua  
Kealakehe, Hawaii  
Tax Map Key Nos. (3) 7-4-020: 004; 7-4-021: 042 & 043

Pursuant to the Land Use Commission's (LUC) Order in Docket No. A90-660, transmitted herewith is an original and one copy of an annual report on the status of Village 9 and Lots 7 and 9 of File Plan 2128 at the Villages of Laiopua (VOLA) development and Hawaii Housing Finance and Development Corporation's (HHFDC) progress in complying with conditions imposed by the Commission. In accordance with the LUC's letter to HHFDC dated October 1, 2007, an electronic pdf version of the annual report is being concurrently emailed to the LUC at LUC@dbedt.hawaii.gov.

#### Land Use Commission Action

Reclassification of approximately 727 acres from Agricultural District and Conservation District into Urban District, situated at Kealakehe, North Kona, Island and County of Hawaii, State of Hawaii, identified as Hawaii Tax Map Key No.: (3) 7-4-008; portion of 017, now known as Tax Map Key Nos.: (3) 7-4-020: 001 to 007, 023, 024, 025; 7-4-021: 001 (por.), 002 to 005, 007, 008, 010 to 013, 014 (por.), 015, 016, 023 (por.), 042, 043; 7-4-022: 001 to 107; 7-4-023: 001 to 128; 7-4-027: 001 to 119. The area in question was approved for the development of VOLA by the LUC on December 18, 1990.

#### Project Status

In accordance with Act 350, Session Laws of Hawaii (SLH) 1997, as of July 1, 1998, the Housing Finance and Development Corporation (HFDC) was combined with the Hawaii Housing Authority into one successor agency, known as the Housing and Community

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Development Corporation of Hawaii (HCDCH). In accordance with Act 196, SLH 2005, and Act 180, SLH 2006; as of July 1, 2006, HCDCH was split into two successor agencies, the Hawaii Public Housing Authority and HHFDC.

#### Village 9 – The Villages of La’i’opua

The Department of Land and Natural Resources (DLNR) is the landowner. HHFDC or its predecessor agencies (hereinafter referred to as HHFDC) was the master developer of the VOLA project in Kealakehe, Hawaii, until HHFDC sold its development rights to the Department of Hawaiian Home Lands (DHHL) in December 2004 as further described in this annual report. A copy of the VOLA site map is attached to this annual report as **Exhibit A** for reference. HHFDC completed the first two components of backbone infrastructure (roadways and utility systems) and dedicated such infrastructure to the State of Hawaii, Department of Transportation (DOT), and the County of Hawaii (County) during 1997 and 1998. Completed infrastructure was sufficient to service the Kealakehe High School, the Kealakehe golf course property, a commercial site, and six residential villages.

The first phase of Kealakehe High School was completed in July 1997 and the school welcomed its first class of about 400 students on September 2, 1997. The final phase of construction was completed in December 2003.

The golf course property was set aside to the County for Kealakehe Wastewater Reclamation Field and North Kona Golf Course purposes by Governor’s Executive Order No. 3665 dated July 18, 1995. No development occurred due to a disagreement between the County and its golf course developer, Kealakehe Associates, Inc. On January 28, 2011, Governor’s Executive Order No. 4354 cancelled Governor’s Executive Order No. 3665. Governor’s Executive Order No. 4355 set aside the property to the County for Kealakehe Wastewater Reclamation Field, North Kona Golf Course and/or Public Park purposes. The County now plans to develop the former golf course property as a regional park.

Pursuant to Act 95, SLH 1996, DLNR transferred the 51-acre Village 3 property to the DHHL by Land Patent Grant No. S-15,900 dated May 12, 1997. DHHL commenced construction in the first calendar quarter of 1998 and completed the development of 225 single-family homes for qualified native Hawaiians in the fall of year 2000.

On September 18, 1998 and July 9, 1999, the HHFDC Board of Directors consented to the transfer of Village 4 from DLNR to DHHL. Pursuant to Village 4 Transfer Agreement dated April 20, 2000, Village 4 was transferred to DHHL by Land Patent Grant No. S-15,939 dated December 1, 2000. Under the Village 4 Transfer Agreement, DHHL

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is required to submit annual reports on the status of compliance with the conditions of LUC Docket No. A90-660, directly to the LUC, with a copy to HHFDC.

