March 10, 2021

Zendo Kerns
Hawaii County Planning Department
74-5044 Ane Keohokakole Hwy
Kailua-Kona, Hawaii 96740

Daniel Orodenker
Executive Director
State of Hawaii Land Use Commission
235 South Beretania Street, Room 406
Honolulu, Hawaii 96804-2359

Re: 2020 Annual Report for LUC Docket No. A87-617

Dear Mr. Kerns and Mr. Orodenker,

This annual report is submitted to describe the background and status of compliance with zoning conditions under the State Land Use Commission’s Decision and Order dated July 9, 1991 with amendments thereto and to the County of Hawaii’s Ordinance 96-153 and amendments following the Federal Court Approved Plan of Reorganization. The prior Annual Report dated May 4, 2020 is included by reference. On August 14th Aina Le’a, Inc. emerged from US bankruptcy reorganization and began operating under the Federal Court’s approved Plan confirmation.

The Plan of Reorganization provided that the 1,074 acres owned by Aina Le’a, Inc. would be divided into three development subsidiaries as follows:

1. Tax parcel 6-8-001-036 (37.863 acres) with building permits to build 432 townhomes to serve the affordable housing market was transferred to Lulana Gardens, LLC for immediate development.
2. Tax parcel 6-8-001-069 (23.52 acres) zoned urban with County of Hawaii zoning of RM-14.5 was transferred to Ho’Olei Village, LLC for future engineering and development
3. Tax parcel 6-8-001-038 (621.13 acres) included in the LUC approved urban zoning with multiple County of Hawaii zoning designations was transferred to B-1-A-D-1-A, LLC for continuing planning and future development.
4. Tax parcel 6-8-001-039 (383.01 acres) included in the LUC approved urban zoning with multiple County of Hawaii zoning designations was transferred to B-1-A-D-1-A, LLC for continuing planning and future development.

The Plan of Reorganization confirmed the work as disclosed in the September 25, 2018 submittal of the 2017-2018 Annual Report items (a) through (y).

The Plan of Reorganization required Aina Le’a Inc. to submit an EIS-PN to address any changes in the original 2010 Final Environmental Impact Statement published November 8, 2010 as THE VILLAGE OF AINA LE’A. On August 26, 2019 Aina Le’a, Inc. filed an EIS-PN which was in compliance with the revised HRS 200.1 and included a public presentation on September 26, 2019.

The public and agency comments were included in a revised EIS-PN for a Project District rezoning of the 1,011 acres owned by B-1-A-D-1-A, LLC and filed with the County to be forwarded to the Office of Environmental Quality Control.

On December 23, 2020 the County removed the stop work notice for Lulana Gardens, LLC to immediately restart the construction affordable homes. Lulana Gardens, LLC is finalizing the construction financing committed by its lenders and projects to begin delivering affordable family homes in the fourth quarter of 2021.

Lulana Gardens, LLC currently has the following installed:
   a. Water is installed in the main street, Mala Court, with permanent water supply from the PUC approved Hawaii Water Company.
   b. Aina Le’a Inc. has returned the lease and discontinued plans to drill and develop water wells on the Bridge Aina Le’a LLC Ouli property.
   c. Sewer lines are installed in Mala Court.
   d. Department of Health has approved the MBR wastewater processing plant to be immediately installed.
   e. 54 building pads are graded and compacted for each of the 8 townhouse buildings.
   f. Drainage is installed for phase 1 of Lulana Gardens homes.
   g. Electrical conduit lines are partially installed.
   h. The access roadway- Aina Le’a Parkway is graded waiting final compaction and paving.
   i. The Highway intersection plans have been updated, TIAR prepared by SSFM has been completed and submitted pending final review by DOT.
   j. $2 million dollars has been placed on deposit to immediately commence building the intersection upon DOT’s issuance of a building permit to Lulana Garden’s contractor.

The four-year delay caused by the County of Hawaii Planning Department’s stop work notice has delayed Lulana Gardens compliance with the County’s letter dated May 2017. With the lifting of the stop work notice Lulana Gardens, LLC is addressing the following items:

1. Lulana Gardens, LLC is going back to work and build “at least” 385 homes, which will be sold or rented at or below the 120% of the AFFORDABLE HOUSING GUIDELINES FOR
THE COUNTY OF HAWAI‘I consistent with the Hawaii State Land Use Decision and Order dated June 15, 2005.