On October 16, 1998, the HHFDC Board of Directors approved a right of entry to McClean Honokohau Properties (McClean) for the design, construction, and dedication of Road "G" to the County. Road "G" is a 60' wide roadway within VOLA which will connect the DOT's Kealakehe Parkway within VOLA to the McClean property to the north. Construction of Road "G" commenced in August 1999 and was completed in the summer of 2000. On April 16, 2001, the County granted final subdivision approval of Road "G." The Board of Land and Natural Resources (BLNR) approved the dedication of Road "G" to the County on April 12, 2001 and Road "G" was dedicated by Land Patent Grant No. S-15,959 dated March 25, 2004. Road "G" is now named Kamanu Street.

On April 19, 2000, McClean submitted a request to HHFDC for a right of entry for the design, construction, and dedication of Main Street to the County. Main Street is parallel to and located mauka of Road "G" and it would connect McClean's property with Kealakehe Parkway as does Road "G." On April 12, 2001, BLNR approved: (1) the subdivision of Main Street, (2) a right-of-entry for the construction of Main Street, (3) the dedication of Road "G" and Main Street to the County, and (4) the development agreement between HHFDC and McClean. On April 16, 2001, the County granted final subdivision approval for Main Street. On November 14, 2001, the HHFDC Board approved the execution of a development agreement and the Main Street Development Agreement was executed on February 11, 2002. On July 22, 2004, McClean submitted a request to extend the Main Street Development Agreement by three years from February 11, 2006 to February 11, 2009. The request was not presented to the HHFDC Board for approval and Main Street remains unbuilt.

On July 19, 2000 and April 26, 2001, the HHFDC Board of Directors approved the execution of the development agreement and the form of the lease with Hawaii Youth Patrons (HYP) for the development and leasing of approximately 38 acres of Village 6 for a Youth Center, a YMCA, and a neighborhood park (Hawaii Youth Center). On May 25, 2001, BLNR approved the set aside of the land to HHFDC, consented to the development agreement and lease with HYP, and granted a management right-of-entry to HHFDC for the project. A development agreement for the project was executed on August 31, 2001. Under the development agreement, HYP is required to satisfy specified conditions including the raising of sufficient funds for the development of the project by April 26, 2004. The land was set aside to HHFDC by Governor's Executive Order No. 3895 dated January 26, 2002.



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In 2003, HYP requested a 1-year extension to its development agreement. On March 18, 2004, the HHFDC Board approved a 90-day extension of the development agreement to July 25, 2004. On July 15, 2004, the HHFDC Board approved the termination of the development agreement with HYP for the Hawaii Youth Center. Since the development agreement with HYP was terminated, BLNR approved the cancellation of the set aside to HHFDC for the Hawaii Youth Center project. The BLNR approval was on August 27, 2004. On September 24, 2004, the Governor executed Executive Order No. 4068, which canceled the set aside to HHFDC for the Hawaii Youth Center project (Executive Order No. 3895).

On November 15, 2001, the HHFDC Board approved the execution of a transfer agreement with the County and DLNR for the set aside of a portion of Village 8 to the County for a County office building. BLNR approved this matter on December 14, 2001. The County granted final subdivision approval of the subject parcel of land on September 11, 2002. The Village 8 Transfer Agreement was executed on October 3, 2002 and the land was set aside to the County by Executive Order No. 3952 dated October 25, 2002 for West Hawaii Civic Center purposes. Under the Village 8 Transfer Agreement, the County is required to submit annual reports on the status of compliance with the conditions of this LUC Docket No. A90-660, directly to the LUC, with a copy to HHFDC. HHFDC estimates that the West Hawaii Civic Center commenced construction in 2008 and was completed in 2010.

On July 18, 2001, the County submitted a request to HHFDC for approval of a pedestrian and bicycle route over the existing water easement from the Kealakehe High School to the existing Kealakehe Street mauka of the VOLA project. On October 18, 2001, the HHFDC Board approved the easement over land owned by HHFDC and an easement was issued on March 12, 2003. The easement over State land was issued by DLNR on February 20, 2003.

By letter dated June 26, 2004, the County requested an amendment to the existing pedestrian and bicycle easement to include limited vehicular use, primarily to accommodate school traffic between Kealakehe High School and Kealakehe Elementary and Intermediate Schools mauka of the VOLA project. BLNR approved the amendment on July 9, 2004, and the HHFDC Board approved the amendment on July 15, 2004.

On August 21, 2000, HHFDC filed a motion with the LUC to amend Condition No. 1 of the Decision and Order for this project. The motion sought to amend the affordable housing requirement of 60% of the units to families up to 120% of the HUD median income for the County to a requirement that would be established by agreement with