2. The Lulana Gardens, LLC homes are being constructed according to the Affordable Project detail disclosed in the November 8, 2010 Office of Environmental Quality Control HRS 343.200 publication for the Villages of Aina Le‘a.

3. Lulana Gardens, LLC is building the 432 affordable townhomes under the plans and building permit issued for the Lulana Gardens 38-acre property.

4. Lulana Gardens, LLC will submit Annual Reports to the County of Hawaii and the State Land use Commission for its parcel (3) 6-8-001-036 as well as any changes in the balance of the urban property.

5. Lulana Gardens, LLC water is permanently be supplied by the Public Utility Commission approved Hawaii Water Service.

6. Lulana Gardens, LLC wastewater treatment plant will be installed on B-1-A-D-1-A, LLC’s adjoining property and operated by Hawaii Sewer and Water Company.

7. Lulana Gardens, LLC will complete its sub-division of Parcel (3) 6-8-001-036 into 27 buildable parcels per the survey dated June 7, 2011 and tentative sub-division plan approved August 17, 2011.

8. Lulana Gardens, LLC will continue to install and complete the drainage system as designed with approval by the Department of Public Works.

9. Lulana Gardens, LLC will complete and install its park plans with the completion of the first 96 homes.

10. Lulana Gardens, LLC has no cultural landmarks or burial grounds and will continue to be respectful of any sites including Site 15033 located on surrounding property.

11. Lulana Gardens, LLC has completed its affordable housing agreement with the County of Hawaii Department of Housing, which will be recorded on the 1,072-acres owned by Aina Le‘a Inc.’s subsidiaries.

12. Lulana Gardens, LLC will file the appropriate condominium documents with the DCCA.

13. Lulana Gardens, LLC will complete the building of a road way to be dedicated to the County and a full channelized intersection at the Mauna Lani/ Aina Le‘a Parkway entrance onto the Queen Ka‘ahumanu Highway at location 68-4747 per the plans prepared by Wilson Okamoto Engineering and modified per the Department of Transportations comments. The new 2021 SSFM Engineering’s TIAR has been submitted to the Department of Transportation for final approval and permitting. The intersection work will be started immediately on receipt of the building permit by drawing on the $2 million in the intersection construction escrow.

14. Lulana Gardens, LLC will pay its $6,952.60 or an agreed upon amount per home Fair Share Contribution as the Certificates of Occupancy are issued for each home. Fair share credit for an affordable homes waiver and the building of the County roadway, highway intersection, parks and other community facilities will be deducted on a proration basis.

15. Lulana Gardens, LLC will enter into an agreement with the Department of Education to provide a pro-rata share for school facilities upon completion of phase I.

16. Lulana Gardens, LLC will provide notice of each home or lot sold from parcel (3) 6-8-001-036, which is currently owned 100% by Lulana Gardens, LLC.
17. Lulana Gardens, LLC will immediately commence constructing all internal infrastructure and community facilities.

18. Lulana Gardens, LLC will maintain Lulana Gardens community facilities.

19. Lulana Gardens, LLC is continuing to comply with the State Land Use Commission’s Decision and Order by building 385 homes to be rented or sold pursuant to Chapter 11 Hawaii County Code related to Affordable Housing Guidelines for the County of Hawaii.

20. Lulana Gardens, LLC will assist Aina Le’a, Inc. and its subsidiaries to complete and file a supplement to the Final Environmental Impact Statement published in 2010 as the VILLAGES OF AINA LE’A or new EIS-PN to the environmental disclosure for Parcels (3) 6-8-001-038, (3) 6-8-001-039 and (3) 6-8-001-069 and thereafter file for a Project District rezoning of those parcels.

21. Lulana Gardens, LLC will immediately return to work to build the homes to be offered to local residents under Chapter 11, Hawaii County Code for the Department of Housing Affordable Housing Guidelines for the County of Hawaii.

Lulana Gardens, LLC and its parent, Aina Le’a Inc. are looking forward to jointly preparing a Memorandum of Agreement to specifically identify the requirements to complete the Certificates of Occupancy for affordable homes for the local residents of Hawaii.

Best regards,

Richard Bernstein
President